HIRA

GODAWARI POWER & ISPAT

GROWING STRONGER TOGETHER

Annual Report 2013

Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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 'anticipates', 'estimates', '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 that we have been prudent in our assumptions. The achievement of results is 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 bear 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.

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Growing stronger together

At Godawari Power & Ispat, growth is the result of articulating the right business strategies at the right time anticipating market dynamics and following a focused and disciplined approach.

The Company reported attractive growth through a strategic shift in its approach and the integration of operations from iron ore mining to pelletisation to value-added steel manufacture and captive power generation. The Company adopted new production technologies, efficiently utilised natural resources, graduated to a high governance standard, served the community around its business locations and enhanced environment, health and safety awareness.

These initiatives made it possible for Godawari to grow profitably and sustainably even in challenging economic environments.

The result: growth in topline at a CAGR in revenues of 19.49% and EBIDTA 12.58% over the five years leading to 2012-13.

Growing stronger together... through a presence across the value chain

AT GODAWARI POWER, THE PHILOSOPHY 'GROWING STRONGER TOGETHER' IS A REFERENCE TO OUR FOCUS ON AN INTEGRATED MANUFACTURING PROCESS, WHERE ONE PRODUCT BECOMES THE RAW MATERIAL FOR ANOTHER, RESULTING IN AN INTER-LINKED VALUE-ADDED CHAIN THAT ENHANCES MARGINS AND REVENUES.

Our integrated business model (backward and forward integration), comprises iron ore mining, as well as the manufacture of pellets, billets, ferro-alloys and power, whereby all products are used for captive consumption and merchant sales. The Company derives revenue across its product range, while consuming a part of the output for value-addition.

This integration of the business translated into an ability to capture a larger slice of the value chain, address diverse markets based on their respective margins and effectively de-risk the business modal.

The result: The Company's consolidated topline increased 14.38% and net profit 76.59% in 2012-13.

Besides, in view of the cyclical nature of the steel industry and fluctuating margins, the Company extended its business into the solar power generation segment, which is expected to generate precious positive cash flow for next 25 years backed by a long-term fixed price power purchase agreement with NVVN (the project was successfully commissioned in June 2013).

The GPIL value chain

Ferro alloys → Billets → Wire rods → H.B. wires

Growing stronger together... enriching stakeholders

AT GODAWARI POWER, THE PHILOSOPHY 'GROWING STRONGER TOGETHER' IS A REFERENCE TO THE FACT THAT WE HAVE ENRICHED OUR STAKEHOLDERS IN AN ATTRACTIVE WAY THROUGH THE LENGTH OF OUR EXISTENCE.

Shareholders: The consolidated book value of the equity shares of the Company increased from ₹66.88 as on 31st March, 2006 (at the time of IPO in April, 2006 at a price of ₹81 per share) to ₹241.30 per share as on 31st March, 2013, enhancing value by 260.79% for all those who own shares in the Company. However, the market capitalisation does not reflect its true value due to adverse market conditions and an unfavourable industry scenario.

Employees: The Company has grown from a 413-member organisation in 2005-06 to 1,784 in 2012-13; our salary outgo increased from ₹2.86 crore to ₹36.87 crore during the period.

Community: The Company undertook various community engagements that enhanced the quality of life around its operational areas. These engagements comprised educational, healthcare, infrastructural development and drinking water projects.

Government: The Company contributed ₹211.24 crore in revenues to the exchequer in FY13, which increased by 1,313% from ₹14.95 crore in 2005-06.

The Company derives revenues across its product range, while consuming a part of the output for captive value-addition.

Growing stronger together... through environmental responsibility

AT GODAWARI POWER, THE PHILOSOPHY 'GROWING STRONGER TOGETHER' IS ALSO A REFERENCE TO THE ENVIRONMENT-FRIENDLINESS OF OUR OPERATIONS, RECONCILING OUR GROWTH WITH THE ECOLOGICAL ASPIRATIONS OF THE NEIGHBOURING COMMUNITY, SOCIETY AND WORLD.

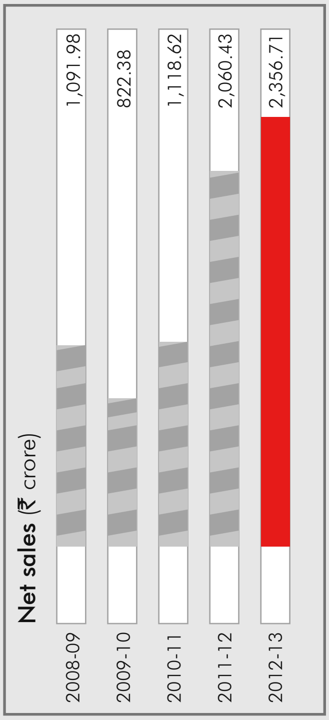
- The Company generates power from renewable energy resources such as waste heat gases from sponge iron plant, - biomass (rice husk), solar and wind energy among others. This helped eliminate extensive dependence on grid power on the one hand and create additional revenue through the merchant sale of power, carbon credits and renewable energy certificates (RECs) on the other.

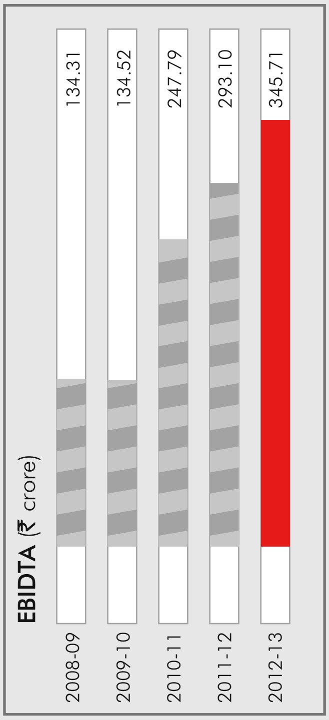
- In addition, the Company invested in coal gasification for use in steel plants, resulting in the elimination of waste gas emissions into the atmosphere and curtailing costs via the use of alternative fuels, which are less costlier as compared to conventional fossil fuel. The Company's philosophy of gainful utilisation of waste is not only helping it generate revenue but also protecting the environment.

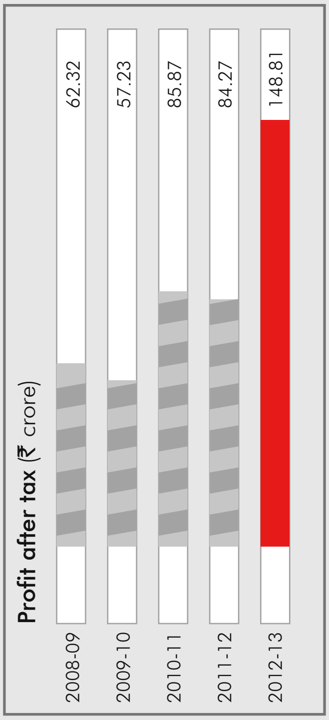
The result: The amount of power generated by the Company from renewable energy increased from nil in 2007-08 to 22.76 MW in 2012- 13.

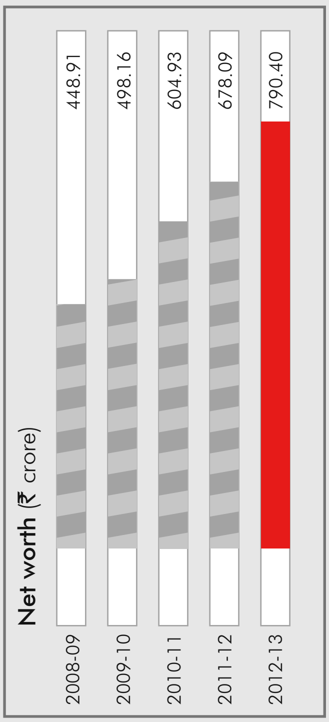
The Company's philosophy of gainful utilisation of waste is not only helping it generate revenue but also protecting the environment.

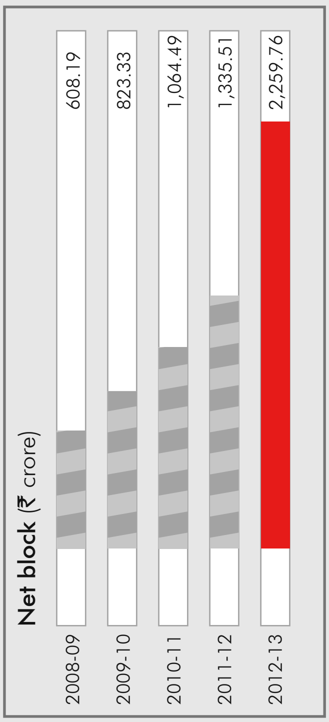
FINANCIAL HIGHLIGHTS

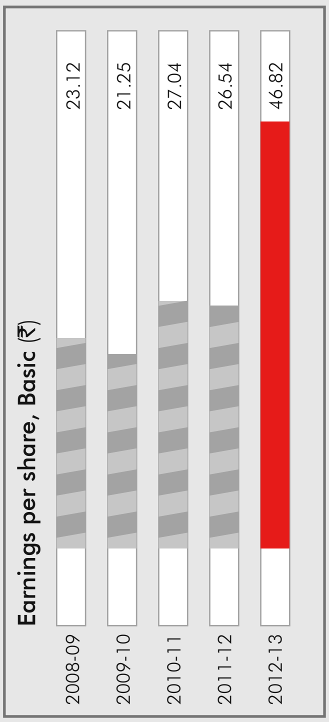












FINANCIAL PERFORMANCE (CONSOLIDATED)

(₹ in lac)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Profit & Loss									
Gross Sales	268,534	229,088	123,462	88,680	123,299	93,567	55,087	41,236	28,624
Less: Excise Duty, Sales Tax/VAT	32,863	23,045	11,600	6,442	14,101	12,585	7,342	5,019	2,686
Net Sales/ Income From Operation	**235,671**	**206.043**	**111,862**	**82,238**	**109,198**	**80,982**	**47,745**	**36,217**	**25,937**
Operating Profit (EBIDTA)	34,571	29,310	24,779	13,452	13,431	16,977	8,722	4,168	4,232
Depreciation	7,092	6,767	5,542	3,415	2,848	2,581	1,221	697	995
Finance Costs	12,106	11,583	7,310	3,372	3,560	3,145	1,297	732	384
Profit Before Tax (PBT)	**15,373**	**10,960**	**11,927**	**6,665**	**7,023**	**11,251**	**6,204**	**2,739**	**2,853**
Total Tax Expenses	(456)	2,202	1,981	1,062	877	1,386	789	305	318
Add: Adjustment for Depreciation related to earlier years	–	–	–	–	–	–	–	1483	–
Add: Share in profit in associate Company & Adjustments	–	–	42	120	86	97	(80)	5	(65)
Less: Minorities Interest	948	331	1400	–	–	–	–	90	60
Profit After Tax (PAT)	14,881	8,427	8,587	5,723	6,232	9,962	5,334	3,833	2,410
Cash Profit	21,973	15,194	14,129	9,138	9,080	12,543	6,555	4,530	3,405
Dividend Payout	958	932	1,003	793	793	1,274	827	281	40
Retained Profit	13,923	7,495	7,584	4,930	5,439	8,688	4,507	3,552	2,369
Balance Sheet									
Net Fixed Assets	225,976	133,551	106,449	82,333	60,819	41,937	38,063	20,359	11,784
Investments	1,780	1,769	2,200	1,174	1,007	1,937	491	444	307
Goodwill	–	–	–	455	456	456	456	44	44
Net Current Assets, Loans & Advances	(12,613)	3,427	10,156	18,766	18,939	24,574	10,858	6,975	4,066
Total Assets	**215,144**	**138,748**	**118,805**	**102,728**	**81,222**	**68,904**	**49,868**	**27,822**	**16,202**
Represented by Share Capital	3,276	3,176	3,176	2,694	2,694	2,694	2,372	1,502	1,495
Reserves & Surplus	75,764	64,634	57,317	47,122	42,197	36,762	18,372	8,458	4,955
Net worth	**79,040**	**67,809**	**60,493**	**49,816**	**44,891**	**39,456**	**20,744**	**9,960**	**6,450**
Minority Interest	15,726	9,245	7,638	1,014	667	0	0	418	328
Total Term Debt & Non-current liabilities	120,378	61,693	50,675	51,897	35,664	29,447	29,125	17,444	9,423
Total Capital Employed	**215,144**	**138,748**	**118,805**	**102,728**	**81,222**	**68,904**	**49,868**	**27,822**	**16,202**
Key Financial Ratios									
Growth in Turnover	17.22	85.55	39.22	(28.08)	31.78	69.85	33.59	44.06	-
Growth in Profit	76.59	(1.86)	50.05	(8.17)	(37.45)	86.76	39.17	59.06	-
Operating Profit to Net Sales	14.67	14.23	22.15	16.36	12.30	20.96	18.27	11.51	16.32
Net Profit to Net Sales (%)	6.31	4.09	7.68	6.96	5.71	12.30	11.17	10.58	9.29
Debt Equity Ratio (times)	1.58	1.06	1.03	0.74	0.59	0.57	1.07	1.14	0.96
Return to Net worth (%)	18.83	12.43	14.19	11.49	13.88	25.25	25.71	38.48	37.36
Return on Capital Employed (%)	6.92	6.07	7.23	5.57	7.67	14.46	10.70	13.78	14.87
Book Value (₹)	241.30	213.53	190.49	184.92	166.62	140.56	87.46	66.88	43.40
EPS (₹)	46.82	26.54	27.04	21.25	23.12	40.76	23.30	26.11	16.12
Cash EPS (₹)	67.08	47.85	44.49	33.91	33.70	44.33	27.64	30.38	22.78

MANAGING DIRECTOR'S OVERVIEW

"We've always said we were building a counter-cyclical steel company. Our performance in 2012-13 proves that we have."

Dear Shareholders,

The global economy continued to be turbulent in 2012-13, affecting the fortunes and prospects of a number of steel manufacturers across the world. The extended slowdown in Europe impacted exports; a policy paralysis and high capital costs slowed investments in Indian infrastructure.

As an extension of these realities, the Indian steel industry was impacted, reporting one of the slowest growth in years. However, the challenging year under review notwithstanding, Godawari Power & Ispat demonstrated what it has always professed: that it is a relatively non-cyclical steel company in a fairly cyclical sector. So even as India's GDP grew 5% and its steel sector grew 5.86%, Godawari Power & Ispat grew consolidated revenues by 14.38% and profit after tax 76.59%.

Coming as this did at a time when many steel manufacturers in the country reported losses or sharp declines in profitability, Godawari's performance represented a source of quiet pride and satisfaction.

Contrarian

Your Company's counter-cyclical performance was the result of a deliberately contrarian business model, which is detailed elsewhere in this report.

- Even as most players in India's steel industry focused singularly on business scale as a means of sustainability, your Company focused on business quality instead. The result is evident in our numbers: we grew revenues in four of the last five years and cash profit (depreciation plus PAT) in five of the last five years leading to 2012-13

- Even as most players in India's steel industry focused on downstream product manufacture, Godawari focused on integrated upstream capacity building, making it possible to procure a fair quantity of raw materials from within, reducing the Company's dependence on a volatile marketplace.
- Even as most industry investments were made during sectoral rebounds, Godawari invested a large part of its 31st March, 2013 gross block following the 2008 meltdown when most steel players in the country slowed their sectoral capexes.
- Even as many industrial entities suffered extensive time overruns (which, in turn, translated into project cost overruns), your Company's solar thermal power project was commissioned within the targeted schedule, the only project out of seven to be commissioned on time. Besides, the Company's 1.2 MTPA pelletisation plant also started trial production and is expected to commence commercial operations shortly, a good nine months ahead of schedule.
- Our contrarian ability was established in the mid-Eighties, when we commissioned ferro alloy capacities through small EAFs (electric arc furnaces), which was a relatively untried strategy in those days. Thereafter, we selected to invest in pelletisation, generating a superior use of iron ore fines, creating a cost advantage compared to using iron ore lumps and leading to a quicker payback. Even as a majority of steel manufacturers focused on core business investments, we extended to the generation of power through renewable means, which will ensure the provision of annuity revenues on the one hand and negligible variable costs on the other.

Outlook

In 2013-14, growth of the Indian economy is expected to stay at the same of level as in the previous year and is expected to improve only from 2014-15 onwards. Correspondingly, steel demand in India is expected to grow from a sluggish 5.5% in 2012-13 to 7% in 2013-14.

At GPIL, we are attractively placed to capitalise on the sectoral rebound. The financial year of 2013-14 will be a landmark year for the Company as 100% of the projected gross block has already been commissioned. Following the completion of the capex in 2013-14, the Company expects to focus on business consolidation, profit generation and debt repayment, leading to an enhanced corporate value.

The balanced interplay of volume and value represents the core of the Company's strategy. We expect to increase volumes and margins through the expansion of pellet capacity from 12 lac TPA in 2012-13 to 24 lac TPA in 2013-14

Interestingly, a growing throughput of pellets will not only increase revenues but also widen margins. Prevailing economics indicate an attractive value-addition related to pellet manufacture; besides, the Company's margins are expected to ride the 50 MW solar plant in Rajasthan, marked by high EBIDTA margins coupled with cost reduction strategies, which, once implemented, are expected to result in a further improvement in margins.

It is this interplay of volume and value that we expect will translate into enhanced value for our stakeholders.

Growing stronger together

We believe in sustained growth and growing stronger together, taking care of all our stakeholders. We, at GPIL have a philosophy of serving society through industry and living in harmony with nature. Our investments in clean energy businesses are a reflection of this philosophy. In addition, initiatives in the realms of education, healthcare, drinking water projects and sports, among others, have been undertaken for the betterment of society and minimising the impact of our activities on the environment.

We are optimistic, confident and committed about contributing to India's long-term growth story. We are also confident that our business strategies will help generate superior returns for our stakeholders.

Outlook

Finally, I wish to thank all our stakeholders and business associates for their continuous support. We cherish the trust you have reposed in the Company and our endeavour will always be in making our growth profitable and sustainable.

Regards,

B.L. Agrawal
Managing Director

OUR BUSINESS MODEL

GODAWARI POWER AND ISPAT LIMITED WAS CREATED AROUND THE VISION OF CREATING A PROFITABLE STEEL INDUSTRY MODEL THROUGH CONTRARIAN ACTION.

At Godawari Power and Ispat Limited, while it was true that a growing sectoral presence would require a sizeable investment, we felt that taking the alternative steelmaking route early, which required comparatively lower investments to start and grow operations, had onward implications related to sustainability.

The growth of the Company – in terms of profits, capacities and revenues – underlines this very point. If the Company has grown through good years and bad, then it is entirely the result of an ability to conceive and implement unconventional strategies. This strategic differentiation has helped enhance value for all stakeholders over the last few years, a trend that is expected to sustain across the foreseeable future.

Sustainable growth

GPIL has built its business around long-term sustainability, reflected in an ability to maximise profits (not necessarily revenues) during industry upticks and report the lowest profit decline during industry downturns. This strategy is showcased in our numbers: in a challenging 2008-09, GPIL reported a cash profit of ₹89.93 crore and an EBIDTA margin of 12.20%. During 2012-13 another challenging year, GPIL finished the year with a cash profit of ₹219.73 crore and an EBIDTA margin of 14.67%. The ability to plough its surplus into the Company's growth enabled GPIL to strengthen its fundamentals.

Integration

GPIL has selected to invest in backward and forward integration, creating an inter-dependent ecosystem that provides a large part of its raw material universe from within. The result is that a large part of the Company's throughput of iron ore, pellets, sponge iron, billets and power is consumed within. This represents the foundation around which the Company's core profitability is built.

Investments

At a time when most steel manufacturers in India were investing in downstream capacity expansion, GPIL selected to invest across upstream resources and raw materials. The Company was convinced that a significant increase in global steel production capacity in the preceding decade had already started strengthening raw material prices into an unprecedented and long-term bullish market. This Company's strategy resulted in cost reduction, revenue growth and enhanced profitability even during challenging sectoral tenures.



Green business

GPIL is an environmentally responsible manufacturer focused on making proactive investments across equipment, people and processes with the objective to maximise the use of byproducts that could be environmentally hazardous or graduate to the use of cleaner technologies. This is reflected via four initiatives: the decision to generate power from waste gases emitted by its sponge iron plant, the decision to pelletise iron ore fines, the decision to invest in biomass power and the decision to invest in a 50MW solar thermal power plant. Besides, the Company proactively invested in clean technologies with the objective to minimise effluents and emissions and generate revenues.

Sustainable income

The Company embarked on a landmark decision to divest in a 50 MW solar thermal power facility. The project was recently commissioned in 2013-14. Besides being environment-friendly, solar power plants only require maintenance following the commencement of operations, resulting in a progressively rising profitability. GPIL's long- term fixed price power purchase agreement for 25 years provides the Company with an attractive revenue visibility.

Project management

GPIL has progressively created a project management team of increasing influence. The Company's project management competence is reflected via two recent developments:

- The Company's 1.2 mn TPA pelletisation plant was recently commissioned nine months ahead of schedule.
- The Company's ability to commission a 50 MW solar plant within 28 months of the scheduled timeline, when all other six projects under Jawaharlal Nehru Solar Mission Scheme were delayed by more than six months.

Dual revenue approach

GPIL has a dual revenue approach – captive consumption and merchant sale. One helps save cost and the other helps generate revenue. This balance makes it possible to utilise the latent profits arising out of captive consumption to reinforce its marketplace competitiveness.

OUR COMPETITIVE ADVANTAGE

The Company is present across the value chain of the steel industry, which commences from iron ore at one and extends to HB wires at the other. Besides, within the energy value chain, the Company has extended its portfolio from waste heat recovery to biomass to solar energy generation.

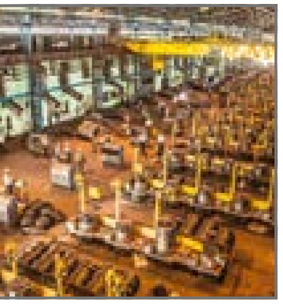
01 VALUE CHAIN

The Company is one of the most competitive manufacturers of intermediate and end products within the steel sector, leveraging the benefits of scale, integration and operational efficiency. The Company's employee cost, for instance, is 3% of revenues against a global benchmark that is considerably higher, translating into correspondingly high per-person productivity.

02 COMPETITIVE STRENGTH

The Company was among the first in India to commission an iron ore pelletisation plant, followed by two plants with an installed capacity of 24 lac tonnes (including 12 lacs commissioned recently) per annum. The result is that the Company is not only among the largest pellet producers in India today but also one of the most competitive.

03 SCALE



Prudent project management enables the Company to keep capital costs under control, translating into a lower overall outlay and a correspondingly lower use of debt and interest outflow compared to similar plants.

04 LOW CAPITAL INVESTMENT

The Company also recently commissioned the 1.2 MTPA pelletisation plant against a targeted timeline of April 2014

The Company enjoys a locational advantage. The Company's plant is located within a radius of 200 km from iron ore and coal sources. The Company markets a majority of its pellets, sponge iron, steel and wires within 150 km of its manufacturing units.

05 LOCATION

The Company has an in-house project management team that undertakes EPC projects with the support of sub-contractors. This has helped the Company set up projects within stipulated time and costs. The entire steel and captive power generation capacities were set up by the project management team, including the recently-commissioned pellet plant. The team also helped commission a 50 MW solar plant executed by its EPC contractors in just 30 months from signing the PPA, the only project commissioned out of seven projects awarded by the MNRE. The Company also recently commissioned the 1.2 MTPA pelletisation plant against a targeted timeline of April 2014, nine months ahead of schedule.

06 PROJECT MANAGEMENT

The Company made significant investments in the realm of green energy – 53 MW through waste heat recovery, 20 MW through biomass and 50 MW through a solar power plant. The objective of the first two is the prospect of generating revenue through carbon credits/ renewable energy certificates (RECs). The waste heat recovery system in the sponge iron kiln was among the first in India to be enlisted for CDM projects. The 20 MW biomass power project was registered for the entitlement of RECs. Similarly, the 50 MW solar power plant was registered for being eligible to receive carbon credits.

07 GREEN ENERGY

BOARD OF DIRECTORS

Sitting Left to Right - Mr. Shashi Kumar, Mr. B. Choudhuri, Mr. B.L. Agrawal, Mr. B. N. Ojha
Standing Left to Right - Mr. Vinod Pillai, Mr. Dinesh Gandhi, Mr. Abhishek Agrawal, Mr. Dinesh Agrawal, Mr. Siddharth Agrawal, Mr. Harishankar Khandelwal

DIRECTORS' REPORT

To the members

Your Directors have pleasure in presenting the 14th 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 2013.

Financial Results

₹ in Crore

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Gross Sales	2160.02	1919.53	2685.34	2290.88
Less: Excise duty & taxes	248.39	187.97	328.63	230.45
Net Sales Turnover	1911.63	1731.56	2356.71	2060.43
Other Income	9.70	3.04	14.78	11.33
Total Revenue	1921.33	1734.60	2371.49	2071.76
Profit before Interest, Depreciation, Tax and Amortisation (EBIDTA)	250.63	237.75	345.71	293.10
Finance Costs	92.39	86.85	121.06	115.83
Depreciation and amortisation expenses	52.27	51.07	70.92	67.67
Profit Before Taxation (PBT)	105.97	99.83	153.73	109.60
Taxation (including Deferred Tax)	(18.17)	20.89	(4.56)	22.02
Profit after Taxation (PAT)	124.14	78.95	158.29	87.58
Less: Minority Interest	–	–	9.48	3.31
Profit brought forward from previous year	300.71	266.67	318.16	283.84
Less: Adjustment of deferred tax as per transitional provision	52.93	–	52.93	–
Amount Available for Appropriations	371.92	345.62	414.04	368.11
Appropriations				
Proposed Dividend on Equity Shares	8.19	7.94	8.19	7.94
Corporate Dividend Tax	1.29	1.29	1.39	1.38
Transfer to General Reserves	15.00	14.92	16.50	16.42
Transfer to Debenture Redemption Reserve	30.66	20.75	30.66	20.75
Reversal of share of profit of associate on account of non consolidation	–	–	–	3.46
Total	55.14	44.90	56.74	49.95
Net Surplus	316.78	300.72	357.30	318.16

Review of Performance

The financial year 2012-13 was a yet another challenging year due to slow down in Indian economy and industrial production and infrastructure growth on account of high inflation, political scenario and ongoing European debt crises. Despite these constraints and the challenging environment, your Company has performed reasonably well and achieved all round growth in its operations and profitability. The highlights of the financial performance are as under:

Standalone Operations:

- Gross sales revenue increased by 12.53% to ₹2,160.02 crore from ₹1,919.53 crore recorded in previous year and crossed ₹2000 crore mark.
- PBT increased to ₹105.97 crore from ₹99.83 crore and PAT increased from ₹124.14 crore to ₹78.95 crore.

Consolidated Operations:

- Gross sales revenue increased by 17.22% to ₹2685.34 crore from ₹2290.88 crore recorded in previous year and crossed ₹2500 crore mark.
- EBIDTA margins decreased by 1.54% to ₹345.71 crore from ₹306.96 crore during previous year.
- PBT increased to ₹153.73 crore from ₹109.60 crore and PAT increased from ₹158.29 crore to ₹87.58 crore.

During the year under review your Company has recorded overall volume growth in production of across the divisions, except sponge iron, due to constant efforts made by the Company to improve operating efficiency, which has resulted into increase in gross sales revenue. The operating margins remained flat due to increase in input cost on standalone basis. The operating margins on consolidated basis however, improved due to higher volumes & improvement in operations in Iron ore Pelletisation plant of subsidiary Company in Orissa. Your Company is making constant efforts to improve operating efficiency. 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 the 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 ₹9.48 crore (previous year ₹9.23 crore). 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. 20.09.2013, fixed for payment of dividend.

Expansion/New Projects

Pellet Plant:

The expansion project for setting up pellet plant with an installed capacity of 1.2 MTPA is progressing ahead of schedule, and the project is expected to be commissioned in Q2FY13. The Company has incurred a cost of ₹343.30 crore in implementation of project till 31st March, 2013, which has been partially funded by debt of USD 60 million and balance amount from internal accruals. 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 Village: Noukh, Dist: Jaiselmer, Rajasthan at a cost of ₹795 crore under Jawaharlal Nehru 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 has been funded through debt equity ratio of 72:28. The project has been fully implemented and expected to be commissioned shortly and start commercial operation. The investment in the project has been almost completed. The subsidiary Company has raised a debt of ₹ 569 crore from Banks for part funding of the project and your Company has contributed equity funding of the project by subscribing to the equity capital of SPV by ₹121 crore and additional contribution of ₹49 crore by way of subscribing to 9% Optionally Convertible Cumulative Preference Shares (OCCPS) and the balance equity of ₹56 crore has been raised by private placement of 9% OCCPS to a Strategic Investor. Each preference share shall be convertible into equity share of ₹ 10/- each at a premium of ₹90/- per share. The OCCPS shall be convertible into equity shares of SPV any time after one year from the date of COD at the discretion of investor.

Finance

During the year, your Company has raised funds of ₹175 crore by way of Term Loans to augment the funds requirement for normal capital expenditure and long term working capital requirement. Your Company has further refinanced high cost debt of ₹60 crore. Your Company is continuously making efforts to bring down the cost of funding. The Company has been able maintain a comfortable long term debt equity ratio of 1:0.99 (previous year 1:0.65) as on 31st March, 2013, on standalone basis. Your Company is further looking to refinance the high cost debt during the current year including the debt in subsidiary Company to bring down cost of funding.

Issue of Share Warrants

Pursuant to the approval of the shareholders in the Extra ordinary General Meeting held on 25th June, 2012, your Company has issued 50,00,000 Equity Share warrants on preferential basis to M/s Hira Infra-Tek Limited (HITL), a promoter group Company, at a price of ₹130/- per share u/s 81(1A) of the Companies Act, 1956. Each warrant is convertible into one equity share of ₹10/- each within a period of 18 months from the date of allotment.

During the year under review, HITL has exercised the right for conversion of 10,00,000 warrants into 10,00,000 equity shares of ₹10/- each and the Company has allotted the same to HITL. The funds raised from the allotment of aforesaid warrants are being utilised for ongoing capital expenditure of the Company and its Subsidiary Companies.

Alteration in Articles of Association of the Company

The shareholders of the Company at its Extra ordinary General Meeting held on 25th June, 2012, have approved the proposal for alteration in Articles of Association of the Company to empower the Board of Directors / Company to:

- Serve the notices, reports, documents and other communication to shareholders in electronic mode.
- Obtain postal ballots through electronic mode.
- Participate in General Meeting(s) by the members through video conferencing and
- Participate in Board Meetings by the Directors through video conferencing.

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

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 fulfilment 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 for setting up railway siding respectively for captive use. The accounts of RICL (JV Company) has been consolidated. CCCML is still in the project stage and awaiting approval of Ministry of Environment & Forest (MoEF) for commencement of coal mining at captive coal mine allotted by Ministry of Coal, Govt. of India. Your Company has so far invested a sum of

₹5.94 crore towards development of coal block in CCCML.

Foreign exchange earnings and outgo

During the year under review your Company has used foreign currency of ₹219.67 crore (previous year ₹76.55 crore) towards import of capital goods, raw materials, components and traveling expenses etc. The Company has earned ₹2.89 crore (previous year ₹3.11 crore) 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

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Biswajit Choudhuri, Shri Shashi Kumar and Shri B. N. Ojha, 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 judgment 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 2012-13 and hence does not require any clarification.

Cost Audit

The Central Government has approved the appointment of the M/s Sanat Joshi & Associates as cost auditors for conducting Cost Audit for the financial year 2012-13 for Steel Division of the Company. The due date for filing the Cost Audit Report for the financial year ended 31st March, 2013 is 30th September, 2013.

Acknowledgements

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
Date: 28th May, 2013

Chairman

ANNEXURE-"A" TO THE DIRECTORS' 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 (A):-

1. Improvement in Process Monitoring, and Optimisation of Process Parameters by reduction in C/Fe and specific Air.
2. No. of modifications (8 nos of D.P. valves and Sealing etc.) done for elimination of spillage and wastages.
3. Modification of AFBC-2 Ash handling system done in Phase#1 Power Plant Division.
4. Installation of VFD drives done for CEP of TG-4 in Phase#1 Power Plant Division.
5. Modification of WHRB-3 Ash Handling System.
6. Modification of WHRB-4 Ash Handling System.
7. Replacement of Existing blades of CT fans No-9 to 12 by Energy Efficient Blades.
8. Reduction of SIO2/ Mn in charge input from 1.1to 0.95
9. Replacing the lining of furnace from Silica ramming mass with Neutral Ramming Mass.
10. Replacing usage of High Alumina bricks & HR plate with Ramming Mass with M.S Plate for Laddle.

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

1. Installation of 8 Nos. of DP valves for four kilns with investment of ₹37,00,000.
2. An investment of ₹41,00,000 made on Point No 3 to 7 of (A).
3. Investment made on Neutral Ramming Mass is @ ₹ 260 Mt of Billet Produced.

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:

1. Coal Consumption reduced from 1.67 to 1.35 (24% Reduction).
2. Yield Increased by 5-7% and Productivity Increased by 20%.
3. Compressors energy consumption reduced by 20KW (120KW to 100KW) for Point (A) 3.
4. Energy consumption reduced by 28KW (73KW to 45KW) for Point 4(A).
5. Compressors energy consumption reduced by 18KW (120KW to 102KW) for Point (A) 5.
6. Compressors energy consumption reduced by 18KW (120KW to 102KW) for point (A) 6.
7. CT Fan Energy consumption reduced by 3 Kw (From 30 Kw to 27 Kw) for Point (A) 7.
8. Power consumption reduced by 3-4% which is around 150 units per ton Produced. For point (A) 8.
9. A. Power consumption reduced by 30 unit/ ton.
   B. liquid Steel of metal savings 10 units/ ton.
   C. Productivity increased by 10%.
   D. Life of Furnace increased. For Point (A) 9.
10. Reduction in furnace oil Consumption 2lit/ton with a savings of ₹43 per ton. For Point (A) 10.

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	2012-13	2011-12
Electricity		
1. Purchased		
Total units Consumed (No. of units (KWA) in Lakh)	0.00	0.00
Amount (₹ in crore)	0.00	0.00
Average Rate Per Unit (₹)	**0.00**	**0.00**
2. Own Generation of Electricity	33.30	30.42
Coal and Coke		
Quantity (M.T.) in lakh	5.66	6.95
Total Cost (₹ in crore)	192.77	258.62
Average Rate Per M.T. (₹)	**3406.00**	**3719.00**

II Consumption per unit of production

Particulars	2012-13	2011-12
Electricity		
1. Sponge Iron		
Production (MT)	293887	343227
Consumption Units	26424500	27647000
Average Consumption Per MT	**90**	**81**
2. Steel Billets		
Production (MT)	185021	166783
Consumption Units	179263400	156633900
Average Consumption Per Unit	**969**	**939**
3. Iron Ore Pellets		
Production (Nos)	619620	623750
Consumption	2785910	28578700
Average Consumption Per Unit	**45**	**46**
4. H.B.Wires		
Production (Nos)	80750	63984
Consumption Units	6914460	5161929
Average consumption per unit	**86**	**89**
5. Power		
Generation (Units)	397877950	384287280
Consumption (Units)	43642660	43213080
Average Consumption Per Unit	**0.11**	**0.11**
Coal and Coke		
1. Sponge Iron		
Production (MT)	**293887**	**243227**
Consumption (MT)	**510113**	**526471**
Average Consumption per MT	1.74	1.53
2. Power		
Production (Units)	397877950	384287280
Consumption (MT)	82652.840	61805.610
Average Consumption Per Unit	**0.21KG**	**0.16 KG**

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
Date: 28th May, 2013

Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Global economy

Global gross domestic product (GDP) grew 3.2% in 2012 against 3.9% in 2011 largely owing to continuation of the eurozone slowdown. The key impediments were the prolonged eurozone turmoil, instability in the US economy, disruption of global oil supplies and slow investments in emerging markets. Economic conditions improved in the third quarter of 2012, primarily due to acceleration in emerging market economies and in the US *(Source: IMF)*.

Outlook for 2013: On the brighter side of things, global growth is projected to increase during 2013 as factors decelerating global commerce are expected to decline. However, this upturn is projected to be more deliberate and time-consuming. Overall, it is estimated that the global economy could grow at 3.1% in 2013 *(Source: IMF)*.

Global GDP growth (%)

	2011	2012	2013 (p)
World	3.9	3.1	3.1
Advanced economies	1.7	1.2	1.2
United States	1.8	2.2	1.7
Euro area	1.5	(0.6)	(0.6)
Japan	(0.6)	1.9	2.0
Developing and emerging economies	6.2	4.9	5.0
Brazil	2.7	0.9	2.5
Russia	4.3	3.4	2.5
India	6.3	3.2	5.6
China	9.3	7.8	7.8

[Source: IMF, July 2013]

Indian economy

India's economic growth decelerated for the second year in succession, declining from 6.2% in 2011-12 to 5% in 2012-13, the slowest growth in a decade. In turn, the subdued performance of the services sector was largely due to a slowdown in the global economy. India's industrial output declined 1%, led mainly by a sharp contraction in the manufacturing, mining and capital goods sectors (proxies for investment activity). The issues constraining industrial production growth were low investment on account of high interest rates, depreciating rupee, inflation and policy slowdown. CRISIL estimates that the Indian economy could grow 6.7% in 2013-14 due to a consumption revival catalysed by an acceleration in the agricultural sector (predicated on a normal monsoon), lower interest rates and higher governmental spending.

Steel industry

Compared to the global average per capita consumption of 200 kg, India's per capita consumption of steel is still a mere 59 kg, constrained by the lack of infrastructure development, high cost of power and non-availability of coke. During FY 2012-13, India's steel sector recorded a growth of around 5.86% aggregating to a total production of around 78.12 million tonnes. India was the world's fourth largest crude steel producer after China, Japan, and the US.

GODAWARI POWER & ISPAT LIMITED

Challenges

Over the last few years, the Indian steel sector has been affected by the following:

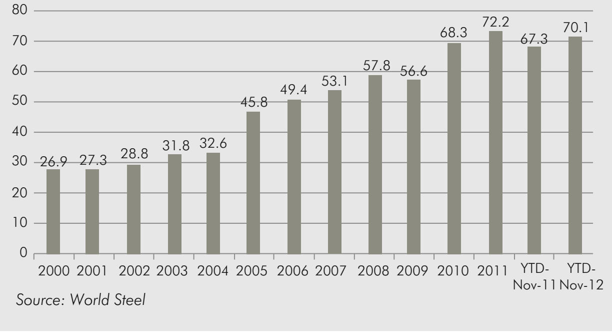
- **Un-remunerative prices:** Indian steel markets have recently been affected by stagnating demand, domestic oversupply and declining realisations.
- **Endemic deficiencies:** The high ash content of indigenous coking and non-coking coal has adversely affected iron-making efficiency, resulting an increase in imports. The result is that the advantage of a high Fe-content in indigenous ore is often neutralised by a high basic index. Besides, certain key ingredients - nickel and ferro-molybdenum – are indigenously unavailable.
- **Systemic deficiencies:** Systemic deficiencies result in high capital costs with a 700-1,000 bps difference when compared with the costs incurred in developed countries. The advantage of cheap Indian labour is offset by low labour productivity. A high administered cost of essential inputs (electricity) puts the Indian steel industry at a disadvantage since about 45% of the input costs can be attributed to the administered costs of coal, fuel and electricity.

A slowdown in investment activity resulting in a lower demand for steel products, impacting the cash-flow and profitability of steel manufacturing companies.

Opportunities

The Indian steel market is expected to grow at 7% in 2013-14 compared to 5.5% in 2012-13, backed by policy initiates taken by the government in the recent past and riding the current economic growth and infrastructural investments. India's steel production is expected to increase from 75 million tonnes to 200 million tonnes by 2020. The biggest opportunity before the Indian steel sector lies in the enormous scope for increasing nationwide consumption.

India's Crude Steel Production (million tonnes)



Source: World Steel

- **Resources:** India is a treasure trove of rich mineral resources (iron ore, coal and other resources). It has the fourth largest iron ore reserves (10.3 billion tonnes) after Russia, Brazil, and Australia. It has the third largest pool of technical manpower, next to the United States and the erstwhile USSR. The result is that steel in India can be produced at a low unit labour cost without compromising on quality.
- **Unexplored market:** India's rural sector is fairly under-consumed from a steel perspective. The cost-effective use of steel is finds applications in housing, fencing, structures and other possible applications, substituting conventional materials and in forest conservation.
- **Other sectors:** A considerable potential exists for enhancing steel consumption in the automobile, packaging, engineering, irrigation, and water supply sectors through improved quality (use of less material by reducing weight and thickness).

Indian power sector

India has the fifth largest power generation capacity in the world (installed capacity 192,793 MW) *(Source: The Economic Times)*. Yet, the country suffers from a considerable power shortage. India's leading public sector companies comprise National Thermal Power Corporation (NTPC), Damodar Valley Corporation (DVC) and the National Hydroelectric Power Corporation (NHPC), while major private sector companies comprise Tata Power, Adani Power, Reliance Energy Limited and JSW Energy.

Prospecting Indian industry through SCOT analysis

Strengths

- Low manpower cost
- Abundance of raw materials
- Policies for long-term linkages for raw material supply
- Option for getting project linked captive iron ore, coal mines
- Large economy and population driving steel demand

Challenges

- Overall production efficiency is low
- Inadequate infrastructure support
- Lacking in coking coal reserve and most of iron ore reserves consists of iron ore fines
- Latest technological input and research and development activity is low

Opportunities

- Growing and untapped rural market
- Infrastructure and manufacturing activity growth too drive steel demand
- Per capita steel demand to grow, which at present is one fourth of the global average
- Low present export volume; so potential for growth via exports is considerable
- Option for investments and stake acquisitions

Threat

- Delays in approvals and regulatory clearances
- Land acquisition and rehabilitation issues
- Competition from large number of small steel producers
- Threat from cheap import and dumping
- Lack of capital for projects and high interest on loans

India suffers from aggregate technical and commercial (AT&C) losses of about 30%. In India, power is mainly generated from thermal and nuclear fuels, hydro energy and renewable sources (see in table). Hence, it is essential for the government to work proactively to increase the sector's generation capacity and address supply shortages and distribution losses in a sustainable manner. Capacity addition is expected to increase following an inflow of foreign direct investments, allowed up to 100% through the automatic route in all segments of the country's power sector (except nuclear). The Government allowed FDI in power exchanges up to 26% and foreign institutional investments up to 23%.

India witnessed a total capacity addition of approximately 54,000 MW during the Eleventh Five Year Plan (47% by the Central Government, 34% by State Governments and 19% from the private sector, according to the India Energy Congress Report).

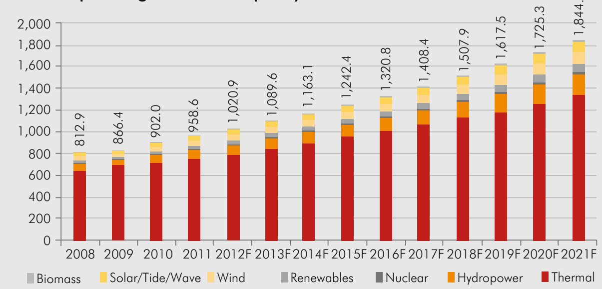
Consequently, over the past decade, the sector attracted about USD 4.6 billion investment of which USD 1.6 billion came in FY12 alone *(Source: Overseas India facilitation Centre – Power in India)*. The power sector is expected to receive investments of about USD 300 billion on the back of large expansion plans over the next few years *(Source: Ministry of Power)*.

Eleventh Five Year Plan

During the Eleventh Five Year Plan, approximately 53,922 MW (more than two-and-a half times that in the Tenth Five Year Plan) of generation capacity was added. Of this, close to 19,500 MW was added in FY12 alone *(Source: Indian Power Sector)*. The key achievements of the Eleventh Five Year Plan comprised the following:

- Approximately 13,800 MW of capacity was added till the end of FY12 in the country's generation sector. In the private

India's power generation capacity over 2008-21F



Source: Business monitor international, India power report sector, 16,407 MW was incorporated in FY13, leading the charge with a 125% higher capacity addition over the target of 7,250 MW *(Source: Ministry of Power)*

- By the end of the Eleventh Five Year Plan, over 100,000 villages received electric power and close to 20 million households below the poverty line were provided free electricity.

- Capacity addition of 6,080 MW was sanctioned through nine super critical technology units with over 24,000 MW to be added in a similar manner in the Twelfth Five Year Plan

- A National Electricity Fund (NEF) was constituted, which subsidised the interest to be paid on loans taken by State Electricity Boards (SEBs), to hedge distribution losses

Approximately 60% of the total capacity addition in the Twelfth Five Year Plan is expected to use super critical technology for electricity production.

There is a greater national focus on cleaner forms of generation (renewable, hydro or nuclear sources). The Government is developing efficient and environment-friendly supercritical technology in thermal electricity supply. Companies are being encouraged to adopt the Renewable Purchase Obligation (RPO) scheme, which ensures that they obtain a specified portion of their total energy consumption from renewable resources.

Key challenges

Shortage of fuel: Most power plants in India use coal or natural gas as fuel. With both these sources fast depleting, a shortage of 238 billion MT of coal per annum by FY17 is forecast by the Working Committee on Power. Even though the deficit of natural gas reduced by 25% over the past decade to 20% over FY11, a shortage still exists *(Source: PwC)*. For this, the government plans to allot 40 billion MT of coal reserves through a bidding process, deregulate the power sector and import natural gas from Bangladesh, which possesses surplus coal reserves *(Source: PwC)*.

Competitive bidding risks: Bids are being invited from private investors, which will lead to increasing price competition and risks related to quoting tariffs for 25 years (35 years for power transmission companies).

Environmental and land clearances: Of all the challenges impeding the growth of the power sector in India, land

Jawaharlal Nehru National Solar Mission

The launch of Jawaharlal Nehru National Solar Mission (JNNSM) deepened interest in the Indian solar sector. The Mission set an ambitious target to deploy 20,000 MW of grid-connected solar power by 2022, aimed at reducing the cost of solar power generation in India through a long-term policy, large deployment goals, aggressive R&D and the domestic production of critical raw materials, components and products with the objective to achieve grid tariff parity by 2022. The Mission's proposed policy framework is expected to make India a global solar energy leader.

acquisition and environmental clearances are the most critical. In order to get clearances, a large number of government bodies need to be contacted, including the Ministry of Environment and Forests, Ministry of Aviation, Department of Forests and other government institutions with corresponding apprehensions regarding rehabilitation, afforestation and regulatory delays. In the absence of land acquisition regulation and policy support, the acquisition of large parcel of land for industrial use has become difficult and many projects have had to be put on hold.

Declining financial health: Despite discounts of up to 2% on immediate payments and 1% on payments made within one month, eight State Electricity Boards (SEBs) had stopped making payments to NTPC in 2011. The losses of distribution utilities in India were pegged at ₹75,000 crore (USD 13.9 billion) in 2011 and expected to rise to ₹1.16 trillion (USD 21.4 billion) by 2014-15 *(Source: Livemint)*.

Outlook

According to the Planning Commission, the power sector needs to grow at 8.1% per annum for India to attain an ambitious economic growth target of 9%. Total investments for the Indian power sector, as projected by the Working Group on Power for the Twelfth Five Year Plan, was ₹13,72,580 crore (USD 253.6 billion).The government is scaling generation capacity through reforms. It has proposed a deduction of 100% on the profits of power sector undertakings set up in the next one year up to 10 years *(Source: Union Budget 2012-13)*. Measures like credit enhancement schemes and infrastructure debt funds are being adopted by the government to raise funds. Commercial banks, public financial institutions, infrastructure/ power finance institutions, international investments, bilateral credit and equity markets are expected to be some of the major power project financiers in India.

Renewable energy is fast emerging as a major power source. Wind energy is the largest source of renewable energy in India; it accounts for an estimated 87% of total installed capacity in renewable energy. The country aims to increase the importance of wind power further; there are plans to double wind power generation capacity to 20 GW by 2022. Solar energy accounts for 1% of total renewable energy installed capacity. However, the share is not indicative of the country's true potential, which stands at an estimated 5,000 TWh per annum. *(Source: Indian Brand Equity Foundation, February, 2013)*.

Analysis and discussions on our financial performance

Review of operating performance – standalone

Production and sales

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

Production

Products/ Division	Production in FY2013 (In MT)	Production in FY2012 (In MT)	Year on year growth
Iron ore mining	693,612	349,321	49.7 %
Iron ore pellets	619,620	623,750	-0.6 %
Sponge iron	293,887	343,227	-16.8 %
Steel billets	185,021	166,783	9.9 %
MS rounds	82,988	74,248	10.5 %
HB wire	94,668	81,086	14.3 %
Ferro alloys	9,434	799	15.2 %
Power (Units in crore)	40.50	38.43	5.1%

The iron ore mining operations of the Company substantially improved during the year under review due to a stabilisation of operations at our mines and optimum utilisation of resources. The operations in other divisions also improved with overall increase in production volumes, , except for the sponge iron division. The sponge iron division suffered on account of a planned shutdown of the plant for carrying out modifications in the plant for efficiency and productivity improvement. Prices of sponge iron declined considerably during the second half of the year and the Company utilised the opportunity to shut down a few kilns for undertaking major modifications required in kilns to improve the efficiency and reduce costs, the results of which would be seen in the coming years. This however resulted in lower production volumes in the sponge iron plant. The operating performance in all other divisions improved during the last fiscal.

i) Review of financial performance- standalone

Net sales/income from operations:

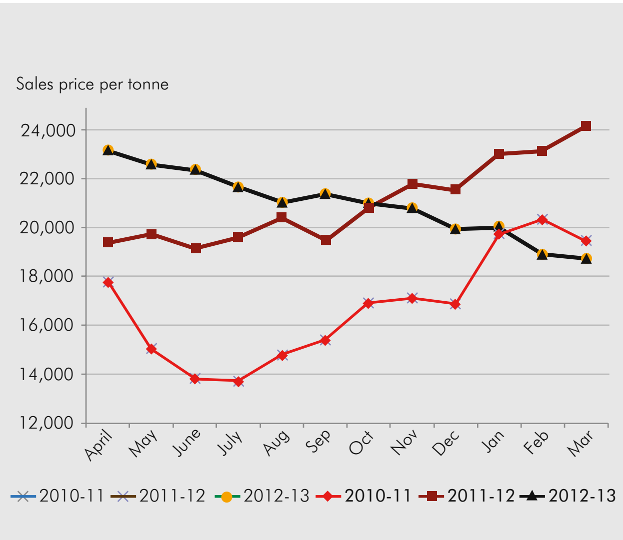
Product	FY 2013			FY 2012		
	Sales (MTs) quantity	Net sales (₹ in crore)	Per tonne sales realisation	Sales (MTs) quantity	Net sales (₹ in crore)	Per tonne sale realisation
Iron ore pellets	305,447	276.81	9,062	231,593	206.40	8,912
Sponge iron	138,229	287.11	20,771	168,584	350.69	20,802
Steel billets	184,646	587.84	31,836	166,825	532.95	31,947
MS rounds	68,947	243.08	35,256	58,286	198.45	34,048
HB wire	93,254	358.01	38,391	81,533	304.58	37,357
Ferro alloys	9,246	49.34	53,365	6,725	34.03	50,602
Power (Units crore)	7.23	20.56	2.68	8.57	22.73	2.65
Others		88.88			27.67	
Total		1,911.63			1,731.50	

In fiscal 2013, your Company recorded a net revenue of ₹1,911.63 crore against ₹1,731.50 crore during the previous year, registering a growth of 9.42% on year on year basis. The increase in net revenues was primarily on account of the increased sale of pellets and HB wires.

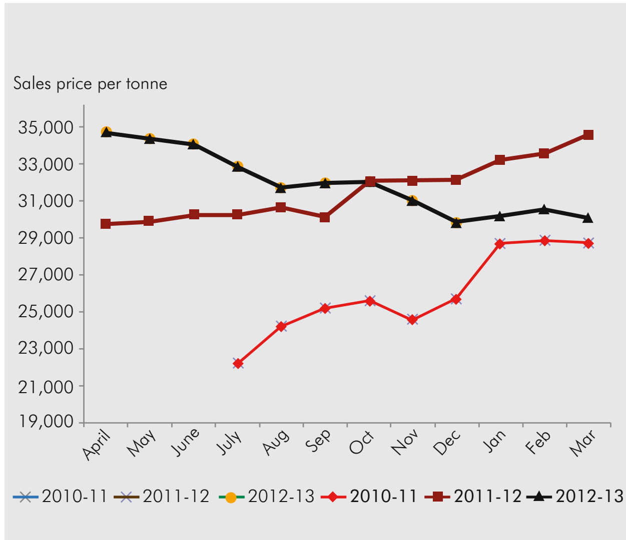
Sales realisation

Given the demand and supply scenario for steel in India, sales realisation per tonne of steel declined on quarter on quarter basis. The chart given below clearly demonstrates the falling trend in the prices of sponge iron and steel billets.

Monthly sales realisation trend for sponge iron



Monthly sales realisation trend for sponge iron



Overall, the average realisations across products remained in line with last year.

ii) Raw material consumption

The item-wise details of raw material consumption are given below:

Product	FY 2013			FY 2012		
	QTY	Rate per tonne	Amount (₹ crore)	QTY	Rate per tonne	Amount (₹ crore)
Iron ore and fines	908,367	2,897	263.17	907,481	3,489	316.58
Coal	566,033	3,406	192.77	695,435	3,719	258.62
Pig iron /Scrap	41,830	25,765	107.77	35,222	25,710	90.56
MS round	82,323	35,330	290.85	65,091	34,755	226.22
Manganese ore	26,988	5,845	15.77	20,873	4,727	9.87
Steel billets*	102,408	30,547	312.83	87,018	30,274	263.44
Rice husk	171,351	2,668	45.72	153,886	2,404	37.00
Others			77.67			29.11
Total			1,306.55			1,231.40

Consumed in rolling division.

Iron ore and fines: Iron ore mining during the year has substantially increased, due to which Company procured a lower quantity of iron ore and iron ore fines from the market. This resulted in a lower per tonne cost of iron ore and fines in the current year. The Company aims to increase the volume of production in the captive mines in the coming years in order to reduce its dependence on the market purchases.

Coal: There are different types and grades of coal used in the Company i.e. imported coal, steam coal, ROM coal and washed coal. During FY13, the Company strategically used a higher quantity of ROM coal which was available at a lower cost compared to washed coal which was used in FY12. International prices of imported coal have also reduced during the year, resulting in lower costs of coal in FY13 as compared to FY12.

The Company's captive coal mine, allotted as a result of being part of the consortium with other companies, is yet to receive an approval on environmental grounds and therefore the operations could not be started. The Company would need about six to nine months for starting the operations in the coal mines after receipt of the required environment approval.

Pig iron/Scrap: During the year, the production of steel billets increased by 9.8%, resulting in a higher consumption of pig iron and scrap.

MS round and manganese ore: Consequent to an increase in the production of HB wires and ferro alloys, consumption of both MS rounds and manganese ore were higher in FY13.

Rice husk: In FY13, power generation from biomass-based power unit (20 MW) was higher, which resulted in a higher consumption of rice husk.

iii) Operating and other expenses

The Company's operating and other expenses increased to ₹277.73 crore as against ₹244.65 crore due to an increase in the cost of stores and consumables, fuel and other expenses. Details of operating and other expenses are as follows:

a) Consumption of stores and spares and power and fuel increased in FY13, owing to an increase in the production of all products except sponge iron. The cost of power and fuel also substantially increased due to an increase in prices of furnace oil. Similarly, other manufacturing expenses also increased substantially in view of higher volumes in steel billets and rolling mills.

b) During the year, the Company has spent ₹4.57 crore (about 5% of net profits) in Corporate Social Responsibility which initiatives, up from ₹3.18 crore last year, which representing the emphasis laid by the management on social welfare.

iv) Employee cost

The employee cost during the year increased by 15.21% to ₹43.79 crore compared to ₹38.01 crore in the previous year due to the annual increment in salaries and the recruitment of additional employees to meet increased requirements in the pellet plant and mining divisions. The overall employee cost increased marginally to 2.29 % of the sales compared to 2.20% during the previous year.

v) Operating margins (EBIDTA)

Operating margins i.e. earning before interest, depreciation and taxes decreased to 13.11% compared to 14.53 % of net sales during the previous year due to a fall in the realisations in the second half of the year without a corresponding reduction in input cost and higher operating expenses.. Despite a downward trend in sales realisations in FY 13, the Company was able to report a reasonable margin due to an increase in the production of iron ore from captive mines and cost reduction initiatives undertaken by changing the coal mix.

vi) Interest and financial charges

Total expenses towards interest and bank charges decreased from ₹100.71 crore in 2011-12 to ₹92.39 crore in 2012-13. The decrease in finance cost was mainly due to a reduction in the amount of forex loss, which was substantially higher during previous year. There was an increase in working capital interest due to increased utilisation of working capital limits. The overall interest cost was in line with the previous year. The interest on borrowings for ongoing capital expenditure for setting up a 1.20 million TPA pellet plant and other capex capitalised.

vii) Depreciation

Depreciation on fixed assets increased due to a capitalisation of certain projects. The Company applied the straight line method of depreciation as per rates prescribed under the Companies Act, 1956.

viii) Profit before Tax

The Company has achieved a net profit before tax, and extraordinary items, of ₹105.96 crore, which is 5.54% of net sales as against ₹99.83 crore, which was 5.77% of net sales during the previous year.

ix) Provision for taxation

The provision for income tax was made as per provisions of the Income Tax Act. The Company till the financial year 2011-12 did not recognise the deferred tax liability and MAT credit entitlement in the books of accounts, since the major profit was contributed by the power division, the income of which was tax exempted U/S 80I of the Income Tax Act. However, going forward the Company will fall into the normal tax bracket due to an increase in profitability from steel division due to the commissioning of additional pellet capacity and captive iron ore production, as well as a reduction in profitability from the power division due to the completion of exemption period for 28 MW of initial power generation capacity and therefore there would be a requirement to pay normal tax instead of MAT. Hence, unadjusted MAT carried forward from the earlier years will be allowed to be set off against the normal tax liability and therefore the same has been recognised in the books of accounts as per provisions of Accounting Standard 22. This resulted in an overall reduction in tax provision in 2012-13.

x) Appropriation

The Company transferred ₹15 crore (previous year ₹14.92 crore) to the general reserve and ₹30.66 crore (previous year ₹20.75 crore) to the debenture redemption reserve during the year under review.

xi) Provision for dividend and dividend tax

The Board of Directors of the Company recommended a final dividend of 25% (₹2.50 per share) for the year ended March 31, 2013, subject to approval of the shareholders. Further provision for dividend distribution tax of ₹1.29 crore was made. The total outgo of funds on account of dividend payment, including corporate tax on dividend for the year, was ₹9.48 crore.

xii) Fixed assets

(₹ in crore)

Particulars	FY13	FY12	Change	Change %
Gross block	955.74	897.44	58.30	6.50
Less depreciation	264.74	220.38	44.36	20.13
Net block	690.73	677.06	13.67	2.10
Capital WIP and pre-op expenses	412.39	135.92	276.47	203.41
Net fixed assets	1,103.12	812.98	290.14	35.69

The Company, during the year, incurred an additional capital expenditure of ₹275.30 crore for setting up its 1.2 million tonnes per annum iron ore pellet plant.

Implementation status of 1.2 MTPA pellet plant project

During the year, the Company made significant progress in the implementation of 1.2 million tonnes per annum pellet plant. All major equipments, imported and indigenous, reached the plant on time and erection activity continued in full swing. Civil and electrical work of a major part of the plant is completed and the Company expects to commission the pellet plant in Q2 FY14.

xiii) Inventories

The overall value of inventory of raw materials increased to ₹160.92 crore as on March 31, 2013 as compared ₹119.28 crore as on March 31, 2011. The average level of holding of raw material stood at 45 days of consumption as compared to a level of 35 days during the previous year. Increase in coal inventory was due to the import of a large quantity in March 2013. Finished goods inventory reduced mainly due to a reduction in the inventory holding level of pellets, sponge iron and ferro alloys.

xiv) Sundry debtors

The average number debtors outstanding for FY 13 was 18 days of sales outstanding as compared to 20 days in FY 12.

xv) Short-term loans and advances

Loans and advances as on 31st March 2013 stood at ₹242.52 crore, as against ₹62.03 crore on 31st March 12, which was mainly due to advances paid for raw materials, MAT credit entitlement and increased balances with statutory authorities i.e. excise, custom, service tax, royalty and VAT. Details of loans and advances were as follows:

(₹ crore)

Particulars	FY 13	FY 12
Loans and advances to subsidiary companies	22.63	2.00
Advances for RM and others	91.71	29.64
Balance with statutory authorities	80.46	29.80
MAT credit entitlement	46.53	–
Prepaid expenses	1.17	.59
Total	242.52	62.03

xvi) Other current liabilities

Overall current liabilities increased from ₹309.88 crore to ₹215.88 crore mainly due to an increase in trade creditors, LC utilisation and buyer's credit for imported raw materials. Details of current liabilities were as follows:

(₹ crore)

Particulars	FY 13	FY 12
Trade payables including acceptances and buyers credit	176.09	89.81
Advances from customers	3.50	2.29
Creditors for capital goods	2.90	5.43
Current maturities of long-term borrowings	97.88	103.66
Others	29.51	14.69
Total	309.88	215.88

xvii) Secured and unsecured loans

At the end of the year, secured long-term loans totalled ₹707.68 crore, including debentures of ₹205.00 crore, against ₹410.77 crore in FY 2012. The Company repaid the entire unsecured loan amount (previous year ₹36.45 crore) as on the Balance Sheet date. The increase in secured loans was mainly due to funding for the new project i.e. 1.2 MTPA capacity pellet plant via an ECB loan.

xvii) Deferred tax liabilities

The Company during the year recognised the deferred tax liability, which was not being recognised earlier for reasons mentioned in Para ix above.

xviii) Key financial indicators:

The key financial ratios of the Company are given below:

Particulars	FY13	FY12
EBITDA to net sales (%)	13.11	14.53
Profit after tax to sales (%)	6.49	4.56
Earning per share (Basic)	39.05	24.86
Earning per share (Diluted)	36.77	24.86
Net worth per share	214.79	198.02
Current ratio	1.22	1.09
Debt-equity ratio	1.12:1	0.85:1

Consolidated financial statements

Financial performance

The consolidated financial results of the Company included results from the operations of subsidiary companies i.e. Ardent Steels Ltd, Hira Ferro Alloys Ltd, Godawari Green Energy Limited, GISIL and other subsidiaries. The Company achieved net sales of ₹2,356.71 crore during the year under review as compared to ₹2,060.43 crore during the previous year resulting in a growth of 14.38% and EBITDA of ₹345.70 crore as compared to ₹306.95 crore during previous year, resulting in a growth of 12.62% backed by improvement in operations of the subsidiary company M/s Ardent Steel Ltd. The operations of Hira Ferro Alloys Ltd remained subdued due to overall deceleration in demand for ferro alloys in the domestic and the international markets. In line with an increase in operating profit, the consolidated net profit of the Company after minority interest also increased to ₹148.81 crore compared to ₹84.27 crore in the previous year, resulting in a growth of 76.63%.

Financial position

The consolidated debt of the Company during the year increased substantially in view of the debt raised for setting up the 50MW solar thermal power plant by the subsidiary company Godawari Green Energy Ltd in the Jaisalmer district of Rajasthan. The project is in an advanced stage of commissioning and is expected to be commissioned by the end of Q1FY14. The overall consolidated debt-equity ratio of the Company remains at comfortable level at 1.42:1. The Company honoured all its commitments towards the timely payment of interest and debt repayment. The overall consolidated financial position of the Company continued to remain healthy.

Caring for society

GPIL believes that it is imperative to extend beyond the normal course of business and contribute to society.

CSR commitment

The Company's CSR commitment is encapsulated in the following priorities:

- Enhance health-related and educational awareness
- Conduct affairs of our Company in socially beneficial manner
- Understand, support and develop communities and cultures in the vicinity of our plants
- Protect the environment and ensure safety of the people connected with the Company
- Enhance the value of the Company through sustainable and inclusive growth

Education initiatives

- The Company runs two ITIs in Hathbandh and Korba under a PPP scheme with the provision of selective recruitment by the Company following the completion of the vocational training course.

- The Company runs a school (Akansha) for specially-abled students (student strength 60 as on 31st March 2013).
- The Company provided teachers to village schools in the hinterland of its manufacturing premises.
- The Company created a special scholarship programme for meritorious students from underprivileged families.

Health initiatives

- During the year under review, the Company conducted health and eye check-up camps; as well as diabetes and blood donation camps.
- Distributed free medicine in the villages proximate to its manufacturing units and mines.
- Ran a dispensary in the mining area.

Drinking water projects

- Undertook safe drinking water projects for villages near its plants.
- Undertook projects in water harvesting, bore well construction, water tanks and pond deepening.
- Established submersible water pumps, overhead tanks and pipelines in government primary and middle schools in village Parrekodo.

Infrastructure development

- Constructed gates at Akashwani Chowk, Jail Road and Pandri, (Raipur).
- Procured land for the construction of a dharmshala at Dumartarai, Dhamtari Road.
- Repaired streets and roads in villages Tada, Siltara and Mandhar.
- Constructed drains in Mandhar village.
- Constructed a road Kachhe Chowk leading to the mines.
- Constructed a drainage facility for waste water in village Kachhe near the iron ore mines.
- Renovated a Government Primary School premises in village Kachhe near the iron ore mines.
- Electrified Government Primary and Middle-level schools in village Parrekodo.
- Established an overhead tank and pipeline in Parrekodo gram *panchayat* office.

Environment

- Planted 6,182 saplings in its project area, 48,000 saplings on roadsides (covering 54 km) and 3,500 saplings in other places during 2012-13.
- Conducted a cleanliness and sanitation campaign with children in the village of Kacche.
- Responsibly disposed factory waste (fly ash, black filtered dust among others.); achieved zero discharge status across manufacturing units.

Sports

- Conducted a cricket tournament amongst the players of 16 villages, attracting the participation of more than 5,000 people.
- Adopted the state volleyball team; contributed towards the sport's development by sponsoring the National Volleyball Tournament 2012 in Raipur.

Risk management

Risk is an integral factor in virtually all businesses. At GPIL, risks are adequately measured, estimated and controlled. Irrespective of the type of risk or the activity that creates it, the Company's fundamental approach to risk management remains the same: identify and measure risks, leverage an in-depth knowledge of the business and competitors and respond flexibly in the understanding and management of risks.

Economy risk

Domestic challenges like inflation, liquidity crunch, slower industrial growth, depreciating rupee, political instability and increasing commodity prices might affect performance.

Risk mitigation

GPIL correctly anticipated that the challenge of the future would revolve around the timely availability and affordability of resources and raw materials, which translated into timely backward integration initiatives. As a part of this backward integration, the Company manufactures products that are consumed within and also sold to customers; the ability to provide a large and growing customer base from within has helped reduce marketing and costs of inventory, enhancing overall viability. Besides, the savings from captive supply has helped make the product more competitive for external sale, creating a unique win-win proposition. The Company generates significant per cent of its overall resource, raw material and power requirement from within, strengthening its overall competitiveness. As a result, integration is not incidental to the Company's existence; it represents its very core.

Input risk

In the business of steel manufacture, a number of diverse inputs are required to be progressively taken into the next stage. The challenge lies in an ability to procure these intermediate raw materials at the right cost and in the right time.

Risk mitigation

The Company's integrated business model makes it possible for the end product of one business to be positioned as the raw material of another, creating a self-feeding ecosystem within minimal inventory, costing and logistic issues.

The extent of this integration has strengthened the Company's insulation from external pricing and supply shocks, enhancing input security. Besides, the Company is selectively enhancing production capacities, strengthening input security further.

Demand risk

The Company may not generate an adequate demand for its products.

Risk mitigation

The Company has significantly reduced the risks arising from erratic demand through integration of operations and captive production of iron ore and pellets. . Besides, the Company's plants are located in a large steel manufacturing belt, making it possible to provide products with speed, periodic delivery and relatively high logistic efficiency, lower working capital cycle within the region. It is estimated that the 90% of the Company's output of pellets, sponge iron and its billets are sold within 200 kms of its plant. The Company's power sales are secured through merchant power sales agreement; the Company is engaged in long-term power sales agreement (25 years) with the government for units generated from its solar thermal power plant.

Industry risk

The Company may be affected by the competitive action within the steel sector.

Risk mitigation

The Company has consistently outperformed sectoral growth: even as the country's steel sector grew 6% in 2012-13, GPIL consolidated grew revenues by 14%. The growth is the result of having reduced manufacturing costs on the one hand and grown capacities to acceptable scale, making it possible to combine the benefits of volume with value.

Technology risk

Technology obsolescence could warrant an increase in investments, affect cash flow and impact profitability

Risk mitigation

- The Company invested in the latest technologies, which enables it to manufacture quality products
- After completion of a project, the Company adapts the technology and builds in-house capabilities for further expansion. It also has a facility for the critical components for the existing units to lower plant downtime and control its operations better.
- It has also introduced the latest technology in the solar thermal power plant, which will lower the operating expenditure for the Company.

Project management risk

Delay in project completion could lead to cost overrun.

Risk mitigation

Over the years, the Company recognised that the principal viability risk was not derived as much from the marketplace as it was from within. Among the factors from within the organisation that affected viability, one of the most critical was the ability of the Company to commission its proposed plants on schedule. It is the Company's experience that timely commissioning creates a foundation of moderate capital cost and triggers revenue inflow to start contributing towards project payback. Over the years, the Company invested in project management with the objective to strengthen overall competitiveness: as a result, the focus graduated from timely commissioning to pre-scheduled commissioning, translating into a probable cost-underrun, accelerated revenue inflow and quicker payback.

This is the Company's project management track record: For its upcoming 1.2 MTPA pelletisation plant, the Company expects to commence commercial operations by September 2013 against the set target of March 2014. The Company's solar thermal power plant shall commence operations shortly within the stipulated period of 28 months from signing the PPA (the only Company to do so among the seven companies that were awarded the projects in the same area).

Location risk

Locational disadvantage could affect logistic and time schedules, affecting viability.

Risk mitigation

The Company's manufacturing facility is located at the heart of industrial Chattisgarh. The Company's mines are located 150 km from the plant and adjacent to a highway, making logistics management convenient. The Company's location makes it easy to access JNPT port in the West (1,200 kms), Vishakhapatnam port in the South 500 kms and Haldia and Paradeep ports in the East (800 and 600 kms respectively) for the export for ferro alloys and coal import. The Company markets 50% of its pellet output within 200 km from its manufacturing units.

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 five Whole-time Directors (the Managing Director and four Executive Directors) and five Non-executive Directors. The Chairman of the Board is an Independent Director. Four of the Non-executive Directors are Independent Directors. 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 2012-13 in other Companies are as under:

Name of the Directors	Category of Directors	No. of other Director-ship held#	No. of Board Meetings attended	Last AGM attended	No. of other Board committees member/ chairman***
Mr. B. Choudhuri	Chairman Non Executive Independent	07	05	Present	06
Mr. B.L. Agrawal	Managing Director - Executive	05	05	Present	01
Mr. Dinesh Agrawal	Executive	06	03	Absent	Nil
Mr. Abhishek Agrawal	Executive	01	03	Present	Nil
Mr. Dinesh Gandhi	Executive	03	05	Present	02
Mr. Vinod Pillai	Executive	02	04	Present	Nil
Mr. Siddharth Agrawal*	Non-Executive	07	03	Present	02
Mr. Shashi Kumar	Independent	Nil	04	Absent	Nil
Mr. B. N. Ojha	Independent	04	05	Present	03
Mr. Harishankar Khandelwal**	Independent	01	02	Present	Nil

* *Appointed w.e.f. 11.08.2012*

** *Appointed w.e.f. 11.08.2012*

*** *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 Siddharth Agrawal, and Harishankar Khandelwal have been appointed as Non-Executive Director on the Board of the Company with effect from 11.08.2012.

Shri Dinesh Agrawal, a Non-Executive Director on the Board of the Company, has been appointed as Whole Time Director of the Company with effect from 11.08.2012.

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 2012-13, 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:

Sl. No.	Date of Meeting	No. of Directors Present
1	22.05.2012	06
2	11.08.2012	07
3	29.09.2012	08
4	03.11.2012	09
5	09.02.2013	09

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 Audit Committee consists of one executive Director and two Independent Directors. The Audit Committee comprises of following Directors:

Sl. 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 - Finance)

The committee met Four times during the year 2012-13 and the attendance of the members at these meetings was as follows:

Name of the Chairman/ Member	Status	Meetings attended
1. Mr. Biswajit Choudhuri	Chairman (Independent Director)	04
2. Mr. B. N. Ojha	Member (Independent Director)	04
3. Mr. Dinesh Gandhi	Member (Executive Director - Finance)	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 the Independent Directors on the Board of following Subsidiary Companies, as per details given below:

Sl. No.	Name of Subsidiary Company	Nature of Business	Name of Independent Director	Net Sales ₹ in crore	Net Profit ₹ in crore
1.	Ardent Steel Ltd.	Manufacturer of Iron Ore Pellets	Shri B.N. Ojha	407.88	30.43
2.	Hira Ferro Alloys Ltd.	Ferro Alloys	Shri Biswajit Choudhuri		
3.	Godawari Green Energy Ltd.	Solar Power	Shri B.N. Ojha has been proposed to be appointed.	Yet to Start Commercial Operations.	N.A.

The Company has other subsidiary Companies namely Godawari Integrated Steels (India) Ltd, Godawari Energy Ltd, Godawari Clinkers & Cement Limited, Krishna Global Minerals Limited etc, which are under various stage of projects development and have not yet started Commercial operations. The Board shall nominate Independent Directors in due course as per requirement of listing agreement.

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 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.30 of the accounts 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 issued 50,00,000 Equity Share warrants on preferential basis to M/s Hira Infra-Tek Limited (HITL), a promoter group Company, at a price of ₹130/- per share 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.

During the year under review, HITL has exercised the right for conversion of 10,00,000 share warrant into 10,00,000 equity shares and the Company has allotted the same to HITL. The funds raised from the allotment of aforesaid warrants/ conversion of warrants into equity shares have been utilised for ongoing capital expenditure of the Company and its Subsidiary Companies and other general corporate purpose.

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 Remuneration Committee consists of one Executive Director and two Independent Directors. 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 details of the remuneration paid to Wholetime and Independent Directors during financial year 2012-13 is given below:

Sl.	Name of Director	Designation	₹ in lakh
1.	Shri Biswajit Choudhuri	Chairman, Independent Director	NIL
2.	Shri B.L. Agrawal	Managing Director	128
3.	Shri Dinesh Agrawal	Executive Director	55
4.	Shri Abhishek Agrawal	Executive Director	51
5.	Shri Dinesh Gandhi	Executive Director (Finance)	47
6.	Shri Vinod Pillai	Executive Director	8.4
7.	Shri Siddharth Agrawal	Non-Executive Director	NIL
8.	Shri Shashi Kumar	Independent Director	NIL
9.	Shri B.N. Ojha	Independent Director	NIL
10.	Shri Harishankar Khandelwal	Independent Director	NIL

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 28th September, 2013 are given as under:

A	Name	Shri Biswajit Choudhuri	Shri Shashi Kumar	Shri B. N. Ojha
B	Brief resume			
	i) Age	71 years	66 years	69 Years
	ii) Qualification	B. Tech (Hons), Fellow Member of ICWAI and Indian Institute of Banking and Finance	B. Sc. (Hons)	B. E. (Electrical)
	iii) Experience in specific functional area	More than 45 years	More than 35 years	More than 40 years
	iv) Date of Appointment on the Board of the Company	25.09.2007	25.09.2007	14.06.2008

A	Name	Shri Biswajit Choudhuri	Shri Shashi Kumar	Shri B. N. Ojha
C	Nature of expertise in specific functional	He has experience in Engineering, Banking and Finance Management. He has acted as Director and Member of various Boards and Councils. He is the Ex- CMD of United Bank of India.	He has experience in Mining industry. He is the Ex- Chairman of Coal India Limited.	He has experience in Power sector. He has been associated with NTPC, Nuclear Power Corporation of India Limited, Regional Electricity Boards, Northern Coal Field Ltd. And Diamond Valley Corporation.
D	Name(s) of other Public Limited Companies in which Directorships held	Hira Ferro Alloys Limited, Aditya Birla Chemicals (India) Limited, Hindusthan Engineering & Industries Limited, Ludlow Jute & Specialities Limited, R. V. Investment and Dealers Limited, Maithan Alloys Limited, Khaitan Electricals Limited	None	Hira Ferro Alloys Limited, Ardent Steel Limited Pragati Power Corporation Limited, Indraprastha Power Generation Company Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	Chairman of Audit Committee, Member of Risk Management Committee and Nomination Committee	Chairman of Remuneration Committee and Member of Risk Management Committee	Chairman of Shareholders / Investors Grievance Committee, Member of Audit Committee, Remuneration Committee, Risk Management Committee and Nomination Committee
F	No. of Shares of ₹10/- each held by the Directors	NIL	NIL	NIL
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act,1956)	No Relationship with Directors	No Relationship with Directors	No Relationship with Directors

Shareholders/ Investors Grievance 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 (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
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.)
2011-2012	29.09.2012	12.30 p.m.	2nd Floor, Hira Arcade, Near New Bus Stand, Pandri, 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.

General Information

1. **Annual General Meeting:**

Date	28th September, 2013
Time	12.30 pm.
Venue	Corporate Office of the Company at 2nd Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur (C.G.) - 492001

2. **Financial Calendar (2013-2014) (tentative)**:

Board Meeting (for Financial Result)-

Quarter ending on 30th June 2013 : On or before August 14, 2013

Half-year ending on 30th September 2013 : On or before November 15, 2013

Quarter ending on 31st December 2013 : On or before February 15, 2014

Year ending on 31st March 2014 : On or before May, 31 2014

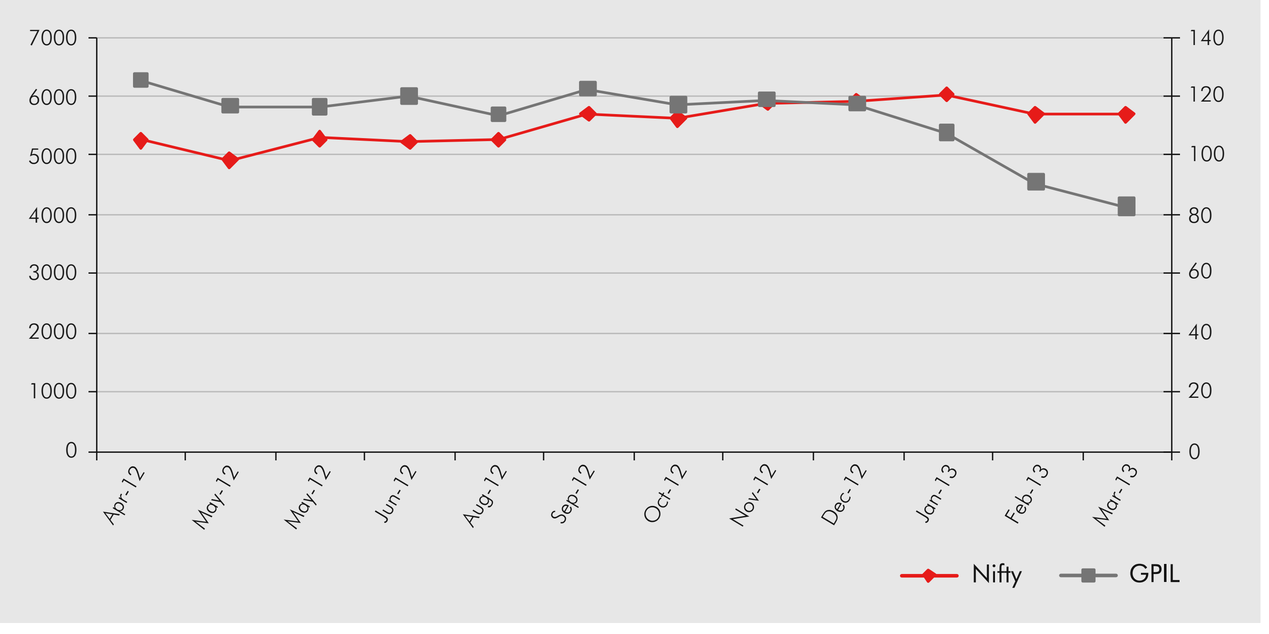
3. **Date of Book Closure** : 20th to 28th September, 2013.

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, 2012	131.50	106.40	131.80	106.30
May, 2012	131.60	105.55	128.40	105.90
June, 2012	121.10	111.85	121.45	111.00
July, 2012	136.45	115.20	136.25	115.00
August, 2012	136.00	112.10	133.80	112.10
September, 2012	126.40	111.00	128.00	111.00
October, 2012	128.05	113.00	128.20	113.65
November, 2012	129.85	113.70	130.00	113.00
December, 2012	124.50	115.60	123.75	115.55
January, 2013	125.25	106.90	125.90	106.65
February, 2013	109.00	90.00	108.50	89.65
March, 2013	97.40	79.40	95.00	79.75

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 dematerialised 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 21 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 31.03.2013:

Shareholding of Nominal Value (₹)	Shareholders		Shares Held	
	Number	% to Total	Number	% to Total
Up to 5000	23,461	92.2862	24,92,015	7.6078
5001 – 10000	989	3.8903	7,91,926	2.4176
10001- 20000	451	1.7741	6,78,764	2.0722
20001 – 30000	162	0.6372	4,14,727	1.2661
30001 – 40000	71	0.2793	2,50,336	0.7642
40001 – 50000	80	0.3147	3,75,109	1.1452
50001 – 100000	99	0.3894	7,29,598	2.2274
100001 and above	109	0.4288	2,70,23,772	82.4996
Total	**25,422**	**100**	**3,27,56,247**	**100**

Shareholding Pattern as on 31st March 2013:

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters (including person acting in concert)	2,12,55,853	64.89
2	Institutional Investors i.e. MFs, FIIs, banks etc	21,56,910	6.58
3	Bodies Corporate	18,34,780	5.60
4	NRIs	2,61,618	0.80
5	General Public	71,75,995	21.91
6	Clearing Member / Trust	71,091	0.22
	Total	**3,27,56,247**	**100.00**

Equity Shares in the Suspense Account

As per Clause 5A of the Listing Agreement, the Company reports that 1,491 Equity Shares are lying in the suspense account as on March 31, 2013.

12. **Dematerialisation of Shares**:

The Company has entered into agreement with National Securities Depository Ltd. and Central Depository Services (India) Ltd. for dematerialisation 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.in

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 and Ispat Limited,
A-401, Lotus Corporate Park (Graham Firth Company), Jay Coach Signal, Off Western Express Highway, Goregaon (East), Mumbai – 400 063, India.
Tel: +91 – 22 – 40767466 / 40767474 / 40767433; Fax: +91 – 22 – 40767440
Email: 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 N0. 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) insists 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 2012-13.

For and on behalf of the Board of Directors

Place: Raipur
Date: 28th May, 2013

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 2012-13 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 2012-13, 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
Managing Director

Dinesh Kumar Gandhi
Executive Director (Finance)

Dated: 28th May, 2013

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, 2013, 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: 28th May, 2013

GODAWARI POWER & ISPAT LIMITED

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	Executive Director
	Mr. Dinesh Gandhi	Executive Director – Finance
	Mr. Vinod Pillai	Executive Director
	Mr. Siddharth Agrawal	Non Executive Director
	Mr. Shashi Kumar	Independent Director
	Mr. B. N. Ojha	Independent Director
	Mr. Harishankar Khandelwal	Independent Director
Company Secretary	Mr. Y.C. Rao	Company Secretary & Compliance Officer
Auditors	M/s. O.P. Singhania & Co. Chartered Accountants, Raipur	
Bankers	Canara Bank State Bank of India Bank of Baroda Axis Bank Ltd.	
Debenture Trustee	Axis Trustee Services Limited	
Registered Office & Works	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	A-401, Lotus Corporate Park (Graham Firth Company), Jay Coach Signal, Off Western Express Highway, Goregaon (East), Mumbai – 400 063, India. Tel: +91 – 22 – 40767466 / 40767474 / 40767433 Fax: +91 – 22 – 40767440 Email: investors@gpilindia.in	

STANDALONE FINANCIAL SECTION

Independent Auditor's Report

To
The Members of
Godawari Power & Ispat Limited

Report on the financial statements

We have audited the accompanying financial statements of Godawari Power & Ispat Limited ("the Company) which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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;

   c. 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;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

   e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For, OPSinghania & Co.
(Firm Regn.No.002172C)
Chartered Accountants

per O.P.Singhania
Partner
Membership No.051909

Raipur, 28th May,2013

Annexure

Re: Godawari Power & Ispat Limited

Referred to in para 1 of Report on Other Legal and Regulatory Requirements 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 three companies covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved was ₹5603.00 lacs and the year-end balance of the loan granted to a company was ₹2263.12 lacs.

(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 three companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year, maximum amount involved was ₹4634.47 lacs and the year end balance of the loan taken from companies was ₹Nil.

(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) According to the information and explanations given to us, the company has not accepted deposits from public during the year, therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(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(1)(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 & explanations given to us, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March 2013 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 Statue	Nature of Dues	Year	Amount (₹ In lacs)	Forum where dispute is pending
Service Tax	Disallowance of credit of Service Tax paid on outward freight	2005-06	18.34	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Duty on Iron Ore Fines & Coal Fines	2008-09 to 2009-10	83.32	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Disallowance of Duty on Structural items	2008-09 to 2009-10	129.43	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Demand on account of Cenvat credit	2007-08	11.12	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Demand on account of Cenvat credit	2008-09	5.31	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Demand on account of Cenvat on Input Services	2008-09	6.39	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Demand of Duty on account of Related Party transaction	2007-08 to 2008-09	63.81	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Demand of Duty on account of Related Party transaction	2006-07 to 2007-08	47.72	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Service Tax	Demand on account of credit on Vibrating Steel Spring Screen	2009-10 to 2010-11	0.46	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act,1944	Demand on account of Cenvat credit on Coal	2010-11	58.68	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Income Tax Act, 1956	Disallowance made in respect of erstwhile R.R. Ispat Limited	2008-09	3.24	Commissioner of Income Tax (Appeals),Raipur
Income Tax Act, 1956	Penalty in respect of erstwhile Hira Industries Limited	2008-09	0.10	Commissioner of Income Tax (Appeals),Raipur
Income Tax Act, 1956	Disallowance made in respect of erstwhile Hira Industries Limited	2010-11	43.21	Commissioner of Income Tax (Appeals),Raipur
C.G. Commercial Tax Act	Commercial Tax	2002-03	1.46	Deputy Commissioner, (Appl) Commercial Taxes, Raipur

Name of the Statue	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	320.31	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 made preferential allotment of shares during the year covered in the register maintained u/s.301 of the Companies Act,1956 and we are of the opinion that such allotments are not prejudicial to the interest of the company.

(xix) The company has created securities/charges in respect of secured debentures issued during the 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.

For, OPSinghania & Co.
(Firm Regn.No.002172C)
Chartered Accountants

per O.P.Singhania
Partner
Membership No.051909

Raipur, 28th May,2013

GODAWARI POWER & ISPAT LIMITED

Balance Sheet as at 31st March, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	3,275.62	3,175.62
Reserves and surplus	4	67,081.86	59,708.74
Money received against share warrants	3(d)	1,300.00	-
		71,657.48	62,884.36
Non-current liabilities			
Long-term borrowings	5	70,767.80	41,077.19
Deferred tax liabilities (net)	6	5,826.38	-
Other long-term liabilities	7	229.80	3,180.45
Long-term provisions	8	155.99	138.07
		76,979.97	44,395.71
Current liabilities			
Short-term borrowings	9	20,912.33	17,104.25
Trade payables	10	18,250.54	9,755.01
Other current liabilities	10	12,738.07	11,833.89
Short-term provisions	8	1,204.44	2,289.13
		53,105.38	40,982.28
TOTAL		201,742.83	148,262.35
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	11	67,192.05	65,849.96
Intangible assets	12	1,880.81	1,855.50
Capital work-in-progress including pre-operative expenses		41,239.23	13,592.19
Non-current investments	13	25,256.24	21,233.44
Long-term loans and advances	14	449.05	514.31
Other non-current assets	15.2	762.46	658.64
		136,779.84	103,704.03
Current assets			
Inventories	16	27,286.29	26,226.41
Trade receivables	15.1	10,225.06	8,214.20
Cash & bank balances	17	3,199.26	3,913.66
Short-term loans and advances	14	24,252.39	6,203.75
Other current assets	15.2	-	0.29
		64,963.00	44,558.32
TOTAL		201,742.83	148,262.35
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 OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

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 And Loss for the year ended 31st March, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
INCOME			
Revenue from operations (gross)	18	216,001.88	191,952.69
Less: Excise duty		23,015.49	17,349.99
Less: Sales Tax/VAT		1,823.07	1,452.43
Revenue from operations (net)		**191,163.32**	**173,150.27**
Other Income		970.15	304.08
TOTAL REVENUE (I)	19	**192,133.47**	**173,454.35**
EXPENDITURE			
Cost of raw material and component consumed	20	130,655.34	123,139.86
Purchase of Traded Goods	21	739.95	1,262.14
(Increase)/decrease in inventories of finished goods			
work-in-progress and traded goods	21	3,561.31	(4,375.63)
Employees benefits expenses	22	4,379.40	3,801.34
Other Expenses	23	27,734.60	24,465.81
TOTAL REVENUE (II)		**167,070.60**	**148,293.52**
Earnings before interest, tax, depreciation and			
amortisation (EBITDA) (I)-(II)		25,062.87	25,160.83
Depreciation and amortisation expenses	24	5,227.28	5,106.73
Finance costs	25	9,239.26	10,070.66
Profit/(loss) before tax		10,596.33	9,983.44
Tax expenses			
Current tax		2,161.00	2,000.00
Deferred Tax		533.62	-
Mat Credit Entitlement		(4,653.53)	-
Income tax related to earlier year		141.53	88.82
Total tax expenses		**(1,817.38)**	**2,088.82**
Profit/(loss) for the year from continuing operations		**12,413.71**	**7,894.62**
Earnings per equity share [nominal value of share	26		
@ ₹10/- (31st March, 2012" ₹10]			
Basic		39.05	24.86
Diluted		37.86	24.86
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 OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

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, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
Cash Flow from operating activities			
Profit before tax from continuing operations		10,596.34	9,983.44
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/amortisation on continuing operation		5,227.28	5,106.73
Loss/(profit) on sale of fixed assets		(9.20)	33.50
Provision for gratuity		**20.22**	**24.34**
Amortisation of expenses		0.29	0.29
Interest Expenses		9,239.26	10,070.66
Interest Income		(762.19)	(157.12)
Dividend Income		(60.25)	(60.25)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**24,251.75**	**25,001.60**
Movements in working capital :			
Increase/(decrease) in trade payables		8,495.54	2,286.70
Increase/(decrease) in other long-term liabilities		49.35	17.70
Increase/(decrease) in other current liabilities		1,482.24	600.11
Decrease/(increase) in trade receivables		(2,010.85)	(2,811.68)
Decrease/(increase) in inventories		(1,059.88)	(3,353.52)
Decrease/(increase) in long-term loans and advances		**65.27**	**(153.92)**
Decrease/(increase) in short-term loans and advances		(13,395.11)	(498.91)
Decrease/(increase) in other non-current assets		(103.82)	(215.75)
Cash generated from/(used in) operations		17,774.48	20,872.34
Direct taxes paid (net of refunds		(3,414.66)	(1,568.28)
Net Cash flow from/(used in) operating activities	A	14,359.82	19,304.05
Cash flows from investing activities			
Purchase of fixed assets, including intangible assets and CWIP		(34,484)	(14,291.15)
Proceeds from sale of fixed assets		251	112.95
Increase in non-current investments		(4,023)	(24.17)
Investments in bank deposits (having original maturity of more than three months)		**784**	**(2,569.97)**
Interest received		762	157.12
Dividends received		60	60.25
Net cash flow from/(used in) investing activities	B	**(36,648.86)**	**(16,554.98)**

Cash Flow Statement for the year ended 31st March, 2013

(₹ in lacs)

Particulars	Notes	As at March 31,2013	As at March 31,2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital including premium		1,300.00	-
Proceeds from issue of share warrant		1,300.00	-
Proceeds from debenture issued		-	8,000.00
Proceeds from long-term borrowings		36,479.17	8,082.28
Repayment of long-term borrowings		(10,366.63)	(8,469.55)
Proceeds from short-term borrowings		6,809.09	5,971.05
Repayment of short-term borrowings		(3,001.01)	(4,564.73)
Interest paid		(9,239.26)	(10,070.66)
Dividends paid on equity shares		(793.91)	(793.91)
Tax on equity dividend paid		(128.79)	(131.86)
Net cash flow from/(used in) financing activities	C	22,358.66	(1,977.36)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		**69.82**	**771.71**
Cash and Cash Equivalents at the beginning of the year		1,076.87	305.16
Cash and Cash Equivalents at the end of the year		**1,146.70**	**1,076.87**
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash in hand		19.35	33.07
With banks- on current account		646.35	754.29
-on deposit account		467.92	276.39
-on unpaid dividend account*		11.51	11.55
-on public issue refund account*		1.57	1.57
		1,146.70	**1,076.87**

Notes :

1. Interest charges excludes interest capitalised ₹960.97 lacs (previous year ₹61.13 lacs).
2. *The company can utilise these balances only toward settlement of the respective unpaid dividend and unpaid public issue amount.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

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, 2013

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) 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.

b) Tangible Fixed Assets

Tangible Fixed Assets are stated at acquisition cost net of accumulated depreciation and accumulated impirement 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 7 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.

c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. 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.

Notes to financial statements for the year ended 31st March, 2013

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.

d) Depreciation on tangible fixed assets and amortisation of intangible 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.

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.

v) Intangible assets are amortised over technically useful life of the assets.

e) 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.

f) Inventories :

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

g) 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.

Notes to financial statements for the year ended 31st March, 2013

h) **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.

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.

i) **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.

j) **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.

k) **Taxes on Income**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company

Notes to financial statements for the year ended 31st March, 2013

recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

l) **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

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences 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 "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 accumulated 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.

For the purpose of 2 and 3 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

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.

Notes to financial statements for the year ended 31st March, 2013

m) Derivatives Transactions

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

n) 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.

o) Provisions

Provisions are recognised, where the company has any legal or constructive obligation or where realiable 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.

p) 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.

q) 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.

r) 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.

s) 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 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.

Notes to financial statements for the year ended 31st March, 2013

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.

t) **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.

u) **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.

Notes to financial statements for the year ended 31st March, 2013

NOTE 3 SHARE CAPITAL (₹ in lacs)

Particulars	2013	2012
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, subscribed and fully paid-up shares		
32,756,247 (31,756,247) equity shares of ₹10/- each	3,275.62	3,175.62

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

Equity shares

Particulars	2013		2012	
	No.	₹ in lacs	No.	₹ in lacs
At the beginning of the period				
Issued during the period	31,756,247	3,175.62	31,756,247	3,175.62
Outstanding at the end of the period	1,000,000	100.00	-	-
	32,756,247	3,275.62	31,756,247	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,2013, the amount of per share dividend recognised as distributions to equity shareholders was ₹2.50 (31st March,2012 : ₹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:**

Particulars	2013		2012	
	No.	% Of holding in the class	No.	% Of holding in the class
Equity shares of ₹10/- each fully paid				
ICICI Prudential Discovery Fund	1,911,218	5.83	1,920,765	6.05
Hira Infra-tek Limited	1,790,652	5.47	790,652	2.49
Dinesh Agrawal	1,846,347	5.64	1,846,347	5.81
B.L. Agrawal	1,731,398	5.29	1,731,398	5.45
	7,279,615	22.22	6,289,162	19.80

Notes to financial statements for the year ended 31st March, 2013

NOTE 3 SHARE CAPITAL *(Contd.)*

d. Money received against Share Warrants

During the year the company has issued 5,000,000 convertible warrants of ₹130/- each, which will be convertible into 5,000,000 equity shares of ₹10/- each at a premium of ₹120/- per share within the 18 months from the date of allotment of warrants. Accordingly 5,000,000 warrants at a subscription price of ₹32.50 per warrant has been allotted on 7th July, 2012 to M/s Hira Infra-Tek Limited (a promoter group company). Out of 5,000,000 share warrants, the company has allotted 1,000,000 equity shares of ₹10/- each at a premium of ₹120/- per share on 21st March, 2013 upon exercise of option for conversion of warrants into equity shares and on receipt of balance 75% amount from the warrant holders.

NOTE 4 RESERVES AND SURPLUS

(₹ in lacs)

Particulars	2013	2012
Capital Reserve		
Balance as per last financial statements	395.36	395.36
	395.36	**395.36**
Debenture Redemption Reserve		
Balance as per last financial statements	2,600.00	525.00
Add: Amount transferred from surplus balance in the statement of profit and loss	3,066.00	2,075.00
	5,666.00	**2,600.00**
Securities Premium Reserve		
Balance as per last financial statements	16,642.05	16,642.05
Addition during the year	1,200.00	-
	17,842.05	**16,642.05**
General Reserve		
Balance as per last financial statements	10,000.00	8,507.87
Add: Amount transferred from surplus balance in the statement of profit and loss	1,500.00	1,492.13
	11,500.00	**10,000.00**
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	30,071.33	26,666.54
Less: Adjustment of deferred tax as per transitional provision (refer note.29)	5,292.76	-
Add : Profit for the year	12,413.72	7,894.62
Less : Appropriations		
Proposed final equity dividend (Amount per share ₹2.50 (31 March 2012:₹2.50)	818.91	793.91
Tax on proposed equity dividend	128.93	128.79
Transfer to debenture redemption reserve	3,066.00	2,075.00
Transfer to general reserve	1,500.00	1,492.13
Total appropriations	**5,513.84**	**4,489.83**
Net surplus in the statement of profit and loss	**31,678.45**	**30,071.33**
Total reserves and surplus	**67,081.86**	**59,708.74**

Notes to financial statements for the year ended 31st March, 2013

NOTE 5 LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	Non-current portion		Current maturities	
	2013	2012	2013	2012
Debentures				
1250 (31 March,2012: 1250) A Series 12% Redeemable Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	12,500.00	12,500.00	-	-
500 (31 March,2012: 500) B Series 12.75% Redeemable Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	5,000.00	5,000.00	-	-
300 (31 March,2012: Nil) C Series 12.90% Redeemable Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	3,000.00	-	-	-
	-	-		
Term Loans	-	-		
Indian rupee loan from banks (secured)	17,820.64	12,535.00	8,213.82	8,967.78
Foreign currency loan from banks (secured)	31,894.74	10,370.92	1,357.25	1,295.80
	-	-	-	-
Other loans and advances	-	-	-	-
Other loans (secured)	552.42	671.27	217.49	103.05
	70,767.80	**41,077.19**	**9,788.56**	**10,366.63**
The above amount includes				
Secured borrowings	70,767.80	41,077.19	9,788.56	10,366.63
Unsecured borrowings	-	-	-	-
Amount disclosed under the head				
"other current liabilities" (refer note 10)			(9,788.56)	(10,366.63)
Net amount	**70,767.80**	**41,077.19**	-	-

Security and terms & conditions for above loans:

a. 12% redeemable non-convertible debentures 'A' Series are redeemable in 6 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. Part of 12.75% redeemable non-convertible debentures 'B' Series (₹ 30 crores) are redeemable in a single Bullet repayment at the end of 7 years i.e. 30th September 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. Part of 12.75% redeemable non-convertible debentures 'B' Series (₹ 20 crores) 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.

d. 12.90% redeemable non-convertible debentures 'C' Series are redeemable in 8 quarterly installments of ₹ 3.75 crores starting from 5th July 2015. The 'C' Series Debentures are secured by Pari passu first charge on the fixed assets of the Company & pari passu second charge on the current assets of the Company.

e. The term loans (both rupee and foreign currency) aggregating to ₹592.87 Cr (Previous year ₹ 331.69Cr) (including current maturities of ₹95.71 Cr (Previous year ₹ 102.64 Cr) classified as 'current liabilities' in note 10) are secured by a first pari passu charge over immovable and movable assets of the company, both present and future, subject to prior charge in favour of working capital bankers of the Company over the current assets i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables for securing working capital facilities availed from the banks. Maturity profile of term loans are as set out below :-

Notes to financial statements for the year ended 31st March, 2013

NOTE 5 LONG-TERM BORROWINGS *(Contd.)*

(₹ in lacs)

Maturity Profile (₹ in Crores)					
	0-1 years	1-2 years	2-3 years	3-4 years	Beyond 4 years
Rupee Term Loans	82.14	58.63	58.63	36.61	24.34
Foreign Currency Term Loans	13.57	19.34	39.51	40.35	219.75

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

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

NOTE 6 DEFERRED TAX LIABILITIES

(₹ in lacs)

Particulars	2013	2012
Deferred Tax Liability		
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting	5,877.79	-
Deferred Tax Assets		
Provision for gratuity	51.41	-
Net deferred tax liabilities	**5,826.38**	-

NOTE 7 OTHER LONG-TERM LIABILITIES

(₹ in lacs)

Particulars	2013	2012
Debenture Application Money towards 12.90% Non-convertible debentures 'C' Series	-	3,000.00
Retention money payable	229.80	180.45
	229.80	**3,180.45**

NOTE 8 PROVISIONS

(₹ in lacs)

Particulars	Long-term		Short-term	
	2013	2012	2013	2012
Provision for employee benefits				
Provision for gratuity (refer note-35)	155.99	138.07	2.47	0.17
	155.99	**138.07**	**2.47**	**0.17**
Other Provisions				
Provision for taxation (net of advance)			254.13	1,366.26
Proposed equity dividend			818.91	793.91
Provision for tax on proposed equity dividend			128.93	128.79
	-	**-**	**1,201.97**	**2,288.96**
	155.99	138.07	1,204.44	2,289.13

Notes to financial statements for the year ended 31st March, 2013

NOTE 8 PROVISIONS *(Contd.)*

(₹ in lacs)

Particulars	Long-term		Short-term	
	2013	2012	2013	2012
Provision for employee benefits				
Provision for gratuity (refer note-35)	155.99	138.07	2.47	0.17
	155.99	138.07	2.47	0.17
Other Provisions				
Provision for taxation (net of advance)			254.13	1,366.26
Proposed equity dividend			818.91	793.91
Provision for tax on proposed equity dividend			128.93	128.79
	-	-	1,201.97	2,288.96
	155.99	138.07	1,204.44	2,289.13

NOTE 9 SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	2013	2012
Cash Credit facility from banks (secured)	20,912.33	14,103.24
Interest free loan and advances from related parties repayable on demand (unsecured)	-	551.01
Interest free loan and advances from subsidiary companies repayable on demand (unsecured)	-	2,450.00
	20,912.33	17,104.25
The above amount includes		
Secured borrowings	20,912.33	14,103.24
Unsecured borrowings	-	3,001.01

Terms and conditions of secured loans:

1. The cash credit facilities 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.
3. Further working capital facilities (including cash credit) 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.

NOTE 10 OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	2013	2012
Trade payables (including acceptances (refer note 34 for details of dues for micro and small enterprises)	17,609.05	8,981.63
Advances from Customer	350.72	229.40
Creditors for capital goods	290.77	543.98
		-
Other liabilities		-
Current maturities of long-term borrowings (secured) (refer note-5)	9,788.56	10,366.63
Interest accrued but not due on borrowings	717.88	439.90
Investor Education and Protection Fund will be credited by following amounts (as and when due)	-	-
Unpaid dividend	11.51	11.55
Unclaimed Public Issue Refund of application money	1.57	1.57
Other Payable	2,218.55	1,014.24
	30,988.61	21,588.90

Notes to financial statements for the year ended 31st March, 2013

NOTE 11 TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land	Leasehold Land	Site & Land Development	Factory Shed &	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
Cost or valuation								
At 1 April 2011	1,171.69	70.28	980.69	7,253.00	73,463.02	226.96	476.13	83,641.77
Additions	1,150.69	-	244.75	637.05	1,435.99	11.99	175.54	3,656.01
Disposals	-	-	-	-	199.85	-	64.62	264.47
Other adjustments	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	22.47	546.24	-	-	568.71
At 31 March, 2012	**2,322.38**	**70.28**	**1,225.44**	**7,912.52**	**75,245.40**	**238.95**	**587.05**	**87,602.02**
Additions	901.80	-	136.73	1,907.19	3,301.52	23.87	158.82	6,429.93
Disposals	2.43	-	-	-	1,002.05	-	29.32	1,033.80
Other adjustments	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	260.67	-	-	260.67
At 31 March, 2013	3,221.75	70.28	1,362.17	9,819.71	77,805.54	262.82	716.55	93,258.83
Depreciation								-
At 1 April 2011	**-**	**6.09**	**-**	**858.05**	**15,837.07**	**42.93**	**136.57**	**16,880.71**
Charge for the year	-	0.71	-	252.05	4,670.89	14.78	50.95	4,989.38
Disposals/Adjustment				-	82.24	-	35.78	118.02
At 31 March, 2012	**-**	**6.80**	**-**	**1,110.10**	**20,425.72**	**57.71**	**151.74**	**21,752.07**
Charge for the year	-	0.71	-	268.79	4,759.44	15.96	61.38	5,106.28
Disposals	-	-	-	-	779.22	-	12.35	791.57
At 31 March, 2013	-	7.51	-	1,378.89	24,405.94	73.67	200.77	26,066.78
Net Block								
At 31 March, 2012	2,322.38	63.48	1,225.44	6,802.42	54,819.68	181.24	435.31	65,849.96
At 31 March, 2013	3,221.75	62.77	1,362.17	8,440.82	53,399.60	189.15	515.78	67,192.05

Capitalised borrowing costs

The borrowing cost capitalised during the year ended 31st March, 2013 was ₹960.97 lacs (31st March, 2012: ₹61.13 lacs). 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 notification dt.29.12.2011), the Company during the year added ₹260.67 lacs (31st March, 2012: ₹568.71 lacs) to the cost of assets, being the exchange differences of long term foreign currency monetary items relating to acquisition of assets. This is to be depreciated over the balance life of the assets.

NOTE 12 INTANGIBLE ASSETS

(₹ in lacs)

	Computer software	Iron Ore Mines	Total
Gross Block			
At 1 April 2011	227.41	1,754.72	1,982.13
Purchase	15.44	144.24	159.68
At 31 March, 2012	242.85	1,898.96	2,141.81
Purchase/additions	-	146.31	146.31
At 31 March, 2013	242.85	2,045.27	2,288.12
Amortisation			
At 1 April 2011	47.39	121.56	168.95
Charge for the year	27.27	90.09	117.36
At 31 March, 2012	74.66	211.65	286.31
Charge for the year	24.29	96.71	121.00
At 31 March, 2013	98.95	308.36	407.31
Net Block			
At 31 March, 2012	168.19	1,687.31	1,855.50
At 31 March, 2013	143.90	1,736.91	1,880.81

Notes to financial statements for the year ended 31st March, 2013

NOTE 13 NON-CURRENT INVESTMENTS (₹ in lacs)

Particulars	2013	2012
Trade investments (valued at cost)		
Investment in subsidiaries		
Quoted equity instruments, fully Paid up		
10041000 equity shares of ₹10/- each in Hira Ferro Alloys Ltd.	2,363.74	2,363.74
Unquoted equity instruments, fully Paid up		
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 Steels 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
Unquoted Preference instruments, fully Paid up	-	-
4,00,000 9% Optionally Convertible Cumulative Preference Shares of ₹100/- each in Godawari Green Energy Ltd.	4,000.00	-
	-	-
Investment in joint ventures	-	-
130700 equity shares of ₹10/- each in Raipur Infrastructure Company Ltd	210.70	210.70
430030 equity shares of ₹10/- each in Chhattisgarh Capitive Coal Mining Ltd	594.03	594.03
	-	-
Trade investments (valued at cost)	-	-
Investment in equity instruments (unquoted)	-	-
*2,240,100 equity shares of ₹10/- each in Hira Steels Limited	224.01	224.01
570000 (5,10,000)equity shares of ₹10/- each in Chhattisgarh Ispat Bhoomi Ltd	61.80	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 Diamond Ltd	1.00	1.00
39,850 equity shares of ₹10/- each in Chhattisgarh Power & Coal Benification 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
20,000 units of ₹10/- each in Baroda Pioneer Mutual Fund	2.00	-
100,000 units of ₹10/- each in Canara Bank - ROBECO Mutual Fund	10.00	-
Investment in Trust created on amalgamation	-	-
GPIL Beneficiary Trust	22.50	22.50
	25,256.24	21,233.44
Aggregate Amount of quoted investments	2,363.74	2,363.74
Aggregate Market Value of quoted investments	1,506.15	2,786.38
Aggregate Amount of unquoted investments	22,870.00	18,847.20
Investment given as security		

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

Notes to financial statements for the year ended 31st March, 2013

NOTE 14 LOANS AND ADVANCES(UNSECURED, CONSIDERED GOOD)

(₹ in lacs)

Particulars	Non-current		Current	
	2013	2012	2013	2012
Loans and advances to subsidiary company	-	-	2,263.12	200.00
Advances recoverable in cash or in kind	-	-	9,171.67	2,964.12
Other loans and advances			-	-
Prepaid expenses	-	-	117.66	59.23
MAT Credit Entitlement	-	-	4,653.53	-
Balance with statutory/govt. authorities	-	-	8,046.41	2,980.40
Security deposit with govt. & others	449.05	514.31	-	-
Total	449.05	514.31	24,252.39	6,203.75

NOTE 15 TRADE RECEIVABLES AND OTHER ASSETS

(₹ in lacs)

15.1 Trade Receivables

Particulars	Current	
	2013	2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months		
from the date they are due for payment		
Considered good	179.53	209.92
Doubtful	-	49.24
	179.53	259.16
Provision for doubtful receivables	-	49.24
Total (A)	179.53	209.92
Other receivables		
Considered good	10,045.53	8,004.29
Total (B)	10,045.53	8,004.29
Total (A+B)	10,225.06	8,214.20

Trade receivables include:

Particulars	Current	
	2013	2012
Dues from the Hira Ferro Alloys Ltd. (a subsidiary company)	2,085.80	2,092.39
	2,085.80	2,092.39

15.2 Other assets

Particulars	Non-current		Current	
	2013	2012	2013	2012
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note-17)	762.46	658.64	-	-
Unamortised expenditure	-	-	-	0.29
	762.46	658.64	-	0.29

Notes to financial statements for the year ended 31st March, 2013

NOTE 16 INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in lacs)

Particulars	2013	2012
Raw Materials and components (refer note 20)	16,092.33	11,927.89
Work-in-progress (refer note 21)	178.30	446.75
Finished goods & by-products (refer note 21)	5,656.43	8,941.86
Traded goods (refer note 21)	118.41	125.84
Stores & spares	5,240.82	4,784.07
	27,286.29	26,226.41

NOTE 17 CASH AND BANK BALANCES

(₹ in lacs)

Particulars	Non-current		Current	
	2013	2012	2013	2012
Cash and cash equivalents				
Balances with banks:				
On current accounts			646.35	754.29
Deposits with original maturity of less than three months			467.92	276.39
Unpaid dividend account			-	-
Unpaid public issue refund account			11.51	11.55
Cash on hand			1.57	1.57
			19.35	33.07
			1,146.70	1,076.87
Other bank balances				
Deposits with original maturity for more than 12 months	762.46	657.64		
Deposits with original maturity for more			2,052.56	2,836.79
than 3 months but less than 12 months	762.46	657.64	2,052.56	2,836.79
Amount disclosed under non-current assets (note 15.2)	762.46	657.64		
		-	3,199.26	3,913.66

Out of total Deposits, deposits of ₹3282.95 lacs (previous year ₹3771.82 lacs) are pledged with various banks for availing LC, Bank Guarantee, OD facilities, margin money and pledged with other Govt. Departments.

NOTE 18 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	2013	2012
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products	211,551.71	187,310.23
Electricity	2,055.51	2,272.80
Traded Goods	991.62	1,563.12
Sale of services	114.45	253.40
Other operating revenue	-	-
Carbon Credit sales (VER)	32.16	10.84
Sale of REC Certificate	1,256.43	542.30
Revenue from operations (gross)	**216,001.88**	**191,952.69**
Less: Excise duty#	23,015.49	17,349.99
Less : Sales Tax/VAT	1,823.07	1,452.43
Revenue from operations (net)	191,163.32	173,150.27

Excise duty on sales amounting to ₹2,301,548,662/- (31st March, 2012: ₹1,734,998,935/-) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to (₹37,776,910/-) (31st March, 2012: ₹53,858,725/-) has been considered as (income)/expense in note 23 of financial statements.

Notes to financial statements for the year ended 31st March, 2013

NOTE 18 REVENUE FROM OPERATIONS *(Contd.)*

(₹ in lacs)

Details of products sold

Particulars	2013	2012
Finished Goods and by-products Sold		
Pellet	31,102.42	22,801.58
Sponge Iron	32,259.67	38,716.88
Steel Billets	66,049.77	58,846.24
H.B.Wire	40,481.38	33,901.27
M.S.Round in Coil	28,601.28	22,948.46
Ferro Alloys	5,519.49	3,733.37
Electricity	2,055.51	2,272.80
By-Products & Others	8,826.30	6,915.57
	-	-
Traded Goods Sold	-	-
Iron ore fines	419.19	345.62
Scrap	572.43	1,000.00
Others	-	217.50
	215,887.44	191,699.29

Details of services rendered

Particulars	2013	2012
Job Work	114.45	253.40
	114.45	253.40

NOTE 19 OTHER INCOME

(₹ in lacs)

Particulars	2013	2012
Interest Income on		
Bank Deposits	299.42	147.60
Others	462.77	9.52
	-	-
Dividend Income	60.25	60.25
Profit on sale of fixed assets	9.20	-
Other non-operating income (net of expenses directly attributable to such income)	138.51	86.72
	970.15	304.08

NOTE 20 COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(₹ in lacs)

Particulars	2013	2012
Inventory at the beginning of the year	11,927.89	15,008.27
Add: purchases	134,819.79	120,059.48
	146,747.68	135,067.75
Less : Inventory at the end of the year	16,092.34	11,927.89
Cost of raw material and components consumed	130,655.34	123,139.86

Notes to financial statements for the year ended 31st March, 2013

NOTE 20 COST OF RAW MATERIAL AND COMPONENTS CONSUMED *(Contd.)* *(₹ in lacs)*

Details of raw material and components consumed

Particulars	2013	2012
Iron Ore & Fines	26,316.77	31,657.94
Coal	19,276.82	25,861.65
Pig Iron & Scrap	10,777.36	9,055.59
M.S.Round (in Coils)	29,084.63	22,622.41
Manganese Ore	1,577.47	986.65
Steel Billets	31,282.91	26,343.64
Rice Husk	4,572.06	3,699.96
Others	7,767.32	2,912.02
	130,655.34	123,139.86

Details of Inventory

Particulars	2013	2012
Raw Material and Components		
Iron Ore & Fines	7,775.36	6,472.55
Coal	5,484.72	3,575.90
Pig Iron & Scrap	824.53	326.56
M.S.Round (in Coils)	340.26	286.01
Manganese Ore	352.13	494.71
Steel Billets	353.56	320.70
Rice Husk	79.77	119.66
Others	882.00	331.80
	16,092.33	11,927.89

NOTE 21 (INCREASE)/DECREASE IN INVENTORIES *(₹ in lacs)*

Particulars	As at March 31,2013	As at March 31,2012	(Increase) /Decrease
Inventories at the end of the year			2013
Finished goods and by-products	5,656.43	8,941.86	3,285.43
Work-in-progress	178.30	446.75	268.45
Traded goods	118.41	125.84	7.43
	5,953.14	9,514.45	3,561.31
			2012
Inventories at the beginning of the year			
Finished goods and by-products	8,941.86	4,742.78	(4,199.08)
Work-in-progress	446.75	174.71	(272.04)
Traded goods	125.84	221.33	95.49
	9,514.45	5,138.82	(4,375.63)
Net (increase)/decrease in inventories	(3,561.31)	4,375.63	

Details of purchase of traded goods

Particulars	2013	2012
Iron ore fines	178.55	75.40
Scrap	561.40	999.24
Others	-	187.50
	739.95	1,262.14

Notes to financial statements for the year ended 31st March, 2013

NOTE 21 (INCREASE)/DECREASE IN INVENTORIES *(Contd.)*

(₹ in lacs)

Details of Inventories

Particulars	2013	2012
Traded goods		
Iron ore fines	117.99	125.41
Others	0.42	0.42
	118.41	125.83
Work-in-progress		
Equipments	178.30	446.75
	178.30	446.75
Finished goods and by-products		
Pellet	1,222.80	1,696.38
Sponge Iron	1,021.35	2,946.17
Steel Billets	322.09	189.78
H.B.Wire	1,054.13	648.64
M.S.Round in Coil	258.40	297.57
Ferro Alloys	52.36	350.81
By-Products & Others	1,725.30	2,812.51
	5,656.43	8,941.86

NOTE 22 EMPLOYEE BENEFITS EXPENSES

(₹ in lacs)

Particulars	2013	2012
Salaries, wages and bonus	3,686.98	3,092.15
Contribution to provident and other fund	252.95	227.17
Gratuity Expense (refer note-35)	29.73	28.13
Workmen and staff welfare expenses	409.74	453.89
	4,379.40	3,801.34

NOTE 23 OTHER EXPENSES

(₹ in lacs)

Particulars	2013	2012
Consumption of stores and spares	8,861.75	7,451.66
(Increase)/decrease of excise duty on inventory	(377.77)	538.59
Grid Parallel operation charges	175.32	151.84
Power & Fuel	9,277.85	7,995.84
Water Charges	256.90	292.53
Other manufacturing expenses	4,293.72	3,273.72
CDM Expenses	34.45	43.32
Rent	85.34	56.56
Rates and taxes	-	-
- Entry tax	135.87	147.86
- Excise duty	233.57	196.34
- Electricity duty cess	13.04	22.36
- Others	17.20	7.98
Insurance	69.41	38.03
Repairs and maintenance	-	-
- Plant and machinery	767.53	553.92
- Buildings	555.75	409.60
- Others	264.27	446.26
Rebate, shortage claims & other deductions	166.99	97.77

Notes to financial statements for the year ended 31st March, 2013

NOTE 23 OTHER EXPENSES (Contd.)

(₹ in lacs)

Details of raw material and components consumed

Particulars	2013	2012
Commission		
- Other than Sole selling agents	149.03	173.95
Travelling and conveyance	417.35	572.11
Communication expenses	96.16	108.30
Printing and stationery	58.13	52.00
Legal and professional fees	214.23	170.25
Directors' sitting fees	3.05	3.25
Directors' remuneration	304.04	271.44
Payment to Auditor (Refer details below)	17.00	22.69
Freight and forwarding charges	94.87	63.79
Security service charges	260.33	218.11
Loss on sale of fixed assets (net)	-	33.51
Debenture issue expenses	6.35	99.22
Corporate Social Responsibility	457.07	318.77
Miscellaneous expenses	825.80	634.24
	27,734.60	24,465.81

Payment to Auditor

Particulars	2013	2012
As auditor :		
Audit fee	15.00	15.00
Tax Audit fee	1.00	1.00
In other capacity		
Taxation matters	0.75	4.50
Other services	0.25	2.19
	17.00	22.69

NOTE 24 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

Particulars	2013	2012
Depreciation on tangible assets	5,106.28	5,079.45
Amortisation of intangible assets	121.00	27.28
	5,227.28	5,106.73

NOTE 25 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

Particulars	2013	2012
Finance Cost		
Interest		
- on debentures	2,514.56	1,812.35
- on term loans	2,765.25	3,619.58
- on working capital	2,150.69	1,365.63
- on others	112.21	413.70
Exchange difference to the extent considered as an adjustment to borrowing costs	318.49	1,385.43
Bank charges	1,378.06	1,473.97
	9,239.26	10,070.66

Notes to financial statements for the year ended 31st March, 2013

NOTE 26 EARNINGS PER SHARE (EPS)

(₹ in lacs)

Particulars	2013	2012
Net profit as per profit and loss account	12,413.71	7,894.62
Net profit for calculation of basic EPS & Diluted EPS	12,413.71	7,894.62
Weighted average number of equity shares in calculating Basic EPS	317.86	317.56
Weighted average number of equity shares in calculating Diluted EPS	327.86	317.56
Basic & Diluted EPS		
- Basic earning per share	39.05	24.86
- Diluted earning per share	37.86	24.86

NOTE 27 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 ₹1,259 lacs (Previous Year ₹1,126 lacs.)

ii) Corporate Guarantees issued in favour of bank aggregating to ₹4,813 lacs (Previous Year ₹4,535 lacs) in respect of financing facilities granted to other body corporate.

iii) Disputed liability of ₹18.80 lacs (Previous Year ₹27.32 lacs) on account of Service Tax against which the company has preferred an appeal.

iv) Disputed liability of ₹405.78 lacs (Previous Year ₹374.81 lacs) on account of CENVAT against which the company has preferred an appeal.

v) Disputed liability of ₹359.02 lacs (Previous ₹287.57 lacs) on account of Sales Tax against which the company has preferred an appeal.

vi) Disputed liability of ₹46.55 lacs (Previous Year ₹3.34) 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 ₹2,393.88 lacs (Previous Year ₹1,596 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 ₹758 lacs) 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) The company has provided royalty on captive iron ore mining on the basis of rates applicable to different grades of iron ore mined based on the rates published by Indian Bureau of Mines periodically. However, the mining department is collecting advance royalty on the basis of rate applicable to the highest grade of iron ore, as mentioned in the mining plan of the company, irrespective of the actual grade of material mined. The company has contested the above arbitrary levy of royalty before the Hon'ble High Court of Chhattisgarh and accordingly excess amount of royalty so deposited ₹2,650 lacs shown as an advance royalty.

x) Estimated amount of contracts remaining to be executed on capital accounts ₹5,959 lacs (Previous Year ₹16,995 lacs).

Notes to financial statements for the year ended 31st March, 2013

NOTE 28

In the opinion of the Board, the value of realisation of long term and short 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.

NOTE 29

During the year company has recognised Deferred tax in accordance with the provisions of AS-22 and accordingly ₹5292.76 lacs adjusted with revenue reserves as per the transitional provisions of the accounting standard.

NOTE 30

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 Steel (India) Limited (Wholly owned)
Godawari Energy Limited
Ardent Steels Limited
Hira Ferro Alloys Limited

b) **Other Related Enterprises where control exist**

Hira Cement Ltd.
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 Abhishek Agrawal
Shri Dinesh Gandhi
Shri Vinod Pillai

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

		2013	2012
a. Subsidiaries	Purchase of Materials	19,579.67	1,155.06
	Sale of Materials	29,271.42	14,451.43
	Interest Paid	86.30	-
	Interest Received	384.47	39.57
	Dividend Received	60.25	60.25
	Job Work Income	0.12	32.19
	Sale of fixed assets	23.38	136.20
	Advance received	3,410.00	5,519.00
	Repayment of advance received	5,860.00	5,345.00
	Advance given	5,718.00	3,445.00
	Repayment received of advance given	4,015.00	2,945.00
	Outstandings		
	Receivables	4,354.45	2,290.67
	Payables	2.92	2,450.00
b. Other Related Enterprises	Purchase of Materials	511.55	342.84
where control exit	Sale of Materials	37.01	0.22
	Interest Received	18.32	0.00
	Rent Paid	4.38	4.17
	Outstandings		
	Payables	0.00	120.60
	Receivables	124.10	0.00
	Guarantee & Collaterals	166.00	166.00

Notes to financial statements for the year ended 31st March, 2013

NOTE 30 *(Contd.)* *(₹ in lacs)*

		2013	2012
b. Joint Ventures	Service Charges Paid	240.34	290.37
	Outstandings		
	Payables	0.00	10.41
	Receivables	9.67	0.27
	Guarantee & Collaterals	4,453.00	4175.00
c. Key Management Personnel	Remuneration Paid	147.00	105.73
	Salary Paid	0.00	7.27
	Commission Paid	140.00	140.00
	Professional Fees Paid	0.00	8.14
	Rent Paid	3.12	3.12

ii) **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)

		2012-13	2011-12
a)	**Purchase of Materials:**		
	Hira Ferro Alloys Ltd	19,389.37	1,145.63
b)	**Service Charges Paid:**		
	Raipur Infrastructure Company Limited	240.34	290.37
c)	**Sale of Materials:**		
	Hira Ferro Alloys Ltd.	28,876.01	14,296.93
d)	**Interest Paid:**		
	Ardent Steel Limited	86.30	-
e)	**Interest received:**		
	Ardent Steel Limited	-	39.57
	Godawari Energy Limited	384.47	-
f)	**Repayment of Advance received:**		
	Ardent Steel Limited	3,160.00	-
	Godawari Green Energy Limited	2,700.00	5,045.00
g)	**Advance Received**		
	Godawari Green Energy Limited	250.00	5,519.00
	Ardent Steel Limited	3,160.00	-
h)	**Loan/Advance Given**		
	Ardent Steel Limited	-	3,145.00
	Godawari Energy Limited	4,703.00	-
	Godawari Green Energy Limited	1,015.00	-
i)	**Repayment receipt of Loan/Advance given:**		
	Ardent Steel Limited	200.00	2,945.00
	Godawari Energy Limited	2,800.00	-
	Godawari Green Energy Limited	1,015.00	-
j)	**Rent Paid:**		
	Shri Dinesh Agrawal	3.12	3.12
	Raipur Complex	4.38	4.04
k)	**Remuneration Paid:**		
	Shri B.L.Agrawal	48.00	36.00
	Shri Dinesh Agrawal	30.00	16.53
	Shri Siddharth Agrawal	-	16.36
	Sri Abhisekh Agrawal	36.00	10.64
	Sri Dinesh Gandhi	27.00	21.60

Notes to financial statements for the year ended 31st March, 2013

NOTE 30 *(Contd.)* *(₹ in lacs)*

		2012-13	2011-12
l)	**Salary Paid:**		
	Sri Abhisekh Agrawal	-	7.27
m)	**Commission Paid:**		
	Shri B.L.Agrawal	80.00	80.00
	Shri Dinesh Agrawal	25.00	25.00
	Sri Abhisekh Agrawal	15.00	15.00
	Sri Dinesh Gandhi	20.00	20.00
n)	**Professional Fees Paid:**		
	Shri Dinesh Agrawal	-	8.14
o)	**Guarantees & Collaterals**		
	Chhattisgarh Captive Coal Mining Ltd.	4,453.00	4,175.00

NOTE 31 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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
A) REVENUE								
Steel Segment	187819.00	170324.33	0.00	0.00	0.00	0.00	187819.00	170324.33
Electricity Segment	3344.10	2825.94	13921.51	11348.63	(13921.51)	(11348.63)	3344.10	2825.94
Total Segment Revenue	191163.10	173150.27	13921.51	11348.63	(13921.51)	(11348.63)	191163.10	173150.27

B) RESULTS *(₹ in lacs)*

Particulars	2013	2012
Segment Operational Profit		
Steel Segment	17,857.71	17,640.34
Electricity Segment	5,443.90	5,214.07
Total Segment Results	**23,301.61**	**22,854.41**
Un-allocated expenditure net off unallocated income	(3,466.01)	(4,185.75)
Operating Profit	19,835.60	18,668.66
Interest Expenses	(9,239.26)	(8,685.23)
Tax Expense	0.02	(2,088.81)
Net Profit	**10,596.36**	**7,894.62**

C) OTHER INFORMATION *(₹ in lacs)*

Particulars	2013	2012
Segment Assets		
Steel Segment	166,798.36	115,875.43
Electricity Segment	33,578.72	31,660.94
Total Segment Assets	**200,377.08**	**147,536.37**
Un-allocable Assets	801.75	725.98
Total Assets	**201,178.83**	**148,262.35**

Notes to financial statements for the year ended 31st March, 2013

NOTE 31 SEGMENT-WISE REVENUE RESULTS *(Contd.)*

(₹ in lacs)

C) OTHER INFORMATION *(Contd.)*

Particulars	2013	2012
Segment Liabilities and Provisions		
Steel Segment	107,477.80	64,897.34
Electricity Segment	16,150.84	15,605.34
Total Segment Liabilities & Provisions	**123,628.64**	**80,502.68**
Un-allocable Liabilities and Provisions	5,793.16	4,875.30
Total Liabilities and Provisions	**129,421.80**	**85,377.98**
Capital Expenditure		
Steel Segment	32,431.40	13,661.49
Electricity Segment	250.10	426.69
Un-allocable Capital Expenditure	768.65	202.97
Total Capital Expenditure	**33,450.15**	**14,291.15**
Depreciation & Amortisation		
Steel Segment	3,597.51	3,487.93
Electricity Segment	1,629.77	1,618.80
Total Segment Depreciation & Amortisation	**5,227.28**	**5,106.73**

NOTE 32 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,2013	Percentage of ownership interest as at 31st March,2012
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-13) 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:

(₹ in lacs)

Particulars	2013	2012
Non-Current Assets	970.19	949.28
Current Assets	127.21	99.39
Non-Current Liabilities	6.19	0.00
Current Liabilities	11.86	8.87
Revenue	112.23	105.37
Expenses	23.09	36.52
Other Matters		
Contingent Liabilities	1,349.14	1,349.14

NOTE 33 DERIVATIVE AND UN HEDGED FOREIGN CURRENCY EXPOSURE

Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March,2013 amount to ₹44,360.67 lacs (Previous Year ₹1,3561.42 lacs)

Notes to financial statements for the year ended 31st March, 2013

NOTE 34

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,2013

(₹ in lacs)

Particulars	2013	2012
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March,2013		
Principal Amount	485.90	21.28
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,2013	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,2013	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.

NOTE 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 profit and loss account and the unfunded status and amounts recognised in the balance sheet for the Gratuity.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

(₹ in lacs)

	(Gratuity)	
Particulars	2013	2012
Current Service cost	28.20	30.57
Interest cost on benefit obligation	13.35	10.08
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(11.82)	(12.52)
Past service cost	0.00	0.00
Actual return on plan assets	29.73	28.13

Balance Sheet

Details of provision for Gratuity

(₹ in lacs)

	(Gratuity)	
Particulars	2013	2012
Defined benefit obligation	158.46	138.24
Fair value of plan assets	0.00	0.00
	158.46	138.24
Less : Unrecognised past service cost	0.00	0.00
Plan liability	158.46	138.24

Notes to financial statements for the year ended 31st March, 2013

NOTE 35 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS *(Contd.)*

(₹ in lacs)

Changes in the present value of the defined benefit obligation are as follows :

	(Gratuity)	
Particulars	**2013**	**2012**
Defined benefit obligation as at April 1, 2012	138.24	113.90
Interest cost	13.35	10.08
Current Service Cost	28.20	30.57
Benefits paid	(9.51)	(3.79)
Actuarial losses on obligation	(11.82)	(12.52)
Defined benefit obligation as at March 31, 2013	158.46	138.24

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 :

	(Gratuity)	
Particulars	**2013**	**2012**
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)	23.63	25.82

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)

Contribution to Defined Contribution Plans :	(Gratuity)	
Particulars	**2013**	**2012**
Provident Fund	178.20	131.35

NOTE 36 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENT

Loans and Advances in the nature of loans given to Subsidiaries *(₹ in lacs)*

Name of the Subsidiary Company	Amount outstanding as at 31.03.13	Maximum amount outstanding during the year	Investment by the lonee in the shares of the Company
Godawari Energy Limited	2249.03	**4403.00**	**0.00**
Ardent Steel Limited	0.00	**200.00**	**0.00**
Godawari Green Energy Limited	14.09	**1000.00**	**0.00**

NOTE 37 BREAKUP OF RAW MATERIAL CONSUMED

	2012-13		2011-12	
	%	₹ IN LACS	%	₹ IN LACS
Imported	1.71	2,239.83	55.13	6,575.68
Indigenous	98.29	1,28,415.51	44.87	5,352.21
	100.00	1,30,655.34	100.00	11,927.89

Notes to financial statements for the year ended 31st March, 2013

NOTE 38 STORES CONSUMED

(₹ in lacs)

	2012-13		2011-12	
	%	₹ IN LACS	%	₹ IN LACS
Indigenous	98.91	8,765.37	92.93	8,228.66
Imported	1.09	96.38	7.07	626.22
	100.00	8,861.75	100.00	8,854.88

NOTE 39 VALUE OF IMPORT ON CIF BASIS

(₹ in lacs)

Particulars	2012-13	2011-12
- Capital Goods	12650.57	144.00
- Raw Material & Stores items	8291.67	7082.82

NOTE 40 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lacs)

Particulars	2012-13	2011-12
Expenditure in Foreign Currency	1025.13	428.24

NOTE 41 EARNING IN FOREIGN EXCHANGE

(₹ in lacs)

Particulars	2012-13	2011-12
Sale of VER	32.16	10.84
Sale of goods on FOB Value	256.60	300.23

NOTE 42 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED OR REARRANGED WHEREVER NECESSARY.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

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

(₹ 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	11035.62	25836.66	25836.66	1283.56*	44391.98	210.28	(173.39)	383.67	117.53
2.	Ardent Steel Limited	1000.00	8332.73	26962.96	26962.96	1.99#	40788.41	4555.26	1512.46	3042.80	NIL
3.	Godawari Energy Limited	2300.00	560.00	7743.16	7743.16	NIL	NIL	NIL	NIL	NIL	NIL
4.	Godawari Green Energy Limited	10815.00	10908.17	77525.90	77525.90	NIL	165.09	4.65	0.89	3.76	NIL
5.	Godawari Clinkers and Cement Limited	5.00	(0.98)	4.13	4.13	NIL	0.27	(0.17)	NIL	(0.17)	NIL
6.	Krishna Global Minerals Limited	5.00	(1.53)	4.03	4.03	NIL	0.23	(0.21)	NIL	(0.21)	NIL
7.	Godawari Integrated Steels (India) Limited	5.00	(0.56)	15.55	15.55	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 Rs.10/- each in Hira Cement Ltd.	16.01	
1755000 Equity Shares of Rs.10/- each in Maruti Clean Coal & Power Ltd.	308.98	
1330000 Equity Shares of Rs.10/- each in Earth Minerals Co. Ltd.	266.27	
285000 Equity Shares of Rs.10/- each in Chhattisgarh Power & Coal Beneficiation Ltd.	185.86	
10000 Equity Shares of Rs.10/- each in Hira Energy Ltd.	1.00	
510 Equity Shares of Rs.10/- each in Vimla Infrastructure (I) Pvt. Ltd.	0.51	
397000 Equity Shares of Rs.10/- each in Alok Ferro Alloys Limited	417.74	
2004 Equity Shares of Rs.10/- each in Active Chemicals Pvt. Ltd.	2.72	
Investment in Partnership Firm:		
Vinay Green Energy LLP (90% share in profit)	4.28	
Kumar ECO Power LLP (90% share in profit)	**4.28**	**1207.66**
Current Investments (Non-trade Investments):		
Investment in equity instruments (Quoted):		
264 Equity Shares of Rs.10/- each in Capital First Ltd.	2.02	
352893 Equity Shares of Rs.10/- each in Sunflag Iron & Steel Co. Ltd.	43.88	
Investment in mutual fund (Unquoted):		
50000 Units of Rs.10/- each in SBI Infrastructure Fund (G)	5.00	
250000 Units of Rs.10/- each in Axis Bank Infrastructure Fund (G)	25.00	75.90
GRAND TOTAL		1283.56
Non-Current Investments (Trade):		
Unquoted Fully paid up Shares:		
19,900 equity shares of Rs.10/- each in SAG International Limited	**1.99**	1.99

CONSOLIDATED FINANCIAL SECTION

Independent Auditor's Report

To
THE BOARD OF DIRECTORS OF
GODAWARI POWER & ISPAT LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Godawari Power & Ispat Limited ("the Company) and its subsidiaries (collectively referred to as "the Group) which comprise the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and financial cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Based on our audit and on consideration of unaudited financial statements of joint ventures and audited reports of subsidiaries 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 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,2013;

(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, OPSinghania & Co.
(Firm Regn.No.002172C)
Chartered Accountants

per O.P.Singhania
Partner
Membership No.051909

Raipur, 28th May,2013

GODAWARI POWER & ISPAT LIMITED

Consolidated Balance Sheet as at 31st March, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	3,275.62	3,175.62
Reserves and surplus	3	74,464.03	64,633.56
Money received against share warrants	2(d)	1,300.00	-
		79,039.65	**67,809.18**
Minorities Interest		**15,726.00**	9,245.32
Non-current liabilities			
Long-term borrowings	4	112,165.77	58,314.63
Deferred tax liabilities (net)	5	7,743.21	612.10
Other long-term liabilities	6	229.80	3,180.45
Long-term provisions	7	239.63	198.08
		120,378.41	**62,305.26**
Current liabilities			
Short-term borrowings	8	43,150.05	24,319.86
Trade payables	9	34,457.53	19,430.58
Other current liabilities	9	17,410.54	15,876.74
Short-term provisions	7	1,470.57	2,491.00
		96,488.69	**62,118.18**
TOTAL		**311,632.75**	**201,477.94**
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	10	104,967.64	102,982.51
Intangible assets	11	2,139.01	2,081.06
Capital work-in-progress		118,869.77	28,487.89
Non-current investments	12	1,664.31	1,638.91
Long-term loans and advances	13	1,025.29	698.61
Other non-current assets	14.2	1,007.73	887.50
		229,673.75	**136,776.48**
Current assets			
Current investments	15	115.90	128.39
Inventories	16	34,753.53	34,612.84
Trade receivables	14.1	10,670.55	9,593.57
Cash & bank balances	17	7,990.13	9,901.06
Short-term loans and advances	13	28,238.76	10,393.54
Other current assets	14.2	190.13	72.06
		81,959.00	**64,701.46**
TOTAL		311,632.75	201,477.94
Summary of significant accounting policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

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 And Loss for the year ended 31st March, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
INCOME			
Revenue from operations (gross)	18	268,534.20	229,087.95
Less: Excise duty		30,674.14	21,174.95
Less: VAT & Sales Tax		2,188.80	1,869.70
Revenue from operations (net)		**235,671.26**	**206,043.30**
Other Income	19	1,478.37	1,133.13
TOTAL REVENUE (I)		**237,149.63**	**207,176.43**
EXPENDITURE			
Cost of raw material and component consumed	20	145,599.69	137,173.99
Purchase of Traded Goods		3,676.18	2,403.96
(Increase/decrease in inventories of finished goods work-in-progress and traded goods)	21	2,655.20	(3,759.60)
Employees benefits expenses	22	6,137.03	5,175.34
Other Expenses	23	44,511.00	35,487.20
TOTAL REVENUE (II)		202,579.10	176,480.89
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		34,570.53	30,695.54
Depreciation and amortisation expenses	24	7,091.87	6,766.72
Finance costs	25	12,106.09	12,968.49
Profit/(loss) before tax		15,372.57	10,960.34
Tax expenses			
Current tax		3,162.53	2,212.73
Deferred Tax		1,838.35	64.62
MAT Credit Entitlement		(5,610.75)	(187.32)
Income tax related to earlier year		153.43	112.16
Total tax expenses		**(456.44)**	**2,202.19**
Profit/(loss) for the year from continuing operations		**15,829.01**	**8,758.15**
Less: Minorities Interest		947.70	330.97
Net Profit for the year		14,881.31	8,427.18
Earnings per equity share [nominal value of share @ ₹10/- (31st March,2012" ₹10]	26		
Basic		46.82	26.54
Diluted		45.39	26.54
Summary of significant accounting policies	1		

The accompanying notes are integral part of the financial statements.

As per our report of even date
For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

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

B.L.Agrawal	**Dinesh Gandhi**	**Y.C.Rao**
Managing Director	*Director*	*Company Secretary*

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		15,372.57	10,960.34
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/amortisation on continuing operation		7,091.87	6,766.72
Amortisation of expenses		1.85	1.34
Provision for gratuity		45.33	36.81
Net gain on sale of current investments		(13.10)	(16.83)
(Profit)/Loss on sale of fixed assets		(8.18)	28.05
Premium on forward exchange contract amortised		-	12.87
Share of Loss/(profit) of LLP		0.13	0.30
Interest Expenses		12,106.09	11,583.06
Interest Income		(1,259.93)	(1,015.03)
Dividend Income		-	(2.24)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		33,336.65	28,355.38
Movements in working capital :			
Increase/(decrease) in trade payables		15,026.95	6,451.03
Increase/(decrease) in other current liabilities		1,909.50	2,414.59
Increase/(decrease) in other long-term liabilities		49.35	3,017.70
Decrease/(increase) in trade receivables		(1,076.98)	(2,849.14)
Decrease/(increase) in inventories		(140.69)	(5,895.30)
Decrease/(increase) in long-term loans and advances		(326.68)	(101.34)
Decrease/(increase) in short-term loans and advances		(12,234.47)	1,052.04
Decrease/(increase) in other current assets		(118.36)	139.10
Decrease/(increase) in other non-current assets		(3.44)	(264.88)
Cash generated from/(used in) operations		36,421.82	32,319.18
Direct taxes paid (net of refunds)		(4,366.23)	(1,816.33)
Net Cash flow from/(used in) operating activities	A	32,055.59	30,502.85
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including intangible assets including CWIP		(99,786.35)	(33,744.40)
Proceeds from sale of fixed assets		275.50	134.93
Proceeds from sale of current investments		25.59	34.05
(Increase)/decrease in long term investments		(25.41)	-
Investments in bank deposits (having original maturity of more than three months)		1.23	(4,495.55)
Interest received		1,259.93	1,015.03
Dividends received		-	2.24
Net cash flow from/(used in) investing activities	B	(98,249.51)	(37,053.70)

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(₹ in lacs)

Particulars	Notes	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital including premium		1,300.00	-
Proceeds from money received against share warrants		1,300.00	-
Proceeds/(Payment) of long-term borrowings		50,475.44	7,959.91
Proceeds/(Payment) of short-term borrowings		18,830.19	2,350.20
Interest paid		(12,106.09)	(11,583.06)
Minorities Interest		5,662.31	1,276.76
Dividends paid on equity shares		(911.44)	(911.44)
Tax on equity dividend paid		(147.86)	(151.38)
Net cash flow from/(used in) financing activities		64,402.55	(1,059.01)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(1,791.36)	(7,609.86)
Cash and Cash Equivalents at the beginning of the year		5,000.94	12,610.80
Cash and Cash Equivalents at the end of the year		3,209.58	5,000.94
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash in hand		44.16	60.81
Stamp in hand		1.23	1.23
With banks- on current account		2,178.89	3,531.58
- on deposit account		966.15	1,387.70
- on unpaid dividend account*		17.58	18.05
- on unpaid public issue refund account*		1.57	1.57
		3,209.58	5,000.94

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

For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

Notes to the Consolidated financial statements for the year ended 31st March, 2013

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

(i) PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to the Godawari Power & Ispat Limited ("the Parent Company"), its Subsidiaries 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 and Chhattisgarh Captive Coal Mining Limited, collectively referred to as 'the Group'. The consolidated financial statements have been prepared on the following basis :

a) The Financial Statements of the parent company and its subsidiaries 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) 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.

c) 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.

d) Minority interest's share of net profit of consolidated subsidiaries 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.

e) As far as possible, the consolidated financial statements 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 in case of subsidiaries 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.

(ii) Investments other than in subsidiaries and joint ventures 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 the Consolidated financial statements for the year ended 31st March, 2013

NOTE 2 SHARE CAPITAL

(₹ in lacs)

Particulars	2013	2012
Authorised shares		
231350000 Equity shares of ₹10/- each	23,135.00	23,135.00
3,200,000 Preference Shares of ₹10 each	320.00	320.00
11,600,000 Preference Shares of ₹ 100/- each	**11,600.00**	-
	35,055.00	23,455.00
Issued shares		
32,756,247 (31,756,247) equity shares of ₹10/- each	**3,275.62**	**3,175.62**
Subscribed and fully paid-up shares		
32,756,247 (31,756,247) equity shares of ₹10/- each	**3,275.62**	**3,175.62**

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

Equity shares

Particulars	2013		2012	
	No.	₹ in lacs	No.	₹ in lacs
At the beginning of the period	31,756,247	3,175.62	31,756,247	3,175.62
Issued during the period	1,000,000	100.00	-	-
Outstanding at the end of the period	32,756,247	3,275.62	31,756,247	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,2013, the amount of per share dividend recognised as distributions to equity shareholders was ₹2.50 (31st March,2012 : ₹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:**

Particulars	2013		2012	
	No.	% Of holding in the class	No.	% Of holding in the class
Equity shares of ₹10/- each fully paid				
ICICI Prudential Discovery Fund	1,911,218	5.83	1,920,765	6.05
Hira Infra-tek Limited	1,790,652	5.47	790,652	2.49
Dinesh Agrawal	1,846,347	5.64	1,846,347	5.81
B.L. Agrawal	1,731,398	5.29	1,731,398	5.45
	7,279,615	**22.22**	**6,289,162**	**19.80**

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 2 SHARE CAPITAL *(Contd.)*

d. **Money received against Share Warrants**

During the year the company has issued 5,000,000 convertible warrants of ₹130/- each, which will be convertible into 5,000,000 equity shares of ₹10/- each at a premium of ₹120/- per share within the 18 months from the date of allotment of warrants. Accordingly 5,000,000 warrants at a subscription price of ₹32.50 per warrant has been allotted on 7th July, 2012 to M/s Hira Infra-Tek Limited (a promoter group company). Out of 5,000,000 share warrants, the company has allotted 1,000,000 equity shares of ₹10/- each at a premium of ₹120/- per share on 21st March, 2013 upon exercise of option for conversion of warrants into equity shares and on receipt of balance 75% amount from the warrant holders.

NOTE 3 RESERVES AND SURPLUS

(₹ in lacs)

Particulars	2013	2012
Capital Reserve		
Balance as per last financial statements	3,275.83	2,988.53
Addition on consolidation	-	287.30
	3,275.83	**3,275.83**
Debenture Redemption Reserve		
Balance as per last financial statements	2,600.00	525.00
Add: Amount transferred from surplus balance in the statement of profit and loss	3,066.00	2,075.00
	5,666.00	**2,600.00**
Securities Premium Reserve		
Balance as per last financial statements	16,642.05	16,642.05
Addition during the year	1,200.00	-
	17,842.05	**16,642.05**
General Reserve		
Balance as per last financial statements	10,300.00	8,657.87
Add: Amount transferred from surplus balance in the statement of profit and loss	1,650.00	1,642.13
	11,950.00	**10,300.00**
Surplus/(deficit) in the statement of profit and loss		
Balance brought forward from previous year	31,815.67	28,383.99
Less: Adjustment of deferred tax as per transitional provision (refer note-28)	5,292.76	-
Add: Profit for the year	14,881.31	8,427.18
Profit available for appropriation	41,404.22	36,811.17
Less : Appropriations		
Proposed final equity dividend	818.91	793.91
Tax on proposed equity dividend	139.16	138.34
Transfer to debenture redemption reserve	3,066.00	2,075.00
Transfer to general reserve	1,650.00	1,642.13
Reversal of share of profit of associate	-	346.12
Total appropriations	**5,674.07**	**4,995.50**
Net surplus in the statement of profit and loss	**35,730.15**	**31,815.67**
Total reserves and surplus	**74,464.03**	**64,633.56**

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 4 LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	Non-current portion		Current maturities	
	2013	2012	2013	2012
Debentures				
1250 (31 March,2011: 1250) A Series 12% Redeemable Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	12,500.00	12,500.00	-	-
500 (31 March,2011: 500) B Series 12% Redeemable Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	5,000.00	5,000.00	-	-
300 (31 March,2012: Nil) C Series 12.90% Redeemable Non -Convertible Debentures of ₹ 1,000,000/- each (secured)	3,000.00	-	-	-
Term Loans				
Indian rupee loan from banks (secured)	59,076.27	29,669.75	11,434.71	11,980.36
Foreign currency loan from banks (secured)	31,894.74	10,370.92	1,357.25	1,295.80
	-	-	-	-
Other loans and advances	-	-	-	-
Other Loans (secured)	663.13	736.64	273.98	171.12
Deferred sales tax loan (unsecured)	31.63	37.32	5.69	0.05
	112,165.77	58,314.63	13,071.63	13,447.33
The above amount includes				
Secured borrowings	112,134.14	58,277.31	13,065.94	13,447.28
Unsecured borrowings	31.63	37.32	5.69	0.05
Amount disclosed under the head				
"other current liabilities" (note 9)			(13,071.63)	(13,447.33)
Net amount	112,165.77	58,314.63	-	-

NOTE 5 DEFERRED TAX LIABILITIES (NET)

(₹ in lacs)

Particulars	2013	2012
Deferred Tax Liabilities		
Fixed Assets: Impact of differences between tax depreciation and depreciation / amortisation charged for the financial reportings	8,118.08	1,830.22
Gross deferred tax liability	8,118.08	1,830.22
Deferred Tax Assets		
Provision for bonus, gratuity and others	87.11	22.13
On account of carry-forward losses as per income-tax	287.76	1,195.99
Gross deferred tax asset	374.87	1,218.12
Net deferred tax liability	7,743.21	612.10

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 6 OTHER LONG-TERM LIABILITIES

(₹ in lacs)

Particulars	2013	2012
Debenture Application Money towards 12.90% Non-convertible debentures 'C' Series	-	3,000.00
Retention Money Payable	229.80	180.45
	229.80	**3,180.45**

NOTE 7 PROVISIONS

(₹ in lacs)

Particulars	Long-term		Short-term	
	2013	2012	2013	2012
Provision for employee benefits				
Provision for gratuity (Note 35)	239.63	198.08	4.21	0.42
	239.63	**198.08**	**4.21**	**0.42**
Other Provisions				
Provision for taxation (net of advance)			381.01	1,431.28
Proposed equity dividend			936.44	911.44
Provision for tax on proposed equity dividend			148.91	147.86
	-	-	**1,466.36**	**2,490.58**
	239.63	198.08	1,470.57	2,491.00

NOTE 8 SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	2013	2012
Cash Credit facility from banks (secured)	27,983.43	18,085.66
Interest free loan and advances from others repayable on demand (unsecured)	15,166.62	6,234.20
	43,150.05	**24,319.86**
The above amount includes		
Secured borrowings	27,983.43	18,085.66
Unsecured borrowings	15,166.62	6,234.20

NOTE 9 OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	2013	2012
Trade payables (including acceptances)	32,489.81	16,431.80
Advance from Customer	1,156.87	2,283.25
Creditors for capital goods	810.85	715.53
Other liabilities		
Current maturities of long-term borrowings (secured) (refer note-4)	13,071.63	13,447.33
Interest accrued but not due on borrowings	1,063.47	538.41
Investor Education and Protection Fund will be credited by following amounts (as and when due)	-	-
Unpaid dividend	17.58	18.05
Unclaimed Public Issue Refund of application money	1.57	1.57
Other Payable	3,256.29	1,871.38
	51,868.07	35,307.32

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 10 TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land	Leasehold Land	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
Cost or valuation								
At 1 April 2011	2,820.53	142.03	1,255.03	10,328.83	99,477.32	357.03	814.98	115,195.75
Additions	1,441.32	187.77	5,222.83	1,134.48	5,651.23	91.56	239.72	13,968.91
Disposals	-	-	-	-	221.00	-	64.62	285.62
Other adjustments	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	22.47	546.24	-	-	568.71
At 31 March, 2012	4,261.85	329.80	6,477.86	11,485.78	105,453.79	448.59	990.08	129,447.75
Additions	922.42	7.83	200.80	2,441.53	5,063.49	39.00	243.41	8,918.48
Disposals	12.58	-	-	-	1,006.13	-	50.86	1,069.57
Other adjustments	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	260.67	-	-	260.67
At 31 March, 2013	5,171.69	337.63	6,678.66	13,927.31	109,771.82	487.59	1,182.63	137,557.33
Depreciation								-
At 1 April 2011	-	6.09	-	1,066.36	18,615.62	64.04	233.45	19,985.56
Charge for the year	-	0.71	-	345.46	6,150.60	25.67	82.69	6,605.13
Disposals/Adjustment	-	-	-	-	87.50	0.22	37.73	125.45
At 31 March, 2012	-	6.80	-	1,411.82	24,678.72	89.49	278.41	26,465.24
Charge for the year	-	0.70	-	377.13	6,417.73	29.80	101.34	6,926.70
Disposals/Adjustment	-	-	-	-	780.04	-	22.21	802.25
At 31 March, 2013	-	7.50	-	1,788.95	30,316.41	119.29	357.54	32,589.69
Net Block								
At 31 March, 2012	4,261.85	323.00	6,477.86	10,073.96	80,775.07	359.10	711.67	102,982.51
At 31 March, 2013	5,171.69	330.13	6,678.66	12,138.36	79,455.41	368.30	825.09	104,967.64

a. Capitalised borrowing costs
The borrowing cost capitalised during the year ended 31st March, 2013 was ₹960.97 lacs (31st March, 2012: ₹184.69 lacs). 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 Clause 46A of the AS-11 (as amended vide notification dt.29.12.2011), the Company during the year added ₹260.67 lacs (31st March, 2012 ₹568.71 lacs) to the cost of assets, being the exchange differences of long term foreign currency monetary items relating to acquisition of assets. This is to be depreciated over the balance life of the assets.

c. During the year the depreciation of ₹2,19,488/- (31st March,2012 : ₹2,12,222/-) has been capitalised and transferred to CWIP.

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 11 INTANGIBLE ASSETS

(₹ in lacs)

	Computer software	Goodwill	Right to use Land	Iron ore Mines	Total
Gross Block					
At 1 April 2011	284.50	-	-	1,754.72	2,039.22
Purchase	15.44	216.84	3.67	144.24	380.19
Internal development	-	-	-		-
At 31 March, 2012	**299.94**	**216.84**	**3.67**	**1,898.96**	**2,419.41**
Purchase	-	-	-	225.30	225.30
At 31 March, 2013	**299.94**	**216.84**	**3.67**	**2,124.26**	**2,644.71**
Amortisation					
At 1 April 2011	53.07	-	-	121.56	174.63
Charge for the year	30.27	43.37	-	90.08	163.72
At 31 March, 2012	**83.34**	**43.37**	**-**	**211.64**	**338.35**
Charge for the year	27.28	43.37	-	96.71	167.36
At 31 March, 2013	**110.62**	**86.74**	**-**	**308.35**	**505.71**
Net Block					
At 31 March, 2012	**216.60**	**173.47**	**3.67**	**1,687.32**	**2,081.06**
At 31 March, 2013	**189.32**	**130.10**	**3.67**	**1,815.91**	**2,139.00**

NOTE 12 NON-CURRENT INVESTMENTS

(₹ in lacs)

Particulars	2013	2012
A. Trade		
In other Companies		
Equity Shares Unquoted	1,609.81	1,596.41
	-	-
In Mutual Funds Units	32.00	20.00
	-	-
In Trust	22.50	22.50
	1,664.31	1,638.91

NOTE 13 LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in lacs)

Particulars	Non-current		Current	
	2013	2012	2013	2012
Capital advances	3.75	-		
Loans and advances to Body Corporate & Others				587.57
Advances recoverable in cash or in kind	-	1.47	11,202.85	5,022.19
Other loans and advances	-	-	-	-
Prepaid expenses	-	-	142.31	70.38
MAT Credit Entitlement	-	-	6,894.42	1,283.67
Balance with statutory/govt. authorities	-	-	9,998.04	3,329.93
Security deposit with govt. & others	1,021.54	697.14	1.14	99.80
Total	1,025.29	698.61	28,238.76	10,393.54

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 14 TRADE RECEIVABLES AND OTHER ASSETS

(₹ in lacs)

14.1 Trade Receivables	Current	
Particulars	2013	2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months		
from the date they are due for payment		
Considered good	405.62	673.70
Doubtful	-	49.24
	405.62	722.94
Provision for doubtful receivables	-	49.24
Total (A)	**405.62**	**673.70**
Other receivables		
Considered good	10,264.93	8,919.87
Total (B)	**10,264.93**	**8,919.87**
Total (A+B)	**10,670.55**	**9,593.57**

14.2 Other assets

(₹ in lacs)

Particulars	Non-current		Current	
	2013	2012	2013	2012
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note-17)	984.66	866.32	-	-
	-	-	-	-
Unamortised expenditure	3.35	4.91	1.56	1.85
Others	-	-	-	-
Interest accured on fixed deposits	19.72	16.27	182.25	56.82
Others	-	-	6.32	13.39
	1,007.73	887.50	190.13	72.06

NOTE 15 CURRENT INVESTMENTS

(₹ in lacs)

Particulars	2013	2012
Non Trade		
In other Companies		
Equity Shares Quoted	45.90	58.39
In Mutual Funds Units	70.00	70.00
	115.90	128.39

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 16 INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in lacs)

Particulars	2013	2012
Raw Materials and components	19,197.33	17,530.64
Work-in-progress	301.83	645.65
Finished goods & by-products	7,523.54	9,827.49
Traded goods	118.41	125.84
Stores & spares	7,612.42	6,483.22
	34,753.53	34,612.84

NOTE 17 CASH AND BANK BALANCES

(₹ in lacs)

Particulars	Non-current		Current	
	2013	2012	2013	2012
Cash and cash equivalents				
Balances with banks:				
On current accounts			2,178.89	3,531.58
Deposits with original maturity of less than three months			966.15	1,387.70
			-	-
Unpaid dividend account			17.58	18.05
Unpaid public issue refund account			1.57	1.57
Cash on hand			44.16	60.81
Stamp in hand			1.23	1.23
			3,209.58	**5,000.94**
Other bank balances				
Deposits with original maturity for more than 12 months	984.66	866.32	74.78	111.72
			-	-
Deposits with original maturity for more than 3 months but less than 12 months			3,631.11	3,792.74
			-	-
Margin money deposit			1,074.66	995.66
	984.66	**866.32**	**4,780.55**	**4,900.12**
Amount disclosed under non-current assets (note 14.2)	984.66	866.32		
	-	-	7,990.13	9,901.06

NOTE 18 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	2013	2012
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products	250,498.15	218,337.13
Electricity	4,192.53	3,288.87
Traded Goods	12,318.48	6,621.07
Sale of services	155.38	261.98
Other operating revenue	-	-
Scrap sales	21.63	25.76
Carbon Credit sales (VER)	32.16	10.84
Export Licence Sale	59.44	-
Renewable Energy Certificates (REC)	1,256.43	542.30
Revenue from operations (gross)	268,534.20	229,087.95
Less: Excise duty#	30,674.14	21,174.95
Less: VAT & Sales Tax	2,188.80	1,869.70
Revenue from operations (net)	235,671.26	206,043.30

Excise duty on sales amounting to ₹3,067,414,441/- (31st March, 2012: ₹ 2,117,494,908/-) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to (₹24,096,566/-) (31st March, 2012: ₹49,980,962/-) has been considered as (income)/expense in note 23 of financial statements.

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 19 OTHER INCOME

(₹ in lacs)

Particulars	2013	2012
Interest Income on		
Bank Deposits	635.18	736.61
Others	624.74	278.42
Dividend Income	-	2.24
Net gain on sale of current investments	13.10	16.83
Net gain on sale of fixed assets	8.18	-
Other non-operating income (net of expenses directly attributable to such income)	197.17	99.03
	1,478.37	1,133.13

NOTE 20 COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(₹ in lacs)

Particulars	2013	2012
Inventory at the beginning of the year	17,530.64	18,388.36
Add: purchases	147,266.38	136,316.27
	164,797.02	154,704.63
Less : Inventory at the end of the year	19,197.33	17,530.64
Cost of raw material and components consumed	145,599.69	137,173.99

NOTE 21 (INCREASE)/DECREASE IN INVENTORIES

(₹ in lacs)

Particulars	As at March 31,2013	As at March 31,2012	(Increase) /Decrease
Inventories at the end of the year			2013
Finished goods and by-products	7,523.54	9,827.49	2,303.95
Work-in-progress	301.83	645.65	343.82
Traded goods	118.41	125.84	7.43
	7,943.78	10,598.98	2,655.20
			2012
Inventories at the beginning of the year			
Finished goods and by-products	9,827.49	5,897.00	(3,930.49)
Work-in-progress	645.65	721.05	75.40
Traded goods	125.84	221.33	95.49
	10,598.98	6,839.38	(3,759.60)
Net (increase)/decrease in inventories	2,655.20	(3,759.60)	

NOTE 22 EMPLOYEES BENEFITS EXPENSES

(₹ in lacs)

Particulars	2013	2012
Salaries, wages and bonus	5,328.98	4,342.23
Contribution to provident and other fund	324.43	294.90
Gratuity Expense (Note 35)	56.41	41.50
Workmen and staff welfare expenses	427.20	496.71
	6,137.03	5,175.34

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 23 OTHER EXPENSES

(₹ in lacs)

Particulars	2013	2012
Consumption of stores and spares	10,097.02	8,549.71
(Increase)/decrease of excise duty on inventory	(240.97)	499.81
Grid Parallel operation charges	175.32	151.84
Power & Fuel	20,252.66	14,521.82
Water Charges	264.40	299.50
Other manufacturing expenses	4,618.19	3,738.34
CDM Expenses	34.45	43.32
Rent	120.75	84.02
Rates and taxes	-	-
- Entry tax	135.87	146.98
- Excise duty	233.57	196.34
- Electricity duty cess	13.04	22.36
- Others	124.64	66.01
Insurance	87.56	65.96
Repairs and maintenance	-	-
- Plant and machinery	1,393.98	1,102.18
- Buildings	738.72	420.40
- Others	341.67	480.85
Rebate, shortage claims & other deductions	173.01	158.90
Commission	-	-
- Other than Sole selling agents	305.97	313.76
Travelling and conveyance	527.85	756.31
Communication expenses	158.35	156.52
Printing and stationery	75.62	67.09
Legal and professional fees	300.30	403.46
Directors' sitting fees	3.93	3.99
Directors' remuneration	396.66	372.63
Payment to Auditors	23.23	32.30
Freight and forwarding charges	1,840.01	903.70
Security service charges	369.88	302.91
Loss on sale of fixed assets (net)	-	28.05
Debenture issue expenses	6.35	99.22
Foreign Exchange fluctuation (net)	136.39	203.24
Premium on forward exchange contract amortised	-	12.87
Share of Loss of LLP	0.13	0.30
Renewal Purchase Obligation (RPO)	136.71	-
Corporate Social Responsibility	457.07	318.79
Miscellaneous expenses	1,208.64	963.75
	44,511.00	35,487.20

NOTE 24 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lacs)

Particulars	2013	2012
Depreciation on tangible assets	6,924.51	6,693.09
Amortisation of intangible assets	167.36	73.63
	7,091.87	6,766.72

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 25 FINANCE COSTS

(₹ in lacs)

Particulars	2013	2012
Interest		
- on debentures	2,514.56	1,812.35
- on term loans	4,804.97	5,618.28
- on working capital	2,791.31	1,956.52
- on others	214.74	464.98
Exchange difference due to the extent considered as an adjustment to borrowing cost	318.49	1,385.43
Bank charges	1,462.02	1,730.93
	12,106.09	**12,968.49**

NOTE 26 EARNINGS PER SHARE (EPS)

(₹ in lacs)

Particulars	2013	2012
Net profit as per profit and loss account	14,881	8,427
Net profit for calculation of basic EPS & Diluted EPS	14,881	8,427
Weighted average number of equity shares in calculating Basic EPS	317.86	317.56
Weighted average number of equity shares in calculating Diluted EPS	327.86	317.56
Basic & Diluted EPS		
- Basic earning per share	46.82	26.54
- Diluted earning per share	45.39	26.54

NOTE 27 THE SUBSIDIARY COMPANY CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENT ARE

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest	
		2013	2012
Hira Ferro Alloys Limited	India	51.26%	51.26%
Godawari Energy Limited	India	51.30%	51.30%
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%

NOTE 28

During the year the parent company has recognised Deferred tax in accordance with the provisions of AS-22 and accordingly ₹5,292.76 lacs adjusted with revenue reserves as per the transitional provisions of the accounting standard.

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 29 JOINT VENTURE OPERATIONS

(₹ in lacs)

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.

Name of the Joint Venture	Country of incorporation	Proportion of ownership interest	
		2013	2012
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,2013 are given below:

Particulars of Balance Sheet items	2013	2012
Non current assets	970.19	943.04
Current Assets	127.21	99.39
Non-current Liabilities	6.19	0.00
Current Liabilities	11.86	8.87

Particulars of Statement of Profit & Loss items	2013	2012
Income from operation	112.23	105.37

Particulars of Cash Flow Statement items	2013	2012
Profit/(Loss) for the year	45.79	45.92
Changes in working capital	(24.83)	157.59
Changes in investing activities	(27.15)	(297.85)
Changes in financing activities	6.19	(10.04)

NOTE 30

The subsidiary company are using the method of valuation of inventories on FIFO and weighted average basis where as the parent company is using moving weighted average basis. As the difference is not significant therefore the same has not been considered.

NOTE 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 ₹1,504.00 lacs (Previous Year ₹1,407.47 lacs.)

ii) Disputed liability of ₹18.80 lacs (Previous Year ₹27.32 lacs) on account of Service Tax, Central Excise Duty ₹411.53 lacs (Previous Year ₹461.22 lacs), Sales Tax ₹417.26 lacs (Previous Year ₹307.63 lacs) and Income tax ₹90.67 lacs (previous year ₹4.27) against which appeals have been preferred before higher authorities.

iii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh ₹3,428.51 lacs (Previous Year ₹2,480.43 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 ₹758) 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.

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 31 (Contd.)

v) Corporate Guarantees issued in favour of bank aggregating to ₹109,713 lacs (Previous Year ₹109,535 lacs) in respect of financing facilities granted to other body corporate.

vi) Estimated amount of contracts remaining to be executed on capital accounts ₹5,959 lacs (Previous Year ₹16,995).

vii) The company has provided royalty on captive iron ore mining on the basis of rates applicable to different grades of iron ore mined based on the rates published by Indian Bureau of Mines periodically. However, the mining department is collecting advance royalty on the basis of rate applicable to the highest grade of iron ore, as mentioned in the mining plan of the company, irrespective of the actual grade of material mined. The company has contested the above arbitrary levy of royalty before the Hon'ble High Court of Chhattisgarh and accordingly excess amount of royalty so deposited ₹2,650 lacs shown as an advance royalty.

NOTE 32 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2013 amount to ₹44,952.32 lacs (Previous Year ₹15,243.26 lacs)

NOTE 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 Cement Limited
Raipur Complex
Active Chemicals Pvt. Limited
Hira Foundation
Vrindavan Realcon LLP
Vinay Green Energy LLP
Kumar Eco Power LLP
Dinesh Realcon LLP

b) **Joint Ventures**

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

c) **Key Management Personnel**

Shri B.L.Agrawal
Shri N.P.Agrawal
Shri Dinesh Agrawal
Shri Siddarth Agrawal
Shri Abhishek Agrawal
Shri Sanjay Gupta
Shri Dinesh Gandhi

ii) **Material Transactions with Related Parties in the ordinary course of business**

(₹ in lacs)

		2013	2012
a. Other Related	Purchase of Materials	630.67	400.12
Enterprises	Sale of Materials	37.01	0.22
	Rent Paid	4.38	4.17
	Interest Paid	0.18	6.02
	Interest Received	18.32	0.00
	Loan received	0.00	348.00
	Repayment of Loans	0.00	339.00
Outstanding			
	Receivables	129.44	5.74
	Payables	13.31	169.89
	Guarantees & Collaterals	166.00	166.00

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 33 *(Contd.)* *(₹ in lacs)*

ii) Material Transactions with Related Parties in the ordinary course of business (Contd.)

		2013	2012
b. Joint Venture	Service Charges Paid	240.34	290.37
	Outstandings		
	Payables	0.00	10.41
	Receivables	9.67	0.27
	Guarantees & Collaterals	4453.00	4175.00
c. Key Management	Remuneration Paid	228.48	201.08
	Salary Paid	0.00	7.27
	Commission Paid	140.00	140.00
	Rent Paid	3.12	3.12
	Professional Fees Paid	0.00	8.14
	Interest Paid	1.19	5.86
	Loan received	200.10	339.35
	Repayment of Loans	206.35	339.00
	Outstandings		
	Payables	0.45	0.35

NOTE 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.

Information about business Segments-Primary

Particulars	External Sales		Inter Segment Sales		Eliminations		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
A) REVENUE								
Steel Segment	230190.14	224958.21	0.00	0.00	0.00	0.00	230190.14	224958.21
Electricity Segment	5481.13	3842.01	19756.19	15695.20	(19756.19)	(15695.20)	5481.13	3842.01
Total Segment Revenue	235671.27	228800.22	19756.19	15695.20	(19756.19)	(15695.20)	235671.27	228800.22

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 34 SEGMENT-WISE REVENUE RESULTS *(Contd.)*

(₹ in lacs)

B) RESULTS

Particulars	2013	2012
Segment Operational Profit		
Steel Segment	24306.87	22273.30
Electricity Segment	6639.99	5373.39
Total Segment Results	**30946.86**	**27646.69**
Un-allocated expenditure net off unallocated income	(3468.19)	(3717.87)
Operating Profit	**27478.67**	**23928.82**
Interest Expenses	(0.12)	(0.13)
Total Tax Expenses	0.00	(0.02)
Net Profit	27478.55	23928.67

C) OTHER INFORMATION

Particulars	2013	2012
NET CAPITAL EMPLOYED		
Steel Segment	59781.90	48343.32
Electricity Segment	40791.40	33011.77
Total	100573.30	81355.09
Un-allocable Capital employed	(5937.74)	(4972.16)
Total Capital Employed	94635.56	76382.93
Depreciation		
Steel Segment	(1643.27)	4660.66
Electricity Segment	1643.34	2106.05
Total	0.07	6766.71

NOTE 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.

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Cost) *(₹ in lacs)*

	(Gratuity)	
Particulars	**2013**	**2012**
Current Service cost	47.96	43.61
Interest cost on benefit obligation	19.90	14.40
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(11.45)	(16.50)
Past service cost	0.00	0.00
Actual return on plan assets	56.42	41.50

Notes to the Consolidated financial statements for the year ended 31st March, 2013

NOTE 35 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS *(Contd.)*

(₹ in lacs)

Balance Sheet

Details of provision for Gratuity

	(Gratuity)	
Particulars	2013	2012
Defined benefit obligation	243.84	198.50
Fair value of plan assets	0.00	0.00
	243.84	198.50
Less : Unrecognised past service cost	0.00	0.00
Plan liability	243.84	198.50

Changes in the present value of the defined benefit obligation are as follows :

	(Gratuity)	
Particulars	2013	2012
Defined benefit obligation as at April 1, 2012	198.50	161.69
Interest cost	19.90	14.40
Current Service Cost	47.96	43.61
Benefits paid	(11.07)	(4.70)
Actuarial losses on obligation	(11.45)	(16.50)
Defined benefit obligation as at March 31, 2013	243.84	198.50

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 :

	(Gratuity)	
Particulars	2013	2012
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)	24.93	25.94

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.

Contribution to Defined Contribution Plans :

	(Gratuity)	
Particulars	2013	2012
Provident Fund	237.23	185.53

NOTE 36 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED OR REARRANGED WHEREVER NECESSARY

For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

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

per O.P. Singhania
Partner
Membership No.051909

Place : Raipur
Date : 28th May, 2013

B.L.Agrawal
Managing Director

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

GODAWARI POWER & ISPAT

GODAWARI POWER AND ISPAT LIMITED

Registered Office: 428/2, Phase-I, Industrial Area, Siltara, Raipur, Chhattisgarh

Corporate Office: Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh

Notice of Annual General Meeting

To all the members of **Godawari Power and Ispat Limited**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of GODAWARI POWER AND ISPAT LIMITED will be held on Saturday, the 28th September, 2013 at 12.30 P.M. at the corporate office of the Company situated at 2nd Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur - 492001, Chhattisgarh to transact the following businesses:

Ordinary Businesses

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2013 and Profit and Loss Account for the year ended on that date together with Auditors and Directors reports thereon;
2. To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2013;
3. To appoint a Director in place of Shri Biswajit Choudhuri, who retires by rotation and being eligible for reappointment, offers himself for re-appointment.
4. To appoint a Director in place of Shri Shashi Kumar, who retires by rotation and being eligible for reappointment offers himself for re-appointment.
5. To appoint a Director in place of Shri B.N. Ojha, who retires by rotation and being eligible for reappointment offers himself for re-appointment.
6. To consider and, if thought fit, to pass the following resolution, with or without modification as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 224 & other applicable provisions, if any, of the Companies Act, 1956, M/s O.P. Singhania and Co., Chartered Accountants, Raipur with Firm Registration Number 002172C be and are hereby re-appointed as statutory auditor of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be decided mutually, by the Board of Directors of the Company and the M/s. O.P. Singhania and Co., Chartered Accountants."

By Order of the Board

Place: Raipur | **Y. C. Rao**

Date: 28th May, 2013 | *Company Secretary*

Notes:

1. **Proxy**

   A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxy forms duly stamped and executed in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

2. **Book Closure**

   The Register of Members and share transfer books of the Company shall remain closed from 20.09.2013 to 28.09.2013 (both days inclusive) for the purpose of the Annual General Meeting and payment of dividend for the year ended 31st March, 2013.

3. **Payment of Dividend**

   The dividend on equity Shares for the year ended 31st March 2013, will be paid after declaration by the members:

   In respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on 20.09.2013 after giving effect to all valid share transfers lodged with the Company on or before 28.09.2013. In respect of shares held in electronic form, to those beneficial owners whose name appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL) as at the end of business on 20.09.2013.

The members are hereby informed that the company would transfer the dividends, which remain unclaimed over a period of 7 years, to the Investor Education and Protection Fund (IEP Fund) constituted by the Central Government under section 205C of the Companies Act, 1956.

4. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.

5. Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.

6. Members holding shares in physical form are requested to advise any change in their registered address, to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, Mumbai quoting their folio number. Members holding shares in electronic form must send the advice about change in their registered address or bank particulars to their respective Depository Participant and not to the Company.

7. Members desiring any information on the accounts of the Company are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.

8. In all correspondence with the Company or with its Share Transfer Agent, members are requested to quote their folio number and in case the shares are held in the dematerialized form, they must quote their Client ID Number and their DPID Number.

9. Information under Clause 49 of the Listing Agreement of the Stock Exchanges with respect to the details of the Directors seeking appointment/re-appointment is given in the additional information on Directors recommended for appointment/reappointment forming part of this notice.

10. The Copies of resolutions of the Board is available for inspections by members at the registered office of the company during working hours on any working day till the date of the Annual General Meeting.

11. The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government:

Year of Dividend	Date of Declaration	Due date for transfer to IEP Fund
2005-06	26.09.2006	25.10.2013
2006-07 (Interim)	02.03.2007	01.04.2014
2006-07	25.09.2007	24.10.2014
2007-08 (Interim)	04.03.2008	03.04.2015
2007-08	23.09.2008	22.10.2015
2008-09	22.09.2009	21.10.2016
2009-10	25.09.2010	24.10.2017
2010-11	30.09.2011	29.10.2018
2011-12	29.09.2012	28.10.2019

Further, the company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends which have been transferred to the credit of the Investor Education and Protection Fund of the Central Government under the provisions of section 205A of the Companies Act 1956.

12. Investors holding physical shares are advised to forward the particulars of their Bank Account, name, branch and address of the bank immediately, if not sent already, so as to enable us to incorporate the same on dividend warrants.

13. In furtherance of its "Go-Green" initiative, the Ministry of Corporate Affairs, Government of India, has recently mandated service of documents / notices by companies to their shareholders through electronic mode. With a view to participate in the initiative, we request that you may provide your e-mail address, if you wish to receive the documents / notices etc. of our Company through electronic mode. You may send your e-mail address to our Registrar & Transfer Agents, Link Intime India Private Limited, at their following e-mail address, mentioning your Folio No.(s), if you are holding shares in physical form, and DP ID and Client ID, if you are holding shares in Dematerialized form:- gpilgogreen@linkintime.co.in

By Order of the Board

Place: Raipur
Date: 28th May, 2013

Y. C. Rao
Company Secretary

Annexure to the Notice

Information under Clause 49 of the Listing Agreement of the Stock Exchanges

A	Name	Shri Biswajit Choudhuri	Shri Shashi Kumar	Shri B. N. Ojha
B	Brief resume			
	i) Age	71 years	66 years	69 Years
	ii) Qualification	B. Tech (Hons), Fellow Member of ICWAI and Indian Institute of Banking and Finance	B. Sc. (Hons)	B. E. (Electrical)
	iii) Experience in specific functional area	More than 45 years	More than 35 years	More than 40 years
	iv) Date of Appointment on the Board of the company	25.09.2007	25.09.2007	14.06.2008
C	Nature of expertise in specific functional areas	He has experience in Engineering, Banking and Finance Management. He has acted as Director and Member of various Boards and Councils. He is the Ex- CMD of United Bank of India.	He has experience in Mining industry. He is the Ex- Chairman of Coal India Limited.	He has experience in Power sector. He has been associated with NTPC, Nuclear Power Corporation of India limited, Regional Electricity Boards, Northern Coal Field Ltd. And Diamond Valley Corporation.
D	Name(s) of other Public Limited Companies in which Directorships held	Hira Ferro Alloys Limited Aditya Birla Chemicals (India) Limited Hindusthan Engineering & Industries Limited Ludlow Jute & Specialities Limited R. V. Investment and Dealers Limited Maithan Alloys Limited Khaitan Electricals Limited	None	Hira Ferro Alloys Limited Ardent Steel Limited Pragati Power Corporation Limited Indraprastha Power Generation Company Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	Chairman of Audit Committee, Member of Risk Management Committee and Nomination Committee	Chairman of Remuneration Committee and Member of Risk Management Committee	Chairman of Shareholders / Investors Grievance Committee, Member of Audit Committee, Remuneration Committee, Risk Management Committee and Nomination Committee
F	No. of Shares of Rs 10/- each held by the Directors	NIL	NIL	NIL
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act,1956)	No Relationship with other Directors	No Relationship with other Directors	No Relationship with other Directors

GODAWARI POWER & ISPAT

GODAWARI POWER AND ISPAT LIMITED

Registered Office: 428/2, Phase-I, Industrial Area, Siltara, Raipur, Chhattisgarh

Corporate Office: Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh

FORM OF PROXY

I/We .... of .... in the District of .... being a member / members of the above named Company hereby appoint .... in the District of .... or failing him .... of .... in the District of .... or failing him .... of ....in the district of .... as my/ our... proxy to vote for me / us on my / our behalf at the Fourteenth Annual General Meeting of the Members of GODAWARI POWER AND ISPAT LIMITED to be held on Saturday the 28th day of September, 2013 at 12:30 P.M. at the Corporate Office of the Company at Second Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur (Chhattisgarh) – 492004

Affix Re. 1/- Revenue Stamp

Signed this .... day of 2013

Signature ....

L.F.No. ....

* DP. ID ....

*Depository: NSDL/CDSL ....

* Client ID ....

* For Shares held in Electronic Form

No. of Share(s) held ....

Notes :

(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.

(2) A proxy need not be a member.

(3) The completed form should be deposited at the Registered Office of the Company at Plot No. 428/2, Phase I, Industrial Area, Siltara - 493 111, Dist. Raipur, Chhattisgarh, India not less than 48 hours before the time for holding the meeting.

GODAWARI POWER & ISPAT

GODAWARI POWER AND ISPAT LIMITED

Registered Office: 428/2, Phase-I, Industrial Area, Siltara, Raipur, Chhattisgarh

Corporate Office: Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh

ATTENDANCE SLIP

I hereby record my presence at the Saturday the 28th day of September, 2013 at 12:30 P.M. at the Corporate Office of the Company at Second Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur (Chhattisgarh) – 492004.

1. L.F.No. ....
2. * Depository : NSDL/CDSL ....
3. * DP. ID ....
4. * Client ID ....

* For shares held in electronic form

5. Full name of the shareholder : ....
(In block letters)

6. No. of equity shares held: ....

7. Signature of the shareholder or proxy attending ....
(Please give full name of the 1st jointholder)

Mr./Mrs./Miss ....

(To be used only when first named shareholder is not attending)

Note : please fill in this attendance slip and hand it over at the entrance of the hall.

Godawari Power & Ispat Limited

An ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 certified company

Registered Office & Works: Plot No.428/2, Phase I, Industrial Area, Siltara – 493 111, Dist. Raipur, Chhattisgarh, India

P: +91 – 0771 4082333; F: 4082234

Corporate Office: First Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur – 492 001, Chhattisgarh, India

P: +91 – 771 – 4082000 F: 4082732 / 4057601

www.gpilindia.com, www.hiragroupindia.com