Godawari Power & Ispat Limited

Annual Report **11 - 12**

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Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise

OVERCOMING CHALLENGES...
...ENABLING PROACTIVE VALUE-CREATION

None can see the future. Yet, we need to make our own judgement about it to make decisions and be better prepared for what is expected to come on our way.

Well, this is what we did at GPIL. Thinking and acting ahead of anticipated events with a pro-active mindset. As the steel and power industry struggled to stay afloat and not be bogged by market vagaries, GPIL remained unperturbed.

In hindsight, we are proud to say our proactive mindset was a natural progression. Our long-sighted vision enabled us to think ahead and create a flexible business model. Despite a challenging year of 2011-12, we achieved higher operational efficiencies. Our focussed approach and foresightedness strengthened our wealth generation capabilities.

Our approach towards backward integration – setting up a power and pelletisation plant – insulated us from market adversities. It enabled us to anticipate the upcoming challenges well in advance and convert them into opportunities. Moving forward, our endeavour continues to be constant value creation in the businesses we operate in and to generate a sustainable growth path for the future.

At GPIL, thinking forward is almost a natural progression and it was visible from our early days.

Between 2003 and 2008, India's economic development witnessed an upward trend. It had been contingent upon the growth of India's steel industry. Steel prices rose as demand kept pace and the industry enjoyed consecutive years of growth in supply and demand.

GPIL also earned the benefit of higher realisations from steel. In fact, its steel business was the major contributor to its revenues during that time. The prevailing positivity in the environment made most players expand their capacities to meet the growing demand. However, we at GPIL, thought differently. We had anticipated the challenges of raw material supplies, and hence, developed backward integration plans.

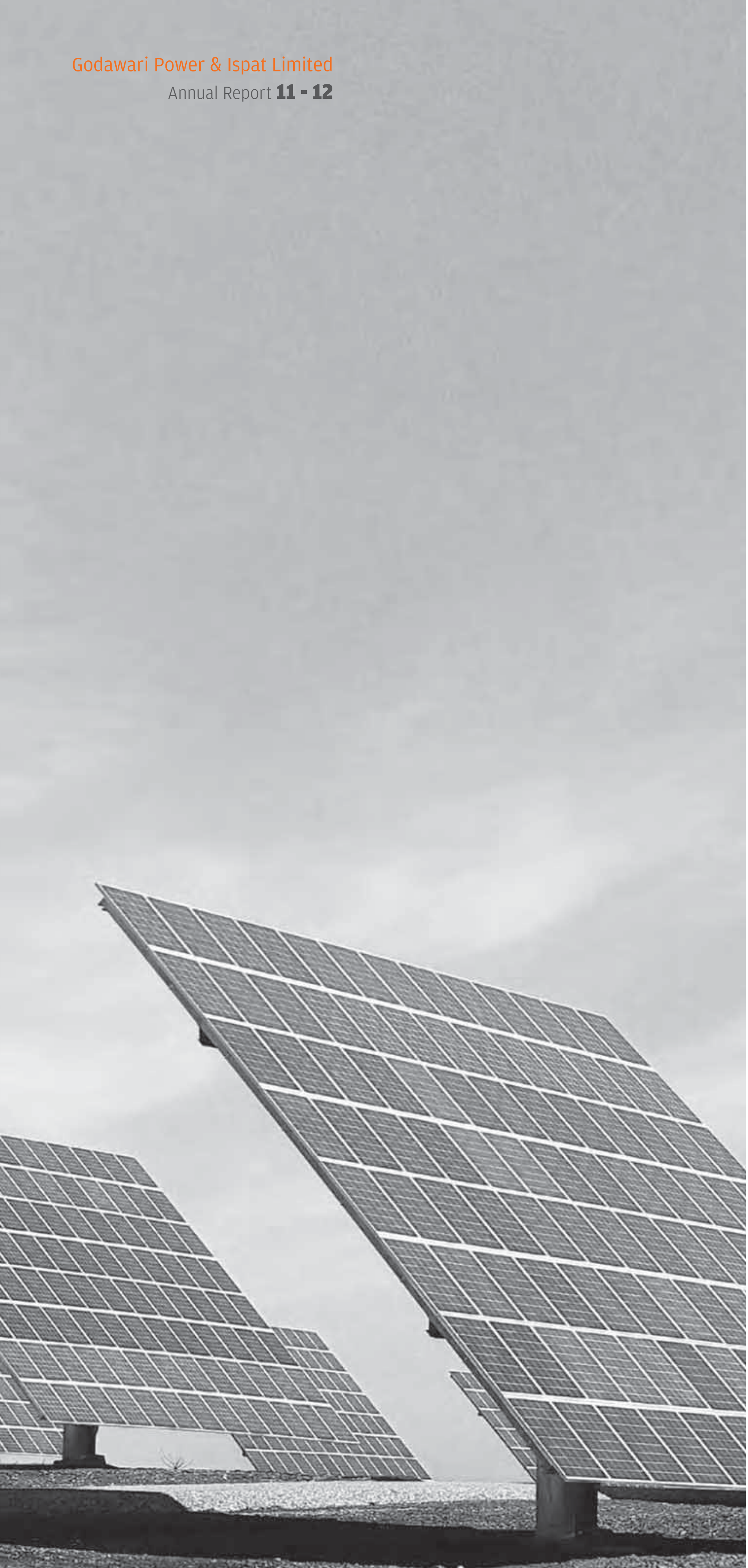
The excessive fines generated from iron ore mining were mostly sold off or exported at meagre prices. However, a substantial amount was incurred in logistics cost in exporting these fines, resulting in lower net realisations. We sensed an opportunity to utilise low-grade iron ore to strengthen our overall efficiency and came up with the idea of pelletisation. Hence, in December 2007, we decided to set up captive pellet plant at the existing location in Raipur with a capacity of 600,000 tons per annum and became the early movers in pellet capacities in India. In 2008, we decided to set up an additional 600,000 tons pellet plant in Keonjhar district of Orissa for merchant sales of Pellets. Apart from this, the Government imposed duty on export of iron ore fines which indirectly boosted merchant pellet business.

Post-2008, global recession impacted steel demand and realisations dropped. However, GPIL's operations remained unaffected. The adverse impact of our steel business was well absorbed by an increasing revenue stream from our power business. As a matter of fact, till mid of 2009-10, power remained the key driver of our operating margins. We fully attribute this to our decision to foray into captive power generation, which gave us the flexibility to switch our revenue inflows. In 2010, we commissioned our first iron ore mines at Ari Dongri.

Later, by 2010-11, our power realisations dipped. The setting up of our pellet plant and iron ore mines enabled us to again shift our revenue focus towards steel business. Our proactive decision of backward integration into pelletisation and iron ore mines thus paid off well. And it turned out to be yet another reflection of our proactive thinking and flexibility to adapt to the changing circumstances.

Today, our merchant pellet sales has increased steadily and we have managed to successfully create a new revenue stream. Considering the rising industry demand and constraints on the availability of calibrated ore of desired quality, we are now in the process of setting up another 1.20 mtpa pellet plant at Chhattisgarh. We have strategically selected this location as this is considered to be the heart of the mining belt with abundant availability of iron ore fines.

During early 2012, our 20 MW Bio Mass power plant got registered for entitlement of renewable energy certificate (REC). Going ahead, this will generate additional revenue and contribute to the overall profitability for the Company.



OVERCOMING CHALLENGES... ...MOVING AHEAD WITH SOLAR POWER

At GPIL, we strategically forayed into solar power for long-term revenue stability. Besides, it also allows us to overcome the challenges related to land acquisitions, coal availability and environmental clearances in setting up thermal power plant.

Today, the Government is strongly backing the creation of solar power capacities in India through its Jawaharlal Nehru National Solar Mission. We have entered into a long term PPA (25 years) with NVVN, a 100% subsidiary of NTPC and are receiving a strong support from the Government of Rajasthan, enabling us to execute the work on a fast-track basis. Considering the success rate of solar power in other countries, we are fairly optimistic about future of solar power in India and expect it to be value-accerative in long run.

Project highlights and developments

- The project involves the setting up of a 50 MW thermal solar power plant in Jaisalmer district, Rajasthan under Godawari Green Energy Limited (GGEL), an SPV formed by Godawari Power & Ispat Limited.
- PPA is signed with NTPC Vidyut Vyapar Nigam (NVVN) for full off-take of generated power at Rs. 12.2/unit for 25 years.
- Acquired land from Government of Rajasthan
- Achieved financial closure and water availability arrangements.
- Appointed Lauren Jyoti Private Limited as EPC contractor to undertake the overall responsibility for engineering, design, procurement, construction, manufacture, erection, commissioning, equipment testing, achieving COD and performance and guarantee testing.
- Completed land levelling and foundation of for the solar structuring.
- Order of important equipment in place, expected to be delivered by 2012 end.
- Commenced construction work of the solar field and power block area.

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

This has been a defining year that essentially demonstrated GPIL's preparedness to face the adversities. Our unwavering focus and an extremely proactive mindset enabled us to do some good forward thinking and escape market vagaries each time effectively. The result: 83% growth in revenues, 21% rise in operating profit and 11% jump in net profit.

India's GDP declined to 6.5% during 2011-12 impacted by unfavourable global economic events. Domestic challenges like rising inflation, liquidity crunch, slower industrial growth, depreciating rupee, political instability and increasing commodity prices added fuel and impacted economic growth. Cumulative steel production in India also stood affected. Steel production witnessed a growth of a mere 7% during the year, compared with 13.2% growth recorded during 2010-11. Severe raw material crunch led to a slowdown in production. Demand for steel also decelerated due to a slowdown in major steel consuming sectors, such as automobiles, fast-moving consumer goods and construction.

We, at GPIL, faced challenges in terms of lower realisations and higher input costs. Besides, our merchant power sales also remained muted owing to lower tariffs. But, on the positive side, we continued to progress successfully owing to our strategy of increased usage of pellet. We overcame the initial teething issue of our 0.6 mn tonne pallet unit, which led to higher utilisation of iron ore fines in our manufacturing processes. This resulted in lower consumption of iron ore lumps in kiln, thereby increasing our overall efficiency.

Our operations at the 0.6 mtpa Ari Dongri mines came back on track, indirectly cushioning us against strengthening of iron ore prices in the international markets. Besides, we continued with our efforts towards the commencement of our second iron ore mine - Boria Tibu - which is

"We stabilised and consolidated our existing operating capacities at Chhattisgarh and Orissa and achieved 100% capacity utilisations– considered to be the highest over the past five years."

expected to further boost our operations. We continued to focus on social development through different activities across safety, health, safe drinking water, education, environment, community development, as well as water conservation. We continued to create employment opportunities for the communities residing in the vicinity and added value to their social empowerment.

India has witnessed rapid and substantial expansion in steel capacities in the past few decades. This will meet the anticipated increase in demand from infrastructure and automobile sectors. India is today the world's fourth-largest steel producer. As the economy develops further and demand remains buoyant, steel consumption will remain robust.

During the XIIth Plan, the government allocation of USD 1 trillion towards infrastructure development is likely to further enhance the demand for steel. At GPIL, we plan to achieve our full potential in steel production and move towards better operating numbers. We plan to ensure higher operating efficiencies in the pellet plant and derive maximum value from it. Besides, we plan to lay further emphasis on implementing additional capacities of the pellet and completing our ongoing projects.

I would like to acknowledge the support and confidence extended by our stakeholders towards our endeavor. We hope to fulfil your expectations and continue to build a strong pathway for the future.

Warm Regards

B. L. Agrawal

FEW WORDS ON GPIL

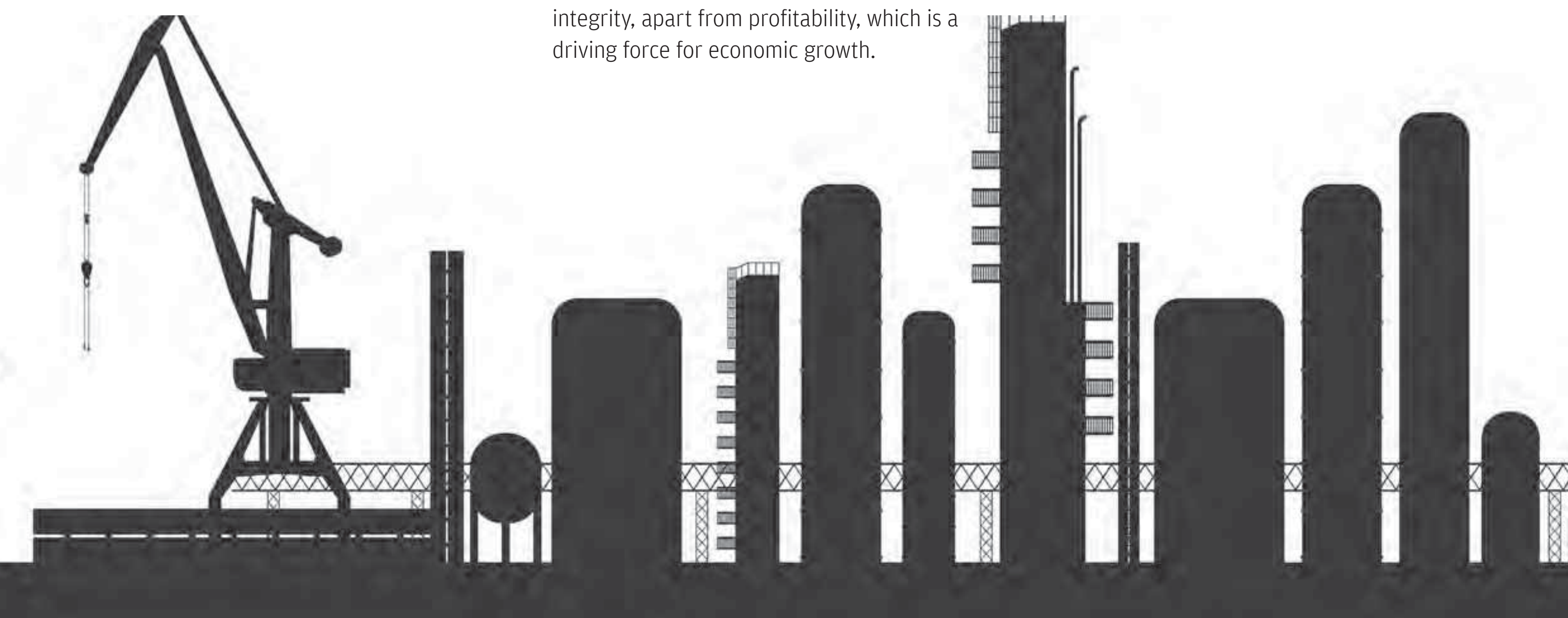
GPIL is the flagship Company of the Raipur (Chhattisgarh)-based Hira Group. Incorporated in 1999, the Company is an integrated steel manufacturer producing steel through the sponge iron route and generating captive power (from waste gases produced at its kilns) to feed its induction furnaces. Iron Ore Pellets, sponge iron, steel billets, steel wires, and Ferro alloys form the GPIL's offerings. It has been allotted coal and iron ore mines as well. Iron ore mines are operational; However, coal mines are awaiting clearance for the commencement of operations.

Vision

To become one of the most competitive integrated steel plants with diversified products, specialising in particular to be reckoned with as a dominant leader in iron ore pellet and wire segment contributing substantially in meeting consumers needs, creating shareholders value and spearheading to be a leader in global wire segment market, pari pasu with powering India's growth to serve community and the nation in the decades to come.

Mission

We exist to create, make and market useful products and services (Power) to satisfy the needs of our customer throughout the world. The means envisaged to achieve this are high technology and productivity, consistent with modern management practices; we believe in honesty and integrity, apart from profitability, which is a driving force for economic growth.



Values

We believe in:

Innovation
Creativity
Diversity
Environmental excellence
Change
Customer Focus
Organisational Pride
Total Quality
Employees

For Our Employees:

Concern for employees

Professional work culture
Trusteeship, Respect for individual

Towards Society:

Proactively responding to the needs of the community

Partnering the community in a timely manner

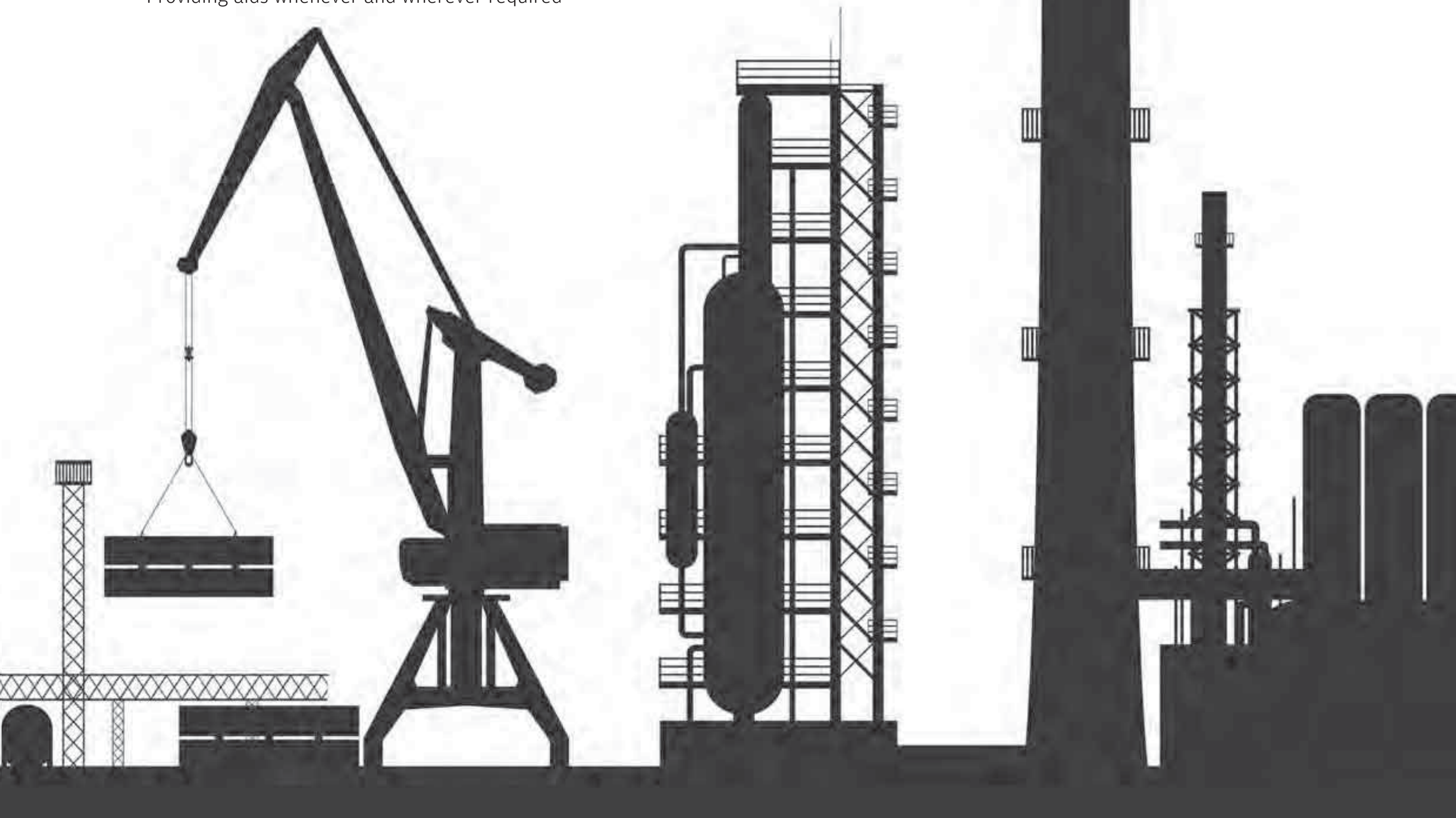
Providing aids whenever and wherever required

Business review - Products & Facilities

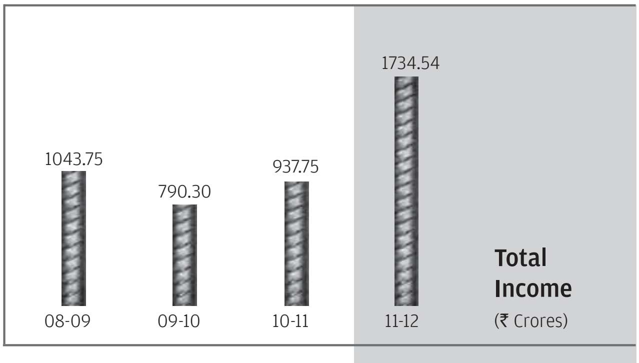
Steel plant location: Siltara, Raipur, Chhattisgarh

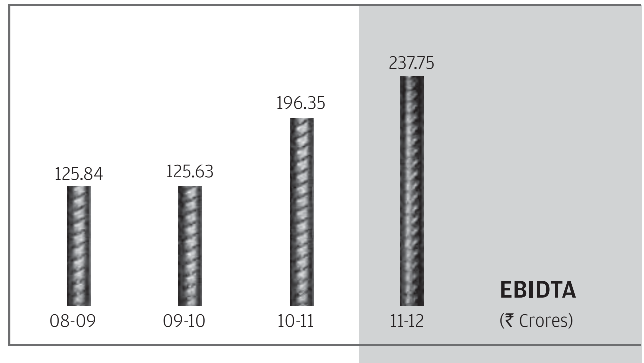
Iron ore mines location: Ari Dongri and Boria Tibu, Chhattisgarh

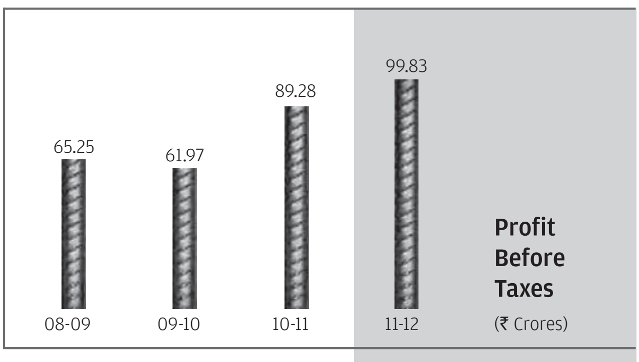
Solar power project: Village Naukh, Dist. Jaisalmer, Rajasthan

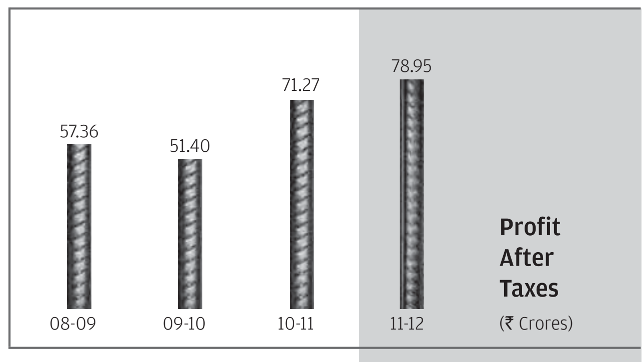


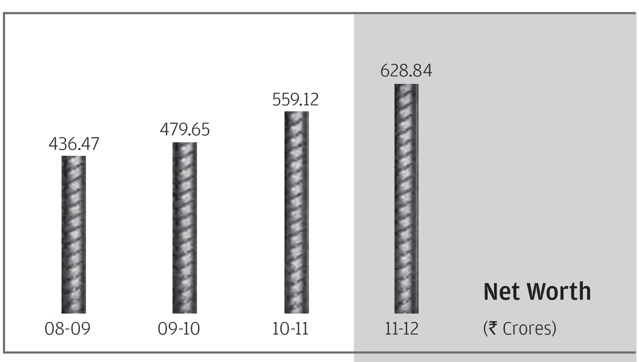
FINANCIAL HIGHLIGHTS

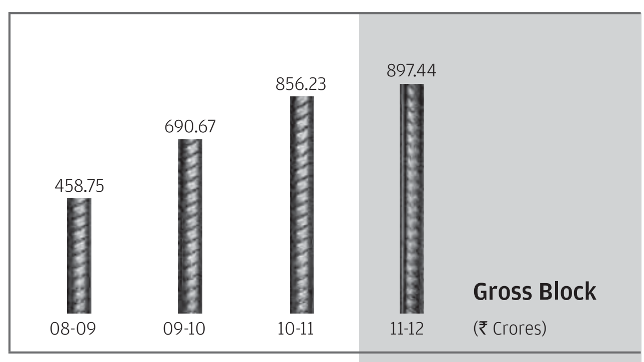


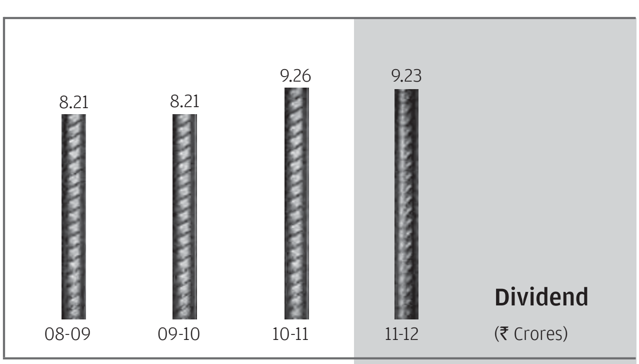


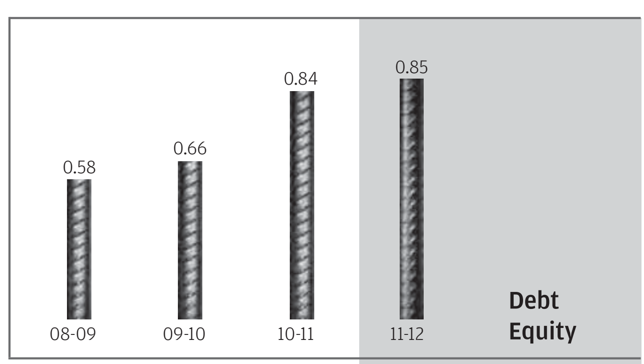












KEY FINANCIALS INDICATORS

(₹ Crores)

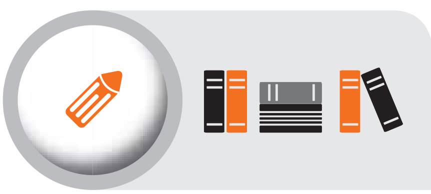
Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
OPERATING STATEMENT										
Gross Sales	67.78	122.73	259.37	270.75	509.95	956.90	1,162.40	832.39	1,028.57	1,919.53
Less: Excise Duty	9.32	15.12	26.86	35.94	67.86	127.63	126.87	55.96	96.49	188.02
Net Sales/Income from Operations	58.46	107.60	232.51	234.81	442.09	829.27	1,035.53	776.43	932.08	1,731.51
Operating Profit (EBIDTA)	8.53	21.22	42.32	36.86	81.59	162.70	125.85	125.63	196.35	237.75
Depreciation	5.44	9.69	9.95	6.08	10.87	24.25	26.42	31.62	46.83	51.07
Interest	1.46	3.10	3.84	5.95	11.73	30.32	34.17	32.04	60.24	86.85
Profit Before Tax (PBT)	1.63	8.43	28.53	24.83	58.99	108.12	65.26	61.97	89.28	99.83
Income Tax	0.13	0.67	3.18	2.33	6.78	13.14	7.90	10.57	18.01	20.88
PaT (before Exceptional item)	-	-	-	22.50	-	-	-	-	-	-
Exceptional Items	-	-	-	14.83	-	-	-	-	-	-
Profit after Tax (PAT)	1.50	7.77	25.35	37.33	52.21	94.98	57.36	51.40	71.27	78.95
BALANCE SHEET										
Net Fixed Assets	44.50	49.51	117.84	188.96	366.05	396.38	551.36	640.74	722.59	812.97
Investments	-	5.41	3.07	9.36	20.86	31.97	44.58	71.54	212.09	212.33
Net Current Assets	12.76	29.76	41.49	60.70	95.69	243.18	172.29	158.87	163.66	196.93
Total Assets	57.26	84.68	162.40	259.02	482.60	671.53	768.23	871.15	1,098.34	1,222.23
Represented by										
Share Capital	2.56	3.20	14.95	16.15	24.84	28.07	28.07	28.07	31.76	31.76
Reserves & Surplus	27.42	40.01	53.22	81.37	180.27	359.25	408.40	451.58	527.36	597.08
Net Worth	29.97	43.21	68.17	97.52	205.11	387.32	436.47	479.65	559.12	628.84
Total Term Debt	27.29	41.47	94.23	161.50	277.49	284.21	331.76	391.50	539.22	593.39
Total Capital Employed	57.26	84.68	162.40	259.02	482.60	671.53	768.23	871.15	1,098.34	1,222.23

CORPORATE SOCIAL RESPONSIBILITY

At GPIL, we believe in the philosophy of **"Serving Society through Industry"** and we continue to ensure effective corporate social responsibility (CSR) in every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

We are committed to:

- Enhance health and education awareness.
- Conduct affairs of our Company in a socially acceptable manner.
- Understand, support and develop the communities and the cultures within which we operate and work.
- Protect the environment and ensure safety of the people connected with the Company and the surroundings.
- Enhance the value of the company through sustainable growth.



In consonance with the spirit of above commitments, following CSR activities has been undertaken by GPIL:

EDUCATION

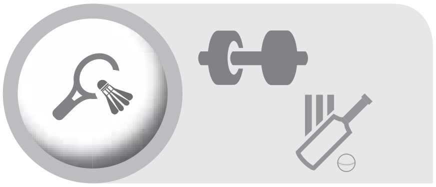
- Adoped ITI Hathbandh and ITI Korba under Public Private Partnership (PPP) scheme of Govt of India.
- Constructed building of 'AKANKSHA'- a school for mentally challenged children.
- Provided electrification and connection of power supply from CSEB to Govt. Middle School, Mandhar.
- Distributed sweets to the school children of nearby villages on all Republic and Independence Day celebrations.
- Donated to Zila Prabhandhak -Chhattisgarh Mahila Kosh under 'Dattak Putri Siksha Yojana'.

HEALTH

- Organised blood donation, eye check-up and health camps.
- Sponsored Mobile Medical Unit (MMU Van) for Helpage India.
- Provided financial assistance to MIKKI Memorial Trust for MGM Eye Institute.
- Organised Health Camps at village Nakia, Boria, Khardi, Bojia, Kacche and Gidhali. Free medicines were distributed to the villagers.

ENVIRONMENT CONSERVATION

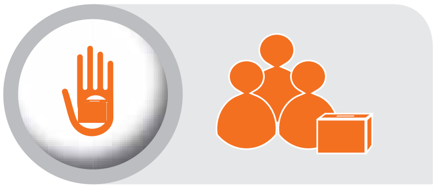
- Secured the third position in Open Plantation Award, 2009, given by Urla Industrial Association.
- Conducted cleanliness and sanitation campaign with the help of children from Kacche.
- Organised save Earth campaign with the students of Bhanupratpur.



SPORTS

- Sponsored Mr. Satya Prakash Masih(D.F.O.), Raigarh for participation in Asian Weight Lifting Championship held at Tashkent, Ujbekistan and he won gold and silvermedal.
- Sponsored inter district sports competition organisedby J.L.H.S. School Siltara.
- Sponsored Cricket tournament at Dharsiva & Bojiya.
- Sponsored Ms. Sangeeta Rajgopalan for participating in World Badminton Championship 2009 through C.G. Van Khel Kalyan Samiti.

RELIEF FUND



- Provided financial aid to Tsunami and Bihar Flood Relief Fund.
- Distributed blankets and utensils to Naxal victims in Bastar through Hon'ble Governor
- Provided 82.5 KV Gen-Set at Bijapur during power crisis in Bastar.
- Donated ₹ 11 Lacs to CM Relief Fund.

GPIL is fully committed towards its social responsibilities and contributing effectively to facilitate value-creation in various areas of society.

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting 13th Annual Report on the business & operations of the Company together with the Standalone and Consolidated Audited Statement of Financial Accounts for the year ended 31st March, 2012.

During the year under review your Company has recorded overall volume growth in production across the divisions due to constant efforts made by the Company to improve operating efficiency, which has resulted into increase in gross sales revenue.

FINANCIAL RESULTS

₹ in Crores

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Gross Sales	1919.53	1031.31	2290.88	1234.62
Less: Excise duty & taxes	188.02	96.49	230.45	116.00
Net Sales Turnover	1731.50	934.82	2060.43	1118.62
Other Income	3.04	2.94	11.33	12.89
Total Revenue	1734.54	937.76	2071.76	1131.51
Profit before Interest, Depreciation and Taxation (EBIDTA)	237.75	196.36	293.10	247.79
Interest	86.85	60.25	115.83	73.10
Depreciation	51.07	46.83	67.67	55.42
Profit Before Taxation (PBT)	99.83	89.28	109.60	119.27
Taxation (including Deferred Tax)	20.88	18.01	22.02	19.82
Profit after Taxation (PAT)	78.95	71.27	87.58	99.45
Less: Minority Interest	--	--	3.31	14.00
Share of Profits of Associates	--	--	--	0.42
Transfer on Amalgamation	--	9.60	--	(4.18)
Profit brought forward from previous year	266.67	210.30	283.84	228.92
Amount Available for Appropriations	345.62	291.17	368.11	310.61
Appropriations				
Proposed Dividend on Equity Shares	7.94	7.94	7.94	8.51
Corporate Dividend Tax	1.29	1.32	1.38	1.51
Transfer to General Reserves	14.92	10.00	16.42	11.50
Transfer to Debenture Redemption Reserve	20.75	5.25	20.75	5.25
Reversal of share of profit of associate on account of non consolidation.	--	--	3.46	--
TOTAL	44.90	24.51	49.95	26.77
Net Surplus	300.72	266.67	318.16	283.84

REVIEW OF PERFORMANCE

The financial year 2011-12 was a challenging year due to slow down in Indian Industrial production and infrastructure growth in India on account of high inflation, political scenario and ongoing European debt crisis. Despite these constraints and the challenging environment, your Company has performed reasonably and highlights of the performance are as under:

- Gross sales Revenue increased by 86% to ₹ 1919.53 crores from ₹ 1031.31 crores recorded in previous year.
- EBIDTA Margins increased to ₹ 237.75 crores from ₹ 196.36 crores during previous year.
- PBT Increased to ₹ 99.83 crores from ₹ 89.28crores.

During the year under review your Company has recorded overall volume growth in production across the divisions due to constant efforts made by the Company to improve operating efficiency, which has resulted into increase in gross sales revenue. The operating margin have declined during the year due to higher input cost on account of lower production volume from captive iron ore mines as compared to previous year on account of extended monsoon and other factors beyond the control of the Company. The operations of the captive iron ore mines have considerably improved during the last quarter of the fiscal year. Your Company is confident of improving the operating margin during current year.

The detailed performance and financial review has been given in the Annexure to the Directors Report titled "Management Discussion and Analysis".

DIVIDEND

In view of Satisfactory performance and keeping in view of the funds requirement for pursuing the growth strategies of the Company, your directors have pleasure in recommending payment of dividend @ ₹ 2.50 per share (previous year ₹ 2.50 per share), subject to the approval of shareholders in the Annual General Meeting. The total outflow of funds on account of payment of dividend (including dividend tax) will be ₹ 9.23 crores (previous year ₹ 9.26 crores). Upon approval, the dividend shall be paid to all those shareholders whose names appear in the register of members as on the record date i.e. 22.09.2012 fixed for payment of dividend.

EXPANSION/NEW PROJECTS

Pellet Plant

Your Company's second pellet plant with an installed capacity of 1,200,000 TPA is under implementation and the project is expected to be commissioned in Q2FY2014. The plant shall source the iron ore fines from the existing captive iron ore mines in Chhattisgarh and also partial procurement from market.

Solar Power Plant

Your Company is setting up 50 MW solar thermal power project at cost of ₹ 800 crores approx, under Jawaharlal Nehru National Solar Mission of Government of India through a SPV Company M/s Godawari Green Energy Ltd (GGEL), which is a wholly owned subsidiary of your Company. The project is expected to be commissioned by April, 2013 and the implementation of the project is going on as per schedules. Your Company has tied up the entire debt requirement of ₹ 569 crores from banks and has contributed equity capital of ₹ 121 crores in the SPV.

FINANCE

During the year, your Company has raised funds of ₹ 80 crores by way of private placement of Non Convertible Debentures to augment the funds requirement for normal capital expenditure and long term working capital. The Company has been able to maintain a comfortable debt equity ratio of 1:0.89 as on 31st March, 2012.

Your Company has also tied up funding of ₹ 300 crores for financing the expansion in iron ore pelletisation capacity from 600000 TPA to 1800000 TPA by setting up new Iron Ore Pellet plant.

ISSUE OF SHARE WARRANTS

The Board of Directors of the Company has approved the proposal for issue of 50,00,000 equity share warrants on preferential basis to the Promoters & Promoters group at a price of ₹ 130/- per warrant or price determined as per SEBI (ICDR) Regulations, 2009, whichever is higher, subject to the approval of Shareholders of the Company u/s 81(1A) of the Companies Act, 1956. Each Warrant shall be convertible into one equity share of ₹ 10/- each within a period of 18 months from the date of allotment. The funds raised from the allotment of aforesaid warrant shall be used for ongoing capital expenditure of the Company and its Subsidiary Companies.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from Public and is, therefore, not required to furnish information in respect of outstanding deposits under the Non Banking & Non financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules 1975.

SUBSIDIARY COMPANIES:

The information about the Subsidiary Companies are given in the annexure.

As required under the provisions of Accounting Standard (AS) 21, the financial statements of Accounts of the Subsidiary Companies have been consolidated in the Consolidated Statements of Accounts presented with this report.

The Ministry of Corporate Affairs vide General Circular No. 2/11 dated 8th February, 2011 have granted a general exemption for the non-applicability of Section 212 of the Companies Act, 1956 upon fulfillment of certain conditions and the Company has complied with all the conditions provided therein. The annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders/investors seeking such information from the Company, at any point of time. The accounts of the Subsidiary Companies are also available for inspection at the registered office of the Company and of subsidiary companies respectively. The Company shall also furnish hard copy of details of accounts of subsidiaries to any shareholder on demand.

JOINT VENTURE COMPANIES:

Your Company has made investments in two other special purpose joint venture Companies, namely Chhattisgarh Captive Coal Mining Limited (CCCML) and Raipur Infrastructure Company Limited (RICL) respectively for development of Coal mines and setting up railway siding respectively for captive use.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review your Company has used foreign currency of ₹ 76.55 crores (previous year ₹ 23.49 crores) towards import of capital goods, raw materials, components and traveling expenses etc. The Company has earned ₹ 3.11 (previous year ₹ 0.67 crores) in foreign currency from sale of Voluntary Emission Reduction Credits (VER Credits) & Sale of Goods on FOB value during the year.

PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956.

DIRECTORS

Shri G. B. Desai, Chairman of the Company and an Independent Director has resigned from the directorship of the company with effect from 09.11.2011 due to personal reasons. The Board places on record its deep sense of appreciation for the services rendered and guidance given by the said director during the tenure of his office.

Shri Biswajit Choudhuri, Non Executive Independent Director of the Company has been appointed as the Chairman of the Company with effect from 09.11.2011 following the resignation of Shri G. B. Desai from the Board of the Company.

Shri Abhishek Agrawal has been appointed as Additional Whole Time Director on the Board of the Company with effect from 9th November, 2011. The Company has received notice under section 257 of the Companies Act, 1956 from shareholders proposing appointment of Shri Abhishek Agrawal as Director on the Board. The Board proposes to appoint him as Whole time Director on the Board of the Company in the ensuing Extra ordinary General Meeting Scheduled to be held on 25.06.2012.

Shri Dinesh Agrawal has resigned as Whole Time Director of the Company with effect from 09.11.2011. However, he will continue to be on the Board of the Company as a Non-Executive Director.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Dinesh Agrawal and Shri Dinesh Kumar Gandhi, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

a. That in the preparation of the annual accounts, the applicable accounting standards have been followed;

b. That your Directors have selected such accounting policies and applied them consistently, and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

c. That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities; and

d. That your Directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Information on Conservation of Energy, required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, are given in the annexure to this report.

AUDITORS

M/s O.P. Singhania and Co., Chartered Accountants, the statutory auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and they have obtained peer review certificate as required under SEBI Guidelines for appointment of Statutory Auditors of listed companies.

AUDITOR'S REPORT

There are no qualifying remarks in the Auditor's Report on the Accounts of the company for the financial year 2011-12 and hence does not require any clarification.

ACKNOWLEGEMENTS

The Board expresses its sincere gratitude to the shareholders, bankers, State and Central Government authorities and the valued customers for their continued support. The Board also wholeheartedly acknowledges and appreciates the dedicated efforts and commitment of all employees of the Company.

For and on behalf of Board of Directors

Place: Raipur Chairman
Date: 22nd May, 2012

ANNEXURE-'A' TO THE DIRECTOR'S REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTOR'S REPORT

CONSERVATION OF ENERGY

A. Energy Conservation Measures Taken:

NIL

B. Additional Investments and proposals, if any being implemented for the reduction of energy consumption:

NOT APPLICABLE

C. The impact of measures at (A) and (B) above, for reduction of energy consumption and consequent impact on the cost of production of goods:

NOT APPLICABLE

D. The required data in form A of the Annexure to the aforesaid Rules as applicable are furnished below:

I POWER AND FUEL CONSUMPTION

Particulars	2011-12	2010-11
ELECTRICITY		
1. Purchased		
Total units Consumed		
(No. of units (KWA) in Lacs)	0.00	19.94
Amount (₹ In crores)	0.00	0.00
Average Rate Per Unit (₹)	0.00	0.00
2. Own Generation of Electricity	30.42	19.94
COAL AND COKE		
Quantity (M.T.) in lacs	0.07	0.05
TOTAL Cost (₹)	258.62	155.30
Average Rate Per M.T. (₹)	3719.00	2999.07

II. CONSUMPTION PER UNIT OF PRODUCTION

Particulars	2011-12	2010-11
ELECTRICITY		
1. Sponge Iron		
Production (MT)	343227	279441
Consumption	27647000	23764340
Average Consumption Per MT	81	85
2. Steel Billets		
Production (MT)	166783	85252
Consumption	156633900	80369120
Average Consumption Per Unit	939	943
3. Iron Ore Pellets		
Production (Nos)	623750	354561
Consumption	28578700	22179770
Average Consumption Per Unit	46	63
4. H.B.Wires		
Production (Nos)	63984	61681
Consumption	5161929	6964800
Average Consumption Per Unit	89	112
5. Power		
Generation (Units)	384287280	318211068
Consumption	43213080	34212320
Average Consumption Per Unit	0.11	0.10
COAL AND COKE		
1. Sponge Iron		
Production (MT)	243227	279441
Consumption	526471	411088
Average Consumption Per MT	1.53	1.47
2. Power		
Production (Units)	384287280	318211068
Consumption	61805.610	70775
Average Consumption Per Unit	0.16 kg	0.22 Kgs

TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R & D)

Research and Development:

Specific Area in which R & D carried out by the Company: Nothing

Benefits derived as a result of the above R & D: Not applicable

Future plan of action: Nothing specific

Expenditure on R & D: None.

For and on behalf of Board of Directors

Place: Raipur

Chairman

Date: 22nd May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC SCENARIO

The year 2011, experienced a turbulent phase, engendered by political and economic turmoil, beginning from unrest in Middle East and North Africa (MENA), to tsunami in Japan and the reigning sovereign debt crisis in Eurozone. Also, there are indications of slow growth recovery led by the improving economic activities in USA and pursuance of more effective policies in the Eurozone. The global economy is entering a new phase, with power gradually shifting from developed economies to developing nations, prompted by advancement in technology and higher competency.

IMF foresees the global economic growth to hover around 3.3% in 2012, driven by emerging markets. The advanced markets are likely to witness 1.9% growth in 2012 from 1.6% in 2011, while the emerging markets are anticipated to grow at 5.4% in 2012, compared to 6.1% in 2011 *(Source: IMF).*

INDIAN ECONOMIC SCENARIO

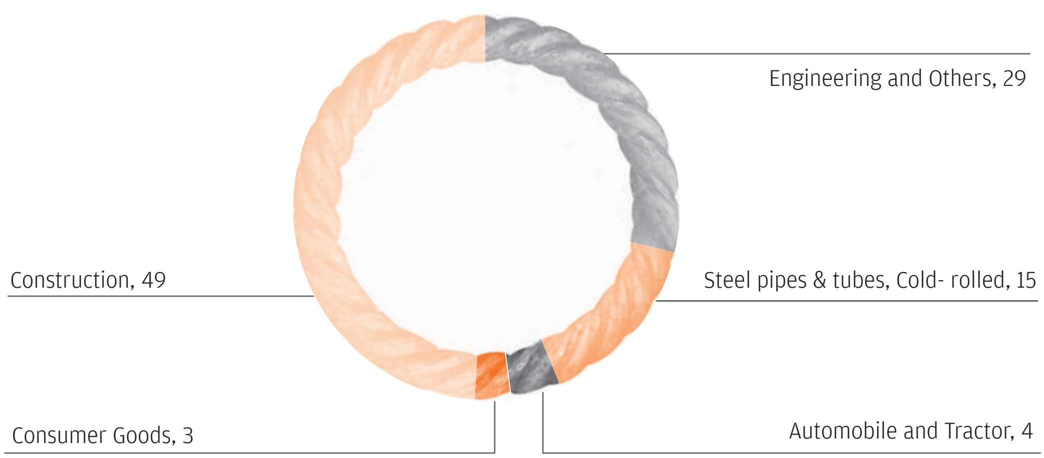
On the backdrop of somber global economic activity, India's growth was also dragged by various domestic issues like high inflationary pressures, infrastructure constraints, and political instability. The country's GDP stood at 6.5% in 2011-12. The economy is expected to restrict to the growth of 6.5% over the next year, due to subdued domestic investment, with WPI inflation likely to be greater than 7% for the year 2012-13.

STEEL INDUSTRY

Overview

The Indian steel industry plays a pivotal role in the progress of the economy. India has acquired a Central position on the global steel map, ranking as the fourth largest producer of steel in the global front, following China, Japan, North America, and Russia. Steel is one of the eight core infrastructure industries that have a combined weight of 38% in the index of industrial production. Of the total domestic steel consumption, majority goes into construction segment followed by engineering sector, steel tubes and automobile industry.

Domestic steel consumption pattern (%)



Snap-shot of the Indian Steel Industry

- The major steel consuming sectors include construction (~49%), capital goods (~15%), and automobiles (~4%).
- India's total steel consumption increased to 67.8 million tonnes in 2011 against 64.9 million tons in 2010.
- India's per capita consumption has increased from 25% in the last five years to 57 kgs in 2011 against 45.8 kgs in 2007.
- The total production increased to 73.42 million tones in 2011, against 68.62 million tones in 2010.
- India is expected to add 36.5million tons of crude steel capacity by end FY14. It is expected that from a net importer of steel till now it would turn to be a marginal net exporter by FY13.
- The production of steel in the Eleventh Five Year Plan (FYP) period (over the first four years of the plan) grew by 5.8% and consumption grew by 8.8% in the same period.
- The output of the Indian steel industry is expected to reach 113 million tonnes by the end of the 12th Five-Year Plan.

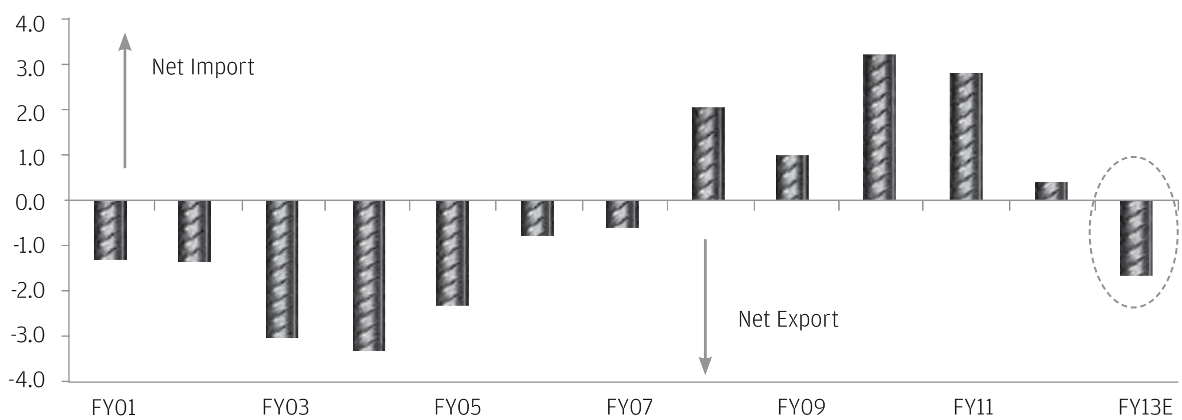
(Source: Economic Times, June 4, 2012)

India's steel production, export and import information (million tones)

India steel	Production	Export	Import
2007-08	56.07	5.08	7.03
2008-09	57.16	4.44	5.84
2009-10	60.62	3.25	7.38
2010-11	68.62	3.64	6.66
2011-12	73.42	4.04	6.83

(Source: Ministry of steel)

INDIA EXPECTED TO BE A NET EXPORTER OF STEEL BY 2013



(Source: Report by JP Morgan)

Challenges in the Steel Industry

Macro-economic concerns: The overall slowdown in the economy has dampened the growth of infrastructure and construction activities of country, which has adversely affected the demand for steel. Stagnating demand, domestic oversupply and falling prices in the last four years have hit Indian steel makers.

Availability of land: The availability of free land with environmental clearance is a long drawn affair, which has hindered the viability of many green field steel projects.

Availability of raw material: Iron-ore and coal are the major raw materials for the production of steel. However India is facing a severe shortage in coal production as the government is not able to meet the required demand. Iron ore on the other hand is experiencing a slew of mining issues in the country.

Capital Intensive: The steel being a capital intensive industry, has to undertake high CAPEX plans. Additionally, with an increase in interest rates there is a huge burden on the balance sheet of the steel makers. The Indian steel makers pay an average interest of 14% on term loans compared to 2.4% in Japan and 6.4% in USA.

Other factors: The other challenges faced by the sector include poor quality of basic infrastructure like roads, ports and so on; poor technology and limited access of domestic producers to good quality iron ores which are normally earmarked for exports.

Demand Drivers

Growth in infrastructure: The government has allocated $ 1 trillion for the development of the infrastructure in the Twelfth FYP. With growth in infrastructure and higher per capita penetration would fuel up the demand for steel (on an average per capita steel consumption in India is 55kgs against world average of 200kgs).

Increasing investments: Steel producers have signed 22 MOUs with state government for a capacity addition of 275.7 million tonnes by 2020. Foreign investment of nearly $ 40bn has been committed to the steel sector.

Strategic alliance: Several global players have entered in JV's with Indian steel makers to explore the Indian market, the cutting edge technology of the global giants will lead to cost efficiencies and economies of scale.

Automotive sector: The automobile sector is estimated to grow to USD 146 bn by 2016, with increase in automotive demand the demand for steel is also significantly increase.

Growth in Airports: Development of Tier-II city airports will sustain consumption growth of steel which is expected to increase by more than 20% over the next few years.

Growth in oil and gas sector: The govt. aims at increasing the pipeline network of liquid fuel from 16,800 km currently to 22,000 km in 2014. This will create a huge demand for steel.

Growth in power sector: The govt. plans to add 1,00,000 MW of power capacity by the end of the Twelfth Five Year plan period which would lead to substantial growth in the steel sector.

(Source: IBEF)

Government Initiatives

- Proposal to reduce basic customs duty on plant and machinery imported for setting up or substantial expansion of iron ore pellet plants or iron-ore beneficiation plants from 7.5% to 2.5%.
- Proposed to reduce basic customs duty on coating material for manufacture of electrical steel from 7.5% to 5% and reduce the duty on Nickel ore and concentrate and nickel oxide/ hydroxide from 2.5% or 7.5% to Nil
- 100% foreign direct investment (FDI) through the automatic route is allowed in the sector
- Inviting bids from the private sector, large infrastructure projects in Public-Private Partnership (PPP) mode are being formed
- Government of India has formed the National Steel Policy (NSP) which would provide faster clearance of large projects through a single window. Additionally, offering necessary support to the development of the industry.

(Source: IBEF)

POWER INDUSTRY

Overview

India's power sector plays a significant role in sustaining the growth momentum of the economy. India has added 53,922 MW of power in its Eleventh FYP period ending March, 2012. (Source: Press Information Bureau, Government of India). It was against a targeted capacity addition of about 62,000 MW (Initial target 78,000 W). Targeted capacity addition in the Twelfth FYP is much higher compared to the previous FYP.

Break-up of total installed capacity (As on April, 2012)

Fuel	(MW)	(%)
Total Thermal	133363.18	66.14
Coal	113,782.38	56.42
Gas	18,381.05	9.11
Oil	1,199.75	0.59
Hydro (Renewable)	38,990.40	19.33
Nuclear	4,780.00	2.37
RES** (MNRE)	24,503.45	12.15
Total	**2,01,637.03**	**100.00**

(Source: Ministry of Power)

Snap-shot of the Indian Power Industry

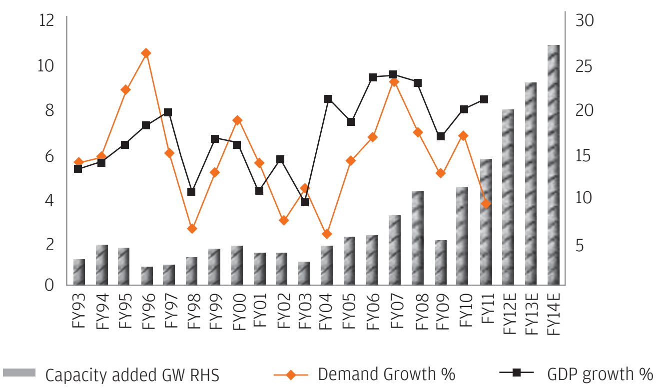
- The total installed capacity stands 2,01,637 MW compared to 1,713 MW in 1950, making India the sixth largest producer globally.
- Power generation for the year ending March 2012, grew by 8.05% on a year on year basis to 876 bn units, exceeding its yearly target by 2.5%.
- The year FY12, marked the end of the Eleventh Five Year power plan, witnessing the highest ever power addition since independence. Of the 62,000 MW of target addition (earlier the target was 78,700 MW), India achieved a capacity boost of 55,000 MW.
- The demand supply gap is narrowing down, from 9% of base deficit in FY09, it has reduced to 8.5% in FY12.
- The demand for power is directly co-related with GDP growth (0.8x). As the GDP growth rate lowers due to unstable economic conditions, which would result in slowdown of the industrial expansion, there would be a subsequent decrease in the demand for power. The capacity addition of 15-20 GW coming in the XIIth plan would increase the supply, hence narrowing the gap between demand and supply.

Year wise performance of the power sector during XI Plan period

Year	Target in (MW)	Achievement (MW)	% of Target
2007-08	12039	9263	77
2008-09	7530	3454	46
2009-10	14507	9585	66
2010-11	20359	12161	60
2011-12	17601	20501	116
Total	72036	54964	76

Source CEA, National Electricity Plan)

Capacity addition estimates and demand trends in corelation to GDP



(Source: CEA, JM Financial report, 2012)

Opportunities

Robust demand: The total demand for power is expected to rise to 1915 TWh by 2022 from 690 TWh in FY07. Augmented by growing population, expansion in industrial activity and higher penetration (per capita electricity consumption in India is 24% of the world's average and 35% & 28% respectively that of China and Brazil).

Huge investments: The sector has witnessed FDI inflows grow at a CAGR of 70% over FY06- FY11. As per the Department of Industrial Policy and Promotion (DIPP), the FDI flows stood at US$ 1616 million from April 2011- Feb 2012.

Capacity additions: A total of 15-20 GW of capacity addition is expected to come annually over FY 12-15 and add a total capacity of 100,000 MW by the end of the plan period.

Policy support: In order to cater to the growing demand for power, the government has launched Ultra Mega Power Projects (UMPP) of 4000 MW and above, apart from that other initiatives include elimination of licensing for various segments; removal of entry barriers, cost reduction and rationalization of tariffs.

Government Initiatives

- **Jawaharlal Nehru National Solar Mission:** It is a major initiative undertaken by the Ministry of New and Renewable Energy (MNRE), covered under Government of India's National Action Plan on Climate Change (NAPCC). It plans to enable policy framework for deploying 20,000 MW of solar power by 2022. It will be carried out in 3 phases.
  - Phase I- up to 2012-13: 1,000 MW
  - Phase II- 2013-17: 4,000-5,000 MW
  - Phase III- 2017-2022: 20,000 MW
- **Extension of sunset clause:** Government has extended the sunset clause u/s 80IA for power projects that will be commissioned on or before March 31, 2013, will be able to claim 100% deduction of profits for 10 years. Additional 20% depreciation on new plant for the initial year.
- **Fuel supply agreement:** Coal India has been advised to sign a fuel supply agreement with power plants which have entered long term PPA's with DISCOMS and would get commissioned on or before March 31, 2015.
- Counter veiling duty of 1% to Steam coal for a period of two years till March 31, 2014.
- **Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY):** Under RGGVY, funds are not allocated upfront but are disbursed as per the progress of works. So far, subsidy of ₹ 3475.39 crore has been disbursed as per the progress.

BUSINESS OVERVIEW

Analysis and Discussions on Financial Performance

The review and analysis of operating and financial performance of the Company during the year under review are given below:

Review of Financial Performance

I) Production and Sales

During the year under review, production volumes across various divisions were as follows:

Production

Products/ Division	Production in FY2012 (In Mts)	Production in FY2011 (In Mts)	Year over year Growth (%)
Iron Ore Mining	349321	522561	-33.15
Iron Ore Pellets	623750	354561	75.92
Sponge Iron	343227	279441	22.83
Steel Billets	166783	85251	95.64
MS Rounds	79085	68297	15.80
HB Wire	81086	77122	5.14
Ferro Alloys	7999	5727	39.67
Power MW/ KWH (Crores)	38.98	31.82	22.50

The operating performance of the Company has been exceeding well during the year across manufacturing divisions of the Company, except the production from captive iron ore mines. The production in iron ore mining suffered on account certain local issues, extended monsoon and logistic problems during year which resulted into lower production volumes as compared to previous year. The issues got resolved in Dec, 2012 and thereafter production volumes have improved since then. The Company achieved production volumes of 183110 tons in Q4 and extraction to 349321 tons in FY2012. The Company operated pellet plant at over 104% of the rated capacity. The higher utilisation of pellet resulted in better operating efficiencies in sponge iron plant which led to further increased utilisation rate in the sponge iron by 22% over previous financial year. Owing to lesser realisation in the merchant power market, we shifted our strategy back to steel manufacturing & increased volume of steel billets production. Though the MS round & HB Wire market was sluggish, we were able to increase the production in the segment owing to market presence for so many years. Power generation also improved owing to increase in sponge iron production leading to better performance in waste heart recovery plant and higher production volumes from Bio Mass power plant. Overall the Company achieved highest ever production volumes across of the divisions in the history of the Company.

Net Sales/Income from Operations:

Divisions/Products	FY2012			FY 2011		
	Sales (MTs) Quantity	Average Realisation (per ton)	Net Sales (₹ in crores)	Sales (MTs) Quantity	Average Realisation (per ton)	Net Sales (₹ in crores)
Iron Ore Pellets	2,31,593	8,912	206.40	79,736	7,600	60.60
Sponge Iron	1,68,584	20,802	350.69	1,84,039	16,574	305.02
Steel Billets	1,66,838	31,947	532.99	41,950	26,838	112.59
MS Rounds	60,935	38,788	236.35	36,420	29,728	108.27
HB Wire	81,533	37,357	304.58	76,965	30,989	238.51
Ferro Alloys	6,725	50,611	34.03	5,069	53,195	26.97
Power	8.57	2.65	22.73	11.88	3.55	42.10
Others			43.72			40.76
TOTAL			1,731.50			934.82

The net sales turnover/income from operations of the Company during the year increased to 1731.50 crores from ₹ 934.82 crores registering a growth of 85%. The increase in net sales was on account higher production volumes and better selling price realisation across divisions, except ferro alloys & power. The ferro alloys prices remained subdued during the year due to slow down in China, which is biggest importer of ferro alloys. The merchant power rates also remained lower during the year, due to severe financial constraints faced by the DISCOMs resulting into demand at lower prices. The Company's 20MW Bio Mass power plant registered during the year for eligibility of for Renewable Energy Certificates(RECs), which also contributed to revenue of the Company.

Raw Material Consumption

Item	FY 2012			FY 2011		
	Quantity	Rate per ton	Amount	Quantity	Rate per ton	Amount
Iron Ore & Fines	9,07,481	3,460	313.96	5,36,515	2,068	110.97
Coal	6,95,435	3,719	258.62	5,17,824	2,999	155.30
Pig Iron & Scrap	35,271	25,675	90.56	18,163	22,217	40.35
MS Round	65,091	34,755	226.22	46,119	29,615	136.58
Manganese Ore	20,873	4,727	9.87	14,878	4,929	7.33
Steel Billets	87,018	30,274	263.44	31,980	23,466	75.04
Rice Husk	1,53,886	2,404	37.00	81,501	2,071	16.88
Others			29.12			17.90
TOTAL			1,228.78			560.37

In line with increase in production volumes, the overall raw material cost also increased. The cost of iron ore consumed increased substantially due to lower production from captive iron ore mines, resulting into higher consumption from market purchases, which available at a price higher then cost of production from captive mines. The Company during the year also started import of coal, due to lower supply of linkage coal from Coal India Ltd, however, due to better quality imported coal, per ton consumption of coal in sponge iron division has gone down from 1.53 ton to 1.47 tons. The input cost also increased during the year due to rupee devaluation and over inflationary pressure in the economy.

ii) Operating and Other Expenses

The Company's operating and other expenses have gone down from 18.88% of the net sales to 15.24% mainly due to economies of scale due to higher business volumes. However, the prices of all the raw materials have increased during the current year.

iii) Employee Cost

The employee cost during the year increased by 29.32% to ₹ 38.01 crores from ₹ 29.40 crores due to annual increment in salaries and recruitment of additional employees to meet increased requirement in the pellet plant and mining divisions. The overall employee cost decreased to 2.20% of the sales as compared to 3.15% during the previous year.

iv) Operating Margins (EBIDTA)

The operating margins of the Company was effected mainly on account of higher input cost due increase in prices of inputs and lower production volumes from captive mines, which resulted into higher consumption of iron ore from market purchases resulting into increased cost of production. Going forward, your Company is confident that it will be able to meet the requirement for iron ore captively. This will leads to savings of approximately ₹ 2000 per ton in cost of iron ore consumed, which is expected to translate into higher operating margins.

v) Interest and Financial Charges

Total expenses towards interest cost and bank charges during the year increased from ₹ 60.25 crores to ₹ 86.85 crores. This rise in finance cost was mainly due to the consequent higher interest cost upon commissioning of the pellet plant and increase in borrowings of the Company to meet fund requirements for investments in the company's ongoing projects and normal capital expenditure. Cost of funds also increased during the year due to inflationary pressure on the economy and the subsequent increase in rate of interest by banks.

vi) Depreciation

Depreciation on fixed assets has gone up due to commissioning of additional capacities, which started production during the current financial year. The Company has applied the straight line method of depreciation as per rates prescribed under the Companies Act, 1956.

vii) Profit Before Tax

The Company has achieved a net profit before tax, and extraordinary items of ₹ 99.83 crore, which is 5.77% of net sales as against ₹ 89.28 crore, which was 9.55% of net sales during the previous year.

viii) Provision for taxation

The provision for income tax has been made as per provisions of the Income Tax Act. The profit of the power division is exempt under Section 80I of the Income Tax Act.

ix) Appropriation

The Company has transferred ₹ 14.92 crore (previous year ₹ 10 crore) to the General Reserve and ₹ 20.75 crores (previous year ₹ 5.25 crore) to the Debenture Redemption Reserve during the year

x) Provision for Dividend and Dividend Tax

The Board of Directors of the Company has recommended a final dividend of 25% (₹ 2.50 per share) for the year ended March 31, 2012, subject to approval of the shareholders. Further, provision for dividend distribution tax of ₹ 1.29 crore has been made. The total outgo of funds on account of dividend payment including corporate tax on dividend for the year is ₹ 9.23 crore.

xi) Fixed Assets

₹ In crores

Particulars	FY12	FY11	Change	Change (%)
Gross Block	897.44	856.24	41.20	4.81
Less Depreciation	220.38	170.50	49.88	29.26
Net Block	677.06	685.74	(8.68)	(1.27)
Capital WIP & Pre-OP Exp	135.92	36.86	99.06	268.75
Net Fixed Assets	812.98	722.60	90.38	12.51

The Company has, during the year, incurred additional capital expenditure of ₹ 140.26 crores for setting up of 1.2 Million Tonnes Iron Ore Pellet Plant, etc.

xii) Inventories

The overall value of inventory of raw materials decreased to ₹ 62.71 crore as on March 31, 2012 as compared ₹ 96.31 crore as on March 31, 2011. The average level of holding of raw material stood at 18 days of consumption as compared to a level of 62 days during the previous year.

xiii) Sundry Debtors

The average number days sales outstanding for the FY 12 are 17 days as compared to 21 days in FY 11 due to lower realization period in case of sale of steel billets and sponge iron.

xiv) Loans and Advances

Loans and advances as on March 31, 2012 stood at ₹ 67.18 crores, an increase of 10.76%, as compared to March 31, 2011, which is mainly due to the advances paid to raw material and equipment suppliers to ensure regular supplies. The advances are normal in the ordinary course of business of the Company and as per industry practices.

xv) Current Liabilities

Overall current liabilities increased from ₹ 34.28 crores to ₹ 40.98 crores due to increase in acceptances.

xvi) Secured and Unsecured Loans

At the end of the year, secured long-term loans totaled ₹410.77 crores, including Debentures of ₹ 125 crores, against ₹ 383.62 crores in FY 2010-11. The Company's unsecured loans amount to ₹ 30.01 crore (Previous Year 36.45 crore) as on the Balance Sheet date.

xvii) Key Financial Indicators:

The key financial ratios of the Company for the year under review as compared to previous year is as given below:

Particulars	FY12	FY11
EBDITA to Net Sales (%)	13.73	21.00
Profit after Tax to Sales (%)	4.56	7.62
Earning Per Share	24.86	22.44
Net Worth Per Share	198.02	176.07
Current Ratio	1.09	1.01
Debt Equity Ratio	0.85:1	0.84:1

Internal Control System and their Adequacy

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with the accuracy and there is strict compliance with all applicable laws and regulations.

The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use of disposition and that transactions are authorized, recorded and reported. The Company has also an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

Recognising the important role of internal scrutiny, the Company has an internal audit function which is empowered to examine the adequacy and the compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. Continuous audit and verification of the systems enables the various business groups to plug any shortcomings sooner rather than later. It also evaluates the Company's strategic risk management system and suggests risk mitigation measures for all key operations. In addition, the top management of the Board reviews the findings and recommendations.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Our people are our assets. They have played significant role in the growth of the Company and have delivered superior performance during the year. The Company has initiated several steps for overall development, training and welfare of its human resource asset. Progress of the same is monitored on a regular basis. Employee relations have continued to remain cordial during the year under review. The Company also launched initiatives for the overall welfare of employees and workmen, in line with its objectives.

RISK MANAGEMENT

Being in steel business, the Company is subject to certain risks which are unavoidable in the Industry. We try to put in place effective risk management policies.

Change in the Political Situation

Though GPIL's major operations are based in Chhattisgarh, change in political climate across the country can affect our operations. Possibility of new trade barriers in view of China's global operations and other such changes also impinges upon the business in general. Political risks include terrorism, social unrest and potential conflicts which can influence our operations at existing locations, mines etc.

However, the probabilities of these events are considered to be quite low.

Change in the Economic Situation

After the global downturn and events that followed, nothing seems impossible. As per IMF estimates, world GDP decreased by 0.8% in fiscal 2009 as compared to fiscal 2008.

But the second half of FY 2010 gave rise to new hope with various positive developments both in global markets and the steel industry. Emerging economies demonstrated strong demand leadership driven by government stimulus, which in turn is a major sentiment booster.

The domestic consumption of steel is again on the rise. As our core area of operation and because of the flexibility with which we work in the SMS and captive power segment also helps us reduce the risk of any sudden change in the economic scenario.

Fluctuation in prices of Raw Material & Fuel

Our major raw material is Iron Ore and Coal. On the iron ore front, one of two of our own captive mines commenced production in FY2010. By the year end, capacities have been ramped up at Ari Dongri and we expect to be completely self sufficient in fulfilling our iron ore requirements. The other mine i.e. Boria Tibu also received all regulatory clearances and should start production soon. Hence, we will be isolated from the fluctuation of iron ore prices in the market. However, until both our mines start production, our operations shall continue to be affected by fluctuation in the prices of iron ore, to the extent of our dependence on market purchases.

On the coal front, we are currently purchasing the requirement of coal through long-term linkages with Coal India Ltd and imports. The prices of imported coal depend upon the global market demand and supply, and linkage prices as determined by the Ministry of Coal. The Company shall be isolated from price fluctuations once our captive mines start production. The Company awaits environmental clearance from the Ministry of MOEF, Government of India, for its coal blocks.

Changes in Selling Prices

A specific feature of steel and mining industries is their volatility to cyclical changes in steel prices. In the critical conditions prevalent in the first half of the year under review, the selling prices were almost equal to the average cost of production of sponge iron. This left barely any margin at the EBIDTA level. So if prices of finished products fall to such a level, margins cannot be maintained.

However, high spot iron ore and coking coal prices, along with scrap prices, resulted in an increase in steel prices in the H2 of fiscal 2010. It is likely that steel prices may not go down substantially from the present levels. This is likely due to new iron ore and coal contracts globally at current spot price and the firm trend in the raw material prices globally.

Credit, Interest and Exchange Fluctuation Risk

Financial crisis of the economy last year led to an interbank crisis of trust, reducing the levels of interbank credits and liquidity of the financial system. Simultaneously, increased volatility and uncertainties led to increased premium in the cost of external financing. The increased cost of financing affects our financial results and lead to lower profitability. Fluctuation of interest rates may cause variation in the value of existing foreign currency.

The level of existing rupee debt as on March 31, 2011 is ₹ 290.49 crores and foreign currency term loans of USD 11.66 million. Hence, change in interest rates may have significant impact on the financial results.

Interest rates, fixed or floating, are normally linked to LIBOR. We monitor this situation on a continuous basis and take measures necessary to be able to respond to changing market conditions.

Miscellaneous risks

Other risks constitute various risk: Operational risk, risk of production & equipment, loss of skilled employees, and health, safety & environment risk.

We have taken adequate steps to ensure continuity of our annual production plans and to mitigate these risks.

Cautionary Statement

Statements in the Management Discussion and Analysis and the annual report describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations in India and other countries. Actual results could defer materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demands/supply and price conditions in the domestic markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors and unforeseen circumstances.

For and on behalf of Board of Directors

Place : Raipur, Chairman

Date: 22nd May, 2012

CORPORATE GOVERNANCE REPORT

The Board of Directors of the company pays utmost importance on the broad principles of Corporate Governance. The company is complying with all the disclosure norms and requirements under clause 49 of the Stock Exchange Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Code of Corporate Governance is the means of achieving Corporate Objectives. The Company believes that maintenance of Code of Corporate Governance is essential for economic growth of the Company and protecting the interest of all the Stakeholders. Therefore, the Company is trying its best to follow the Code of Corporate Governance.

2. BOARD OF DIRECTORS:

The Board of Directors has a combination of Executive and Non-Executive Directors. The Board comprises of four Whole-time Directors (the Managing Director and three Executive Directors) and four Non-executive Directors. Three of the Non-executive Directors are Independent Directors. The Chairman of the Board is an Independent Director. Accordingly, the composition of the Board is in conformity with the Listing Agreement.

Except the Managing Director, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

2.1 The names and categories of the Directors on the Board and also the number of Directorships and Committee Memberships held by them during 2011-12 in other Companies are as under:

Name of the Directors	Category of Directors	No. of other Directorship held#	No. of Board Meetings attended	Last AGM attended	No. of other Board committees member/ chairman****
Mr. B. Choudhuri	Chairman Non Executive Independent	08	05	Present	06
Mr. B.L. Agrawal	Managing Director - Executive	08	05	Absent	04
Mr. Dinesh Agrawal	Non Executive	08	05	Absent	01
Mr. Dinesh Gandhi	Executive	03	05	Present	02
Mr. Shashi Kumar	Independent	04	03	Absent	Nil
Mr. B. N. Ojha	Independent	04	04	Present	02
Mr. Vinod Pillai	Executive	01	04	Present	Nil
Mr. Abhishek Agrawal *	Executive	02	01	Present	Nil
Mr. G. B. Desai**	Chairman Non Executive Independent	02	04	Present	Nil
Mr. Siddharth Agrawal **	Non-Executive	09	02	Present	Nil
Mr. O. P. Agrawal ***	Vice Chairman Non Executive	06	02	Absent	Nil
Mr. N. P. Agrawal ***	Non Executive	06	02	Absent	Nil

* Appointed w.e.f. 09.11.2011

** Resigned from the directorship of the company w.e.f. 09.11.2011

*** Resigned from the directorship of the company w.e.f. 06.08.2011

**** includes membership/Chairmanship of Audit Committee & Shareholders/Investors Grievance Committees only.

\# Other Directorship excludes Directorship in Private Limited Companies.

Changes in the composition of Directors during the year:

Shri G. B. Desai, Chairman of the Company and an Independent Director has resigned from the directorship of the company with effect from 09.11.2011 and Shri Biswajit Choudhuri, Non Executive Independent Director of the Company has been appointed as the Chairman of the Company with effect from 09.11.2011.

Shri Abhishek Agrawal has been appointed as Whole Time Director on the Board of the Company with effect from 09.11.2011.

Shri Dinesh Agrawal has resigned as Whole Time Director of the Company with effect from 09.11.2011. However, he will continue to be on the Board of the Company as a Non-Executive Director.

Shri O. P. Agrawal and Shri N. P. Agrawal have resigned from the directorship of the Company with effect from 06.08.2011.

There has been no other change in the directorship of the Company during the period under review.

2.2 Number of Board Meetings held:

During the year 2011-12, the Board met 05 times and agenda papers were circulated well in advance of each meeting to the Board of Directors. In order to ensure fruitful deliberations at the meetings, the Board of Directors of your company is provided with all relevant information on various matters related to the working of the company. The dates on which Meetings of the Board of Directors were held and the number of Directors present in each meeting are given in Table 2 below:

S. No.	Date of Meeting	No. of Directors Present
1	13.04.2011	09
2	22.05.2011	10
3	06.08.2011	08
4	09.11.2011	09
5	24.01.2012	06

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed compliance with the Code of Conduct. The Annual Report of the Company shall contain a declaration to this effect signed by the Chief Executive Officer (CEO).

3. AUDIT COMMITTEE:

The Board of Directors re-constituted the Audit Sub-Committee on 09.11.2011 following the resignation of Mr. G. B. Desai, Independent Director and member of the Committee. The Audit Committee consists of one executive Director and two Independent Directors with effect from 09.11.2011. The Audit Committee comprises of following Directors:

S. No.	Name	Designation
1	Mr. Biswajit Choudhuri	Chairman (Independent Director)
2.	Mr. B. N. Ojha	Member (Independent Director)
3.	Mr. Dinesh Gandhi	Member (Executive Director)

The committee met Four times during the year 2011-12 and the attendance of the members at these meetings was as follows:

Name of the Chairman/ Member	Status	Meetings attended
1. Mr. B. Choudhuri	Chairman (Independent Director)	04
2. Mr. G. B. Desai	Member (Independent Director)	03
3. Mr. B. N. Ojha	Member (Independent Director)	03
4. Mr. Dinesh Gandhi	Member (Executive Director)	04

All the members of the Audit Committee are financially literate as required by the revised Clause 49 of the Listing Agreement and Mr. Dinesh Gandhi is having accounting or related financial management expertise.

The Functioning and terms of reference of the Audit Committee, the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Section 292A of the Companies Act, 1956 and Listing Agreements with the Stock Exchanges as are in force/ applicable from time to time.

Subsidiary Companies

The Board of Directors has nominated Shri B. N. Ojha as Independent Director on the Board of the subsidiary Company i.e. Ardent Steel Limited which has set up an iron ore pelletisation plant in the State of Orissa and the commercial production has already started.

Your Company has acquired 100% of the equity of M/s Godawari Green Energy Limited for setting up of 50 MW Solar Thermal Power

Project in the State of Rajasthan with an estimated Project Cost of ₹ 794.65 crores for which the Company has already done the financial closure. The above project is under implementation.

The Company has executed a Memorandum of Understanding with the Government of Chhattisgarh for setting up of Integrated Steel Plant with Captive Power Plant in the State of Chhattisgarh with proposed investment of ₹ 5920.00 crore and the project will be implemented by a Special Purpose Vehicle in the name of Godawari Integrated Steels (India) Limited (GISIL) as the Company's 100% subsidiary. The Company has already acquired 100% stake in GISIL and the project is in initial stage.

The Board of Directors of the Company shall nominate an Independent Director each on the Board of these two Companies, in due course, as and when these Companies start commercial operations.

The minutes of the Board meetings of Subsidiary Companies are being regularly put up before the Board and the Audit Committee for review.

Disclosure:

Basis of related party transaction:

A statement, in summary form, of all the transactions entered into with the related parties in the ordinary course of business, details of material individual transactions with related parties are placed before the audit committee for the review. There are no material transactions with related parties, which require separate disclosure. A comprehensive list of transactions entered into with the related parties as required by the Accounting Standards (AS) 18 issued by the Institute of Chartered Accountants of India is given at note No.29 of notes to financial statements for the year ended 31 March, 2012 in the Annual Report.

Disclosure of accounting treatment

The Company has followed all relevant accounting standards while preparing the financial statements and statement of accounts have been drawn in compliance of all applicable accounting standards.

Risk Management

The risk management issues are discussed in detail in the report of Management Discussion and Analysis. The Company has taken necessary steps for risk management and the system is being strengthened on a continuous basis.

Proceeds from public issues, right issues, preferential issues etc

Your Company has not made any public issue, right issue, preferential issue etc. of equity shares during the financial year 2011-12. The company, however, issued 800, Secured Redeemable Non Convertible Debentures of ₹ 10,00,000 each aggregating ₹ 80 Crores, the proceeds of which have been utilized for general corporate purposes, normal capital expenditure and for meeting long term working capital requirements of the company.

Details of non-compliance by the Company, penalties and strictures imposed etc.:

The company has complied with the requirements of regulatory authorities on capital markets and no penalty/ stricture was imposed on the Company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets during the last one year from the date of its listing on the stock exchanges.

4. REMUNERATION COMMITTEE:

The Board of Directors re-constituted the Remuneration Committee on 09.11.2011 following the resignation of Mr. G. B. Desai, Independent Director and member of the Committee. Mr. B. N. Ojha, Independent Director of the Company has been inducted as a Member of the Committee in place of Mr. B. L. Agrawal, Managing Director and a member of the Committee. The Remuneration Committee consists of one executive Director and two Independent Directors with effect from 09.11.2011. The detailed composition of the members of the Remuneration Committee at present is given below:

1. Mr. Shashi Kumar:	Chairman (Independent Non-Executive Director)
2. Mr. B. N. Ojha:	Member (Independent Non-Executive Director)
3. Mr. Dinesh Gandhi:	Member (Executive Director - Finance)

Remuneration Of Directors:

The non- executive directors are paid sitting fee of ₹ 15,000 for attending each Board meeting and ₹ 5000 for attending each Committee Meeting. The company has paid a remuneration of ₹ 36.00 Lacs to Mr. B.L. Agrawal, Managing Director, ₹ 16.36 Lacs to Mr. Siddharth Agrawal, Executive Director (01.04.2011 to 09.11.2011), ₹ 16.53 Lacs to Mr. Dinesh Agrawal, Executive Director (01.06.2011 to 09.11.2011), ₹ 17.91 Lacs to Mr. Abhishek Agrawal, Executive Director (w.e.f. 09.11.2011), ₹ 7.86 lacs to Mr. Vinod Pillai, Executive Director (w.e.f. 01.06.2011)and ₹ 32.64 lacs to Mr. Dinesh Gandhi, Director (Finance) of the company during the financial year 2011-12.

Disclosure Of Material Transactions

No material transaction has been entered into by the Company with the promoters, directors or the management, their subsidiaries or relatives etc that may have a potential conflict with interest of the company.

Insider Trading Disclosure:

Comprehensive insider trading disclosure guidelines in line with the

SEBI Regulations have been adopted by the Board in which the procedure to be followed by all the key managerial persons, staff and other relevant business associates for disclosure of all security transactions of the shares of the company.

Particulars of Directors seeking appointment / reappointment:

Particulars of Directors seeking appointment/reappointment at the ensuing Annual General Meeting to be held on 29th September, 2012 are given as under:

A	Name	Shri Dinesh Agrawal	Shri Dinesh Gandhi
B	Brief resume		
	i) Age	41 years	48 Years
	ii) Qualification	B.E. (Electrical)	Chartered Accountant and Company Secretary
	iii) date of Appointment on the Board of the company	21.09.1999	25.02.2005
C	Nature of expertise in specific functional areas	He has been associated with the company's Ferro alloys and steel rolling units in the past. He is currently overseeing the setting up of the captive power plant. He has been associated with the Company since incorporation.	He has over two decades of experience in the areas of accounts, finance, project planning and financing. A dynamic financial analyst, his competence strategically directs the company.
D	Name(s) of other Public Limited Companies in which Directorships held	Godawari Clinkers and Cement Limited Godawari Natural Resources Limited Krishna Global Minerals Limited Godawari Integrated Steels (India) Limited Hira Global Limited Godawari Techfab Limited	Godawari Green Energy Limited Ardent Steel Limited Maruti Clean Coal and Power Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	Member of Shareholders Grievance Committee	Member of Audit Committee, Remuneration Committee, Shareholders Grievance Committee and Debenture Committee
F	No. of Shares of ₹ 10/- each held by the Directors	1846347	24789
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act,1956)	Related to Mr. B. L. Agrawal and Mr. Abhishek Agrawal	No Relationship with Directors

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The Board of Directors re-constituted the Shareholders/Investors Grievance Committee on 09.11.2011 following the resignation of Mr. G. B. Desai, Independent Director and Chairman of the Committee. The Shareholders/Investors Grievance Committee consists of Three Directors. The detailed composition of the members of the Shareholders/Investors Grievances Committee at present is given below:

1. Mr. B. N. Ojha	:	Chairman (Independent Non-Executive Director)
2. Mr. Dinesh Agrawal	:	Member (Non-Executive Director)
3. Mr. Dinesh Gandhi	:	Member (Executive Director)

Other information to Shareholders:

The location, date and time of the last three Annual General Meetings were as under:

YEAR	DATE	TIME	VENUE
2008-2009	22.09.2009	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)
2009-2010	25.09.2010	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)
2010-2011	30.09.2011	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)

Special Resolution passed in previous three Annual General Meetings:

At the Annual General Meeting of the Company held on 30th September, 2011, Special Resolution for approval of remuneration payable to Shri Abhishek Agrawal as Chief Executive (Operations) with effect from 1st April, 2011 was passed unanimously.

Postal Ballot

During the year under review, we have conducted one postal ballot in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Mr. Brajesh R. Agrawal, F.C.S, Practicing Company Secretary was appointed as Scrutinizer for the Postal Ballot.

The results of the postal ballot were published in Hitavada (English Daily) and Deshbandhu (Hindi Daily). The gist of the results is as follows:

Date of Declaration of Results: 2nd July, 2011.

Type of Resolution: Special

Particulars of resolution passed: Increase in the limit of making loan, investment, security, guarantee U/s Sec 372A of the Companies Act, 1956.

Particulars	No. of Postal Ballots Forms	No. of Shares (₹ 10/-each)	% of Total Paid up Equity Capital
a) Total Postal Ballot Forms received	745	17423227	54.87
b) Less: Invalid Postal Ballot Forms	25	9556	0.03
c) Net valid Postal Ballot Forms	720	17413671	54.84
d) Postal ballot Forms with Assent for Special Resolution **as a percentage of net valid shares polled.**	679	17405969	99.96
e) Postal ballot Forms with dissent for Special Resolution **as a percentage of net valid shares polled.**	41	7416	0.04

No Special Resolution is proposed to be conducted through postal ballot.

Procedure for postal ballot:

1. After obtaining consent to act as Scrutinizer the Board of Directors appoints Scrutinizer to conduct Postal Ballot process in true, fair and transparent manner.
2. Cut Off date is fixed for identifying shareholders entitled to receive notice of the postal ballot.
3. Board resolution along with calendar of events is filed with Registrar of Companies within one week of the date of the Board Meeting.
4. Postal Ballot Notice along with explanatory statement and Postal Ballot form with instructions are dispatched to shareholders by Speed Post.
5. Company advertises dispatch of postal ballot in one English Newspaper and one Vernacular language.
6. The postal ballot form duly completed and signed should be sent to the Scrutinizer appointed by the Company at the address of the Registrar & Transfer Agents, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai -400 078 on or before the close of the Business hours on specified date.
7. Scrutinizer after carrying out postal ballot process submits their Report to the company on the specified date.
8. Result of the postal ballot is declared at the corporate office of the company and the same is notified to stock exchanges as well as published in one English Newspaper and one Vernacular language.

GENERAL INFORMATION:

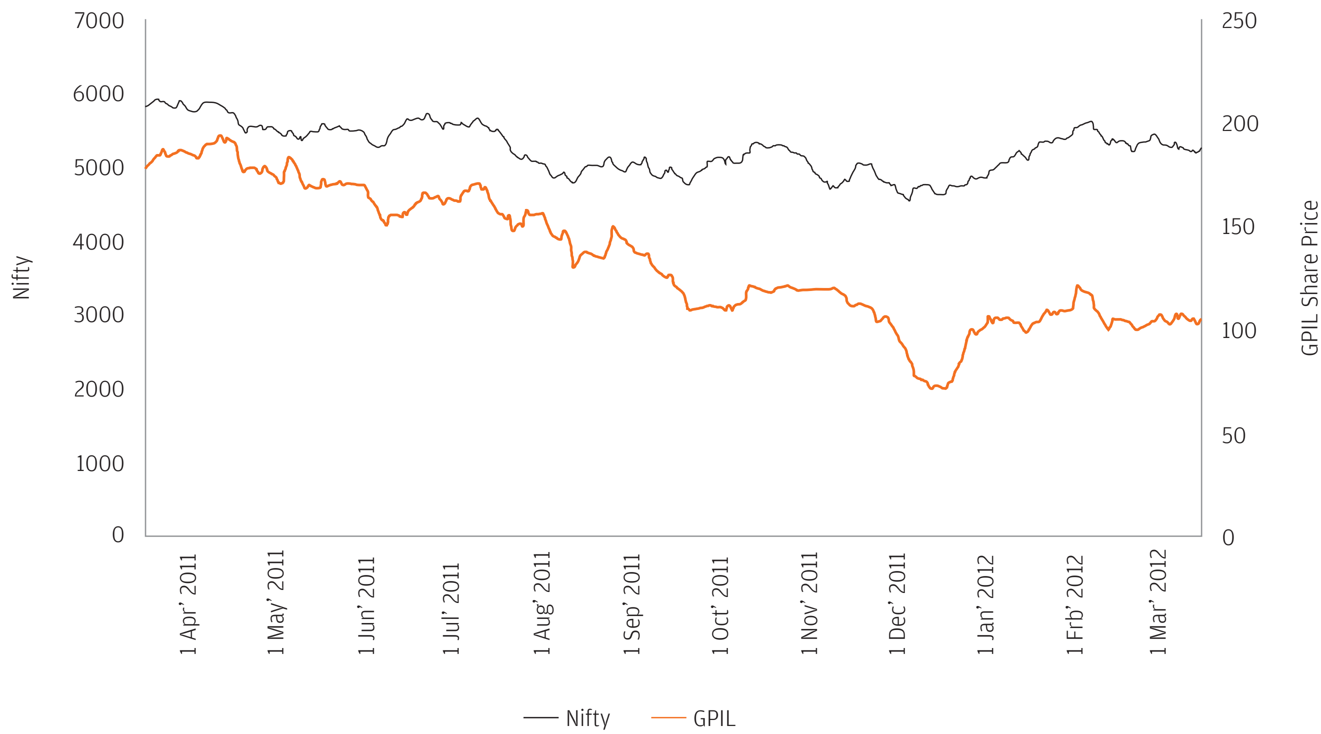
1. Annual General Meeting:

Date	29th September, 2012
Time	12.30 pm.
Venue:	Corporate Office of the Company at Godawari Power & Ispat Ltd, at 2nd floor, Hira Arcade, Near New Bus Stand, Pandri Raipur (C.G.) - 492001

2. Financial Calendar (2012-2013) (tentative)

Board Meeting (for Financial Result)-		
Quarter ending on 30th June 2012	:	On or before August 14, 2012
Half-year ending on 30th September 2012	:	On or before November 15, 2012
Quarter ending on 31st December 2012	:	On or before February 15, 2013
Year ending on 31st March, 2013	:	May, 2013
3. Date of Book Closure		22nd September, 2012 to 29th September, 2012.
4. Dividend Payment Date	:	Within 20 days of declaration
5. Listing on Stock Exchange		The shares of the company are Listed with National Stock Exchange and Stock Exchange, Mumbai.
6. Stock Code		NSE: GPIL BSE: 532734 ISIN: INE177H01013

7. Market Price Data



8. The monthly high and low quotations of shares traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited are as follows:

Month	NSE		BSE	
	High	Low	High	Low
April, 2011	208.30	175.50	196.00	174.95
May, 2011	199.00	166.10	200.00	166.00
June, 2011	174.80	148.00	174.95	150.10
July, 2011	174.00	155.10	174.15	155.45
August, 2011	165.20	127.50	164.90	127.50
September, 2011	161.90	120.00	161.60	119.20
October, 2011	125.80	107.80	129.80	107.95
November, 2011	125.80	110.00	124.90	111.10
December, 2011	115.85	69.50	116.80	69.90
January, 2012	109.65	70.05	109.50	70.10
February, 2012	127.00	98.10	125.00	98.55
March, 2012	112.00	98.90	111.70	99.10

9 Registrar and Transfer Agent: M/s. Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup, Mumbai 400 078
Ph: 022-25963838 Fax: 022-25946969
Email: isrl@linkintime.co.in
Website: www.linkintime.co.in

10 Share transfer system:

The company's shares can be dematerialized with the Depositories namely CDSL or NSDL through the Depository Participants. The company's shares are compulsorily traded in the demat mode. Therefore, the investors/shareholders are requested to kindly note that physical documents, viz. Demat Request Forms (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DPs) directly to the Share Transfer Agents. Any delay on the part of the DPs to send the DRF and the Share Certificates beyond 15 days from the date of generation of DRN by the DP will be rejected/cancelled. This is being done to ensure that no demat requests remain pending with the Share transfer Agents beyond a period of 15 days. Investors/shareholders should therefore, ensure that their DPs do not delay in sending the DRF and Share Certificates to the Share Transfer Agent after generating the DRN.

11. Distribution Of Shareholding As On 31.03.2012:

Shareholding of Nominal Value (₹)	Shareholders		Shares Held	
	Number	% to Total	Number	% to Total
Up to 5000	26259	92.7159	2754721	8.6746
5001-10000	1028	3.6297	823854	2.5943
10001- 20000	480	1.6948	733770	2.3106
20001-30000	178	0.6285	456328	1.4370
30001-40000	73	0.2578	258377	0.8136
40001-50000	91	0.3213	428221	1.3485
50001-100000	95	0.3354	681056	2.1446
100001 and above	118	0.4166	25619920	80.6768
TOTAL	28322	100	31756247	100

Shareholding Pattern As On 31St March, 2012:

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters (including person acting in concert)	2,02,55,853	63.79
2	Institutional Investors i.e. MFs, FIIs, banks etc	22,09,862	6.96
3	Bodies Corporate	18,42,763	5.80
4	NRIs	3,48,020	1.09
5	General Public	70,20,295	22.11
6	Clearing Member / Trust	79,454	0.25
	TOTAL	**3,17,56,247**	**100.00**

Equity Shares in the Suspense Account

As per Clause 5A of the Listing Agreement, the Company reports that 1,571 Equity Shares are lying in the suspense account as on 31st March, 2012.

12. Dematerialization Of Shares : The Company has entered into agreement with National Securities Depository Ltd. and Central Depository Services (India) Ltd. for dematerialization of its Shares.

13. LOCATION OF PLANT, REGISTERED OFFICE AND CORPORATE OFFICE:

Plant & Registered Office

428/2, Phase-I, Industrial Area, Siltara - 493111, Dist. Raipur, Chhattisgarh, India. Tel: +91-771-4082333; Fax: +91-771-4082234
Website: www.gpilindia.com

Corporate Office

First Floor, Hira Arcade, New Bus Stand, Pandri, Raipur-492001, Chhattisgarh, India.
Tel: +91-771-4082000; Fax: +91-771-4082732, 4057601 email: gpil@gpilindia.com

Investors Relation Centre:

Godawari Power & Ispat Ltd,

Hira Group, 606, Town Centre, Andheri Kurla Road, Near Mittal Estate, Sakinaka, Andheri (East), Mumbai-400059 Tel No: +91 22 28592621/22/23 Fax No: +91 22 28592851 e-mail: investors@gpilindia.in

14. Green Initiative In The Corporate Governance:

The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies after considering sections 2,4,5 and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode, issued a Circular NO. 18/2011 dated 29.04.2011 clarified that the company would be in compliance of sections 219(1) of the Companies Act, 1956, in case, a copy of Balance Sheet etc. is sent by electronic mail to its members subject to the fact that company has obtained:

a) E-mail address of its members for sending the Notice with Balance Sheet, Profit & Loss Account, Auditor's Report, Director's Report, and Explanatory Statement etc. through e-mail, after giving an advance opportunity to the member to register his e-mail address and changes therein from time to time with the company or with the concerned depository.

b) Company's website display full text of these documents well in advance prior to mandatory period and issue advertisement in prominent newspapers in both vernacular and English stating that the copies of aforesaid documents are available in the website and for inspection at the Registered Office of the company during office hours. Website must be designed in a way so that documents can be opened easily and quickly.

c) In cases where any member(s) has not registered his e-mail address for receiving the Balance Sheet etc. through e-mail, the Balance Sheet etc. will be sent by other modes of services as provided under Section 53 of the Companies Act, 1956.

d) In case any member(s) insist for physical copies of above documents, the same should be sent to him physically, by post free of cost.

In order to support the Government in its endeavor to Go Green, your company has decided to send the Annual Report for the Financial Year 2011-12 onwards through e-mail to all the shareholders subject to the above conditions.

CEO/CFO Certification

The Chief Executive Officer and the Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is contained in this annual report.

Report on Corporate Governance

This chapter, read together with the information given in the chapter titled Management Discussion and Analysis constitute compliance report on Corporate Governance during 2011-12.

For and on behalf of the Board of Directors

Place: Raipur

Date: 22nd May, 2012

Chairman

CERTIFICATION BY
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

To,

The Board of Directors
Godawari Power and Ispat Limited
Raipur - Chhattisgarh

We have reviewed the financial statements and the cash flow statement for the financial year 2011-12 and hereby certify that to the best of our knowledge and belief:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011-12 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system for the purpose of financial reporting of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems for the purpose of financial reporting and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :-
    a) There have been no significant changes in internal control during this year.
    b) There have been no significant changes in accounting policies during this year.
    c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system

B. L. Agrawal	Dinesh Gandhi
Managing Director	Director (Finance)

Dated: 22nd May, 2012

AUDITORS' CERTIFICATE

(On Corporate Governance)

To

The Members of
Godawari Power and Ispat Limited
Raipur - Chhattisgarh

We have examined the compliance of conditions of Corporate Governance of M/s. Godawari Power and Ispat Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company, with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the Management has conducted the affairs of the Company.

For O.P. SINGHANIA & CO.
Chartered Accountants

Sanjay Singhania
Partner
(Membership No.076961)

Place: Raipur
Date: 22nd May, 2012

AUDITORS' REPORT

To
The Members of,
Godawari Power & Ispat Limited

1. We have audited the attached balance sheet of Godawari Power & Ispat Limited as at 31st March, 2012, the statement of profit and loss and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (As Amended) issued by the Central Government of India, in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.

4. Further to our comment in the Annexure referred to above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) On the basis of written representations received from the directors as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts read alongwith the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the balance sheet, of the state of the affairs of the Company, as at 31st March, 2012;

      (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

      (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For, O P Singhania & Co.
(Firm Regn.No.002172C)
Chartered Accountants

SANJAY SINGHANIA
Partner
Membership No.076961

Raipur, 22nd May, 2012

ANNEXURE

Re: Godawari Power & Ispat Limited

Referred to in paragraph 3 of our report of even date,

(i) (a) The Company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.

(ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) (a) The Company has granted unsecured loans to two companies covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved was ₹ 125.00 lacs and the year-end balance of the loan granted to a company was ₹ NIL.

(b) In our opinion, the terms & conditions on which loans have been granted to the companies listed in the register maintained under section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the Company.

(c) The receipt of the principal amount and interest wherever applicable was regular.

(d) There was no overdue amount of loans granted to companies listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company has taken unsecured loans from five companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year, maximum amount involved was ₹ 3767.62 lacs and the year end balance of the loan taken from companies was ₹ 534.47 lacs.

(f) In our opinion, the terms & conditions on which loans have been taken from the companies listed in the register maintained under section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the Company.

(g) The Company was regular in repaying the amount as stipulated.

(iv) In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) (a) According to the information & explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has compiled with the provisions of Section 58A and 58AA of the Companies Act,1956 and are any other relevant provisions of the Act and the rules framed there under, directives issued by RBI wherever applicable, with regard to the deposits accepted during the year.

(vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(i)(d) of the Companies Act,1956, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, wealth tax, service tax, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information &

ANNEXURE

Re: Godawari Power & Ispat Limited

explanations given to us, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Year	Amount (₹ In lacs)	Forum where dispute is pending
Service Tax	Disallowance of credit of service tax Paid on onward freight	2005-06	18.34	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Service Tax	Service Tax on ECB Commission	2006-07 to 2008-09	8.52	Commissioner (Appeals), Central Excise, Raipur
Service Tax	Demand on account of vibrating steel spring screen	2009-10 & 2010-11	0.46	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Duty on Iron Ore Fines & Coal Fines	2008-09 to 2009-10	83.32	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Disallowance of Duty on Structural Items	2008-09 to 2009-10	129.43	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of cenvat credit	2007-08	11.12	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of cenvat credit	2008-09	5.31	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of Cenvat on Input Services	2008-09	6.39	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Disallowance of Cenvat on Capital Goods	2008-09	16.69	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand of duty on account of Related Party transaction	2007-08 to 2008-09	63.81	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand of duty on account of Related Party transaction	2006-07 to 2007-08	47.72	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of CENVAT on input services	2007-08 to 2009-10	1.08	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Demand on account of CENVAT on Welding Electrodes	2007-08 to 2010-11	3.22	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Demand of interest on delay payment of differential duty	2007-08	1.08	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Demand on account of CENVAT on input services	2009-10	0.17	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Demand on account of CENVAT on input short receipt and debit note raised	2007-08 & 2008-09	0.85	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Disallowance of duty on structural items	2010-11	1.84	Commissioner (Appeals), Central Excise, Raipur
Central Excise Act	Demand on account of CENVAT on Welding Electrodes	2010-11	2.78	Commissioner (Appeals), Central Excise, Raipur
Income Tax Act	Income Tax	2008-09	3.24	Commissioner of Income Tax (Appeals),Raipur
C.G. Commercial Tax Act	Commercial Tax	2002-03	1.46	Deputy Commissioner, (Appl) Commercial Taxes, Raipur

ANNEXURE

Re: Godawari Power & Ispat Limited

Name of the Statute	Nature of Dues	Year	Amount (₹ In lacs)	Forum where dispute is pending
Central Sales Tax	Demand of Central Sales Tax	2002-03	23.18	Deputy Commissioner, (Appl) Commercial Taxes, Raipur
Central Sales Tax	Tax demand during extension of sales tax exemption not allowed	2007-08	14.07	Addl.Commissioner (Appl), Commercial Taxes, Raipur
C.G. Commercial Tax Act	Tax demand during extension of sales tax exemption not allowed	2007- 08	248.85	Addl.Commissioner (Appl), Commercial Taxes, Raipur

(x) The Company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks, financial institutions and debenture holders.

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given corporate guarantees to the bank for loans taken by other company are not prima facie prejudicial to the interest of the Company.

(xvi) In our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that, short-term funds have not been used for long term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any company, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xix) The Company has created securities/charges in respect of secured debentures issued except debenture application money received during the year on which securities/charges created in the subsequent financial year.

(xx) The Company has not raised any money by public issue during the year, therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order,2003 are not applicable to the Company .

(xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year. Therefore, the provisions of clause 4(xxi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For, O P Singhania & Co.
(Firm Regn.No.002172C)
Chartered Accountants

SANJAY SINGHANIA
Partner
Membership No.076961

Raipur, 22nd May, 2012

BALANCE SHEET
as at 31st March, 2012

(₹ in lacs)

Particulars	Notes	2012	2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	3,175.62	3,175.62
Reserves and surplus	4	59,708.75	52,736.82
		62,884.37	55,912.44
Non-current liabilities			
Long-term borrowings	5	41,077.19	38,361.54
Other long-term liabilities	6	3,180.45	162.74
Long-term provisions	7	138.07	109.54
		44,395.71	38,633.83
Current liabilities			
Short-term borrowings	8	18,998.95	17,592.62
Trade payables	9	7,860.30	5,573.59
Other current liabilities	9	11,833.89	9,336.71
Short-term provisions	7	2,289.13	1,775.86
		40,982.27	34,278.78
TOTAL		148,262.35	128,825.05
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	10	67,510.12	68,367.07
Intangible assets	11	195.34	207.17
Capital work-in-progress including pre-operative expenses		13,592.18	3,685.43
Non-current investments	12	21,233.44	21,209.27
Long-term loans and advances	13	514.31	360.39
Other non-current assets	14.2	658.63	443.17
		103,704.02	94,272.51
Current assets			
Inventories	15	26,226.41	22,872.89
Trade receivables	14.1	8,214.21	5,402.53
Cash & bank balances	16	3,913.66	571.99
Short-term loans and advances	13	6,203.75	5,704.84
Other current assets	14.2	0.29	0.29
		44,558.32	34,552.54
TOTAL		148,262.35	128,825.05
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2012

(₹ in lacs)

	Notes	2012	2011
INCOME			
Revenue from operations (gross)	17	191,952.69	103,131.14
Less: Excise duty		17,349.99	8,961.36
Less: Sales Tax/VAT		1,452.43	688.26
Revenue from operations (net)		173,150.27	93,481.53
Other Income	18	304.08	293.65
TOTAL REVENUE (I)		173,454.35	93,775.18
EXPENDITURE			
Cost of raw material and component consumed	19	122,877.78	56,037.31
Purchase of Traded Goods	20	1,262.14	1,037.58
(Increase)/decrease in inventories of finished goods	20	(4,654.50)	(3,528.03)
work-in-progress and traded goods			
Employees benefits expenses	21	3,801.34	2,939.59
Other Expenses	22	26,392.19	17,653.14
TOTAL EXPENDITURE (II)		149,678.96	74,139.58
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		23,775.39	19,635.59
Depreciation and amortisation expenses	23	5,106.73	4,682.96
Finance costs	24	8,685.23	6,024.59
Profit/(loss) before tax		9,983.44	8,928.05
Tax expenses			
Current tax		2,000.00	1,775.00
Income tax related to earlier year		88.82	26.49
Total tax expenses		2,088.82	1,801.49
Profit/(loss) for the year from contining operations		7,894.62	7,126.56
Earnings per equity share [nominal value of share @ ₹ 10/- (31st March, 2011" ₹ 10]	25		
Basic		24.86	22.44
Diluted		24.86	22.44
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

CASH FLOW STATEMENT
for the year ended 31st March, 2012

(₹ in lacs)

		2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		9,983.44	8,928.05
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/amortisation on continuing operation		5,106.73	4,682.96
Loss/(profit) on sale of fixed assets		33.51	15.18
Provision for gratuity		24.34	49.44
Amortisation of expenses		0.29	0.29
Provision for doubtful debts		-	5.29
Interest Expenses		8,685.23	6,024.59
Interest Income		(157.11)	(78.84)
Dividend Income		(60.25)	(88.37)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		23,616.17	19,538.60
Movements in working capital :			
Increase/(decrease) in trade payables		2,286.70	(3,799.01)
Increase/(decrease) in other long-term liabilities		17.70	7.33
Increase/(decrease) in other current liabilities		600.11	(51.28)
Decrease/(increase) in trade receivables		(2,811.68)	(348.10)
Decrease/(increase) in inventories		(3,353.52)	(5,303.40)
Decrease/(increase) in long-term loans and advances		(153.92)	(442.88)
Decrease/(increase) in short-term loans and advances		(498.91)	(213.65)
Decrease/(increase) in other non-current assets		(215.75)	(142.99)
Cash generated from/(used in) operations		19,486.90	9,244.62
Direct taxes paid (net of refunds		(1,568.28)	(1,073.70)
Net Cash flow from/(used in) operating activities	A	17,918.62	8,170.92
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including intangible assets, CWIP and Capital advances		(14,291.15)	(8,547.16)
Proceeds from sale of fixed assets		112.94	78.62
Increase in non-current investments		(24.17)	(13,415.91)
Investments in bank deposits (having original maturity of more than three months)		(2,569.97)	(266.82)
Interest received		157.11	78.84
Dividends received		60.25	88.37
Net cash flow from/(used in) investing activities	B	(16,554.98)	(21,984.07)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from debenture issued		8,000.00	12,500.00
Proceeds from long-term borrowings		8,082.28	8,578.97
Repayment of long-term borrowings		(8,469.55)	(4,121.85)
Proceeds from short-term borrowings		5,971.06	6,543.73

CASH FLOW STATEMENT

for the year ended 31st March, 2012

(₹ in lacs)

		2012	2011
Repayment of short-term borrowings		(4,564.73)	(4,013.15)
Interest paid		(8,685.23)	(6,024.59)
Dividends paid on equity shares		(793.90)	(701.75)
Tax on equity dividend paid		(131.86)	(119.26)
Net cash flow from/(used in) financing activities	C	(591.93)	12,642.11
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		771.70	(1,171.04)
Cash and Cash Equivalents transfer on amalgamation		--	109.33
Cash and Cash Equivalents at the beginning of the year		305.16	1,366.87
Cash and Cash Equivalents at the end of the year		1,076.87	305.16
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash in hand		33.07	33.43
With banks- on current account		754.29	240.92
- on deposit account		276.39	19.91
- on unpaid dividend account*		11.55	9.33
- on public issue refund account*		1.57	1.57
		1,076.87	305.16

Notes :

1. Interest charges excludes interest capitalised ₹ 6113414/- (previous year ₹ 37830918/-).
2. *The Company can utilise these balances only toward settlement of the respective unpaid dividend and unpaid public issue amount.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

NOTES

to financial statements for the year ended 31st March, 2012

1. CORPORATE INFORMATION

Godawari Power & Ispat Ltd. (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act,1956. Its shares are listed on two stock exchanges in India. The Company is mainly engaged in generation of electricity, Iron ore mining and manufacturing of Iron Ore Pellets, Sponge Iron, Steel Billets, Wire Rods, H.B. Wire and Ferro Alloys.

2. BASIS OF PREPARATION

i) The financial statements are prepared under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act,1956.

ii) the Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainities.

iii) The accounting policies have been consistently applied by the Company and except for the changes in accounting policies discussed below, are consistent with those used in the previous year.

2.1 Summary of significant accounting policies

a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act,1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. the Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

c) Tangible Fixed Assets

Tangible Fixed Assets are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight, installation and other direct or allocated expenses upto the date of commencement of commercial production and are net of CENVAT credit.

From accounting periods commencing on or after 7th December, 2006, the Company adjusts exchange differences arising on translation/settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The various expenditure incurred during the construction stage and upto the date of commencement of commercial production for setting-up the relevant project-assets are grouped under the head 'Pre-operative Expenditure' and allocated to related fixed assets on pro-rata basis upon completion of project and put to use.

Expenditure incurred on obtaining the mining lease and initial removal of over burden have been capitlised under Iron Ore Mines account.

d) Depreciation on tangible fixed assets

i) Depreciation is provided on Straight Line Method based on estimated useful life of the assets which is same as envisaged in schedule XIV of the Companies Act, 1956.

NOTES

to financial statements for the year ended 31st March, 2012

ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

iii) Free-hold land and site & land development cost are not depreciated. Leasehold land is amortised annually on the basis of tenure of lease period.

iv) Expenditure incurred on iron ore mining are amortised over useful life of the mines or lease period whichever is shorter.

e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. the Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

g) Investments :

i) Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such is other than temporary, in the opinion of the management.

ii) Current Investments are stated at lower of cost/quoted fair value, computed categorywise.

h) Inventories :

i) Inventories are valued at lower of cost and net realisable value, after providing for obsolences, if any.

ii) Cost of Raw Materials and stores & spares, Finished Goods & Goods in Process are computed on Moving Weighted average basis.

iii) Cost of Finished Goods and Goods in Process includes direct materials, labour, conversion and proportion of manufacturing overheads incurred in bringing the inventories to their present location and condition.

iv) Proceeds in respect of sales/disposal of raw materials is credited to the raw material purchases.

i) Excise Duty

i) The Excise Duty in respect of closing inventory of finished goods is provided in books of account and included as part of inventory.

ii) CENVAT Credit relating to raw materials/components are debited under current assets for availing credit against CENVAT and credited to respective materials/ component account.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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to financial statements for the year ended 31st March, 2012

i) Sale of Products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty and sales tax/VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year.

ii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii) Dividends

Dividend income is recognised when the Company's right to receive payment is established by the reporting date.

iv) Carbon Credits

Revenue is recognised when the Company received certification of quantity of CERs/VERs from CDM Board.

v) Renewable Energy Certificates

Revenue is recognised when the Company received certification of quantity of Renewable Energy Certificates and on the basis of eligible claims made by the Company.

k) Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/ construction of fixed assets are capitalised only with respect to qualifying fixed assets i.e. those which take substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

l) Contingent Liabilities

Liabilities which are material and whose future outcome cannot be reasonably ascertained are treated as contingent and not provided for and disclosed by way of notes to the accounts.

m) Taxes on Income

Current Taxes are accounted based on provisions of Income Tax Act,1961. Deferred Taxes are not recognised for those timing differences which reverse in tax holiday period.

n) Foreign Currency Transactions

i) Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing as on the date of transaction.

ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominating in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values are determined.

iii) Exchange differences

From accounting periods commencing on or after 7th December,2006, the Company accounts for exchange differences arising on transiation/settlement of foreign currency monetary items as below:

1 Exchange diffences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is a accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

2 Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as

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to financial statements for the year ended 31st March, 2012

'long-term foreign currency monetary item', if it has a term of 12 months or more at the date of its origination.

3 Exchange differences arising on other long-term foreign currency monetary items are accumlated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the remaining life of the concerned monetary item.

4 All other exchange differences are recognised as income or as expenses in the period in which they arise.

iv) All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing as on the date of the balance sheet, except in cases where these borrowings are covered by forward exchange contracts. Any increase or reduction in these liabilities are booked to revenue.

v) In respect of transactions covered by Forward Foreign Exchange Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognised as income or expenses over the life of the contract.

o) Derivatives Transactions

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis and the net loss after considering the offsetting effect on the underlying hedge item is charged to the statement of profit and loss. Net gains are ignored.

p) Retirement and other Employee Benefits

i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.

ii) Gratuity Liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii) Value of encashable leave are encashed during the year and charged to the statement of Profit & Loss.

iv) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

q) Provisions

Provisions are recognised, where the Company has any legal or constructive obligation or where reliable estimate can be made for the amount of the obligation and as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

r) Impairment of Tangible and Intangible Assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to statement of profit & loss. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

s) Treatment of Share Issue Expenses

Share issue expenses is charged, first against available balance in securities premium account and balance, if any, charged to revenue.

t) Cash and Cash equivalents

Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

u) Segment Reporting Policies

Identification of segments :

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a

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to financial statements for the year ended 31st March, 2012

strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment Transfers :

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.

v) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

w) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act,1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit & loss. the Company measures EBITDA on the basis of profit/(loss) from continuing operations. In this measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

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to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
3. SHARE CAPITAL		
Authorised shares		
49,800,000 (49,800,000) equity shares of ₹10/- each	4,980.00	4,980.00
3,200,000 (3,200,000) preference shares of ₹ 10/- each	320.00	320.00
	5,300.00	5,300.00
Issued, suscribed and fully paid-up shares		
31,756,247 (31,756,247) equity shares of ₹ 10/- each	3,175.62	3,175.62

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2012		2011	
	No.	(₹ in lacs)	No.	(₹ in lacs)
Equity shares				
At the beginning of the period	31756247	3,175.62	28069807	2,806.98
Issued on amalgamation	--	--	3686440	368.64
Outstanding at the end of the period	31756247	3,175.62	31756247	3,175.62

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. the Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March,2012, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.50 (31st March,2011 : ₹ 2.50)

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company: **(₹ in lacs)**

	2012		2011	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹ 10/- each fully paid				
ICICI Prudential Discovery Fund	1920765	6.05	0	0.00
Dinesh Agrawal	1846347	5.81	1846347	5.81
B.L. Agrawal	1731398	5.45	1731398	5.45
	5498510	17.31	3577745	11.26

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to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
4. RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last financial statements	395.36	324.00
Add: Transfer on Amalgamation	--	71.36
	395.36	395.36
Debenture Redemption Reserve		
Balance as per last financial statements	525.00	--
Add: Amount transferred from surplus balance in the statement of profit and loss	2,075.00	525.00
	2,600.00	525.00
Securities Premium Account		
Balance as per last financial statements	16,642.05	16,304.40
Add: Transfer on Amalgamation	--	337.65
	16,642.05	16,642.05
General Reserve		
Balance as per last financial statements	8,507.87	7,500.00
Add: Transfer on Amalgamation	--	7.87
Add: Amount transferred from surplus balance in the statement of profit and loss	1,492.13	1,000.00
	10,000.00	8,507.87
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	26,666.54	21030.38
Profit for the year	7,894.62	7126.56
Add : Transfer on Amalgamation	-	960.36
Less : Appropriations		
Proposed final equity dividend (Amount per share ₹ 2.50 (31st March 2011: ₹ 2.50)	793.90	793.90
Tax on proposed equity dividend	128.79	131.86
Transfer to debenture redemption reserve	2,075.00	525.00
Transfer to general reserve	1,492.13	1000.00
Total appropriations	4,489.82	2,450.76
Net surplus in the statement of profit and loss	30,071.34	26,666.54
TOTAL RESERVES AND SURPLUS	59,708.75	52,736.82

(₹ in lacs)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
5. LONG-TERM BORROWINGS				
Debentures				
1250 (31 March,2011: 1250) A Series 12% Redeemebale Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	12,500.00	12,500.00	--	--
500 (31 March,2011: 500) B Series 12.75% Redeemebale Non-Convertible Debentures of ₹ 1,000,000/- each (secured)	5,000.00	--	--	--
Term Loans	--	--		
Indian rupee loan from banks (secured)	12,535.00	21,370.79	8,967.78	7,678.53
Foreign currency loan from banks (secured)	10,370.92	4,467.50	1,295.80	723.73
	--	--	--	--

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to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	Non-current portion		Current maturities	
	2012	2011	2012	2011
Other loans and advances	--	--	--	--
Other loans (secured)	671.27	23.25	103.05	67.29
	41,077.19	38,361.54	10,366.63	8,469.55
The above amount includes				
Secured borrowings	41,077.19	38,361.54	10,366.63	8,469.55
Unsecured borrowings	--	--	--	--
Amount disclosed under the head "other current liabilities" (refer note 9)			(10,366.63)	(8,469.55)
Net amount	41,077.19	38,361.54	--	--

Security and terms & conditions for above loans:

a. 12% redeemable non-convertible debentures 'A' Series are redeemable in 8 equal half yearly installments commencing from 31st July,2014. The 'A' Series Debentures are secured by First Pari passu charge on the fixed assets of the Company both present & future and 2nd pari passu charge on the current assets of the Company both present & future.

b. 12.75% redeemable non-convertible debentures 'B' Series are redeemable in a single Bullet repayment at the end of 7 years i.e.31st October,2018 with a put & call option at the end of 5th year i.e. on 31st October,2016. The 'B' Series Debentures are secured by Pari passu first charge on the tangible fixed assets of the Company.

c. Out of Indian rupee term loans of ₹ 215.02 Cr (including current maturities of ₹ 89.68 Cr classified as 'current liabilities' in note 9), ₹ 193.33 Crs are secured by a first pari passu charge over immovable and movable assets of the Company, both present and future, subject to prior charge over the current assets of the Company i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables in favour of the bankers of the Company or securing working capital facilities from banks and rupee term loan of ₹ 21.69 Crs from Vijaya Bank is secured by residual charge over immovable and movable assets of the Company. Maturity profile of rupee term loans of ₹ 215.02 Cr are as set out below :-

	Maturity Profile (₹ in Crores)				
	0-1 years	1-2 years	2-3 years	3-4 years	Beyond 4 years
Rupee Term Loans	89.68	73.75	42.03	9.28	0.28

d. Further the rupee term loans and working capital loan are also secured by pledge of 16,00,000 equity shares of Hira Steels Ltd. held as investments by the Company and pledge of 25,00,000 equity shares of the Company held by the promoters.

e. Foreign Currency term loan from Bank of Baroda is repayable in 8 half yearly instalments started from 31.08.2012. The total outstanding as on 31.03.2012 was ₹51.85 crores. The loan is secured by a first pari passu charge on the immovable and movable assets of the Company and second pari passu charge on the current assets of the Company. The loan is further secured by personal guarantee of promoter directors of the Company.

f. Foreign Currency term loan from Axis Bank is partially disbursed and the repayment shall be started from 31.01.2015. The total outstanding as on 31.03.2012 was ₹ 64.82 crores. The loan is secured by a first pari passu charge on the immovable and movable assets of the Company and second pari passu charge on the current assets of the Company. The loan is further secured by personal guarantee of promoter directors of the Company.

g. The credit facilities mentioned in point c, e & f are also secured by personal guarantee of promoter directors of the Company & their relatives.

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h. Other loans are secured by hypothecation and mortgage of specific assets from various banks.

(₹ in lacs)

	2012	2011
6. OTHER LONG-TERM LIABILITIES		
Debenture Application Money towards 12.90% Non-convertible debentures 'C' Series	3,000.00	--
Retention money payable	180.45	162.74
	3,180.45	162.74

(₹ in lacs)

	Long-term		Short-term	
	2012	2011	2012	2011
7. PROVISIONS				
Provision for employee benefits				
Provision for gratuity (refer note-34)	138.07	109.54	0.17	4.36
	138.07	109.54	0.17	4.36
Other Provisions				
Provision for taxation (net of advance)	--	--	1,366.26	845.73
Proposed equity dividend	--	--	793.91	793.91
Provision for tax on proposed equity dividend	--	--	128.79	131.86
	--	--	2,288.96	1,771.50
	138.07	109.54	2,289.13	1,775.86

(₹ in lacs)

	2012	2011
8. SHORT-TERM BORROWINGS		
Cash Credit from banks (secured)	14,103.24	10,500.88
Buyers Credit/FCLR facility (secured)	1,894.70	922.43
Short term rupee loans from bank (secured)	--	2,523.89
Interest free loan and advances from related parties repayable on demand (unsecured)	551.01	1,669.42
Interest free loan and advances from subsidiary companies repayable on demand (unsecured)	2,450.00	1,976.00
	18,998.95	17,592.62
The above amount includes		
Secured borrowings	15,997.94	13,947.20
Unsecured borrowings	3,001.01	3,645.42

Terms & Conditions of Secured Loans

1. The working capital facilities including buyers credit/FCLR facility from Banks are secured by first pari passu charge over entire current assets i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables of the Company and second charge over the other movable assets and immovable assets of the Company.

2. The above credit facilities are also secured by personal guarantee of promoter directors of the Company & their relatives.

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to financial statements for the year ended 31st March, 2012

3. Further Working Capital Facility are also secured in line with rupee term loans by pledge of 1600000 equity shares of Hira Steels Ltd. held as investments by the company and pledge of 2500000 equity shares of the company held by the promoters.

(₹ in lacs)

	2012	2011
9. OTHER CURRENT LIABILITIES		
Trade payables (including acceptances (refer note 33 for details of dues for micro and small enterprises)	7,086.92	3572.25
Advance from Customer	229.40	896.35
Advance from Subsidiary companies	--	592.48
Creditors for capital goods	543.98	512.51
Other liabilities		
Current maturities of long-term borrowings (secured) (refer note-5)	10,366.63	8469.55
Interest accrued but not due on borrowings	439.90	90.19
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	11.55	9.33
Unclaimed Public Issue Refund of application money	1.57	1.57
Other Payable	1,014.24	766.07
Interest free deposits from customers		
Duties & Taxes Payable		
TDS payable		
	19,694.19	14,910.30

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to financial statements for the year ended 31st March, 2012

10. TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land	Leasehold Land	Iron Ore Mines	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
Cost or valuation									
At 1st April, 2010	743.68	65.39	1,001.18	894.84	5,541.79	60,005.41	200.63	371.77	68,824.69
Additions	428.01	4.89	753.55	85.86	1,716.92	13,368.12	43.36	189.56	16,590.27
Disposals	--	--	--	--	5.70	101.66	17.04	85.20	209.60
Other adjustments	--	--	--	--	--	--	--	--	--
- Borrowing costs	--	--	--	--	--	163.99	--	--	163.99
At 31st March, 2011	1,171.69	70.28	1,754.73	980.70	7,253.01	73,435.86	226.95	476.13	85,369.35
Additions	1,150.69	--	144.24	244.75	637.05	1,435.99	11.99	175.54	3,800.25
Disposals	--	--	--	--	--	199.85	--	64.62	264.47
Other adjustments	--	--	--	--	--	--	--	--	--
- Exchange differences	--	--	--	--	22.47	546.24	--	--	568.71
At 31st March, 2012	2,322.38	70.28	1,898.97	1,225.45	7,912.53	75,218.24	238.94	587.05	89,473.84
Depreciation									
At 1st April, 2010	--	4.92	47.97	--	505.62	10,292.99	39.65	98.19	10,989.34
Charge for the year	--	0.71	73.59	--	211.68	4,308.77	13.86	47.31	4,655.92
Disposals/Adjustment	--	0.47	--	--	140.75	1,235.31	(10.58)	(8.93)	1,357.02
At 31st March, 2011	--	6.10	121.56	--	858.05	15,837	42.93	136.57	17,002.28
Charge for the year	--	0.71	90.08	--	252.05	4,670.89	14.78	50.95	5,079.46
Disposals		--	--	--	--	82.24	--	35.78	118.02
At 31st March, 2012	--	6.81	211.64	--	1,110.10	20,425.72	57.71	151.74	21,963.72
Net Block									
At 31st March, 2011	1,171.69	64.18	1,633.17	980.70	6,394.96	57,598.79	184.02	339.56	68,367.07
At 31st March, 2012	2,322.38	63.47	1,687.33	1,225.45	6,802.43	54,792.52	181.23	435.31	67,510.12

Capitalised borrowing costs

The borrowing cost capitalised during the year ended 31st March, 2012 was ₹ 6,113,414/- (31st March, 2011: ₹ 37,830,918/-). the Company capitalised this borrowing cost in the capital work-in-progress (CWIP). The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.

Exchange differences on long term foreign currency monetary items

Pursuant to the option granted by Clause 46A of the AS-11 (as amended vide notifiation dt. 29th December, 2011) w.e.f. 1st April, 2011, the Company during the year added ₹ 568.71 lacs to the cost of assets, being the exchange differences of long term foreign currency monetary items relating to acquisation of assets. This is to be depreciated over the balance life of the assets.

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to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	Computer software	Total
11. INTANGIBLE ASSETS		
Gross Block		
At 1st April, 2010	242.80	242.80
Purchase	11.76	11.76
At 31st March, 2011	254.56	254.56
Purchase	15.44	15.44
At 31st March, 2012	270.00	270.00
Amortisation		
At 1st April, 2010	20.34	20.34
Charge for the year	27.05	27.05
At 31st March, 2011	47.39	47.39
Charge for the year	27.27	27.27
At 31st March, 2012	74.66	74.66
Net Block		
At 31st March, 2011	207.17	207.17
At 31st March, 2012	195.34	195.34

(₹ in lacs)

	2012	2011
12. NON-CURRENT INVESTMENTS		
Trade investments (valued at cost)		
Quoted equity instruments, fully Paid up		
Investment in subsidiaries		
10041000 (20,08,200) equity shares of ₹ 10/- each in Hira Ferro Alloys Ltd.	2,363.74	2,363.74
(during the year company has received bonus shares in 1:4 ratio)		
Unquoted equity instruments, fully Paid up		
Investment in subsidiaries		
12,150,000 equity shares of ₹ 10/- each in Godawari Green Energy Ltd.	12,105.00	12,105.00
11,800,000 equity shares of ₹ 10/- each in Godawari Energy Ltd.	1,180.00	1,180.00
50,000 equity shares of ₹ 10/- each in Godawari Clinker & Cement Ltd.	5.00	5.00
75,00,000 equity shares of ₹ 10/- each in Ardent Steel Ltd.	4,425.00	4,425.00
50,000 equity shares of ₹ 10/- each in Godawari Integrated Steels (I) Ltd.	5.00	5.00
50,000 equity shares of ₹ 10/- each in Krishna Global & Mineral Ltd.	5.00	5.00
Investment in associates		
*2,240,100 equity shares of ₹ 10/- each in Hira Steels Limited	224.01	224.01
Investment in joint ventures		
130700 (46,200) equity shares of ₹ 10/- each in Raipur Infrastructure Company Ltd	210.70	41.70
430030 (2,17,834) equity shares of ₹ 10/- each in Chhattisgarh Captive Coal Mining Ltd	594.03	169.64
Non Trade investments (valued at cost)		
Investment in equity instruments (unquoted)		
5,10,000 equity shares of ₹ 10/- each in Chhattisgarh Ispat Bhoomi Ltd	51.00	51.00
5,000 equity shares of ₹ 10/- each in Jagdamba Power & Alloys Ltd	0.50	0.50
14,000 equity shares of ₹ 10/- each in Hira Energy Ltd	1.40	1.40
10,000 equity shares of ₹ 10/- each in Shourya Diamonds Ltd	1.00	1.00
39,850 equity shares of ₹ 10/- each in Chhattisgarh Power & Coal Beneficiation Ltd	19.56	19.56
Investment in mutual fund (unquoted)		
100,000 units of ₹ 10/- each in SBI Infrastructure Fund	10.00	10.00
100,000 units of ₹ 10/- each in SBI One India Growth Fund	10.00	10.00

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to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
Investment in Trust created on amalgamation		
GPIL Beneficiary Trust	22.50	22.50
Share Application Money (Pending for allotment)		
In Joint ventures	--	569.23
	21,233.44	21,209.27
Aggregate Amount of quoted investments	2,363.74	2,363.74
Aggregate Market Value of quoted investments	2,786.38	6,140.07
Aggregate Amount of unquoted investments	18,847.20	18,253.81

Investment given as security

* Out of 2240100 equity shares, 1600000 equity shares pledged with Bankers as security for credit facilities sanctioned to the Company.

(₹ in lacs)

	Non-current		Current	
	2012	2011	2012	2011
13. LOANS AND ADVANCES (unsecured, considered good)				
Loans and advances to subsidiary company	--	--	200.00	--
Advances recoverable in cash or in kind	--	--	3,425.55	5,033.76
Other loans and advances				
Prepaid expenses	--	--	59.23	46.16
Balance with statutory/govt. authorities	--	--	2,518.97	624.92
Security deposit with govt. & others	514.31	360.39	--	--
Total	514.31	360.39	6,203.75	5,704.84

(₹ in lacs)

	Current	
14. TRADE RECEIVABLES AND OTHER ASSETS	2012	2011
14.1 Trade receivables		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	209.92	113.90
Doubtful	49.24	51.41
	259.16	165.31
Provision for doubtful receivables	49.24	51.41
Total (A)	209.92	113.90
Other receivables		
Considered good	8,004.29	5,288.63
Total (B)	8,004.29	5,288.63
Total (A+B)	8,214.21	5,402.53
Trade receivables include:		
Dues from the Hira Ferro Alloys Ltd. in which the Company's Managing director is a Director	2,092.39	--
	2,092.39	--

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	Non-current 2012	Non-current 2011	Current 2012	Current 2011
14.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note-16)	658.63	442.88	--	--
Unamortised expenditure	--	0.29	0.29	0.29
	658.63	443.17	0.29	0.29

(₹ in lacs)

	2012	2011
15. INVENTORIES (valued at lower of cost and net realisable value)		
Raw Materials and components (refer note 19)	6,271.36	9,630.61
Work-in-progress (refer note 20)	403.51	174.71
Finished goods & by-products (refer note 20)	14,641.63	10,120.44
Traded goods (refer note 20)	125.84	221.33
Stores & spares	4,784.07	2,725.80
	26,226.41	22,872.89

(₹ in lacs)

	Non-current 2012	Non-current 2011	Current 2012	Current 2011
16. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
On current accounts	--	--	754.29	240.93
Deposits with original maturity of less than three months	--	--	276.39	19.91
	--	--		
Unpaid dividend account	--	--	11.55	9.33
Unpaid public issue refund account	--	--	1.57	1.57
Cash on hand	--	--	33.07	33.43
	--	--	1,076.87	305.17
Other bank balances				
Deposits with original maturity for more than 12 months	658.63	442.88	--	--
Deposits with original maturity for more than 3 months but less than 12 months	--	--	2,836.79	266.82
	658.63	442.88	2,836.79	266.82
Amount disclosed under non--current assets (note 14.2)	658.63	442.88		
	--	--	3,913.66	571.99

Out of total Deposits, ₹ 3,771.82 lacs (previous year ₹ 729.61 lacs) are pledged with various banks for availing LC, Bank Guarantee, OD facilities, margin money and pledged with other Govt. Departments.

NOTES
to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
17. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products	187,310.23	97,343.02
Electricity	2,272.80	4,210.28
Traded Goods	1,563.12	1,236.83
Sale of services	253.40	273.83
Other operating revenue		
Carbon Credit sales (VER)	10.84	67.19
Renewable Energy Certificates (REC)	542.30	--
Revenue from operations (gross)	191,952.69	103,131.14
Less: Excise duty#	17,349.99	8,961.36
Less : Sales Tax/VAT	1,452.43	688.26
Revenue from operations (net)	173,150.27	93,481.53

Excise duty on sales amounting to ₹ 1,734,998,935/- (31st March, 2011: ₹ 896,135,591/-) has been reduced from sale in profit & loss account and excise duty on increase/decresae in stock amounting to ₹ 53858725/- (31st March, 2011: ₹ 14,239,099/-) has been considered as (income)/expense in note 22 of financial statements.

(₹ in lacs)

	2012	2011
Details of products sold		
Finished Goods and by-products Sold		
Pellet	22,801.58	6,683.99
Sponge Iron	38,716.88	33,644.24
Steel Billets	58,846.24	12,418.30
H.B.Wire	33,901.27	26,307.60
M.S.Round in Coil	22,948.46	11,941.84
Ferro Alloys	3,733.36	2,974.48
Electricity	2,272.80	4,210.28
By-Products & Others	6,915.57	3,439.75
Traded Goods Sold		
Iron ore fines	345.62	1,108.58
Scrap	1,000.00	--
Others	217.50	128.24
	191,699.29	102,857.30
Details of services rendered		
Job Work	253.40	273.83
	253.40	273.83

(₹ in lacs)

	2012	2011
18. OTHER INCOME		
Interest Income on		
Bank Deposits	147.60	49.28
Others	9.52	29.56
Dividend Income	60.25	88.37
Net gain on sale of long-term investments	--	43.76
Other non-operating income (net of expenses directly attributable to such income)	86.72	82.69
	304.08	293.65

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
19. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	9,630.61	8,720.67
Add: purchases	119,518.53	56,947.24
	129,149.14	65,667.92
Less : Inventory at the end of the year	6,271.36	9,630.61
Cost of raw material and components consumed	122,877.78	56,037.31
Details of raw material and components consumed		
Iron Ore	31,395.87	10,982.35
Coal	25,861.65	15,529.94
Pig Iron & Scrap	9,055.59	4,035.30
M.S.Round (in Coils)	22,622.41	13,658.37
Manganese Ore	986.65	733.33
Steel Billets	26,343.64	7,504.33
Rice Husk	3,699.96	1,688.17
Others	2,912.02	1,905.50
	122,877.78	56,037.31
Details of Inventory		
Raw Material and Components		
Iron Ore	816.03	4,768.00
Coal	3,575.90	2,284.89
Pig Iron & Scrap	326.56	257.45
M.S.Round (in Coils)	286.01	192.46
Manganese Ore	494.71	1,357.36
Steel Billets	320.70	357.80
Rice Husk	119.66	118.90
Others	331.80	293.75
	6,271.36	9,630.61

(₹ in lacs)

	2012	2011	(Increase)/ Decrease
20. (INCREASE)/DECREASE IN INVENTORIES			
Inventories at the end of the year			**2012**
Finished goods and by-products	14,641.63	10,120.44	(4,521.19)
Work-in-progress	403.51	174.71	(228.80)
Traded goods	125.84	221.33	95.49
	15,170.97	10,516.48	(4,654.50)
Inventories at the beginning of the year			**2011**
Finished goods and by-products	10,120.44	6,548.69	(3,571.75)
Work-in-progress	174.71	222.14	47.43
Traded goods	221.33	217.62	(3.71)
	10,516.48	6,988.45	(3,528.03)
Net (increase)/decrease in inventories	4,654.50	3,528.03	

NOTES
to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
Details of purchase of traded goods		
Iron ore fines	75.40	915.64
Scrap	999.24	--
Others	187.50	121.94
	1,262.14	1,037.58
Details of Inventories		
Traded goods		
Iron ore fines	125.41	220.91
Others	0.42	0.42
	125.84	221.33
Work-in-progress		
Equipments	403.51	174.71
	403.51	174.71
Finished goods and by-products		
Pellet	1,696.38	631.64
Sponge Iron	2,946.17	1,466.23
Steel Billets	189.78	194.40
H.B.Wire	648.64	712.90
M.S.Round in Coil	297.57	367.64
Ferro Alloys	350.81	48.21
By-Products & Others	8,512.28	6,699.42
	14,641.63	10,120.44

(₹ in lacs)

	2012	2011
21. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	3,092.15	2,465.06
Contribution to provident and other fund	227.17	144.43
Gratuity Expense (refer note-34)	28.13	43.93
Workmen and staff welfare expenses	453.89	286.17
	3,801.34	2,939.59

(₹ in lacs)

	2012	2011
22. OTHER EXPENSES		
Consumption of stores and spares	7,451.66	4,942.06
(Increase)/decrease of excise duty on inventory	538.59	142.39
Grid Parallel operation charges	151.84	25.37
Power & Fuel	7,963.93	5,252.65
Water Charges	292.53	282.64
Other manufacturing expenses	3,273.72	2,501.92
CDM Expenses	43.32	31.23
Rent	56.56	39.90
Rates and taxes		
- Entry tax	688.80	380.70
- Excise duty	196.34	29.76
- Electricity duty cess	22.36	3.61
- Others	7.98	4.30
Insurance	38.03	41.77
Repairs and maintenance		

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
- Plant and machinery	553.92	559.79
- Buildings	409.60	399.87
- Others	446.26	336.27
Rebate, shortage claims & other deductions	97.77	109.58
Commission		
- Other than Sole selling agents	173.95	125.38
Provision for doubtful debts	--	5.29
Travelling and conveyance	572.11	316.41
Communication expenses	108.30	105.46
Printing and stationery	52.00	38.34
Legal and professional fees	170.26	194.04
Directors' sitting fees	3.25	2.05
Directors' remuneration	119.44	101.64
Commission to Director	152.00	--
Payment to Auditor (Refer details below)	22.69	16.83
Frieght and forwarding charges	63.79	286.48
Security service charges	218.11	171.21
Loss on sale of fixed assets (net)	33.51	15.18
Debenture issue expenses	99.22	323.93
Loss on Forex derivative transaction (including provisions for mark to market loss)	--	146.07
Foreign Exchange fluctuation (net)	1,385.43	--
Miscellaneous expenses	984.94	721.03
	26,392.19	17,653.14
Payment to Auditor		
As auditor :		
Audit fee	15.00	12.90
Tax Audit fee	1.00	1.00
In other capacity		
Taxation matters	4.50	2.50
Other services	2.19	0.43
	22.69	16.83

(₹ in lacs)

	2012	2011
23. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation on tangible assets	5,079.45	4,635.57
Amortisation of intangible assets	27.27	47.39
	5,106.73	4,682.96

(₹ in lacs)

	2012	2011
24. FINANCE COSTS		
Interest		
- on term loans	3,619.58	3,325.97
- on working capital	1,365.63	632.55
- on others	2,226.05	1,229.05
Bank charges	1,473.97	837.01
	8,685.23	6,024.59

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
25. EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account	7,894.62	7,126.56
Net profit for calculation of basic EPS & Diluted EPS	7,894.62	7,126.56
Weighted average number of equity shares in calculating Basic EPS	31756247	31756247
Weighted average number of equity shares in calculating Diluted EPS	31756247	31756247
Basic & Diluted EPS		
- Basic earning per share	24.86	22.44
- Diluted earning per share	24.86	22.44

26. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS ARE NOT PROVIDED FOR IN RESPECT OF :-

i) Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to ₹ 1,126 lacs (Previous Year ₹ 763 lacs.)

ii) Corporate Guarantees issued in favour of bank aggregating to ₹ 4535 lacs (Previous Year ₹ 4535 lacs) in respect of financing facilities granted to other body corporate.

iii) Disputed liability of ₹ 27.32 lacs (Previous Year ₹ 68.27 lacs) on account of Service Tax against which the Company has preferred an appeal.

iv) Disputed liability of ₹ 374.81 lacs (Previous Year ₹ 348.43 lacs) on account of CENVAT against which the Company has preferred an appeal.

v) Disputed liability of ₹ 287.57 lacs (Previous ₹ 24.64 lacs) on account of Sales Tax against which the Company has preferred an appeal.

vi) Disputed liability of ₹ 3.24 lacs (Previous Year ₹ 29.26) on account of Income Tax against which the Company has preferred an appeal.

vii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh ₹ 1,596 lacs (Previous Year ₹ 1,212 lacs). The Hon'ble High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June,2008. The State Govt. has filed a Special Leave Petition before Hon'ble Supereme Court, which is pending for final disposal.

viii)Disputed demand of ₹ 758 lacs (Previous Year ₹ NIL) from Chhattisgarh State Power Distribution Company Limited relating to cross subsidy on power sold under open access during the financial year 2009-10. the Company has contested the demand and obtained stay from CSERC and expect a favourable decision in favour of company.

ix) Estimated amount of contracts remaining to be executed on capital accounts ₹ 16,995 lacs (Previous Year ₹ NIL).

27. In the opinion of the Board, the value of realisation of long term loans & advances and non-current and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

28. No deferred tax liability/assets is provided for timing differences in view of the benefits available u/s 80IA of the Income-tax Act for power division of the Company and overall minimum alternative tax payable.

NOTES

to financial statements for the year ended 31st March, 2012

29. Information on Related Party as required by Accounting Standard-18, 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India, are given below :

i) Related Parties

a) Subsidiaries

Godawari Green Energy Limited (Wholly owned)
Godawari Clinkers & Cement Limited (Wholly owned)
Krishna Global & Mineral Limited (Wholly owned)
Godawari Integrated Steels (I) Limited (Wholly owned)
Ardent Steel Limited
Godawari Energy Limited
Hira Ferro Alloys Limited

b) Other Related Enterprises where control exist

-- Alok Ferro Alloys Ltd.
-- Hira Cement Ltd.
-- Jagdamba Power & Alloys Ltd.
-- Chhattisgarh Power & Coal Beneficiation Ltd.
-- Hira Global Ltd.
-- Hira Power & Steels Ltd.
-- Hira Steels Limited
-- Raipur Complex

c) Joint Ventures

-- Raipur Infrastructure Company Ltd.
-- Chhattisgarh Captive Coal Mining Ltd.

d) Key Management Personnel

-- Shri B.L.Agrawal
-- Shri Dinesh Agrawal
-- Shri Siddharth Agrawal
-- Shri Abhishek Agrawal

ii) Transaction with Related Parties in the ordinary course of business (₹ in lacs)

			2011-12	2010-11
a)	Subsidiaries	Purchase of Materials	1,155.06	366.62
		Sale of Materials	14,451.43	1,320.91
		Interest Paid	--	90.94
		Interest Received	39.57	--
		Dividend Received	60.25	60.25
		Job Work Income	32.19	3.16
		Sale of fixed assets	136.20	2.17
		Advance received	5,519.00	16,470.00
		Repayment of advance received	5,345.00	14,494.00
		Advance given	3,445.00	--
		Repayment received of advance given	2,945.00	--
		Outstandings		
		Receivables	2,290.67	--
		Payables	2,450.00	2,568.48
b)	Other Related Enterprises where control exist	Purchase of Materials	22,628.60	2910.02
		Sale of Materials	42,765.37	9392.58
		Interest Paid	138.24	20.56
		Job Charges received	0.79	1.02
		Advance received	2,062.17	1368.80
		Repayment of advance received	2,089.06	1368.80
		Advance given	125.00	--
		Repayment received of advance given	125.00	--
		Rent Paid	4.17	3.90
		Service Charges Paid	--	128.17
		Outstandings		
		Receivables	2,756.72	65.59
		Payables	3,491.35	158.83
		Guarantee & Collaterals	166.00	166.00

NOTES

to financial statements for the year ended 31st March, 2012

			2011-12	2010-11
c)	Joint Ventures	Service Charges Paid	290.37	55.92
		Outstandings		
		Payables	10.41	5.37
		Receivables	0.27	--
		Guarantee & Collaterals	4,175.00	4175.00
d)	Key Management Personnel	Remuneration Paid	79.53	78.00
		Salary Paid	7.27	6.00
		Commission Paid	123.00	--
		Professional Fees Paid	8.14	--
		Rent Paid	3.12	3.12

iii) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

(₹ in lacs)

		2011-12	2010-11
a)	Purchase of Materials:		
	Hira Global Ltd.	19,007.83	--
	Hira Ferro Alloys Ltd	1,145.63	366.62
	Hira Steels Ltd	1,360.58	1,788.68
	Alok Ferro Alloys Ltd	265.03	328.75
	Chhattisgarh Power & Coal Beneficiation Ltd.	165.71	390.04
b)	Service Charges Paid:		
	Hira Ferro Alloys Ltd.	9.42	--
	Raipur Infrastructure Company Limited	290.37	55.92
c)	Sale of Materials:		
	Hira Global Ltd.	17,352.20	--
	Hira Ferro Alloys Ltd.	14,296.93	550.12
	Hira Steels Ltd	24,161.99	9,170.14
d)	Interest Paid:		
	Hira Ferro Alloys Ltd	--	90.94
	Alok Ferro Alloys Ltd.	70.63	--
	Jagdamba Power & Alloys Ltd.	20.56	20.56
e)	Interest received:		
	Ardent Steel Limited	39.57	--
f)	Repayment of Advance received:		
	Jagdamba Power & Alloys Limited	3,124.00	1,368.80
	Godawari Green Energy Limited	5,045.00	10,024.00
	Hira Ferro Alloys Ltd.	--	4,470.00
g)	Advance Received		
	Jagdamba Power & Alloys Limited	1,980.00	1,368.80
	Godawari Green Energy Limited	5,519.00	12,000.00
	Hira Ferro Alloys Ltd.	--	4,470.00
h)	Advance Given		
	Ardent Steel Limited	3,445.00	--

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

		2011-12	2010-11
i)	Repayment receipt of Advance given:		
	Ardent Steel Limited	2,945.00	--
j)	Rent Paid:		
	Shri Dinesh Agrawal	3.12	3.12
	Raipur Complex	4.04	3.90
k)	Remuneration Paid:		
	Shri B.L.Agrawal	36.00	30.00
	Shri Dinesh Agrawal	16.53	27.00
	Shri Siddharth Agrawal	16.36	21.00
	Sri Abhisekh Agrawal	10.64	--
l)	Salary Paid:		
	Sri Abhisekh Agrawal	7.27	6.00
m)	Commission Paid:		
	Shri B.L.Agrawal	80.00	--
	Shri Dinesh Agrawal	25.00	--
	Sri Abhisekh Agrawal	15.00	--
n)	Professional Fees Paid:		
	Shri Dinesh Agrawal	8.14	--
o)	Guarantees & Collaterals		
	Chhattisgarh Captive Coal Mining Ltd.	4,175.00	4,175.00

(₹ in lacs)

	2012	2011

30. SEGMENT-WISE REVENUE RESULTS :

Basis of preparation:

i) Business segments of the Company have been identified as distinguishable components that are engaged in a group of related product and that are subject to risks and returns different from other business segments. Accordingly Steel and Electricity have been identified as the business segments.

ii) The geographic segments identified as secondary segments are 'Domestic Market' and 'Export Market'. Since there is no Export Market Revenue, the same has not been disclosed. The entire capital employed is within India.

Information about business Segments-Primary (₹ in lacs)

Particulars	External Sales		Inter Segment Sales		Eliminations		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A) REVENUE								
Steel Segment	188873.35	98579.84	0.00	0.00	0.00	0.00	188873.35	98579.84
Electricity Segment	2825.94	4277.46	11348.63	6924.28	(11348.63)	(6924.28)	2825.94	4277.46
Total Segment Revenue	191699.29	102857.30	11348.63	6924.28	(11348.63)	(6924.28)	191699.29	102857.30

NOTES
to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
B) RESULTS		
Segment Operational Profit		
Steel Segment	17640.34	13011.58
Electricity Segment	5214.07	4959.49
Total Segment Results	22854.41	17971.07
Un-allocated expenditure net off unallocated income	(4185.75)	(3018.43)
Operating Profit	18668.66	14952.64
Interest Expenses	(8685.23)	(6024.59)
Income-tax Paid/Provided	(2088.81)	(1801.49)
Net Profit	7894.62	7126.56
C) OTHER INFORMATION		
Segment Assets		
Steel Segment	115875.43	95992.52
Electricity Segment	31660.94	32177.67
Total Segment Assets	147536.37	128170.19
Un-allocable Assets	725.98	654.85
Total Assets	148262.35	128825.04
Segment Liabilities and Provisions		
Steel Segment	64897.34	49639.35
Electricity Segment	15605.34	18790.49
Total Segment Liabilities & Provisions	80502.68	68429.84
Un-allocable Liabilities and Provisions	4875.30	4482.76
Total Liabilities and Provisions	85377.98	72912.60
Capital Expenditure		
Steel Segment	13661.49	6800.98
Electricity Segment	426.69	1742.50
Un-allocable Capital Expenditure	202.97	3.68
Total Capital Expenditure	14291.15	8547.16
Depreciation & Amortisation		
Steel Segment	3487.93	3292.77
Electricity Segment	1618.80	1390.19
Total Segment Depreciation & Amortisation	5106.73	4682.96

31. INTEREST IN JOINT VENTURES:

The Company's interests, as a venturer, in jointly controlled entities (incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
Chhattisgarh Captive Coal Mining Ltd.	India	25.93%	25.93%
Raipur Infrastructure Co.Ltd.	India	33.33%	33.33%

The Company's interests in these joint ventures are reported as Non-current Investments (Note-12) and stated at cost. However, the Company's share of each of the assets, liabilities, income & expenses etc. (each without elimination of, the effect of the transactions between the Company and the joint venture) related to its interests in these joint ventures, based on the unaudited financial information as certified by the directors of the joint ventures, are :

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
Non-Current Assets	949.28	918.52
Current Assets	99.39	67.57
Non-Current Liabilities	0.00	0.00
Current Liabilities	8.87	23.18
Revenue	105.37	41.75
Expenses	36.52	38.01
Other Matters		
Contingent Liabilities	1349.14	1349.14

32. DERIVATIVE INSTRUMENTS AND UN HEDGED FOREIGN CURRENCY EXPOSURE

Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2012 amount to ₹ 13,561.42 lacs (Previous Year ₹ 5,390.43 lacs)

33.

the Company has identified the amount due to Micro, Small and Medium Enterprises under The Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) as at 31st March, 2012

(₹ in lacs)

		2012	2011
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2012		
	Principal Amount	21.28	0.00
	Interest	0.00	0.00
ii)	The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending 31st March, 2012	0.00	0.00
iii)	The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	0.00	0.00
iv)	The amount of interest accrued and remaining unpaid for the year ending 31st March, 2012	0.00	0.00
v)	The amount of further interest remaining due and payable for the earlier years.	0.00	0.00

Note : The information has been given in respect of such suppliers to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company.

34. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS :

the Company has a defined gratuity benefit plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per the Projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the unfunded status and amounts recognised in the balance sheet for the Gratuity.

(₹ in lacs)

PROFIT AND LOSS ACCOUNT	(Gratuity)	(Gratuity)
Net employee benefit expense (recognised in Employee Cost)	31st March, 2012	31st March, 2011
Current Service cost	30.57	27.56
Interest cost on benefit obligation	10.08	7.77
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(12.52)	8.43
Past service cost	0.00	0.00
Actual return on plan assets	28.13	43.76

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

BALANCE SHEET	31st March, 2012	31st March, 2011
Details of provision for Gratuity		
Defined benefit obligation	138.24	113.90
Fair value of plan assets	0.00	0.00
	138.24	113.90
Less : Unrecognised past service cost	0.00	0.00
Plan liability	138.24	113.90

(₹ in lacs)

	31st March, 2012	31st March, 2011
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation as at 1st April, 2011	113.90	80.43
Interest cost	10.08	8.18
Current Service Cost	30.57	27.15
Benefits paid	(3.79)	(10.28)
Actuarial losses on obligation	(12.52)	8.42
Defined benefit obligation as at 31st March, 2012	138.24	113.90

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets are not given. Further the entire amount of plan obligation is unfunded therefore categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below :

(₹ in lacs)

	31st March, 2012	31st March, 2011
Changes in the present value of the defined benefit obligation are as follows :		
Discount Rate	8.00%	8.00%
Increase in Compensation cost	5.00%	5.00%
Rate of return on plan assets	0.00	0.00
Expected average remaining working lives of employee (years)	25.82	26.30

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(₹ in lacs)

	31st March, 2012	31st March, 2011
Contribution to Defined Contribution Plans :		
Provident Fund	131.35	95.29

(₹ in lacs)

	2011-12		2010-11	
	%	₹ in Lacs	%	₹ in Lacs
35. BREAKUP OF RAW MATERIAL CONSUMED				
Imported	5.35%	6575.68	0.00%	-
Indigenous	94.65%	116302.10	100.00%	56037.31
	100.00%	122877.78	100.00%	56037.31

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2011-12		2010-11	
36. STORES CONSUMED				
Indigenous	92.93%	8228.66	88.22%	8228.66
Imported	7.07%	626.22	11.78%	1099.04
	100.00%	8854.88	100.00%	9327.70

(₹ in lacs)

	2011-12	2010-11
37. VALUE OF IMPORT ON CIF BASIS		
- Capital Goods	144.00	289.58
- Raw Material & Stores items	7082.82	2028.08
38. EXPENDITURE IN FOREIGN CURRENCY	428.24	30.90
39. EARNING IN FOREIGN EXCHANGE		
Sale of VER	10.84	67.19
Sale of goods on FOB Value	300.23	--

40. Till the year end 31st March, 2011, the Company was using pre-revised Schedule-VI to the Companies Act,1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule-VI notified under the Companies Act,1956, has become applicable to the Company. the Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule-VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(₹ in lacs)

Sr. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover (Net)	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1.	Hira Ferro Alloys Limited	1958.85	10789.46	26766.09	26766.09	1296.18*	27601.81	388.15	(95.15)	483.30	117.53
2.	Ardent Steel Limited	1000.00	5289.92	24519.05	24519.05	4.00#	23596.92	564.94	183.30	381.64	NIL
3.	Godawari Energy Limited	2300.00	560.00	5856.31	5856.31	NIL	NIL	NIL	NIL	NIL	NIL
4.	Godawari Green Energy Limited	1215.00	10904.41	23024.71	23024.71	NIL	544.69	16.20	3.22	12.98	NIL
5.	Godawari Clinkers and Cement Limited	5.00	(0.82)	4.24	4.24	NIL	0.26	(0.17)	NIL	(0.17)	NIL
6.	Krishna Global Minerals Limited	5.00	(1.33)	4.08	4.08	NIL	0.22	(0.23)	NIL	(0.23)	NIL
7.	Godawari Integrated Steels (India) Limited	5.00	(0.45)	8.10	8.10	NIL	NIL	(0.11)	NIL	(0.11)	NIL

* Details of Investments are as follows:

(₹ In lacs)

Particulars		Total Amount
Non-Current Investments (Trade Investments - valued at cost):		
Unquoted equity instruments (fully paid up):		
80100 Equity Shares of ₹ 10/- each in Hira Cement Ltd.	16.01	
1755000 Equity Shares of ₹ 10/- each in Maruti Clean Coal & Power Ltd.	308.98	
1330000 Equity Shares of ₹ 10/- each in Earth Minerals Co. Ltd.	266.27	
285000 Equity Shares of ₹ 10/- each in Chhattisgarh Power & Coal Beneficiation Ltd.	185.86	
10000 Equity Shares of ₹ 10/- each in Hira Energy Ltd.	1.00	
510 Equity Shares of ₹ 10/- each in Vimla Infrastructure (I) Pvt. Ltd.	0.51	
397000 Equity Shares of ₹ 10/- each in Alok Ferro Alloys Limited	417.74	
Investment in associates:		
2004 Equity Shares of ₹ 10/- each in Active Chemicals Pvt. Ltd.	2.72	
Investment in Partnership Firm:		
Vinay Green Energy LLP (90% share in profit)	4.35	
Kumar ECO Power LLP (90% share in profit)	4.35	1207.79
Current Investments (Non-trade Investments):		
Investment in equity instruments (Quoted):		
264 Equity Shares of ₹ 10/- each in Future Capital Holding Ltd.	2.02	
447893 Equity Shares of ₹ 10/- each in Sunflag Iron & Steel Co. Ltd.	56.37	
Investment in mutual fund (Unquoted):		
50000 Units of ₹ 10/- each in SBI Infrastructure Fund	5.00	
250000 Units of ₹ 10/- each in Axis Bank Infrastructure Fund	25.00	88.39
GRAND TOTAL		1296.18

\# Details of Investments are as follows:

(₹ In lacs)

Particulars		Amount
Non-Current Investments (Trade Investments - at cost):		
Unquoted Fully paid up Shares:		
19,900 equity shares of ₹ 10/- each in SAG International Limited	1.99	
Share Application Money (Pending for allotment)	2.01	4.00

AUDITORS' REPORT

To

The Board of Directors of Godawari Power & Ispat Limited on the Consolidated Financial Statements of Godawari Power & Ispat Limited and its Subsidiaries, Joint Ventures and Associates.

1. We have examined the attached Consolidated Balance Sheet of Godawari Power & Ispat Limited and its subsidiaries, associates and joint ventures which together constitute 'the Group' as at 31st March, 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the management of Godawari Power & Ispat Limited and have been prepared by the management on the basis of separate financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the parent company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27, Financial Reporting of Interests in Joint Ventures as notified by the Companies (Accounting Standard) Rules,2006.

4. Based on our audit and on consideration of unaudited financial statements of joint ventures and audited reports of subsidiaries and subject to non consideration of associte company as referred in note-28 and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with para 3 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

   (b) in case of the Consolidated Statement of Profit and Loss, of the consolidated results for the year ended on that date; and

   (c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For, O P Singhania & Co.
(Firm Regn.No.002172C)
Chartered Accountants

Sanjay Singhania
Partner
Membership No.076961

Raipur, 22nd May, 2012

CONSOLIDATED BALANCE SHEET

as at 31st March, 2012

(₹ in lacs)

Particulars	Notes	2012	2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	3,175.62	3,175.62
Reserves and surplus	3	64,633.55	57,317.10
		67,809.18	60,492.72
Minorities Interest		9,245.32	7,637.60
Non-current liabilities			
Long-term borrowings	4	58,314.63	50,354.72
Other long-term liabilities	5	3,180.45	162.74
Long-term provisions	6	198.08	157.33
		61,693.16	50,674.79
Current liabilities			
Short-term borrowings	7	28,480.40	26,130.20
Trade payables	8	15,270.04	8,819.02
Other current liabilities	8	15,876.74	13,462.14
Short-term provisions	6	2,491.00	2,051.13
		62,118.18	50,462.49
TOTAL		200,865.84	169,267.60
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	9	104,642.69	96,843.35
Intangible assets	10	393.73	231.43
Capital work-in-progress including pre-operative expenses		28,515.04	9,374.00
Non-current investments	11	1,640.92	2,094.68
Deferred tax assets (net)	12	671.57	548.89
Long-term loans and advances	14	698.61	597.27
Other non-current assets	15.2	887.50	625.81
		137,450.06	110,315.42
Current assets			
Current investments	13	128.39	105.62
Inventories	16	34,612.85	28,717.53
Trade receivables	15.1	9,593.57	6,744.44
Cash & bank balances	17	9,901.06	13,015.38
Short-term loans and advances	14	9,107.85	10,159.90
Other current assets	15.2	72.06	209.31
		63,415.78	58,952.18
TOTAL		200,865.84	169,267.60
Summary of significant accounting policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2012

(₹ in lacs)

	Notes	2012	2011
INCOME			
Revenue from operations (gross)	18	229,087.95	123,461.89
Less: Excise duty		21,174.95	10,469.89
Less: VAT & Sales Tax		1,869.70	1,130.38
Revenue from operations (net)		206,043.30	111,861.62
Other Income	19	1,133.13	1,288.92
TOTAL REVENUE (I)		207,176.43	113,150.54
EXPENDITURE			
Cost of raw material and component consumed	20	136,911.03	66,109.89
Purchase of Traded Goods		2,403.96	1,037.58
(Increase/decrease in inventories of finished goods work-in-progress and traded goods	21	(4,038.47)	(3,464.12)
Employees benefits expenses	22	5,175.34	3,547.26
Other Expenses	23	37,414.46	21,140.68
TOTAL REVENUE (II)		177,866.32	88,371.30
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		29,310.11	24,779.24
Depreciation and amortisation expenses	24	6,766.72	5,542.24
Finance costs	25	11,583.06	7,310.43
Profit/(loss) before tax		10,960.33	11,926.57
Tax expenses			
Current tax		2,212.73	2,389.94
Deferred Tax		(122.69)	(434.93)
Income tax related to earlier year		112.14	26.19
Total tax expenses		2,202.18	1,981.20
Profit/(loss) for the year from continuing operations		8,758.15	9,945.37
Add: Share in profit in associate company		-	41.74
Less: Minorities Interest		330.97	1,400.17
Net Profit for the year		8,427.18	8,586.94
Earnings per equity share [nominal value of share @ ₹ 10/- (31st March, 2011" ₹ 10]	26		
Basic		26.54	27.04
Diluted		26.54	27.04
Summary of significant accounting policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2012

(₹ in lacs)

		2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		10,960.33	11,926.57
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/amortisation on continuing operation		6,766.72	5,542.24
Amortisation of expenses		1.35	1.18
Provision for gratuity		36.81	83.28
Provision for doubtful debts		-	5.29
Net gain on sale of investments		(16.83)	(623.65)
(Profit)/Loss on sale of fixed assets		28.06	12.10
Premium on forward exchange contract amortised		12.85	-
Share of Loss/(profit) of LLP		0.30	-
Interest Expenses		11,583.06	7,310.43
Interest Income		(1,015.03)	(512.68)
Dividend Income		(2.24)	(30.91)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		28,355.38	23,713.85
Movements in working capital :			
Increase/(decrease) in trade payables		6,451.03	515.80
Increase/(decrease) in other current liabilities		2,414.60	519.22
Increase/(decrease) in other long-term liabilities		3,017.71	7.33
Decrease/(increase) in trade receivables		(2,849.13)	(3,081.73)
Decrease/(increase) in inventories		(5,895.32)	(11,160.55)
Decrease/(increase) in long-term loans and advances		(101.34)	(257.46)
Decrease/(increase) in short-term loans and advances		1,052.05	(3,745.09)
Decrease/(increase) in other current assets		139.10	(124.25)
Decrease/(increase) in other non-current assets		(264.89)	(7.05)
CASH GENERATED FROM/(USED IN) OPERATIONS		32,319.19	6,380.07
Direct taxes paid (net of refunds		(1,816.33)	(1,887.06)
Net Cash flow from/(used in) operating activities	A	30,502.86	4,493.01
Cash flows from investing activities			
Purchase of fixed assets, including intangible assets including CWIP		(33,744.41)	(24,678.02)
Proceeds from sale of fixed assets		134.93	96.39
Proceeds from sale of investments		34.06	912.74
(Increase)/decrease in long term investments		--	(984.45)
(Increase)/decrease in current investments			
Investments in bank deposits (having original maturity of more than three months)		(4,495.55)	(1,015.22)
Redemption/maturity of bank deposits (having original maturity of more than three months)			
Interest received		1,015.03	512.68
Dividends received		2.24	30.91
Net cash flow from/(used in) investing activities	B	(37,053.70)	(25,124.97)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2012

(₹ in lacs)

		2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital			
Proceeds/(Payment) of long-term borrowings		7,959.91	23,139.72
Proceeds/(Payment) of short-term borrowings		2,350.20	11,097.32
Repayment of short-term borrowings			-
Interest paid		(11,583.06)	(7,310.42)
Minorities Interest		1,276.75	5,222.94
Dividends paid on equity shares		(911.44)	(819.73)
Tax on equity dividend paid		(151.38)	(138.78)
Net cash flow from/(used in) financing activities	C	(1,059.02)	31,191.05
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(7,609.86)	10,559.09
Cash and Cash Equivalents transfer on amalgamation		-	89.59
Cash and Cash Equivalents at the beginning of the year		12,610.80	1,962.12
Cash and Cash Equivalents at the end of the year		5,000.94	12,610.80
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash in hand		60.81	58.10
Stamp in hand		1.23	1.23
With banks - on current account		3,531.58	626.20
- on deposit account		1,387.70	11,910.01
- on unpaid dividend account*		18.05	13.69
		1.57	1.57
		5,000.94	12,610.80

Notes:

1) Figures of previous year have been regroupped or rearranged wherever necessary.

2) *The Company can utilise these balances only toward settlement of the respective unpaid dividend and unpaid public issue amount.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

NOTES

to financial statements for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(i) PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to the Godawari Power & Ispat Limited ('the Parent Company'), its Subsidiary Companies viz., Hira Ferro Alloys Limited, Godawari Energy Limited, Godawari Green Energy Limited, Godawari Clinkers & Cement Limited, Krishna Global & Minerals Limited, Godawari Integrated Steel (India) Limited and Ardent Steel Limited and Joint Ventures Companies viz. Raipur Infrastructure Company Limited & Chhattisgarh Captive Coal Mining Limited and an Associate Hira Steel Limited, collectively referred to as 'the Group'. The consolidted financial statements have been prepared on the following basis :

a) The Financial Statements of the parent company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with the Accounting Standard (AS) 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. Further in accordance with AS-27 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India, the group has accounted for its proportionate share of interest in joint ventures by the proportionate consolidation method.

b) In case of associate where the Company directly or indirectly through subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules,2006.

c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as goodwill or Capital Reserve.

d) Minority interest's share in the net assets of the consolidated subsidiaries consist of :-

(i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

(ii) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.

e) Minority interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

f) As far as possible, the consolidated financial statemens are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's seperate financial statements except:

(i) in case of subsidiaries and associate where valuation of inventories has been made on the basis of FIFO and weighted average basis whereas moving weighted average has been used by parent company, and

(ii) in case of associate where depreciation on fixed assets has been charged on WDV Method instead of SLM Method as used by parent company and its subsidiaries.

(ii) Investments other than in subsidiaries except as stated above and associates have been accounted for as per Accounting Standard (AS) 13 on 'Accounting for Investments'.

(iii) Other Significant Accounting Policies

These are set-out under 'Significant Accounting Policies' as given in the respective financial statements of the Company and its subsidiaries.

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
2. SHARE CAPITAL		
Authorised shares		
231350000 (223350000) equity shares of ₹ 10/- each	23,135.00	22,335.00
3,200,000 (3,200,000) Preference Shares of ₹ 10 each	320.00	320.00
	23,455.00	22,655.00
Issued		
31818547 (31818547) equity shares of ₹ 10/- each	3,181.85	3,181.85
Suscribed and fully paid-up shares		
31,756,247 (31,756,247) equity shares of ₹ 10/- each	3,175.62	3,175.62

(₹ in lacs)

	2012	2011
3. RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last financial statements	2,988.53	324.00
Add: Transfer on Amalgamation	--	71.36
Add: Addition on consolidation	287.30	2,593.17
	3,275.83	2,988.53
Debenture Redemption Reserve		
Balance as per last financial statements	525.00	--
Add: Amount transferred from surplus balance in the statement of profit and loss	2,075.00	525.00
	2,600.00	525.00
Securities Premium Reserve		
Balance as per last financial statements	16,642.05	16,294.89
Add: Transfer on Amalgamation	--	337.65
Add: Addition on consolidation		9.51
	16,642.05	16,642.05
General Reserve		
Balance as per last financial statements	8,657.87	7,500.00
Add: Transfer on Amalgamation	--	7.87
Add: Amount transferred from surplus balance in the statement of profit and loss	1,642.13	1,150.00
	10,300.00	8,657.87
Share in Reserves of Associate Company		
Capital Reserve:		
As per last Balance Sheet	119.65	119.65
Less: reversal on account of non-consolidation (refer note-28)	119.65	--
	--	119.65
Surplus/(deficit) in the statement of profit and loss		
Balance brought forward from previous year	28,383.99	22,892.41
Add: Profit for the year	8,427.18	8,586.94
Less : Adjustment on amalgamation	--	417.79
Profit available for appropriation	36,811.17	31,061.56
Less : Appropriations		
Propossed final equity dividend	793.91	851.19
Tax on proposed equity dividend	138.34	151.38
Transfer to debenture redemption reserve	2,075.00	525.00
Transfer to general reserve	1,642.13	1,150.00
Reversal of share of profit of associate on account of non-consolidation(refer note-28)	346.12	--
Total appropriations	4,995.50	2,677.57
Net surplus in the statement of profit and loss	31,815.67	28,383.99
Total reserves and surplus	64,633.55	57,317.10

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	Non-current portion 2012	Non-current portion 2011	Current maturities 2012	Current maturities 2011
4. LONG-TERM BORROWINGS				
Debentures				
1250 (31 March, 2011: 1250) A Series 12% Redeemebale Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	12,500.00	12,500.00	--	--
500 (31 March, 2011: 500) B Series 12.75% Redeemebale Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	5,000.00	--	--	--
Term Loans				
Indian rupee loan from banks (secured)	29,669.75	33,320.07	11,980.36	11,101.85
Foreign currency loan from banks (secured)	10,370.92	4,467.50	1,295.80	723.73
	--	--	--	--
Other loans and advances	--	--	--	--
Other Loans (secured)	736.64	29.80	171.12	89.25
Deferred sales tax loan (unsecured)	37.32	37.35	0.05	0.60
	58,314.63	50,354.72	13,447.33	11,915.43
The above amount includes				
Secured borrowings	58,277.31	50,317.37	13,447.28	11,914.83
Unsecured borrowings	37.32	37.35	0.05	0.60
Amount disclosed under the head "other current liabilities" (note 8)			(13,447.33)	(11,915.43)
Net amount	58,314.63	50,354.72	--	--

(₹ in lacs)

	2012	2011
5. OTHER LONG-TERM LIABILITIES		
Debenture Application Money towards 12.90% Non-convertible debentures 'C' Series	3,000.00	--
Retention Money Payable	180.45	162.74
	3,180.45	162.74

(₹ in lacs)

	Long-term 2012	Long-term 2011	Short-term 2012	Short-term 2011
6. PROVISIONS				
Provision for employee benefits				
Provision for gratuity (Note 35)	198.08	157.33	0.42	4.36
	198.08	157.33	0.42	4.36
Other Provisions				
Provision for taxation (net of advance)			1,431.28	983.95
Proposed equity dividend			911.44	911.44
Provision for tax on proposed equity dividend			147.86	151.38
	--	--	2,490.58	2,046.77
	198.08	157.33	2,491.00	2,051.13

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
7. SHORT-TERM BORROWINGS		
Cash Credit from banks (secured)	18,085.66	14,847.77
Buyers Credit/FCLR facility (secured)	4,160.53	922.43
Short term rupee loans from bank (secured)	--	2,523.89
Interest free loan and advances from others repayable on demand (unsecured)	6,234.21	7,836.11
	28,480.40	26,130.20
The above amount includes		
Secured borrowings	22,246.19	18,294.09
Unsecured borrowings	6,234.21	7,836.11

(₹ in lacs)

	2012	2011
8. OTHER CURRENT LIABILITIES		
Trade payables (including acceptances)	12,271.27	6,596.93
Advance from Customer	2,283.25	1,135.60
Creditors for capital goods	715.52	1,086.49
	--	--
Other liabilities	--	--
Current maturities of long-term borrowings (refer note-4)	13,447.33	11,915.43
Interest accrued but not due on borrowings	538.41	175.03
Share Application Money Refundable	91.92	1.92
Investor Education and Protection Fund will be credited by following amounts (as and	--	--
when due)	--	--
Unpaid dividend	--	--
Unclaimed Public Issue Refund of application money	18.05	13.69
	1.57	1.57
Other Payable	1,779.46	1,354.50
	31,146.78	22,281.16

NOTES

to financial statements for the year ended 31st March, 2012

9. TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land	Leasehold Land	Iron Ore Mines	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
Cost or valuation									
At 1st April, 2010	1,625.00	137.14	1,001.18	1,072.59	6,569.36	70,796.97	296.13	602.47	82,100.84
Additions	1,196.96	4.89	753.55	182.44	3,765.17	28,632.85	77.94	297.71	34,911.51
Disposals	1.43	-	-	-	5.70	116.49	17.04	85.20	225.86
Other adjustments	-	-	-	-	-	-	-	-	-
- Borrowing costs	-	-	-	-	-	163.99	-	-	163.99
At 31st March, 2011	2,820.53	142.03	1,754.73	1,255.03	10,328.83	99,477.32	357.03	814.98	116,950.48
Additions	1,441.32	187.77	144.24	5,195.68	1,134.49	5,651.23	91.56	239.72	14,086.01
Disposals	-	-	-	-	-	221.00	-	64.62	285.62
Other adjustments	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	22.47	546.24	-	-	568.71
At 31st March, 2012	4,261.85	329.80	1,898.97	6,450.71	11,485.79	105,453.79	448.59	990.08	131,319.58
Depreciation									-
At 1st April, 2010	-	4.92	47.97	-	663.52	12,292.81	53.99	170.82	13,234.03
Charge for the year	-	0.71	73.59	-	262.09	5,089.07	20.63	71.56	5,517.65
Disposals/Adjustment	-	0.47	-	-	140.75	1,233.74	(10.58)	(8.93)	1,355.45
At 31st March, 2011	-	6.10	121.56	-	1,066.36	18,615.62	64.04	233.45	20,107.13
Charge for the year	-	0.71	90.08	-	345.46	6,150.60	25.67	82.69	6,695.21
Disposals/Adjustment	-	-	-	-	-	87.49	0.22	37.73	125.45
At 31st March, 2012	-	6.81	211.64	-	1,411.82	24,678.73	89.49	278.41	26,676.89
Net Block									
At 31st March, 2011	2,820.53	135.93	1,633.17	1,255.03	9,262.47	80,861.70	292.99	581.53	96,843.35
At 31st March, 2012	4,261.85	322.99	1,687.33	6,450.71	10,073.97	80,775.06	359.10	711.67	104,642.69

a. Capitalised borrowing costs

The borrowing cost capitalised during the year ended 31st March, 2012 was ₹ 18,468,912/- (31st March, 2011: ₹ 132,626,472/-). the Company capitalised this borrowing cost in the capital work-in-progress (CWIP). The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.

b. Exchange differences on long term foreign currency monetary items

Pursuant to the option granted by Caluse 46A of the AS-11 (as amended vide notifiation dt. 29th december, 2011) w.e.f. 1st April, 2011, the Company during the year added ₹ 568.71 lacs to the cost of assets, being the exchange differences of long term foreign currency monetary items relating to acquisation of assets. This is to be depreciated over the balance life of the assets.

c. During the year the depreciation of ₹ 212,222/- (31st March, 2011 : ₹ 545,099/-) has been capitalised and transferred to CWIP.

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

10. INTANGIBLE ASSETS	Computer software	Goodwill	Right to use Land	Total
Gross Block				
At 1st April, 2010	249.52	--	--	249.52
Purchase	34.98	--	--	34.98
Internal development	--	--	--	--
At 31st March, 2011	284.50	--	--	284.50
Purchase	15.44	216.83	3.67	235.94
At 31st March, 2012	299.94	216.83	3.67	520.44
Amortisation				
At 1st April, 2010	23.03	--	--	23.03
Charge for the year	30.04	--	--	30.04
At 31st March, 2011	53.07	--	--	53.07
Charge for the year	30.27	43.37	--	73.64
At 31st March, 2012	83.34	43.37	--	126.71
Net Block				
At 31st March, 2011	231.43	--	--	231.43
At 31st March, 2012	216.60	173.46	3.67	393.73

(₹ in lacs)

11. NON-CURRENT INVESTMENTS	2012	2011
A. Trade		
In Associates		
Equity Shares Unquoted	--	689.79
In other Companies		
Equity Shares Unquoted	1,596.41	1,348.60
In Mutual Funds Units	20.00	20.00
In Trust	22.50	22.50
Share Application Money (Pending allotement)	2.01	13.79
	1,640.92	2,094.68

(₹ in lacs)

12. DEFFERRED TAX ASSETS (NET)	2012	2011
Deffered Tax Laibilities		
Fixed Assets: Impact of differences between tax depriciation and depriciation / amortization charged for the financial reportings	1,830.22	1,380.83
Gross deferred tax liability	1,830.22	1,380.83
Deffered Tax Assets		
Provision for bonus, gratuity and others	22.13	17.99
On account of MAT Credit to be carried forward	1,283.67	1,096.35
On account of carry-forward losses as per income-tax	1,195.99	815.38
Gross deferred tax asset	2,501.79	1,929.72
Net deferred tax asset	671.57	548.89

(₹ in lacs)

13. CURRENT INVESTMENTS	2012	2011
Non Trade		
In other Companies		
Equity Shares Quoted	58.39	75.62
In Mutual Funds Units	70.00	30.00
	128.39	105.62

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	Non-current 2012	Non-current 2011	Current 2012	Current 2011
14. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)				
Loans and advances to Body Corporate & Others	--	--	587.56	2,944.33
Advances recoverable in cash or in kind	1.47	--	5,020.18	5,788.25
Other loans and advances	--	--	--	212.71
Prepaid expenses	--	--	70.38	56.93
Balance with statutory/govt. authorities	--	--	3,329.93	1,157.68
Security deposit with govt. & others	697.14	597.27	99.80	--
Total	698.61	597.27	9,107.85	10,159.90

(₹ in lacs)

	Current 2012	Current 2011
15. TRADE RECEIVABLES AND OTHER ASSETS		
15.1 Trade receivables		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months		
from the date they are due for payment		
Considered good	673.70	566.67
Doubtful	49.24	51.41
	722.94	618.08
Provision for doubtful receivables	49.24	51.41
Total (A)	673.70	566.67
Other receivables		
Considered good	8,919.87	6,177.77
Total (B)	8,919.87	6,177.77
Total (A+B)	9,593.57	6,744.44

(₹ in lacs)

	Non-current 2012	Non-current 2011	Current 2012	Current 2011
15.2 Other assets			200.00	--
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note-17)	866.32	610.65	--	--
Unamortized expenditure	4.91	8.11	1.85	--
Others				
Interest accured on fixed deposits	16.27	7.05	56.82	195.12
others	--	--	13.39	14.19
	887.50	625.81	72.06	209.31

(₹ in lacs)

	2012	2011
16. INVENTORIES (valued at lower of cost and net realisable value)		
Raw Materials and components	12,497.40	13,010.70
Work-in-progress	602.41	721.05
Finished goods & by-products	15,527.26	11,274.66
Traded goods	125.84	221.33
Stores & spares	5,859.94	3,489.79
	34,612.85	28,717.53

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	Non-current 2012	Non-current 2011	Current 2012	Current 2011
17. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
On current accounts			3,531.58	626.21
Deposits with original maturity of less than three months			1,387.70	11,910.01
Unpaid dividend account			18.05	13.69
Unpaid public issue refund account			1.57	1.57
Cash on hand			60.81	58.10
Stamp in hand			1.23	1.23
			5,000.94	12,610.81
Other bank balances				
Deposits with original maturity for more than 12 months	866.32	610.65	111.72	--
Deposits with original maturity for more than 3 months but less than 12 months	--	--	3,792.74	365.82
Margin money deposit	--	--	995.66	38.75
	866.32	610.65	4,900.12	404.57
Amount disclosed under non-current assets (note 15.2)	866.32	610.65		
	--	--	9,901.06	13,015.38

(₹ in lacs)

	2012	2011
18. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products	218,337.13	115,248.54
Electricity	3,288.87	6,653.19
Traded Goods	6,621.07	1,236.83
Sale of services	261.98	256.14
Other operating revenue	--	--
Scrap sales	25.76	--
Carbon Credit sales (VER)	10.84	67.19
Renewable Energy Certificates (REC)	542.30	--
Revenue from operations (gross)	229,087.95	123,461.89
Less: Excise duty#	21,174.95	10,469.89
Less: VAT & Sales Tax	1,869.70	1,130.38
Revenue from operations (net)	206,043.30	111,861.62

Excise duty on sales amounting to ₹ 12,117,494,908/- (31st March, 2011: ₹ 1,046,988,981/-) has been reduced from sale in profit & loss account and excise duty on increase/decresae in stock amounting to ₹ 49980962/- (31st March, 2011: ₹ 14,186,072/-) has been considered as (income)/expense in note 23 of financial statements.

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
19. OTHER INCOME		
Interest Income on		
Bank Deposits	736.61	324.10
Others	278.42	188.58
Dividend Income	2.24	30.91
Net gain on sale of investments	16.83	623.65
Other non-operating income (net of expenses directly attributable to such income)	99.03	121.68
	1,133.13	1,288.92

(₹ in lacs)

	2012	2011
20. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	13,010.70	10,580.27
Add: purchases	136,397.73	68,540.32
	149,408.43	79,120.59
Less : Inventory at the end of the year	12,497.40	13,010.70
Cost of raw material and components consumed	136,911.03	66,109.89

(₹ in lacs)

	2012	2011	(Increase)/ Decrease 31st March, 2012
21. (INCREASE)/DECREASE IN INVENTORIES			
Inventories at the end of the year			
Finished goods and by-products	15,527.26	11,274.66	(4,252.60)
Work-in-progress	602.41	721.05	118.64
Traded goods	125.84	221.33	95.49
	16,255.51	12,217.04	(4,038.47)
Inventories at the beginning of the year			31st March,2011
Finished goods and by-products	11,274.66	8,179.79	(3,094.87)
Work-in-progress	721.05	355.51	(365.54)
Traded goods	221.33	217.62	(3.71)
	12,217.04	8,752.92	(3,464.12)
Net (increase)/decrease in inventories	(4,038.47)	(3,464.12)	

(₹ in lacs)

	2012	2011
22. EMPLOYEES BENEFITS EXPENSES		
Salaries, wages and bonus	4,342.23	3,016.93
Contribution to provident and other fund	294.90	178.32
Gratuity Expense (Note 35)	41.50	62.64
Workmen and staff welfare expenses	496.71	289.37
	5,175.34	3,547.26

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	2012	2011
23. OTHER EXPENSES		
Consumption of stores and spares	8,549.71	5,355.27
(Increase)/decrease of excise duty on inventory	499.81	141.86
Grid Parallel operation charges	151.84	25.37
Power & Fuel	14,489.90	7,143.47
Water Charges	299.49	282.64
Other manufacturing expenses	3,738.34	2,773.06
CDM Expenses	43.32	31.23
Rent	84.02	41.88
Rates and taxes		
- Entry tax	688.80	380.70
- Excise duty	196.34	29.76
- Electricity duty cess	22.36	3.61
- Others	66.01	11.27
Insurance	65.96	55.16
Repairs and maintenance		
- Plant and machinery	1,102.18	756.69
- Buildings	420.40	433.47
- Others	480.85	356.00
Rebate, shortage claims & other deductions	158.90	109.58
Commission		
- Other than Sole selling agents	313.76	152.32
Provision for doubtful debts	--	5.29
Travelling and conveyance	756.31	412.21
Communication expenses	156.52	116.14
Printing and stationery	67.09	47.03
Legal and professional fees	403.46	257.46
Directors' sitting fees	3.99	2.05
Directors' remuneration	220.63	146.04
Commission to Directors	152.00	--
Payment to Auditors (refer details below)	32.30	23.59
Frieght and forwarding charges	903.70	427.91
Security service charges	302.91	182.88
Loss on sale of fixed assets (net)	28.05	12.10
Debenture issue expenses	99.22	323.93
Foreign Exchange fluctuation (net)	1,588.67	146.07
Premium on forward exchange contract amortised	12.85	--
Share of Loss of LLP	0.30	--
Miscellaneous expenses	1,314.47	954.64
	37,414.46	21,140.68
PAYMENT TO AUDITOR		
As auditor :		
Audit fee	20.96	17.47
Tax Audit fee	1.50	1.50
In other capacity	--	--
Taxation matters	6.21	3.78
Other services	3.63	0.84
	32.30	23.59

NOTES

to financial statements for the year ended 31st March, 2012

(₹ in lacs)

24. DEPRECIATION AND AMORTISATION EXPENSE	2012	2011
Depreciation on tangible assets	6,693.09	5,512.20
Amortisation of intangible assets	73.63	30.04
	6,766.72	5,542.24

(₹ in lacs)

25. FINANCE COSTS	2012	2011
Interest		
- on term loans	5,618.28	4,155.88
- on working capital	1,956.52	844.55
- on others	2,277.33	1,196.06
Bank charges	1,730.93	1,113.94
	11,583.06	7,310.43

(₹ in lacs)

26. EARNINGS PER SHARE (EPS)	2012	2011
Net profit as per profit and loss account	8,427	8,587
Net profit for calculation of basic EPS & Diluted EPS	8,427	8,587
Weighted average number of equity shares in calculating Basic EPS	317.56	317.56
Weighted average number of equity shares in calculating Diluted EPS	317.56	317.56
Basic & Diluted EPS		
- Basic earning per share (in ₹)	26.54	27.04
- Diluted earning per share (in ₹)	26.54	27.04

(₹ in lacs)

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest	
27. THE SUBSIDIARY COMPANIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE:		2012	2011
Hira Ferro Alloys Limited	India	51.26%	51.26%
Godawari Energy Limited	India	75.00%	100.00%
Godawari Green Energy Limited	India	100.00%	100.00%
Godawari Clinkers & Cement Limited	India	100.00%	100.00%
Krishna Global & Minerals Limited	India	100.00%	100.00%
Godawari Integrated Steel (India) Limited	India	100.00%	100.00%
Ardent Steel Limited	India	75.00%	75.00%

28. During the year the associate company viz. Hira Steels Limited has not been considered in the consolidated fianacial statement because of non-availability of fianancial statement of the Company and also in future the parent company is going to reduce their investments. The effect of non-consolidation of the associate company is reversal of capital reserve of ₹ 119.65 lacs and ₹ 346.12 lacs of share of profit from the date of consolidation of associate company till previous year. During the previous year the share of profit of associate company was ₹ 41.74 lacs

29. JOINT VENTURE OPERATIONS

The group has, in accordance with AS-27 'Financial Reporting of Interests in Joint Ventures' issued by the ICAI, accounted for its interest in the Joint Ventures by the proportionate consolidation method. Thus, the Group's income statement, balance sheet and the cash flow statement incorporate the Group's share of income, expenses, assets, liabilities and cash flows of the joint venture on a line by line basis.

NOTES

to financial statements for the year ended 31st March, 2012

Name of the Joint Ventures	Country of incorporation	Proportion of ownership interest 2012	2011
Raipur Infrastructure Company Ltd.	India	**33.33%**	33.33%
Chhattisgarh Captive Coal Mining Ltd.	India	**25.93%**	25.93%

The aggregate amount of assets, liabilities, income and expenses related to the Group's share in the Joint Venture included in these financial statements for the year ended 31st March, 2012 are given below:

(₹ in lacs)

Particulars of Balance Sheet items	As at 31st March, 2012	As at 31st March, 2011
Non current assets	943.04	645.19
Current Assets	99.39	255.09
Long term Liabilities	0.00	10.04
Current Liabilities	8.87	6.98

(₹ in lacs)

Particulars of statement of Profit & Loss items	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Income from operation	105.37	41.68
Particulars of Cash Flow Statement items		
Profit/(Loss) for the year	68.85	3.75
Changes in working capital	157.59	(20.15)
Changes in investing activities	(297.85)	(2.90)
Changes in financing activities	(10.04)	(13.87)

30. The subsidiaries companies are using the method of valuation of inventories on FIFO and weighted average basis whereas the parent company is using moving weighted average basis. As the difference is not significant, therefore, the same has not been considered.

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS ARE NOT PROVIDED FOR IN RESPECT OF :-

i) Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to ₹ 1,407.47 lacs (Previous Year ₹ 960.03 lacs.)

ii) Disputed liability of ₹ 27.32 lacs (Previous Year ₹ 68.27 lacs) on account of Service Tax, Central Excise Duty ₹ 461.22 lacs (Previous Year ₹ 448.58 lacs), Sales Tax ₹ 307.63 lacs (Previous Year ₹ 52.15 lacs) and Income tax ₹ 4.27 lacs (previous year ₹ 61.54) against which appeals have been preferred before higher authorities.

iii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh ₹ 2,480.43 lacs (Previous Year ₹ 1,212 lacs). The Hon'ble High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June, 2008. The State Govt. has filed a Special Leave Petition before Hon'ble Supereme Court, which is pending for final disposal.

iv) Disputed demand of ₹ 758 lacs (Previous Year ₹ NIL) from Chhattisgarh State Power Distribution Company Limited relating to cross subsidy on power sold under open access during the financial year 2009-10. the Company has contested the demand and obtained stay from CSERC and expect a favourable decision in favour of parent company.

v) Corporate Guarantees issued in favour of bank aggregating to ₹ 109,435 lacs (Previous Year ₹ 5,185 lacs) in respect of financing facilities granted to other body corporate.

vi) Estimated amount of contracts remaining to be executed on capital accounts ₹ 16,995 lacs (Previous Year ₹ Nil).

32. DERIVATIVE INSTRUMENTS AND UN HEDGED FOREIGN CURRENCY EXPOSURE

Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2012 amount to ₹ 15,243.26 lacs (Previous Year ₹ 5,390.43 lacs)

NOTES

to financial statements for the year ended 31st March, 2012

33. Information on Related Party as required by Accounting Standard-18, "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, are given below :

i) Related Parties

a) Other Related Enterprises where control exist
-- Hira Steels Ltd.
-- Alok Ferro Alloys Ltd.
-- Hira Cement Ltd.
-- Jagdamba Power & Alloys Ltd.
-- Hira Power & Steel Ltd.
-- Chhattisgarh Power & Coal Beneficiation Ltd.
-- Raipur Complex

b) Joint Ventures
-- Raipur Infrastructure Company Pvt.Ltd.
-- Chhattisgarh Captive Coal Mining Ltd.

c) Key Management Personnel
-- Shri B.L.Agrawal
-- Shri Dinesh Agrawal
-- Shri Siddarth Agrawal
-- Shri Abhishek Agrawal

ii) Transaction with Related Parties in the ordinary course of business (₹ in lacs)

		2011-12	2010-11
a) Other Related Enterprises	Purchase of Materials	23664.60	11162.94
	Sale of Materials	43904.53	939.13
	Rent Paid	4.17	3.90
	Interest Paid	144.26	28.91
	Interest Received	306.12	143.26
	Job Charges received	0.79	1.02
	Service Charges Paid	0.00	128.17
	Loan received	2511.17	2900.72
	Repayment of Loans	2536.24	3969.26
	Loans given	1015.12	1092.42
	Loans given received back	3646.92	1167.46
	Outstandings		
	Receivables	3523.29	2799.73
	Payables	3700.46	262.03
	Guarantees & Collaterals	10756.00	166.00
b) Joint Ventures	Service Charges Paid	290.37	55.92
	Outstandings		
	Payables	10.41	5.37
	Receivables	0.27	0.00
	Guarantees & Collaterals	4175.00	4175.00
c) Key Management	Remuneration Paid	174.88	122.40
	Salary Paid	7.27	6.00
	Commission Paid	123.00	0.00
	Rent Paid	3.12	3.12
	Professional Fees Paid	8.14	0.00
	Interest Paid	5.86	15.39
	Loan received	339.35	1227.90
	Repayment of Loans	339.00	1241.74
	Outstandings		
	Payables	12.47	0.34

34. SEGMENT-WISE REVENUE RESULTS :

Basis of preparation :

i) Business segments of the Company have been identified as distinguishable components that are engaged in a group of related product and that are subject to risks and returns different from other business segments. Accordingly Steel and Electricity have been identified as the business segments.

ii) The geographic segments identified as secondary segments are ‘Domestic Market’ and ‘Export Market’. Since there is no Export Market Revenue, the same has not been disclosed. The entire capital employed is within India.

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to financial statements for the year ended 31st March, 2012

Information about business Segments-Primary (₹ in lacs)

Particulars	External Sales		Inter Segment Sales		Eliminations		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A) REVENUE								
Steel Segment	224958.21	116485.37	0.00	0.00	0.00	0.00	224958.21	116485.37
Electricity Segment	3842.01	6720.37	15695.20	10771.21	(15695.20)	(10771.21)	3842.01	6720.37
Total Segment Revenue	228800.22	123205.74	15695.20	10771.21	(15695.20)	(10771.21)	228800.22	123205.74

	2011-12	2010-11
B) RESULTS		
Segment Operational Profit		
Steel Segment	20887.87	14109.04
Electricity Segment	5373.39	7270.85
Total Segment Results	26261.26	21379.89
Un-allocated expenditure net off unallocated income	(3717.87)	(2142.89)
Operating Profit	22543.40	19237.01
Interest Expenses	(11583.06)	(7310.43)
Income-tax Paid/Provided	(2324.87)	(2416.14)
Deferred Tax Adjustment (Net)	122.69	434.93
Net Profit	8758.15	9945.37
C) OTHER INFORMATION		
NET CAPITAL EMPLOYED		
Steel Segment	48343.32	38206.52
Electricity Segment	33011.77	32090.91
Total	81355.09	70297.43
Un-allocable Capital employed	(4972.16)	(2724.11)
Total Capital Employed	76382.93	67573.32
Depreciation		
Steel Segment	4660.66	4147.66
Electricity Segment	2106.05	1394.58
Total	6766.71	5542.24

35. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS :

the Company has a defined gratuity benefit plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per the Projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the Gratuity.

(₹ in lacs)

	(Gratuity) 31st March, 2012	(Gratuity) 31st March, 2011
STATEMENT OF PROFIT AND LOSS		
Net employee benefit expense (recognised in employee cost)		
Current Service cost	43.61	43.79
Interest cost on benefit obligation	14.40	11.22
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(16.50)	9.68
Past service cost	0.00	0.00
Actual return on plan assets	41.50	64.69

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to financial statements for the year ended 31st March, 2012

(₹ in lacs)

	(Gratuity) 31st March, 2012	(Gratuity) 31st March, 2011
BALANCE SHEET		
Details of provision for Gratuity		
Defined benefit obligation	198.50	161.69
Fair value of plan assets	0.00	0.00
	198.50	161.69
Less : Unrecognised past service cost	0.00	0.00
Plan liability	198.50	161.69
Changes in the present value of the defined benefit obligation are as follows :		
Defined benefit obligation as at 1st April, 2011	161.69	108.52
Interest cost	14.40	11.22
Current Service Cost	43.61	43.79
Benefits paid	(4.70)	(11.52)
Actuarial losses on obligation	(16.50)	9.68
Defined benefit obligation as at 31st March , 2012	198.50	161.69

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets are not given. Further the entire amount of plan obligation is unfunded therefore categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below :

(₹ in lacs)

	31st March, 2012	31st March, 2011
Discount Rate	8.00%	8.00%
Increase in Compensation cost	5.00%	5.00%
Rate of return on plan assets	0.00	0.00
Expected average remaining working lives of employee (years)	25.94	26.35

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(₹ in lacs)

	31st March, 2012	31st March, 2011
Contribution to Defined Contribution Plans :		
Provident Fund	185.53	127.26

36. Till the year end 31st March, 2011, the Company was using pre-revised Schedule-VI to the Companies Act,1956, for preparation and presentation of financial statements. During the year ended 31st March,2012, the revised Schedule-VI notified under the Companies Act,1956, has become applicable, therefore, the Company has reclassified previous year figures to confirm to this year's classification. The consolidated financial statements has been prepared on that basis. Hence, the adoption of revised Schedule-VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

For O P Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 22nd May, 2012

For and on behalf of the Board of Directors of
Godawari Power & Ispat Limited

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

COMPANY INFORMATION

Board of Directors

Mr. B. Choudhuri	Chairman (Independent Director)
Mr. B.L. Agrawal	Managing Director
Mr. Abhishek Agrawal	Executive Director
Mr. Dinesh Agrawal	Non Executive Director
Mr. Dinesh Gandhi	Executive Director- Finance
Mr. Vinod Pillai	Executive Director
Mr. Shashi Kumar	Independent Director
Mr. B. N. Ojha	Independent Director
Mr. G. B. Desai	Chairman (Upto 09.11.2011)
Mr. Siddharth Agrawal	Non Executive Director (Upto 09.11.2011)

Company Secretary

Mr. Y.C. Rao — Compliance Officer & Company Secretary

Auditors

M/s. O.P. Singhania & Co.

Chartered Accountants, Raipur

Bankers

Axis Bank Ltd.

Bank of Baroda

Canara Bank,

IDBI Bank Ltd.

Oriental Bank of Commerce

State Bank of India,

Vijaya Bank

Yes Bank Ltd.

Debenture Trustee

Axis Trustee Services Limited

Registered Office

Plot No.428/2, Phase I, Industrial Area,
Siltara -493 111, Dist. Raipur,
Chhattisgarh, India
Tel: +91-0771 4082333, Fax: 4082234

Corporate Office

First Floor, Hira Arcade, Near New Bus Stand,
Pandri, Raipur -492 001, Chhattisgarh, India
Tel.: +91- 771-4082000 Fax: 4082732 / 4057601

Mumbai Office

Unit No.606, Town Centre, 6th Floor,
Andheri Kurla Road, Andheri, Saki Naka,
Near Mittal Estate, Mumbai- 400 059, India.
Tel: +91 -22-28592621/ 28592622, 28592623
Fax: +91 -22 -28592851
Email: investors@gpilindia.in

Godawari Power & Ispat Limited

Hira Arcade, First Floor, New Bus Stand,

Pandri, Raipur (C.G.) 492001

Phones: 0771-4082000/4082001

Fax: 0771-4057601

Email: info@gpilindia.in