

ANNUAL REPORT 2008-2009



GODAWARI POWER & ISPAT LTD

VISION

TO SEIZE THE OPPORTUNITIES
OF TOMORROW BY CONSISTENTLY
OUTPERFORMING AND CREATE
AN ENTERPRISING ENTITY.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. G. B. Desai	<i>Chairman</i>
Mr. O. P. Agrawal	<i>Vice Chairman</i>
Mr. B. L. Agrawal	<i>Managing Director</i>
Mr. N. P. Agrawal	<i>Non Executive Director</i>
Mr. Dinesh Agrawal	<i>Non Executive Director</i>
Mr. Dinesh Gandhi	<i>Executive Director – Finance</i>
Mr. B. P. Singh (upto 28 th July, 2009)	<i>Director Administration</i>
Mr. Vinod Pillai (w.e.f 28 th July, 2009)	<i>Non Executive Director</i>
Mr. Siddharth Agrawal	<i>Executive Director - Operations</i>
Mr. Shashi Kumar	<i>Independent Director</i>
Mr. B. Choudhuri	<i>Independent Director</i>
Mr. B. N. Ojha	<i>Independent Director</i>

COMPANY SECRETARY

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

AUDITORS

M/s. O. P. Singhania & Co.
Chartered Accountants, Raipur

BANKERS

Canara Bank
State Bank of India
Axis Bank Ltd.
Bank of Baroda
ICICI Bank Ltd.
IDBI Bank Ltd.

REGISTERED OFFICE

Plot No.428/2, Phase I, Industrial Area,
Siltara – 493 111, Dist. Raipur, Chhattisgarh, India
Tel: +91 – 771 - 4082333 / 3092333
Fax: +91 – 771 - 4082234

CORPORATE OFFICE

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

MUMBAI OFFICE

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

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FINANCIAL PERFORMANCE

(Rs in crore)

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Gross Sales	1,162.40	956.90	509.95	270.75	259.37	122.73	67.78	36.14
Less: Excise Duty	-126.87	-127.63	-67.86	-35.94	-26.86	-15.12	-9.32	-4.98
Net Sales/Income from Operations	1,035.53	829.27	442.09	234.81	232.51	107.60	58.46	31.15
Operating Profit (EBIDTA)	125.85	162.70	81.59	36.86	42.32	21.22	8.53	2.79
Depreciation	26.42	24.25	10.87	6.08	9.95	9.69	5.44	2.20
Interest	34.17	30.32	11.73	5.95	3.84	3.10	1.46	0.52
Profit Before Tax (PBT)	65.26	108.12	58.99	24.83	28.53	8.43	1.63	0.07
Income Tax	7.90	13.14	6.78	2.33	3.18	0.67	0.13	0.01
Exceptional Items	-	-	-	14.83	-	-	-	-
Profit after Tax (PAT)	57.36	94.98	52.21	37.33	25.35	7.77	1.50	0.06
Cash Profit	83.78	119.24	63.08	43.42	35.30	17.46	6.94	2.26
Dividend Payout	8.21	13.14	8.50	2.83	0.40	-	-	-
Retained Profit	49.15	81.85	43.71	34.50	24.95	7.77	1.50	0.06
Balance Sheet								
Net Fixed Assets	551.36	396.38	366.05	188.96	117.84	49.51	44.50	28.32
Investments	44.58	31.97	20.86	9.36	3.07	5.41	-	-
Net Current Assets	172.29	243.18	95.69	60.70	41.49	29.76	12.76	4.74
Total Assets	768.23	671.53	482.60	259.02	162.40	84.68	57.26	33.06
Represented by								
Share Capital	28.07	28.07	24.84	16.15	14.95	3.20	2.56	1.07
Reserves & Surplus	408.40	359.25	180.27	81.37	53.22	40.01	27.42	19.86
Net Worth	436.47	387.32	205.11	97.52	68.17	43.21	29.97	20.93
Total Term Debt	331.76	284.21	277.49	161.50	94.23	41.47	27.29	12.14
Total Capital Employed	768.23	671.53	482.60	259.02	162.40	84.68	57.26	33.06
Key Financial Ratios								
Growth in Turnover	21.48	87.65	88.35	4.39	111.34	81.06	87.58	-
Growth in Profit	-39.61	81.92	39.85	47.27	226.41	416.66	2,248.75	-
Operating Profit to Net Sales (%)	12.15	19.62	18.45	15.70	18.20	19.72	14.59	8.94
Net Profit to Net Sales (%)	5.54	11.45	11.81	15.90	10.90	7.22	2.57	0.21
Debt Equity Ratio (times)	0.76	0.73	1.35	1.66	1.38	0.96	0.91	0.58
Return of Net Worth (%)	13.14	24.52	25.46	38.28	37.19	17.97	5.01	0.31
Return on Capital Employed (%)	7.47	14.14	10.82	14.41	15.61	9.17	2.63	0.19
Book Value (Rs.)	155.49	137.98	82.56	60.39	45.60	134.84	117.26	195.61
EPS (Rs.)	20.43	33.84	21.02	23.12	16.96	24.23	5.88	0.60
Cash EPS (Rs.)	29.85	42.48	25.39	26.88	23.62	54.47	27.16	21.15
Dividend (Rs.)	2.50	4.00	3.00	1.00	1.00	-	-	-

From the desk of Managing Director



Dear Stakeholders,

As you all know, the year 2008-09 was an unprecedented one which saw a catastrophic global financial meltdown. The global economy suffered a slowdown, afflictions that started as financial sector issues in the US spread fast to real sectors of the economy across the globe. Geographically too, the slowdown which started in the western world eventually spread all over causing the unheard/unseen volatility leading to drastic changes in business parameters.

The impact of this was felt by virtually every business around the globe and your company was no exception to this. The uncertainty led to fall in demand as well as pricing for steel products globally. Under this environment, I am happy to mention that we closed fiscal 2009 with annual gross revenues of Rs. 1162.40 crores, a year-on-year growth of 21.48%. The profit after tax for the year was Rs. 57.36 crores as against Rs. 94.98 crores in previous year. You will no doubt appreciate that this performance was delivered in a very difficult business environment. The Company's Board of Directors has recommended a final dividend of Rs. 2.50 per share subject to shareholders' approval (25% on par value of Rs. 10 per share) for the financial year 2008 - 2009. This brings the total dividend payout to Rs.2.94 per share.

The volatile commodity cost environment presented a big challenge and needed careful management & strategies for maintaining margin. Thus during the year we decided to cut down on the production of steel billets and ferro alloys and to sell power in view of better realization and operating margins. Though the short term power rates were very fluctuating, the realization is quick and operating cost of generation of power is low thereby making it attractive proposition. The short term challenges have not and will not impeded our pursuit of excellence, set for the long term.

I am very happy to share with you all that our long awaited necessary approvals for commencing mining of iron ore has been finally received and our Ari Dongri mines have commenced commercial operations during the current year. We have already received iron ore from captive mines to the tune of 45000 mts till June, 2009 Iron Ore Mines at Boria Tibu are also expected to commence operations during the current year. This would lead substantial savings in the input cost of iron ore.

Further, in line with our Corporate Philosophy of "Gainful utilization of waste" we are setting up an Iron Ore pelletisation plant of 600000 MT at the existing plant location in Siltara Chhattisgarh. By the pelletisation process, iron ore fines will be converted into pellets which can be used as direct raw material for making sponge iron as replacement of sized iron ore. Presently, most of the coal based sponge iron plants in India uses iron ore lumps. The gross iron ore requirement is generally higher in such plants owing to fines generation from lumps. Use of pellets with better physical and metallurgical properties for sponge iron production is expected to result in reduction of accretion formation in the kiln. Further, the production from the kiln is expected to increase by 25% to 30%. The pelletisation plant is scheduled to commence operations in third quarter of this financial year. We have also decided to invest and take majority stake of 75% in Ardent Steel Ltd. which is also setting up 600000 MT pelletisation plant at Keonjhar dist., in Orissa for merchant sale of pellets to sponge irons plant.

On the coal mining front, we are in the process of getting the regulatory approvals and are quite hopeful of getting all the necessary clearances & government approvals during the current year. With iron ore being operational & coal mining expected to be operational next year, our margins are expected to improve significantly going forward.

As part of our strategic growth initiatives, we have signed few MOU's with Chhattisgarh State Government to embark on a series of expansion projects. I will state them briefly. We have decided to set up 1000 MW thermal power plant and have initiated steps for setting up 300 MW of merchant power plant in first phase; additional capacities for manufacture of Steel products and to set up 2 MTPA Cement & 1MTPA Clinker plant.

We believe in sustained growth and growing with responsibility. We at GPIL have a philosophy of "Serving Society Through Industry" and live every moment of life in harmony with nature. In continuation with our Vriksha Mitra Mahaabhiyan- 2008, a massive tree plantation program was undertaken last year and as part of this programme, we have already planted 45000 trees. In addition, many activities such as operaion of ITI Hathbandh and Aakanksha, a care centre for the mentally challenged children have been undertaken for the betterment of Society and minimizing the impact we create on environment.

Finally, we would like to reiterate our commitment to remain focused, competitive, profitable & achieve sustainable growth and take your Company to new heights. We also promise to uphold the highest levels of Corporate Integrity towards our investors, bankers, customers, vendors and towards our Nation.

I personally wish to thank all our business associates for their continued support and cooperation extended to us. We immensely value the faith you have reposed in the Company and look forward to your continued support.

Yours Sincerely,
B. L. Agrawal

Raipur, 28th July, 2009

NOTICE

TO ALL THE MEMBERS OF OF GODAWARI POWER AND ISPAT LIMITED

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of GODAWARI POWER AND ISPAT LIMITED will be held on Tuesday the 22nd September, 2009 at 3.00 P.M. at registered office of the Company situated at Plot No. 428/2, Phase I, Industrial Area, Siltara, Distt: Raipur – 493111, Chhattisgarh to transact the following business as:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and Profit and Loss Account for the year ended on that date together with Auditors and Directors report thereon;
2. To declare a dividend on Equity Shares of the Company for the year ended 31st March, 2009;
3. To appoint a Director in place of Shri N. P. Agrawal who retires by rotation and being eligible for reappointment, offers himself for reappointment.
4. To appoint a Director in place of Shri Dinesh Gandhi who retires by rotation and being eligible for reappointment offers himself for reappointment.
5. To appoint a Director in place of Shri Dinesh Agrawal who retires by rotation and being eligible for reappointment offers himself for reappointment.
6. To appoint a Director in place of Shri Biswajit Choudhuri who retires by rotation and being eligible for reappointment offers himself for reappointment.
7. To consider and, if thought fit, to pass the following resolution, with or without modification as an ordinary resolution:
“RESOLVED THAT M/s O.P. Singhanian and Co., Chartered Accountants, be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on a remuneration to be decided mutually by the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass the following resolution, with or without modification as an ordinary resolution:
“RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modifications or enactment thereof, Mr. Vinod Pillai, who was appointed as Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company with immediate effect and is subject to retirement by rotation under the provisions of the Articles of Association of the Company.”
9. To consider and, if thought fit, to pass the following resolution, with or without modification as an ordinary resolution:
“RESOLVED THAT in accordance with the provision of Sections 198, 309 and 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision in the remuneration payable to Mr. B.L. Agrawal as Managing Director of the Company with retrospective effect from 1st April 2009 as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary revised remuneration in such manner as may be agreed to between the Board of Directors and Mr. B.L. Agrawal, provided it is within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.”
“RESOLVED FURTHER THAT in any financial year during the tenure of Mr. B.L. Agrawal, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. B.L. Agrawal the above remuneration by way of salary, performance bonus and other allowances as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.”
10. To consider and, if thought fit, to pass the following resolution, with or without modification as an ordinary resolution:
“RESOLVED THAT in accordance with the provision of Sections 198, 309 and 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision in the remuneration payable to Mr. Dinesh Gandhi as Director-Finance of the Company with retrospective effect from 1st April 2009 as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary revised remuneration in such manner as may be agreed to between the Board of Directors and Mr. Dinesh Gandhi, provided it is within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.”
“RESOLVED FURTHER THAT in any financial year during the tenure of Mr. Dinesh Gandhi, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Dinesh Gandhi the above remuneration by way of salary, performance bonus and other allowances as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.”

By Order of the Board

Place: Raipur
Date: 28th July, 2009

Y. C. Rao
Company Secretary

NOTES:**1. Proxy**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself on a poll only and the proxy need not be a member of the company. Proxy forms should be deposited at 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 15th September, 2009 to 22nd September, 2009 (both days inclusive) for the purpose of the Annual General Meeting and payment of dividend for the year ended 31st March, 2009.

3. Payment of Dividend

The dividend on equity Shares for the year ended 31st March 2009, will be paid after declaration by the members:

- (i) In respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on 15th September, 2009 after giving effect to all valid share transfers lodged with the Company on or before 15th September, 2009.
- (ii) 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 15th September, 2009.

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. 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
2004-05	30.09.2005	30.09.2012
2005-06	26.09.2006	26.09.2013
2006-07 (Interim)	02.03.2007	02.03.2014
2006-07	25.09.2007	25.09.2014
2007-08 (Interim)	04.03.2008	04.03.2015
2007-08	23.09.2008	23.09.2015

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.

5. 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.
6. E-mail for communication by the shareholders: investors@gpilindia.in

By Order of the Board

Place: Raipur
Date: 28th July, 2009

Y. C. Rao
Company Secretary

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956 the following Explanatory Statement sets out the material facts relating to Item Nos. 8 to 10 mentioned under the heading as SPECIAL BUSINESS:

SPECIAL BUSINESS:

Item No. 8:

Mr. Vinod Pillai has been appointed as an Additional Director of the Company with effect from 28/07/2009. In terms of section 260 of the Companies Act, 1956, he holds office up to the date of ensuing Annual General Meeting. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Vinod Pillai as Director of the Company.

Shri Vinod Pillai, 41 years, is a Commerce Graduate from Pt. Ravi Shankar Shukla University, Raipur. He has vast experience in purchase, sales, liaisoning, administration and logistics management. The Board of Directors of the Company is of the opinion that it would be in the interest of the Company to appoint Mr. Vinod Pillai as Director of the company since Mr. B.P. Singh, Director (Administration) has resigned from the directorship of the Company. He shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Mr. Vinod Pillai, his nature of expertise and names of Companies in which he holds directorship and membership / chairmanship of Board Committees as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, is provided in the Report on Corporate Governance forming part of the Annual report.

None of the Directors except Mr. Vinod Pillai himself is concerned or interested in the above resolution.

Item No. 9:

The shareholders of the Company at the Annual General Meeting held on 26/09/2006 revised the remuneration payable to Mr. B.L. Agrawal, Managing Director of the Company and the salary range was fixed ranging from Rs.1,25,000/- to Rs.1,75,000/- and other perquisites. The Board of Directors approved the payment of monthly salary of Rs.1,75,000/- during the financial year 2008-09. Since the upper limit of the salary range approved by the shareholders is exhausted, any increase in the monthly remuneration by way of salary to the Managing Director shall be beyond the scope of the authority given by the shareholders. In order to increase the monthly remuneration for the financial year 2009-10 onwards, the salary slab as fixed by the shareholders is required to be enhanced with the approval of the shareholders.

Upon the recommendation of the Compensation Committee, the Board of Directors at the meeting held on 28/06/09 have decided to revise the structure of the remuneration payable to Mr. B.L. Agrawal, Managing Director of the Company as follows with retrospective effect from 1st April, 2009:

Salary in the scale of Rs. 1,75,000/- to Rs. 4,00,000/-

Bonus: Bonus up to maximum of 20% salary, payable quarterly or at other interval as may be decided by the Board.

Company performance linked incentive: Company performance linked payable quarterly or at other interval as may be decided by the Board.

Individual's performance linked incentive: Individual performance linked incentive, up to maximum of 60% of the fixed gross salary, payable quarterly or at other interval as may be decided by the Board.

Perquisites:

1. Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 50% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962.
2. Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalization, nursing home and surgical charges for himself and family.
3. Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad.
4. Subscription or reimbursement or membership fee for clubs in India or abroad including admission and life membership fees.

5. The Company shall provide suitable conveyance facilities as may be required by Mr. B.L. Agrawal.
6. Personal accident insurance: as per the rules of the Company.

Other benefits: Mr. B.L. Agrawal shall also be entitled to the following benefits:

1. Earned / Privilege leave: As per the rules of the Company.
2. Company's contribution to provident fund and super-annuation fund: As per the rules of the Company
3. Gratuity: As per the rules of the Company.
4. Encashment of leave: As per rules of the Company.
5. Company car and telephone: Use of the Company's car and telephone at residence for official purpose, as per the rules of the Company.

The aggregate remuneration inclusive of salary, bonus, incentive, perquisites and other benefits payable to Mr. B.L. Agrawal, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

Minimum remuneration

Where in any financial year during the tenure of Mr. B.L. Agrawal, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. B.L. Agrawal the above remuneration by way of salary, performance bonus and other allowance as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

None of the Directors except Mr. B.L. Agrawal himself, Mr. O.P. Agrawal, Mr. N. P. Agrawal, Mr. Dinesh Agrawal & Mr. Siddharth Agrawal being relatives of Mr. B.L. Agrawal may be considered as concerned or interested in the above resolution.

Item No. 10:

The shareholders of the Company at the Annual General Meeting held on 26/09/2006 revised the remuneration payable to Mr. Dinesh Gandhi, Director-Finance of the Company and the salary range was fixed ranging from Rs.72,000/- to Rs.1,08,000/- and other perquisites. The Board of Directors approved the payment of monthly salary of Rs.1,08,000/- during the financial year 2008-09. Since the upper limit of the salary range approved by the shareholders is exhausted, any increase in the monthly remuneration by way of salary to Director-Finance shall be beyond the scope of the authority given by the shareholders. In order to increase the monthly remuneration for the financial year 2009-10 onwards, the salary slab as fixed by the shareholders is required to be enhanced with the approval of the shareholders.

Upon the recommendation of the Compensation Committee, the Board of Directors at the meeting held on 28/06/09 have decided to revise the structure of the remuneration payable to Mr. Dinesh Gandhi, Director-Finance of the Company as follows with retrospective effect from 1st April, 2009:

Salary in the scale of Rs. 1,08,000/- to Rs. 2,50,000/-

Bonus: Bonus up to maximum of 20% salary, payable quarterly or at other interval as may be decided by the Board.

Company performance linked incentive: Company performance linked payable quarterly or at other interval as may be decided by the Board.

Individual's performance linked incentive: Individual performance linked incentive, up to maximum of 60% of the fixed gross salary, payable quarterly or at other interval as may be decided by the Board.

Perquisites:

1. Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 50% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962.
2. Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalization, nursing home and surgical charges for himself and family.
3. Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad.

4. Subscription or reimbursement or membership fee for clubs in India or abroad including admission and life membership fees.
5. The Company shall provide suitable conveyance facilities as may be required by Mr. Dinesh Gandhi.
6. Personal accident insurance: as per the rules of the Company.

Other benefits: Mr. Dinesh Gandhi shall also be entitled to the following benefits:

1. Earned / Privilege leave: As per the rules of the Company.
2. Company's contribution to provident fund and super-annuation fund: As per the rules of the Company
3. Gratuity: As per the rules of the Company.
4. Encashment of leave: As per rules of the Company.
5. Company car and telephone: Use of the Company's car and telephone at residence for official purpose, as per the rules of the Company.

The aggregate remuneration inclusive of salary, bonus, incentive, perquisites and other benefits payable to Mr. Dinesh Gandhi, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

Minimum remuneration

Where in any financial year during the tenure of Mr. Dinesh Gandhi, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Dinesh Gandhi the above remuneration by way of salary, performance bonus and other allowance as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

None of the Directors except Mr. Dinesh Gandhi himself is concerned or interested in the above resolution.

By Order of the Board

Place : Raipur
Date : 28th July, 2009

Y.C. Rao
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

GODAWARI POWER AND ISPAT LIMITED

Raipur - Chhattisgarh

Your Directors have immense pleasure in presenting the Tenth Annual Report of your Company together with the Audited Financial Statement of Accounts and the Auditors' Report thereon for the year ended 31st March, 2009. The summarized financial results for the year ended 31st March 2009 as compared to the previous financial year are given below:

FINANCIAL RESULTS:-

(Rs in Crore)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2008
Net Sales	1035.54	829.27	1091.98	809.82
Other Income	10.40	1.27	11.41	1.81
Income from Operations	1045.94	830.54	1103.39	811.63
Profit before Interest, Depreciation and Tax	125.85	162.69	134.31	169.77
Interest & Finance Charges	34.17	30.32	35.60	31.45
Depreciation for the year	26.42	24.25	28.48	25.81
Profit Before Tax	65.26	108.12	70.23	112.51
Provision for Income Tax, Fringe Benefit Tax & Tax related to earlier year	7.90	13.14	8.77	13.86
Net Profit after Tax	57.36	94.98	61.46	98.65
Add: Balance Brought forward from previous year	137.96	71.11	145.24	73.47
Add: Share in profit in Associate Company	–	–	0.86	0.91
Less: Pre Acquisition Profit	–	–	–	–
Less: Adjustment of unrealized Profit	–	–	–	(0.05)
Profit available for appropriations	195.32	166.09	207.55	172.98
Appropriations:				
Interim Dividend paid	–	4.21	–	3.82
Provision for Dividend	7.02	7.01	6.74	7.02
Corporate Tax on Dividend	1.19	1.91	1.19	1.91
Transfer to General Reserve	10.00	15.00	10.00	15.00
Balance carried to Balance Sheet	177.11	137.96	189.62	145.23

REVIEW OF OPERATIONS

During the year under review your Company has achieved a net sales turnover of Rs. 1035.54 crore as compared to net sales of Rs. 829.27 crore during the immediately preceding financial year, registering a growth of 25%. Your Company has earned Profit before tax of Rs.65.26 crore during the year under review as against Rs 108.12 crore during the previous year and net profit of Rs.57.36 crore as against Rs.94.98 crore during the previous year. The detailed performance and financial review has been given in the Annexure to the Directors Report titled "Management discussions and Analysis".

DIVIDEND

Your directors are pleased to recommend payment of dividend @ 25% i.e. Rs.2.50/- per equity share for year under review resulting in outgo of funds to the extent of Rs.8.21 crore (including dividend tax of Rs. 1.91 crore). The retained earnings have been utilized for - repayment of existing long term debts and for pursuing the future growth plan of the Company. The shareholders are requested to approve the payment of proposed dividend. The final dividend shall be paid to the shareholders whose names appear in the register of members as on the record date i.e. 15th September, 2009 fixed for the payment of dividend.

EXPANSION/NEW PROJECTS:

As a forward integration to the proposed iron ore mining and backward integration to sponge iron unit, your Company is setting up an Iron Ore Crushing plant (1200000 TPA), Beneficiation plant (1000000 TPA) and Pellet Plant (600000 TPA) at the cost of Rs 172 crore. The crushing plant is expected to start commercial production as from July, 2009, pelletisation project from Oct 2009 & beneficiation project from Jan 2010 . In addition to above, the Company had proposed to invest Rs 53 crore in plant infrastructure related expenditure, which has been completed except setting up of railway siding near the existing plant. The work on railway siding is delayed due to certain issues in land acquisition. To meet the increased requirement of the railway siding, it has been decided to increase the capacity of existing railway siding in JV Company M/s Raipur Infrastructure Company Ltd.

The Company has further decided to implement a balancing plan to increase power generation capacity by 20 MW from 53 MW to 73 MW by setting up a boiler and other auxiliary equipments for generating additional 20 MW power at an estimated cost of Rs 35 crore. The Company is already having stand by turbine generators which would be utilized for generating additional power. To part finance the above capital expenditure, the Company proposes to raise long term debt of Rs 25 crore during the current year.

DEPOSITS:

Your company has not accepted any deposits from Public within the meaning of section 58A of the Companies Act, 1956.

IRON ORE MINES:

Your Directors are pleased to inform you that the Company has commenced mining operations at its Ari Dongri iron ore mines. Your company has also received final approval from Ministry of Environment and Forest for mining of iron ore from its Boria Tibbu iron ore mines, which is expected to start commercial production from October 2009. With the full production in these two mines, the Company shall be self sufficient in meeting its iron ore requirements for existing operations including pellet plant.

COAL MINES:

The work on development of captive coal mines through JV Company M/s Chhattisgarh Captive Coal Mining Ltd. is progressing satisfactorily and Company is presently pursuing the regulatory approvals including approvals from Ministry of Environment & Forest. The coal mine is expected to start mining operations during next financial year.

SAP-ERP

In order to strengthen the internal control systems and improve the management information system, your Company had during the year under review taken up implementation of SAP-ERP. The Board is pleased to state that the application has been successfully implemented and gone live w.e.f. 1st June, 2009. It was an historical mile stone for the Company. The board places on record its deep sense of appreciation for the contribution made by the employees of the Company in rolling out the SAP-ERP. Your Company is now among very few Companies in India in Mid Segment to implement the SAP ERP.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

Subsidiary Companies

R.R. Ispat Limited:

M/s. R. R. Ispat Ltd, a Company engaged in the rolling of billets manufactured by your Company into wire rods and further conversion of wire rods into wires has achieved net sales of Rs.230.42 crore and net profit of Rs.3.73 crore during the financial year 2008-09. The Company has taken up project for expansion cum modernization of the rolling mill which is expected to be completed during the current year. The capacity of the rolling mill will be increased to 200000 MT per annum upon completion of the expansion project.

Godawari Energy Limited: (GEL) (Formerly Godawari Power Ltd)

The name of subsidiary Company M/s. Godawari Power Limited has been changed to M/s. Godawari Energy Limited with effect from 04.11.2008. The company has entered into an MOU on 17th September, 2008 with the Government of Chhattisgarh for setting

up of 1000 MW capacity of Thermal Power Project. The Company is presently engaged in getting regulatory approvals and land acquisition process for setting up the power plant. The project shall be taken up for implementation upon the receipt of regulatory approvals and availability of fuel linkages.

Ardent Steel Limited (ASL)

Your company has acquired 75% of the equity shares of M/s. Ardent Steel Limited, which is setting up an iron ore pelletisation plant in the State of Orissa. Subsequent to acquisition of 75% stake the said company has become subsidiary of your company with effect from 16.03.2009. The cost of project is estimated at Rs 164.60 crore, which is proposed to be financed through a debt of Rs 110 crore and equity contribution of Rs 54.60 crore. The project is expected to be commissioned by end of current year and start commercial production from April, 2010.

Godawari Clinkers and Cement Limited (GCCL)

Your company has during the year signed an MOU with Government of Chhattisgarh for setting-up of Cement Plant comprising of 2 million tons per annum capacity of Cement and 1 million ton per annum capacity of clinker along with Power Plant of 50 MW capacity through a subsidiary Company and accordingly promoted another 100% subsidiary Company in the name of M/s. Godawari Clinkers & Cement Limited. The Company has applied for grant of mining lease for lime stone mines in Chhattisgarh.

As per Section 212 of the Companies Act, 1956, the financial statement of the accounts of the subsidiary Companies along with Director's Report and auditors report thereon are required to be attached with the annual report. The Company has obtained an exemption from the Ministry of Corporate Affairs, Government of India, for publication of financial statements of the subsidiary companies under section 212 of the Companies Act, 1956 vide their letter no. 47/526/2009-CL-III dated 02/07/2009 and accordingly the financial statements of subsidiary Company are not separately included in the annual report. 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 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.

Hira Steels Limited: Associate Company

Hira Steels Limited, an Associate Company engaged in rolling of steel billets into wire rods and further conversion of wire rods into wires has achieved net sales turnover of Rs. 343.04 crore (previous year Rs. 251.72 crore) with a net profit of Rs. 3.68 crore (previous year Rs. 4.52 crore). In compliance with provision of Accounting Standard (AS) 23, the Financial Statements of Accounts of the Company have been consolidated in the Consolidated Statements of Accounts of your Company presented with this report.

JV 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) for development of Coal mines and setting up railway siding respectively for captive use. The audited account of CCCML and unaudited account of RICL have been consolidated for presenting consolidated accounts, since the audited accounts of RICL were not available at the time of finalization of accounts.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has used foreign currency of Rs. 59.06 crore towards import of capital goods, raw materials, components and traveling expenses etc. There was no earning in foreign exchange 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 N.P. Agrawal, Shri Dinesh Gandhi, Shri Dinesh Agrawal and Shri Biswajit Choudhuri, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

In compliance with the clause 49 of the listing agreement, the Board of the Company was reconstituted during the year and accordingly Shri G. B. Desai has been appointed as Non Executive Chairman of the Board. Shri O. P. Agrawal has been re-designated as vice chairman of the Company.

Shri B. P. Singh, Director (Administration) on the Board of the Company resigned from the board with effect from 28th July, 2009. Your Company places on record its deep sense of appreciation for the services rendered and guidance given by the outgoing Director from time to time during the tenure of his office.

Further Shri Vinod Pillai has been appointed as Additional Director with effect from 28th July, 2009. The company has received notice under section 257 of the Companies Act, 1956 from shareholders proposing appointment of Shri Vinod Pillai as Director on the Board. The Board proposes to appoint him as Director on the Board of the company in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. That your Directors have selected such accounting policies and applied them consistently, and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- c. That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities; and
- d. That your Directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

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

AUDITORS

M/s O.P. Singhania and Co., Chartered Accountants, the statutory auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and they are in the process of obtaining 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 2008-09 and hence does not require any clarification.

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

Chairman

Place: Raipur

Date: 28th July, 2009

ANNEXURE-"A" TO THE DIRECTOR'S REPORT

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

A. CONSERVATION OF ENERGY

- (a) Energy Conservation Measures Taken:
- i. Upgradation of grid from 33 KV to 132 KV substation enabled increased export and also availability of grid resulting in prevention of steam venting.
 - ii. In AFBC Boiler, normal and stabilized operation is achieved by running of single ID & FD, instead to two, by modifying fan dampers, ducts and PA Lines.
 - iii. T. G. Building ventilation is maintained by providing motor-less roof ventilators.
 - iv. In the Steel melting division, the conventional ladle has been replaced by new parental ladle which stands at casting station permanently and the liquid metal is taken in a ladle called transfer ladle and the metal is transferred from bottom gate and then the same ladle is taken for successive batches in a continuous and sequential manner.
- (b) Additional Investments and proposals, if any being implemented for the reduction of energy consumption:
- i. In Phase-II, ID Fan design was modified to enable single fan running instead of two ID fans with an investment of around Rs.4.00 lacs.
 - ii. Investment of around Rs.20.00 lacs has been made towards induction of Parental Ladle.
- (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:
- i. Upgradation of grid has resulted in high power generation with same fuel consumption, thus achieving energy conservation.
 - ii. Around 10560 units per day is saved in AFBC boiler.
 - iii. The use of motor-less roof ventilators is saving around 1800 units per day.
 - iv. The change in Ladle has resulted in decrease in the timing of each batch by 15 minutes and hot metal holding at high temperature is avoided which has helped in reduction of power consumption and the overall productivity has increased by about 5%.
 - v. ID fan modification is saving around 6000 units per day for one kiln and 12000 units per day when both the kilns are in operation.
- (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	Units/Mts in crore		Total Amount Rs. in crore		Average Amount per Unit/MT	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Electricity (Units)						
a. Purchased	0.34	0.85	1.70	3.59	5.00	4.23
b. Own generation	18.47	27.49	—	—	—	—
Coal and Coke (MTS)	0.07	0.07	173.98	135.89	2567	2039

II. CONSUMPTION PER UNIT OF PRODUCTION (PER MT)

Particulars	Production		Consumption of Electricity in Units		Average consumption of Electricity Units per MT or Unit	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Power						
Sponge Iron (MTs)	279533	285862	26257835	21840442	94	76
Steel Billets (MTs)	108156	209167	101648915	190515321	940	910
Ferro Alloys (MTs)	4462	9169	16929086	32492358	3794	3543
H.B. Wires (MTs)	74372	66636	8204049	6328821	110	95
Power (Units)	315455876	290290384	33335196	30937752	0.11	0.11
Coke and Coal						
Sponge Iron (MTs)	279533	285862	482352	463033	1.73	1.62
Power (Units)	315455876	290290384	136506	119907	0.43 (Kgs.)	0.41 (Kgs.)

B. TECHNOLOGY ABSORPTION :
RESEARCH AND DEVELOPMENT (R & D)

(a) Research and Development :

1. Specific Area in which R& D carried out by the Company:

In the Steel melting division, the conventional ladle has been replaced by new parental ladle which stands at casting station permanently and the liquid metal is taken in a ladle called transfer ladle and the metal is transferred from bottom gate and then the same ladle is taken for successive batches in a continuous and sequential manner.

2. Benefits derived as a result of the above R & D:

The change in Ladle has resulted in decrease in the timing of each batch by 15 minutes and hot metal holding at high temperature is avoided which has helped in reduction of power consumption and the overall productivity has increased by about 5%.

3. Future plan of action:

- (a) In addition to the regular energy audit, the Company is going for comprehensive energy audit by an outside agency. The suggestion made by said outside agency shall be implemented for energy conservation.
- (b) The Company is going to use iron ore pellets in the manufacturing of sponge iron as a result of which, there will be saving on account of coal consumption.

4. Expenditure on R & D:

None.

For and on behalf of Board of Directors

Chairman

Date : 28th July, 2009

Place : Raipur

MANAGEMENT DISCUSSION AND ANALYSIS

The management of your Company is pleased to present the discussions and analysis on operating and financial performance covering segment wise industry structure, developments and future outlook.

The Company's operations are divided into two major segments i.e. Steel Division and Power Division. The Company is engaged in manufacturing steel intermediate products i.e. Sponge Iron and Ferro Alloys and finished long steel products i.e. billets, wire rods (through subsidiary Company) and mild steel wires. The power division of the Company is captive, however looking at the present market scenario, the Company is also selling power in the open market in order to optimize the revenue.

While sponge iron, Ferro alloys and power are mainly captive for the manufacturing of steel billets, the Company also makes merchant sales of these products.

I. REVIEW STEEL INDUSTRY STRUCTURE AND DEVELOPMENT:

a) Steel Industry Scenario:

During the year under review, domestic steel production touched a new high of 53.93 million tons from a level of 53.50 million tons during the previous year. The demand for finished steels is expected to go in line with the growth in GDP. Demand in domestic market was robust with strong growth in demand from infrastructure and capital goods sectors outstripping supply coupled with the higher input cost, resulting into substantial increase in prices of finished steel in domestic as well as international market during the first half of the FY 2008-09. Domestic steel prices during the year under review moved in tandem with the prices in international markets showing increase in prices over the earlier year. However, the industry scenario, changed considerably after the collapse of financial market post Sept, 2008, which resulted into sharp erosion in commodity prices including the prices of finished steel and raw material. The markets have since established in India and the prices of finished steel & raw material have shown lower volatility.

b) Future Industry Outlook:

Demand from infrastructure & construction sector is the key driver for growth in consumption of steel products. With continuous focus of the government on infrastructure development and spending through stimulus packages, the demand for steel products is likely to remain robust. The World Steel Association has projected India's steel demand to grow by 2% in the current calendar year; however it expects global demand to fall a significant 15%. The association further expects global demand to stabilise during the second half of FY 2010 and lead to a mild recovery in FY2011. The improvement in steel consumption for the second half of FY2010 will depend on the effects of government packages, the stabilisation of financial systems and a return of consumer confidence.

POWER SECTOR

The demand for Electric power in India is expected to remain firm in view of demand supply gap and increasing consumption. Power shortage in India offers attractive opportunity in merchant power over a medium term. The Company plans to tap these opportunities to optimize the revenue & operating margins.

c) Company's Growth Plans:

In line with anticipated increase in production and consumption of steel in India, the Company plans to increase the production capacities of steel division to 1 million tons and has also signed MOUs with State Government for investments in steel manufacturing & power generation facilities, which would be pursued by the Company over medium to long term.

d) Opportunities:

With continued focus of the government on the infrastructure development & Power sector, the consumption of steel is expected to increase, which is expected to translate into demand growth for sponge iron and finished steel in form of rods, bars and wires. Domestic demand is also expected to remain robust because of sustained growth of major steel consuming sector such as construction, infrastructure and capital goods, barring temporary decline in the growth due to collapse of global financial markets. In addition to steel business, there are huge opportunities available in power sector and your Company being already engaged in generation of captive power has gained enough experience

to take the merchant power business forward in due course and have initiated steps in the direction including signing of MOU with Chhattisgarh Government for setting up 1000 MW of power generating capacity.

e) Threats:

In view of demand supply gap, the Government of India in a bid to cut down the steel prices may announce various fiscal & other measures to keep the steel prices under check, which may have impact on the operations of the Company. Any changes in the Government Policies will affect operations of the company. The availability of major inputs such as iron ore & coal at competitive cost poses significant challenges in the near future. The Company is currently depending on private mining Companies for sourcing of iron ore and Coal India for supply of coal. The Company's captive iron ore mine has started operations and expected to provide much needed help. Any changes in the policy/pricing for the industry may also pose challenges to the Company. The threat of imports from China and other developing countries may also put pressure on the steel prices going forward.

II ANALYSIS & DISCUSSION OF THE FINANCIAL PERFORMANCE OF THE COMPANY:

1) Review of Operations:

The production and sales volumes of different products are given below:

Item	Unit	Production (Qty.)			Sales (Qty.)		
		FY09	FY08	% growth	FY09	FY08	% growth
Sponge Iron	MT	279533	285862	-2	170740	63635	168
Steel Billets	MT	108156	209167	-48	111244	206527	-46
Power Generation	Lac Units	3154.56	2902.90	9	1230.28	145.03	749
HB Wire	MT	74373	66636	12	75661	65330	16
Ferro Alloys & Pig Iron	MT	4462	9169	51	5557	8300	-33

The Company during the year under review changed its business strategy and shifted its focus towards commercial sale of power rather than using the same for captive consumption in manufacture of steel billets and Ferro alloys, due to better price realization from sale of power, which resulted into lower production and sale of steel billets and ferro alloys and consequent increase in sale of sponge iron & electric power. The Company would continue with such strategy till price for commercial sale of power remains robust. The Company may shift to manufacture of steel billets and ferro alloys as and when the opportunities turn in favour of manufacture of such products. The power generation increased by 9% and production of HB wire increased by 12%, despite lower production of sponge iron. The decline in production of sponge iron, although not very significant, was attributed to certain technical issues in the phase- II project, which was commissioned during previous year. The issues have since been resolved during the current year and the plant is expected to function normally during the current year, barring unforeseen circumstances.

2) Review of Financial performance:

(a) Net sales/ Income from operations:

The Company has achieved net sales turnover of Rs. 1035.54 crore, as compared to Rs.829.27 crore during the previous year, registering a growth of 25%. The prices of the finished steel products and the raw material sharply declined during the second half of the year due to global financial crisis which resulted into lower sales turnover/ operating margin during the second half of the year.

b) Raw Material Cost:

The raw material cost as percentage of net sales increased to 80.84% as compared to 76.11% during the previous year, which was mainly on account of NMDC's increase in price of iron ore retrospectively during the year under review and collapse of commodity prices in the international markets post Sept, 2008 due to financial crisis, which resulted into losses in inventory value and thereby higher consumption cost of the material consumption.

(ii) Operating & Other Expenses

The operating & other expenses have marginally gone down from 7.96% of net sales to 6.58% due to change in product mix. This includes mark to market loss of Rs.5.88 crores (Previous Year Rs.7.46 crores) on forex derivative transaction.

(iii) Employees Cost

The employees cost during the year increased by 32.06 % to Rs. 12.48 crore from Rs.9.45 crore due to annual increase in salaries and recruitment of additional employee to meet increased requirement. The overall employees cost increased to 1.20 % of the sales as compared to 1.14% during previous year.

(iv) Operating Margins (EBIDTA):

The operating margins of the Company dropped to 12.14% as compared to 19.62% of net sales during the year, mainly on account of increase in raw material cost due to losses in inventory value and consequent lower realization from sale of finished products.

(v) Interest & Financial Charges:

The total expenses towards interest cost and bank charges during the year increased from Rs. 30.32 crore to Rs. 34.17 crore due to increase in interest rates by the bankers and also increase in working capital requirements.

(vi) Depreciation:

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

c) Profit Before Tax:

The Company has achieved net profit before tax and extra-ordinary items of Rs. 65.27 crore which is 6.30% of net sales as against Rs. 108.12 crore, which was 13.04% of net sales during the previous year.

d) Provision for taxation:

The provision for income tax is made as per provisions of the section 115J of the Income Tax Act. The profit of the power division are exempted u/s 80I of the Income Tax Act, and therefore there is no income tax liability except MAT. The provision for fringe benefit tax is made as per applicable rules.

(e) Appropriation

The Company has transferred Rs. 10 crore (Previous year Rs 15.00 crore) to the General Reserve during the year.

(f) Provision for Dividend & Dividend Tax

The Board of Directors of the Company has recommended a final dividend 25% (Rs.2.50/- per share) for the year ended 31st March 2009, subject to approval of the shareholders. Further, provision of dividend distribution tax of Rs. 1.19 crore has been made. The total outgo of funds on account of dividend payment including corporate tax on dividend for the year is Rs. 8.21 crore.

(g) Fixed Assets

(Rs. In crore)

Particulars	FY09	FY08	Change %	Change %
Gross Block	458.76	436.10	22.66	5.18
Less Depreciation	78.78	52.36	26.42	50.46
Net Block	379.98	383.74	-3.76	-3.50
Capital WIP & Pre-OP Exp	171.39	12.64	158.75	1255.93
Net Fixed Assets	551.37	396.38	154.99	39.10

The Company has during the year incurred additional capital expenditure of Rs.181.40 crore towards implementation of iron ore crushing, beneficiation and pelletisation plant and expenditure on infrastructure development at the existing plant.

(h) Inventories

The overall value of inventory of raw materials decreased to Rs. 77.22 crore as on 31st March 2009 as compared to Rs 106.67 crore as on 31st March 2008 due to decrease in prices of raw materials. The average level of holding of raw material was at 1.20 months of consumption as compared to level of 2.02 months during the previous year.

(i) Sundry Debtors

The average number days sales outstanding for the FY 09 is 10 days as compared to 18 days in FY 08 which is due to suspension of production & sale of steel billets & ferro alloys and outstanding period for realization of dues from sale of power is lower as compared to other products.

(j) **Loans & Advances**

The loans and advances as on 31st March 09 increased by 10.67 % as compared to 31st March 08, which is mainly due to the advances paid to raw material suppliers for ensuring regular supplies of raw materials i.e. iron ore & coal for enhanced production capacity. The advances are normal in ordinary course of business of the Company and as per the industry practice.

(k) **Current Liabilities**

The overall current liabilities increased due to increase in the volume of operations of the Company. The purchases of raw materials increased by 18.77% in FY09 as compared to FY08, thereby increase in the liability towards supplies to the extent of 13.86%.

(l) **Secured and Unsecured Loans**

During the year, Company raised additional term loan of Rs.87.29 crore from banks for funding its expansion projects and repaid term loans of Rs.55.35 crore as per repayment schedule with banks. The working capital borrowings increased by Rs.17.34 crore due to increase in volume of business as compared to earlier years.

m) **Key Financial Indicators:**

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

Particulars	FY09	FY08
EBIDTA to Net sales (%)	12.15	19.62
Profit after Tax to sales (%)	5.54	11.45
Earning Per Share (Rs.)	20.43	37.18
Net Worth Per Share (Rs.)	155.49	137.98
Current Ratio	1.63	2.40
Debt Equity Ratio	0.58:1	0.58:1

III **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Monthly information system is backbone of our internal control system. Roles and responsibilities for all managerial positions have been clearly defined. All operating parameters are closely monitored and controlled. The management also regularly reviews the operational efficiencies, utilization of fiscal resources, and compliance with laws so as to ensure optimum utilization of resources and achieve better efficiencies. The Company has adequate internal control system. In order to further strengthen the internal control systems, the Company during under review started process for implementing the SAP-ERP and the board is pleased to state that the Company has successfully implemented the SAP ERP and the system has gone live w.e.f. 1st June, 2009.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

The employees are basically its human resource assets. They have played significant role in growth of the Company and enabled Company to deliver superior performance during the year. The Company has initiated several steps for overall development, training and welfare of its human resource asset and progress is monitored on regular basis. Employee relations have continued to remain cordial during the year under review. The Company also initiated the action for overall welfare of the employees and workmen and in line with its objectives.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Chairman

Place : Raipur

Date : 28th July, 2009

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 three Whole-time Directors (the Managing Director and two Executive Directors) and eight Non-executive Directors. 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.

The names and categories of the Directors on the Board and also the number of Directorships and Committee Memberships held by them during 2008-09 in other Companies are as under:

2.1

Name of the Directors	Category of Directors	No. of other Directorships held *	No. of Board Meetings attended	Last AGM attended	No. of other Board committees member/ chairman
Mr. G. B. Desai	Chairman-Non-Executive Independent	02	04	Present	02
Mr. O.P. Agrawal	Vice Chairman- Non-Executive	05	02	Absent	Nil
Mr. B.L. Agrawal	Managing Director - Executive	14	05	Absent	01
Mr. N.P. Agrawal	Non-Executive	10	04	Absent	01
Mr. Dinesh Agrawal	Non-Executive	13	05	Present	Nil
Mr. B.P. Singh (upto 28.07.2009)	Executive	Nil	05	Present	Nil
Mr. Dinesh Gandhi	Executive	01	05	Present	Nil
Mr. Siddharth Agrawal	Executive	05	05	Present	Nil
Mr. B. Choudhuri	Independent	10	05	Present	09
Mr. Shashi Kumar	Independent	03	02	Absent	Nil
Mr. B. N. Ojha	Independent	Nil	04	Absent	Nil
Mr. Vinod Pillai (w.e.f. 28.07.2009)	Non-Executive	01	N. A.	—	Nil

* Other Directorship excludes Directorship in Private Companies.

N.A. – Not Applicable

Changes in the composition of Directors during the year:

- Shri O.P. Agrawal, Chairman of the Board vacated the position of Chairman and Shri G.B. Desai, Independent Director has been appointed as Chairman of the Board with effect from 14th June, 2008. Shri O.P. Agrawal has been re-designated as Vice Chairman of the Board.
- The designation of Shri Dinesh Agrawal has been changed from Executive Director to Non-executive Director w.e.f. 1st February, 2009 since he has been appointed as Managing Director of the subsidiary Company viz., M/s R. R. Ispat Limited w.e.f. 1st February, 2009 and is drawing remuneration from the said subsidiary Company.

- 3) Shri B. P. Singh has resigned from the directorship of the company with effect from 28th July, 2009.
- 4) Shri Vinod Pillai has been appointed as Additional Director with effect from 28th July, 2009.

2.2 Number of Board Meetings held:

During the year 2008-09, the Board met 05 times and agenda papers were circulated well in advance of each meeting to the Board of Directors. In order to ensure fruitful deliberations at the meetings, the Board of Directors of your company is provided with all relevant information on various matters related to the working of the company. The dates on which Meetings of the Board of Directors were held and the number of Directors present in each meeting are given in Table 2 below:

S. No.	Date of Meeting	No. of Directors Present
1	14.06.2008	09
2	29.07.2008	09
3	25.10.2008	10
4	22.11.2008	09
5	31.01.2009	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 Board of Directors re-constituted the Audit Sub-Committee on 28.06.2009 by inducting Mr. B. N. Ojha, Independent Director as member of the Committee. The Audit Committee consists of one executive Director and three Independent Directors with effect from 28.06.2009. The Audit Committee comprises of following Directors:

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

The committee met Four times during the year 2008-09 and the attendance of the members at these meetings was as follows:

S. No.	Name of the Chairman/Member	Status	Meetings attended
1.	Mr. B. Choudhuri	Chairman (Independent Director)	04
2.	Mr. G. B. Desai	Member (Independent Director)	04
3.	Mr. B. N. Ojha	Member (Independent Director)	—
4.	Mr. Dinesh Gandhi	Member (Executive Director)	04

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

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

SUBSIDIARY COMPANIES

The Board of Directors have nominated Shri Biswajit Choudhuri as Independent Director on the Board of the subsidiary Company i.e. R.R. Ispat Limited.

During the year another Company in name of M/s. Godawari Power Limited, was incorporated on 05.02.2008 as a 100% subsidiary of the Company, which is in the initial stage. The Company is exploring various opportunities for pursuing power

business. The Board of Directors of the Company shall nominate an Independent Director on the Board of this Company, in due course, when Company starts business operations. The name of M/s. Godawari Power Limited has been changed to M/s. Godawari Energy Limited with effect from 04.11.2008.

Your company has also acquired 75% of the equity of M/s. Ardent Steel Limited which is setting up an iron ore pelletisation plant in the State of Orissa. Subsequent to acquisition of 75% stake the said company becomes subsidiary of your company with effect from 16.03.2009. The Pelletisation project of the said company is still under construction and the Board of Directors of your Company shall nominate an Independent Director on the Board of this Company, in due course, when Company starts business operations. Shri B.L. Agrawal, Managing Director and Shri Dinesh Agrawal, Director of your company have been appointed as Directors on the Board of M/s. Ardent Steel Limited.

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

DISCLOSURE:

Basis of related party transaction:

A statement, in summary form, of all the transactions entered into with the related parties in the ordinary course of business, details of material individual transactions with related parties are placed before the audit committee for the review. There are no material transactions with related parties, which require separate disclosure. A comprehensive list of transactions entered into with the related parties as required by the Accounting Standards (AS) 18 issued by the Institute of Chartered Accountants of India is given at note No.8 of schedule 21 to 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 not made any public issue, right issue, preferential issue etc. during the financial year i.e. 2008-09. Out of the QIP Proceeds of Rs.100 crore raised during the previous financial year i.e. 2007-08 has been fully utilized for the purpose for which the funds were raised.

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 Company re-constituted the Remuneration Committee by inducting Shri B.L. Agrawal, Managing Director w.e.f. 14.06.2008. The detailed composition of the members of the Remuneration Committee as at present is given below:

1.	Mr. Shashi Kumar	Chairman (Independent Non-Executive Director)
2.	Mr. G.B. Desai	Member (Independent Non-Executive Director)
3.	Mr. Dinesh Gandhi	Member (Executive Director - Finance)
4.	Mr. B.L. Agrawal	Member (Managing Director)

REMUNERATION OF DIRECTORS:

The non- executive directors are paid sitting fee of Rs.15000 for attending each Board meeting and Rs.5000 for attending each Committee Meeting. The company has paid a remuneration of Rs. 21.00 lacs to Mr. B.L. Agrawal, Managing Director, Rs. 16.80 lacs to Mr. Dinesh Agrawal, Executive Director, Rs.9.00 lacs to Mr. Siddharth Agrawal, Executive Director, Rs.17.10 lacs to Mr. Dinesh Gandhi, Director (Finance) and Rs. 5.52 lacs to Mr. B.P. Singh, Director of the company during the financial year 2008-09.

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 / re-appointment:

Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting to be held on 22nd September, 2009 are given as under:

1. Shri Vinod Pillai, 41 years, is a Commerce Graduate from Pt. Ravi Shankar Shukla University, Raipur. He serves on the Board of M/s Hira Cement Limited. He has vast experience in purchase, sales, liasioning, administration and logistics management. He has joined M/s Hira Cement Limited as Marketing Executive in the year 1989 to look after sales, administration and liasioning activities. In the year 1997 he has joined M/s Hira Steels Limited as Deputy General Manager (Marketing & Liasioning) and was looking after the purchase of various steel items required for setting up of the project and after commissioning of the project, he was looking after purchase of raw materials, sale of finished goods, liasioning with suppliers, government agencies, local authorities etc. He was also looking after the logistics. In the year 2000, he has joined M/s R. R. Ispat Limited as General Manager (Marketing & Liasioning) and subsequently promoted to Vice President (Marketing & Liasioning) and has been looking after similar activities like purchase of steel items required for the project, sale of finished goods, logistics management and liasioning with various outside authorities.

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The Board of Directors re-constituted Investors' Grievance Committee consisting of Three Directors with effect from 25.09.2007. The detailed composition of the members of the Shareholders/Investors Grievances Committee at present is given below:

1.	Mr. G. B. Desai	Chairman (Independent Non-Executive Director)
2.	Mr. Dinesh Agrawal	Member (Non-Executive Director)
3.	Mr. Dinesh Gandhi	Member (Executive Director)

Other information to Shareholders:

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

YEAR	DATE	TIME	VENUE
2004-2005	30.09.2005	11.00 a.m.	Plot No. 428/2, Phase-I, Industrial Area, Siltara, Raipur (C.G.)
2005-2006	26.09.2006	03.00 p.m.	Lav Kush Vatika, VIP Road, Raipur, (C.G.)
2006-2007	25.09.2007	01.00 p.m.	First Floor, Hira Arcade, Pandri, Raipur, (C.G.)
2007-2008	23.09.2008	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)

No Special Resolution was passed in any of the Annual General Meetings except two Special Resolutions passed in the Annual General Meeting held on 26.09.2006 for alteration of Article 82 of Articles of Association of the company and for appointment a relative of the Managing Director for office or place of profit.

No resolution has been put through Postal Ballot.

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

GENERAL INFORMATION:

1. Annual General Meeting:

- Date** 22nd September, 2009
- Time** 3.00 p.m.
- Venue** Regd Office of the Company at Godawari Power & Ispat Ltd, Siltara Industrial Estate, Phase - I, Siltara - Dist., Raipur, C.G.

2. Financial Calendar (2009-2010) (tentative) :

Board Meeting (for Financial Result)-

Quarter ending on 30th June 2009 : Last week of July, 2009

Half-year ending on 30th September 2009 : Last week of October, 2009

Quarter ending on 31st December 2009 : Last week of January, 2010

Year ending on 31st March 2010 : May/June, 2010

3. Date of Book Closure : 15th September, 2009 to 22nd September, 2009.

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, 2008	234.90	151.65	235.00	161.50
May, 2008	229.80	166.00	229.90	180.00
June, 2008	214.00	156.15	214.50	181.30
July, 2008	209.85	185.45	212.00	185.25
August, 2008	232.95	190.10	232.00	196.00
September, 2008	206.95	112.00	207.90	108.00
October, 2008	136.70	62.05	136.80	63.25
November, 2008	94.65	51.95	95.00	58.20
December, 2008	74.90	58.00	75.20	57.00
January, 2009	77.60	51.00	77.70	52.50
February, 2009	53.50	42.00	53.50	41.55
March, 2009	55.00	38.95	54.50	43.55

9. Registrar and Transfer Agent:

M/s. Link Intime India Pvt. Ltd.

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

10. Share transfer system:

The company's shares can be dematerialized with the Depositories namely CDSL or NSDL through the Depository Participants. The company's shares are compulsorily traded in the demat mode. Therefore, the investors/shareholders are requested to kindly note that physical documents, viz. Demat Request Forms (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DPs) directly to the Share Transfer Agents. Any delay on the part of the DPs to send the DRF and the Share Certificates beyond 15 days from the date of generation of DRN by the DP will be rejected/ cancelled. This is being done to ensure that no demat requests remain pending with the Share transfer Agents beyond a period of 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 31.03.2009:

Shareholding of Nominal Value (Rs.)	Shareholders		Shares held	
	Number	% to Total	Number	% to Total
Up to 5000	21074	92.7634	2226531	7.9321
5001 – 10000	824	3.6271	661793	2.3577
10001- 20000	372	1.6375	569776	2.0299
20001 – 30000	138	0.6074	354360	1.2624
30001 – 40000	54	0.2377	194811	0.6940
40001 – 50000	51	0.2245	241829	0.8615
50001 – 100000	86	0.3786	632142	2.2520
100001 and above	119	0.5238	23188565	82.6103
TOTAL	22718	100	28069807	100

SHAREHOLDING PATTERN AS ON 31ST MARCH 2009:

Sl. No.	Category	No. of Shares held	Percentage
1.	Promoters (including person acting in concert)	1,63,12,560	58.11
2.	Institutional Investors i.e. MFs, FII, banks etc	39,31,262	14.01
3.	Bodies Corporate	20,15,007	7.18
4.	NRIs/ OCBs	2,72,976	0.97
5.	General Public	54,54,703	19.43
6.	Clearing Member / Trust	83,299	0.30
	TOTAL	2,80,69,807	100.00

Group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969

The following persons constitute the Group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969, which exercises, or is established to be in a position to exercise control directly or indirectly, over the Company.

Bajrang Lal Agrawal	Hira Foundation
Dinesh Agrawal	Hira Global Alloys Limited
Siddharth Agrawal	Hira Global Limited
Narayan Prasad Agrawal	Hira Global Marketing Limited
Hanuman Prasad Agrawal	Hira Industries Limited
Kanika Agrawal	Hira Energy Limited
Rashmi Agrawal	Hira Power and Steels Limited
Sarita Agrawal	Hira Steels Limited
Godawari Devi Agrawal	Jagdamba Power and Alloys Limited
Master Prakhar Agrawal	Jagdamba Transmission and Power Limited
Kumar Agrawal	Jagdamba Urja Limited
Madhu Agrawal	Jagdamba Vidyut Limited
Vinay Agrawal	Krishna Global Minerals Limited
Reena Agrawal	Kumar Homes (India) Private Limited
Nancy Agrawal	Kumar Technobuild Private Limited
Abhishek Agrawal	Mahanadi Ispat Limited
Master Pranav Agrawal	Manshi Real Estate Private Limited
Active Chemicals Private Limited	Nancy Real Estate Private Limited
Alok Alloys Private Limited	Narmada Ispat Limited
Alok Ferro Alloys Limited	Narmada Ferro Alloys Limited
Aloik Finance and Investment Private Limited	R. R. Realcon Private Limited
Amit Real Estate Private Limited	Ram Realmart Private Limited
Arihant Farms Limited	Revro Real Estate and Finance Private Limited
Chhattisgarh Power and Coal Beneficiation Limited	R. R. Ispat Limited
Ekta Metals Private Limited	SAG International Limited
Ektavihar Finance and Investment Private Limited	Sagar Energy and Steels Limited
Evrro Properties and Finance Private Limited	Shourya Diamonds Limited
Gita Realcon Private Limited	Shri Gopal Realcon Private Limited
Godawari Clinkers and Cement Limited	Shyam Realcon Private Limited
Godawari Energy Limited	Sita Realty Private Limited
Godawari Mines and Minerals Limited	Stylo wear Private Limited
Godawari Natural Resources Limited	Swastik Farms Private Limited
Godawari Real Estate (Chhattisgarh) Private Limited	Tanusha Real Estate Private Limited
Godawari Realbuild Private Limited	Tirupathi Balaji Realtor Private Limited
Him Sagar Energy Limited	Vinay Buildcon Private Limited
Him Sagar Minerals Limited	Vrindavan Realbuild Private Limited
Hira Buildcon Private Limited	Yamuna Steels Limited
Hira Cement Limited	
Hira Ferro Alloys Limited	

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

12. DEMATERIALIZATION OF SHARES :

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

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

Plant & Registered Office

428/2, Phase-I, Industrial Area,
Siltara - 493111, Dist. Raipur, Chhattisgarh, India.

Tel: +91-7721-264342/406130;

Fax: +91-7721-264341/403701

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 & Ispat Ltd.

Hira Group, 606, Town Centre, Andheri Kurla Road,
Near Mittal Estate, Andheri (East), Mumbai – 400059

Tel No: +91 22 28592621/22/23

Fax No: +91 22 28592851

e-mail: investors@gpilindia.in

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 2008-09.

For and on behalf of the Board of Directors

Chairman

Place: Raipur

Date: 28th July, 2009

**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 2008-09 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 2008-09 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 GANDHI
Director (Finance)

Place : Raipur
Dated : 28th July, 2009

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, 2009 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

O.P. Singhania
Partner
(Membership No.51909)

Place: Raipur
Date: 28th July, 2009

AUDITORS' REPORT

To The Members of

Godawari Power & Ispat Limited

1. We have audited the attached balance sheet of Godawari Power & Ispat Limited as at 31st March, 2009, the profit and loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (As Amended) issued by the Central Government of India, in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comment in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts read alongwith the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of the affairs of the Company, as at 31st March, 2009.
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **OP Singhania & Co.**
Chartered Accountants

O.P. SINGHANIA
Partner

MEMBERSHIP No: 51909

Mumbai, 28th June, 2009

ANNEXURE

Re: Godawari Power & Ispat Limited

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

- (i) (a) The Company has generally maintained the proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records of the company, we are of the opinion that, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The company has granted unsecured loans to two companies covered in the register maintained under section 301 of the companies Act, 1956. Maximum amount involved was Rs. 2265.00 lakhs and the year end balance of the loan granted to such company was Rs. NIL.
- (b) In our opinion, the terms & conditions on which loans have been granted to the companies listed in the register maintained under section 301 of the Companies Act, 1956 are not *prima facie* prejudicial to the interest of the company.
- (c) The receipt of the principal amount and interest wherever applicable was regular.
- (d) There was no overdue amount of loans granted to companies listed in the register maintained under section 301 of the companies Act, 1956.
- (e) The company has taken unsecured loans from a company covered in the register maintained under section 301 of the Companies Act, 1956 during the year, maximum amount involved was Rs. 850.00 lacs and the year end balance of the loan taken from such party was NIL.
- (f) In our opinion, the terms & conditions on which loans have been taken from a company 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(i)(d) of the Companies Act, 1956, in respect of Company's products to which the said rules are made applicable and are of the opinion that, *prima facie*, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.
- (ix) (a) The company is generally 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 2009 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Year	Amount (Rs. In lacs)	Forum where dispute is pending
Service Tax	Disallowance of credit of Service Tax paid on onward freight and credit taken on the strength of TR6 Challan	2005	20.74	Custom, Central Excise and Service Tax Appellate Tribunal, New Delhi.
Income Tax Act	Disallowance of deductions u/s 80IA (refer note no.3(v).	2004-05 to 2007-08	1449.00	Commissioner of Income Tax (Appeal), Raipur
Central Excise Act	Disallowance of Cenvat Credit on Input	Oct,2004 to July, 2008	495.44	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.

- (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.
- (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, prima facie short-term funds have not been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to any company, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) The company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) The company has not raised any money by public issue during the year, therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company .
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year. Therefore, the provisions of clause 4(xxi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

For **OP Singhania & Co.**
Chartered Accountants

O. P. SINGHANIA

Partner

MEMBERSHIP No: 51909

Raipur, 28th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedules	As at March 31, 2009 (Rs. in lacs)	As at March 31, 2008 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	2,806.98	2,806.98
Share warrants		324.00	324.00
Reserves and surplus	2	40,515.55	35,600.51
		<u>43,646.53</u>	<u>38,731</u>
Loan Funds			
Secured Loans	3	33,176.30	28,421.02
Unsecured Loans		-	-
		<u>33,176.30</u>	<u>28,421.02</u>
		<u>76,822.83</u>	<u>67,152.51</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	45,875.83	43,609.63
Less : Accumulated Depreciation/amortisation		7,878.44	5,236.22
Net Block		37,997.39	38,373.41
Capital work-in-progress including capital advances		17,138.56	1,264.41
		<u>55,135.95</u>	<u>39,637.82</u>
Investments	5	4,457.59	3,196.71
Current Assets, Loans and Advances			
Inventories	6	13,481.01	16,604.40
Sundry debtors	7	3,028.22	4,760.91
Cash and bank balances	8	4,101.42	6,340.04
Loans and advances	9	4,021.88	3,633.36
		<u>24,632.55</u>	<u>31,338.71</u>
Less : Current Liabilities and Provisions			
Current Liabilities	10	5,555.41	4,877.80
Provisions	11	1,847.83	2,142.94
		<u>7,403.25</u>	<u>7,020.74</u>
Net Current Assets		17,229.30	24,317.98
Miscellaneous Expenditure (to the extent not written off or adjusted)	12	-	-
		<u>76,822.83</u>	<u>67,152.51</u>
Notes to Accounts			
	21		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For O.P. Singhania & Co.

Chartered Accountants

per O.P. Singhania

Partner

Membership No.51909

Place: Mumbai

Date : 28th June, 2009

For and on behalf of the Board of Directors of

Godawari Power & Ispat Limited

B. L. AGRAWAL

Managing Director

DINESH GANDHI

Director Finance

G. B. DESAI

Director

BISWAJIT CHOUDHURI

Director

SHASHI KUMAR

Director

B. N. OJHA

Director

Y.C. RAO

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedules	Year ended March 31, 2009 (Rs. in lacs)	Year ended March 31, 2008 (Rs. in lacs)
INCOME			
Turnover (Gross)	13	116,240.40	95,690.06
Less: Excise duty		12,686.58	12,763.23
Turnover (Net)		103,553.82	82,926.83
Other Income	14	1,040.42	127.65
Increase/(Decrease) in Stock in trade	15	(218.93)	4,053.14
TOTAL		104,375.30	87,107.63
EXPENDITURE			
Purchase of Trading Goods		-	169.68
Raw material consumed	16	83,721.00	63,120.48
Personnel expenses	17	1,248.07	944.51
Operating and other expenses	18	6,821.49	6,603.41
Depreciation/Amortisation		2,642.22	2,425.15
Financial expenses	19	3,416.92	3,031.93
TOTAL		97,849.70	76,295.16
Profit before tax		6,525.60	10,812.46
Provision for Current Tax		739.00	1,250.00
Frienge Benefit Tax		14.50	12.11
Tax related to earlier year		36.06	51.93
Total Tax Expense/income	789.56	1,314.04	
Profit after tax		5,736.04	9,498.42
Balance brought forward from previous year		13,796.11	7,111.29
Profit available for appropriation		19,532.15	16,609.72
Appropriations:			
Transfer to General Reserve		1,000.00	1,500.00
Interim dividend		-	421.05
Proposed dividend		701.75	701.75
Tax on dividend		119.26	190.82
Surplus carried to Balance Sheet		17,711.14	13,796.11
Earning Per Share			
Basic & Diluted EPS	20		
- Basic earning per share		20.43	37.18
- Diluted earning per share		19.73	36.77
Notes to Accounts	21		

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date

For O.P. Singhania & Co.

Chartered Accountants

per O.P. Singhania

Partner

Membership No.51909

Place: Mumbai

Date : 28th June, 2009

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

B. L. AGRAWAL

Managing Director

DINESH GANDHI

Director Finance

G. B. DESAI

Director

BISWAJIT CHOUDHURI

Director

SHASHI KUMAR

Director

B. N. OJHA

Director

Y.C. RAO

Company Secretary

CASH FLOW STATEMENT AS AT 31ST MARCH, 2009

	31st March, 2009 (Rs. in lacs)	31st March, 2008 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	6,525.60	10812.47
ADJUSTMENTS FOR:		
Depreciation/amortisation	2,642.22	2425.15
Misc. Expenses Written off (Net)	-	0.90
Provision for Gratuity	(3.15)	9.37
Provision for loss on derivative contracts	196.69	746.44
Provision for doubtful debts	46.12	0.00
Interest Charges	3,416.92	3031.93
Interest Received	(683.76)	(83.25)
Dividend Received	(12.28)	(0.78)
(Profit)/Loss on sale of Fixed Assets	-	3.23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	12,128.36	16945.46
ADJUSTMENTS FOR:		
(Increase)/Decrease in Receivables and Advances	1,298.04	(2785.00)
(Increase)/Decrease in Inventories	3,123.38	(9494.74)
Increase/(Decrease) in Trade payables	677.61	1422.45
CASH GENERATED FROM OPERATIONS	17,227.39	6088.17
Direct Taxes Paid/Deducted at Source	(1,278.21)	(1080.53)
NET CASH FROM OPERATING ACTIVITIES	15,949.19	5007.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Expenditure	(18,140.35)	(5480.57)
Proceeds from Sale of Fixed Assets	-	19.25
Interest received	683.76	83.25
Dividend Received	12.28	0.78
(Increase)/Decrease in Investments	(1,260.87)	(1110.32)
NET CASH USED IN INVESTING ACTIVITIES	(18,705.18)	(6487.61)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares including premium	-	10000.00
Proceeds/(Payment) of Long Term Borrowings from Banks	3,102.98	(21.12)
Proceeds/(Payment) of Short Term Borrowings from Banks	1,733.28	695.55
Proceeds/(Payment) of Other Borrowings	(80.97)	(2.40)
Share Issue Expenses	-	(288.32)
Proceeds of Share Warrants	-	324.00
Dividend and tax thereon Paid	(821.01)	(1059.17)
Interest Charges	(3,416.92)	(3031.93)
NET CASH USED IN FINANCING ACTIVITIES	517.36	6616.61
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(2,238.62)	5136.64
Cash and Cash Equivalents at the beginning of the year	6,340.04	1203.40
Cash and Cash Equivalents at the end of the year	4,101.42	6340.04
Components of cash and cash equivalents as at		
	2009	2008
	Rs.	Rs.
Cash in hand	63.21	39.50
With banks- on current account	273.12	74.21
- on deposit account	3,758.08	6202.60
- on unpaid dividend account*	5.13	21.84
- on public issue refund account*	1.88	1.88
	4,101.42	6340.04

Notes :

- Figures for the previous year have been regrouped/rearranged wherever found necessary.
- Interest charges excludes interest capitalised Rs.36,879,558/- (previous year Rs.27,385,112/-).
- *Balances held by the company which are not available for use by it.

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date

For O.P. Singhania & Co.
Chartered Accountants

per **O.P. Singhania**
Partner
Membership No.51909

Place: Mumbai
Date : 28th June, 2009

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

B. L. AGRAWAL *Managing Director*
DINESH GANDHI *Director Finance*
G. B. DESAI *Director*
BISWAJIT CHOUDHURI *Director*
SHASHI KUMAR *Director*
B. N. OJHA *Director*
Y.C. RAO *Company Secretary*

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
SCHEDULE 1 : CAPITAL		
Authorised		
35,000,000 equity shares of Rs.10/- each	3500.00	3500.00
Issued		
28,069,807 equity shares of Rs.10/- each	2806.98	2806.98
Subscribed & Paid up		
28,069,807 equity shares of Rs.10/- each fully paid up	2806.98	2806.98
Of the above:		
12,919,200 Equity Shares of Rs.10/- each issued and allocated as fully paid up Bonus Shares by capitalisation of Securities Premium.		
Schedule 2 : Reserves and Surplus		
Securities Premium		
Balance as per last account	16,304.40	6915.30
Add: On account of QIP (Public Issue) during the year	-	9677.42
Less: Utilized against QIP (Public Issue) Expenses	-	288.32
	16,304.40	16304.40
General Reserve		
Balance as per last account	5,500.00	4000.00
Add: Transferred from Profit and Loss Account	1,000.00	1500.00
	6,500.00	5500.00
Profit and Loss Account	17,711.14	13,796.11
	40,515.55	35,600.51
Schedule 3 : Secured Loans		
Loans and advances from banks		
- Cash Credit Facilities	7702.62	5969.34
- Term Loans	19076.58	19917.37
- Foreign Currency Buyers Credit facility	112.80	282.25
- External Commercial Borrowings	6193.91	2080.70
Other Loans & Advances	90.39	171.36
	33,176.30	28,421.02
Security and terms & conditions for above loans:		
1. The rupee term loans including ECB and foreign currency buyers credit facility from banks are secured by a first pari passu charge over entire movable and immovable assets of the company, both present and future, subject to prior charge over the current assets of the company i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables in favour of the bankers of the company or securing working capital facilities from banks.		
2. The above term loans including ECB and buyers credit facility are also secured by corporate guarantees of associate companies.		
3. The working capital 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.		
4. The above credit facilities are also secured by personal guarantee of promoter directors of the Company their relatives.		
5. Further the term loans and working capital facilities are also secured by pledge of 16,00,000 equity shares of Hira Steels Ltd. held as investments by the company and pledge of 13,75,000 equity shares of the company held by the promoters & subsidiary company M/s R.R. Ispat Ltd.		
6. Other loans are secured by hypothecation of specific assets acquired under hire purchase finance from various banks.		

SCHEDULES TO THE ACCOUNTS

As at 31st March, 2009
Schedule 4 : Fixed Assets

Description of Assets	GROSS BLOCK (AT COST)						DEPRECIATION			NET BLOCK						
	As at 01.04.2008	Rs.	Rs.	Rs.	As at 31.03.2009	Rs.	Upto 31.03.2008	Rs.	During the year	Rs.	Upto 31.03.2009	Rs.	As at 31.03.2009	Rs.	As at 31.3.2008	Rs.
Freehold Land	614.44		25.75	-	640.19	-	-	-	-	-	-	-	640.19		614.44	
Leasehold Land	65.39		-	-	65.39	-	3.60	0.66	-	-	4.26	-	61.13		61.79	
Site & Land Development	690.28		-	-	690.28	-	-	-	-	-	-	-	690.28		690.28	
Factory Shed & Building	3,285.13		1,058.46	-	4,343.59	-	222.93	127.12	-	-	350.05	-	3,993.54		3,062.20	
Plant & Machinery	38,651.57		1,064.19	-	39,715.76	-	4,943.25	2,483.47	-	-	7,426.72	-	32,289.04		33,708.32	
Furniture & Fixture	79.51		38.78	-	118.29	-	21.10	8.20	-	-	29.30	-	88.99		58.41	
Vehicles	223.31		79.02	-	302.33	-	45.34	22.77	-	-	68.11	-	234.22		177.97	
TOTAL	43,609.63		2,266.20	-	45,875.83	-	5,236.22	2,642.22	-	-	7,878.44	-	37,997.39		38,373.41	
PREVIOUS YEAR	29,103.05		14,535.18	28.60	43,609.63		2,817.19	2,425.15		6.12	5,236.22		38,373.41		26,285.87	
Capital Work in Progress & Pre-operative Expenses including capital advances	1,264.41		17,996.80	2,122.65	17,138.56		-	-		-	-		17,138.56		1,264.41	
PREVIOUS YEAR	10,319.02		5,039.08	14,093.69	1,264.41		-	-		-	-		1,264.41		10,319.02	

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
SCHEDULE 5: INVESTMENTS		
Long Term Investment (At cost)		
A. Trade		
Unquoted, fully Paid up		
*2,240,100 equity shares of Rs.10/- each in Hira Steels Limited	224.01	224.01
10,000 equity shares of Rs.10/- each in Chhattisgarh Power & Coal Benification Ltd.	1.00	1.00
46,200 equity shares of Rs 10/- each in Raipur Infrastructure Company Pvt. Ltd.	41.70	41.70
**2,17,834 (P.Y.168402) equity shares of Rs 10/- each in Chhattisgarh Capitive Coal Mining Ltd	169.64	120.21
52,000 equity shares of Rs 10/- each in Hira Ferro Alloys Ltd	36.40	36.40
***5,10,000 (P.Y. 20000) equity shares of Rs 10/- each in Chhattisgarh Ispat Bhoomi Ltd.	51.00	2.00
0 (P.Y.4,90,000) equity shares of Rs.10/- each partly paid-up in Chhattisgarh Ispat Bhoomi Ltd.	-	29.40
50,000 equity shares of Rs.10/- each in Krishna Global & Mineral Ltd.	5.00	-
B. Other than trade		
Unquoted, fully Paid up		
Shares		
10,000 equity shares of Rs 10/- each in Hira Power & Alloys Ltd.	1.00	1.00
10,000 equity shares of Rs.10/- each in Shourya Diamond Ltd.	1.00	1.00
Units		
100,000 units of Rs.10/- each in SBI Infrastructure Fund	10.00	-
100,000 units of Rs.10/- each in SBI One India Growth Fund	10.00	10.00
C. In Subsidiary Companies		
Unquoted, fully Paid up		
2,332,750 Equity shares of Rs.10/- each in R.R. Ispat Ltd.	1410.10	1410.10
3,149,000 Non-Cumulative redeemable Pref.shares of Rs.10/- each in R.R. Ispat Ltd.	314.90	314.90
50,000 Equity shares of Rs.10/- each in Godawari Energy Ltd. (Formerly Godawari Power Ltd.)	5.00	5.00
50,000 Equity shares of Rs.10/- each in Godawari Clinker & Cement Ltd.	5.00	-
1,50,000 equity shares of Rs.10/- each in Ardent Steels Ltd.	15.00	-
Current Investment (At lower of cost & fair value)		
0 (P.Y. 9368383.579) units in UTI Fixed Income Interval Fund-Quarterly Interval Plan Series-I	-	1000.00
Share Application Money (Pending allotement)	2156.84	-
	4457.59	3196.71
	2,300.74	3,196.71

Agreegate Amount of unquoted investments

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

** Out of 217834 equity shares, 10000 equity shares held in the name of Director as nominee of the company.

*** Out of 510000 equity shares, 20000 equity shares held in the name of Director as nominee of the company.

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
SCHEDULE 6 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials and components	7721.94	10667.07
Stores and spares	801.14	513.32
Work-in-progress	97.17	55.40
Finished Goods and By-Products	4860.77	5368.61
	<u>13,481.01</u>	<u>16,604.40</u>
SCHEDULE 7 : SUNDRY DEBTORS		
(Unsecured, Considered good otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	101.43	42.52
Considered doubtful	46.12	0.00
	147.55	42.52
Others	2926.80	4718.39
	3,074.34	4,760.91
Less: Provision for doubtful debts	46.12	-
	<u>3,028.22</u>	<u>4,760.91</u>
SCHEDULE 8 : CASH AND BANK BALANCES		
Cash in hand	63.21	39.50
Balances with Scheduled Banks	0.00	
On current accounts	273.12	74.21
On deposits accounts*	3758.08	6202.60
On Unpaid dividend account	5.13	21.84
On Public Issue Refund account	1.88	1.88
	<u>4,101.42</u>	<u>6340.04</u>
* Out of total Fixed Deposits, Rs.824.18 lacs (previous year Rs.452.60 lacs) are pledged with various banks for availing LC, Bank Guarantee, OD facilities, margin money and pledged with other Govt. Departments.		
SCHEDULE 9 : LOANS AND ADVANCES		
(Unsecured considered good)		
Advances to subsidiaries	0.22	190.00
Advances recoverable in cash or in kind or for value to be received	2177.92	2614.87
Balances with Custom, Excise etc.	972.52	41.92
Deposit with Govt. and others	218.15	90.96
Others	653.07	695.61
	<u>4,021.88</u>	<u>3,633.36</u>

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
SCHEDULE 10 : CURRENT LIABILITIES		
Acceptances	403.34	858.85
Sundry Creditors for goods, services & expenses	4005.25	2928.65
Advance from customers	46.56	218.67
Subsidiary company	172.26	-
Creditors for capital goods	144.39	94.63
Investor Education and Protection Fund shall be credited by namely: (as and when due)		
(a) Unclaimed dividend	5.13	21.84
(b) Unclaimed Public Issue Refund of application money	1.88	1.88
Interest accrued but not due on loans	209.72	147.80
Others	566.88	605.47
	<u>5,555.41</u>	<u>4,877.80</u>
Dues to Micro, Small & Enterprises included in sundry creditors (Refer to Note No.15 in notes to accounts)	3.80	49.40
Due to other than Micro, Small & Medium Enterprises included in sundry creditors	0.04	0.03
SCHEDULE 11 : PROVISIONS		
Provision for taxation (net of advance payments)	44.23	532.88
Provision for gratuity	39.46	42.61
Provision for loss on derivative contracts	943.13	746.44
Proposed dividend	701.75	701.75
Tax on proposed dividend	119.26	119.26
	<u>1,847.83</u>	<u>2,142.94</u>
SCHEDULE 12 : MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Share issue expenses		
Balance as per last account	-	-
Add: On account of QIP (Public issue)	-	288.32
Less: Written off against Securities Premium Account	-	288.32
	<u>-</u>	<u>-</u>

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 (Rs.in lacs)	For the year ended 31st March, 2008 (Rs.in lacs)
SCHEDULE 13 : GROSS TURNOVER		
Sale of Manufacturing Goods	108801.03	95030.67
Sale of Trading Goods	0.00	196.28
Sale of Electricity	7439.37	318.36
Sale of Carbon Credit (CER)	0.00	144.75
	<u>116,240.40</u>	<u>95,690.06</u>
SCHEDULE 14 : OTHER INCOME		
Interest		
- Bank deposits (TDS Rs.10182043/- Previous year Rs.998750/-)	533.16	77.54
- Security deposit with CSEB (TDS Rs.147200/- Previous year Rs.129427/-)	6.50	5.71
- From Advances (TDS Rs.3265424/- Previous year Rs.Nil)	144.11	0.00
Dividend income	12.28	0.78
Miscellaneous Income	344.37	43.62
	<u>1,040.42</u>	<u>127.65</u>
SCHEDULE 15 : INCREASE/(DECREASE) IN STOCK IN TRADE		
Closing Stock		
- Work-in-progress	96.95	55.40
- Finished Goods & By-Products	4860.77	5368.61
- Traded Goods	-	-
	<u>4,957.72</u>	<u>5,424.01</u>
Opening Stock		
- Work-in-progress	55.40	52.40
- Finished Goods & By-Products	5368.61	954.90
- Traded Goods	-	29.17
	<u>5,424.01</u>	<u>1,036.48</u>
Net Increase/(Decrease) in Stock in trade	(466.28)	4,387.53
Excise Duty on Stocks (Refer Note No.11 of Schedule-21)	247.35	(334.39)
	<u>(218.93)</u>	<u>4,053.14</u>
SCHEDULE 16 : RAW MATERIAL CONSUMED		
Opening Stock	10667.07	5778.91
Add: Purchases	80775.87	68008.63
	91442.94	73787.55
Less: Closing Stock	7721.94	10667.07
	<u>83,721.00</u>	<u>63,120.48</u>
SCHEDULE 17 : PERSONNEL EXPENSES		
Salaries, wages and bonus	1135.80	778.80
Contribution to provident fund	50.58	39.78
Contribution to gratuity	15.56	11.86
Contribution to other funds	22.97	19.34
Workmen and staff welfare expenses	23.16	94.74
	<u>1,248.07</u>	<u>944.51</u>

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 (Rs.in lacs)	For the year ended 31st March, 2008 (Rs.in lacs)
SCHEDULE 18 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	1387.18	1817.51
Process charges	234.07	259.26
Power charges	275.01	498.46
Water Charges	139.74	119.42
Other manufacturing expenses	1114.33	871.16
CDM Expenses	7.06	46.70
Rent	26.65	13.70
Rates and taxes		
- Sales tax	0.05	0.00
- Entry tax	530.71	532.11
- Excise duty	13.06	5.35
- Electricity duty cess	7.56	23.49
- Others	0.03	0.03
Insurance	18.23	17.80
Repairs and maintenance	0.00	0.00
- Plant and machinery	1227.26	919.51
- Buildings	165.03	37.36
- Others	47.35	11.83
Rebate, shortage claims & other deductions	90.92	30.05
Commission		
- Other than Sole selling agents	109.65	49.39
Provision for doubtful debts	46.12	0.00
Travelling and conveyance	153.63	85.42
Communication expenses	53.79	62.43
Printing and stationery	10.92	18.61
Legal and professional fees	29.60	47.39
Directors' sitting fees	2.60	0.70
Directors' remuneration	69.12	51.35
Frieght and forwarding charges	12.04	20.53
Security service charges	78.05	79.51
Loss on sale of fixed assets	0.00	3.23
Foreign exchange fluctuation	123.96	8.44
Loss on Forex derivative transaction	587.64	746.44
Miscellaneous expenses	260.14	225.34
Miscellaneous expenditure written off	0.00	0.90
	6821.49	6603.41

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 (Rs.in lacs)	For the year ended 31st March, 2008 (Rs.in lacs)
SCHEDULE 19 : FINANCIAL EXPENSES		
Interest		
- on term loans	2446.71	2378.33
- on working capital	880.93	581.63
- on others	18.47	0.96
Bank charges	439.61	344.86
	<u>3,786</u>	<u>3,306</u>
Less: Interest capitalised	<u>368.80</u>	<u>273.85</u>
	3,416.92	3,031.93
SCHEDULE 20 : EARNING PER SHARE (EPS)		
Net profit as per profit and loss account	0.06	0.09
Net profit for calculation of basic EPS & Diluted EPS	0.06	0.09
Weighted average number of equity shares in calculating Basic EPS	280.70	255.49
Weighted average number of equity shares in calculating Diluted EPS	290.70	258.31
Basic & Diluted EPS		
- Basic earning per share	<u>20.43</u>	<u>37.18</u>
- Diluted earning per share	<u>19.73</u>	<u>36.77</u>

SCHEDULE '21' : NOTES TO FINANCIAL STATEMENTS**1. Nature of Operations**

The company is mainly engaged in generation of electricity and manufacturing of Sponge Iron, Steel Billets, Ferro Alloys, H.B. Wire & Oxygen Gas.

2. SIGNIFICANT ACCOUNTING POLICIES**a) System of Accounting**

- 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 recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- 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.

b) Use of Estimates

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

c) Fixed Assets

- i) Fixed Assets are stated at acquisition cost less depreciation. 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.
- ii) 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.

d) Depreciation/Amortisation

- 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) Fixed Assets costing below Rs. 5000/- are fully depreciated in the year of acquisition itself.
- iv) Free-hold land and site & land development cost are not depreciated/amortized. Leasehold land is amortised annually on the basis of tenure of lease period.

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 realizable value, after providing for obsolesces, if any.
- ii) Cost of Raw Materials and stores & spares are computed on FIFO basis and cost of Finished Goods & Goods in Process are computed on 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 purchase account.

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.

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 deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

ii) Interest

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

iii) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are recognised after the balance sheet date but pertains to period on or before the date of balance sheet as per requirement of Schedule VI of the Companies Act, 1956.

iv) Carbon Credit/Certified Emission Reduction (CER)

Revenue is recognised when the company received certification of quantity of CERs from CDM board.

i) Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of fixed assets are capitalized 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

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

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 arising on the settlement of monetary items or on reporting company's monetary items at the rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.
- iv) All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing as on the date of the balance sheet, except in cases where these borrowings are covered by forward exchange contracts. Any increase or reduction in these liabilities are booked to revenue.
- v) In respect of transactions covered by Forward Foreign Exchange Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expenses over the life of the contract.

m) Derivatives Transactions :

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

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 Profit & Loss Account 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 trusts.
- 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 Profit & Loss Account.
- iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o) Provisions

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

p) Impairment of 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 profit & loss account. 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 organized 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.

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.

3. 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 Rs.532.92 lacs (Previous Year Rs.83.00 lacs.)
 - ii) Corporate Guarantees issued in favour of bank aggregating to Rs.35071 lacs (Previous Year Rs. 20566 lacs) in respect of financing facilities granted to other body corporate.
 - iii) Disputed liability of Rs.20.74 lacs (Previous Year Rs.20.74 lacs) on account of Service Tax against which the company has preferred an appeal.
 - iv) Disputed liability of Rs.495.44 lacs (Previous Year NIL) on account of Cenvat Credit on Input against which the company has preferred an appeal.
 - v) Income Tax demand of Rs.1449 lacs for the A.Y. 2004-05 to 2007-08 on account of disallowance under section 80-IA of IT Act in respect of transfer pricing of power to other division and sale of carbon credit. The has preferred an appeal before CIT (Appeal) against the order and in view of decisions of the higher authorities in the similar cases the demand is expected to be set a side.
 - vi) Estimated amount of contracts remaining to be executed on capital accounts Rs.1569 lacs (Previous Year Rs.2545 lacs).
4. In the opinion of the Board, the value of realisation of loans, advances 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.
 5. Inventories and consumption of stores materials have been taken as valued and certified by the management.
 6. No deferred tax liability/assets is provided for timing differences in view of the benefits available u/s 80IA of the Income-tax Act for power division of the company and overall minimum alternative tax payable.
 7. Miscellaneous expenses includes, payment to Auditors (excluding service tax, as applicable).

(Rs. in Lacs)

	2008-09	2007-08
Towards Audit Fees	7.50	7.50
Towards Tax Audit fees	1.00	1.00
Towards other Services	1.50	2.50
Towards taxation matters	4.50	0.60

8. 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**

- R.R.Ispat Limited (Wholly owned)
- Godawari Energy Limited (Wholly owned)
- Godawari Clinkers & Cement Limited (Wholly owned)
- Ardent Steels Limited (75 % Holding)

d) **Joint Ventures**

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

b) **Associate**

- Hira Steels Limited — Shri B.L.Agrawal
- Shri Dinesh Agrawal
- Shri Siddharth Agrawal

e) **Key Management Personnel**

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

- Hira Ferro Alloys Ltd.
- Alok Ferro Alloys Ltd.
- Hira Industries Ltd.
- Hira Cement Ltd.
- Jagdamba Power & Alloys Ltd.
- Sagar Energy & Steel Ltd.
- Chhattisgarh Power & Coal Benefication Ltd.
- Hira Global Ltd.
- Hira Power & Steel Ltd.

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

		2008-09	2007-08
a) Subsidiaries	Purchase of Materials	6405.89	8736.99
	Sale of Materials	13351.16	16444.14
	Outstandings		
	Receivables	564.80	790.16
	Payables	172.25	0.00
	Guarantee & Collaterals	12500.00	0.00
b) Associate	Purchase of Materials	2368.04	0
	Sale of Materials	19764.38	21526.43
	Sale of Electricity	0.00	153.63
	Outstandings		
	Receivables	1.68	396.09
c) Other Related Enterprises where control exist	Purchase of Materials	21063.24	13072.36
	Sale of Materials	3272.51	3075.59
	Sale of Fixed Assets	0.00	4.76
	Purchase of Fixed Assets	199.06	0.00
	Interest received	144.10	0.00
	Interest Paid	3.43	0.00

		2008-09	2007-08
	Job Charges received	0.27	0.00
	Loan given	2281.00	0.00
	Repayment receipt of loan given	2281.00	0.00
	Loan taken	850.00	0.00
	Repayment of loan taken	850.00	0.00
	Service Charges Paid	2382.97	1954.96
	Outstandings		
	Receivables	804.92	889.25
	Payables	27.96	49.80
	Guarantee & Collaterals	13861.00	16031.00
d) Joint Ventures	Service Charges Paid	214.27	220.22
	Investment during the year	462.76	115.32
	Advances given	0.00	36.30
	Advances received back	0.00	48.03
	Outstandings		
	Receivables	0.14	36.30
	Payables	0.00	43.27
	Guarantee & Collaterals	8710.00	4535.00
e) Key Management	Remuneration Paid	48.15	32.40
	Rent Paid	3.00	3.00

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

(Rs.in Lacs)

	2008-09	2007-08
a) Purchase of Materials:		
R.R.Ispat Ltd	6405.89	8736.99
Hira Steels Ltd	2368.04	0.00
Hira Global Ltd.	8215.71	0.00
Hira Ferro Alloys Ltd	10572.13	10936.58
b) Service Charges Paid:		
Hira Industries Limited	1407.22	1261.13
Chhattisgarh Power & Coal Benefication Limited	975.66	693.83
Raipur Infrastructure Company Pvt.Limited	214.27	220.22
c) Sale of Materials:		
R. R. Ispat Ltd	13351.16	16444.14
Hira Steels Ltd	19764.38	21526.43
d) Sale of Fixed Assets:		
Hira Ferro Alloys Ltd	0.00	4.76
e) Purchase of Fixed Assets:		
Hira Industries Ltd	199.06	0.00

(Rs.in Lacs)

	2008-09	2007-08
f) Sale of Electricity:		
Hira Steels Ltd	0.00	153.63
g) Interest Received:		
Hira Industries Limited	144.10	0.00
h) Repayment of Loan received:		
Jagdamba Power & Alloys Limited	850.00	0.00
i) Loan Received		
Jagdamba Power & Alloys Limited	850.00	0.00
j) Loan Given		
Hira Industries Limited	2120.00	0.00
Jagdamba Power & Alloys Limited	161.00	0.00
k) Repayment received of loan given		
Hira Industries Limited	2120.00	0.00
Jagdamba Power & Alloys Limited	161.00	0.00
l) Rent Paid:		
Shri Dinesh Agrawal	3.00	3.00
m) Remuneration Paid:		
Shri B.L.Agrawal	21.00	18.00
Shri Dinesh Agrawal	16.80	14.40
Shri Siddharth Agrawal	10.35	5.40
n) Guarantees & Collaterals		
Hira Ferro Alloys Ltd	6211.00	6211.00
Ardent Steel Ltd.	12500.00	2170.00
Chhattisgarh Captive Coal Mining Ltd.	8710.00	4535.00
Jagdamba Power & Alloys Limited	7650.00	7650.00

9. Segment-wise Revenue Results :

Basis of preparation :

- 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, Electricity and other operations have been identified as the business segments. Other operations segments include Oxygen Gas and Equipment Manufacturing.
- 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		Rs. in Lacs							
		External Sales		Inter Segment Sales		Eliminations*		Total	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
A)	REVENUE								
	Steel Segment	108338.71	94914.22	1258.75	704.74	(1258.75)	(704.74)	108338.71	94914.22
	Electricity Segment	7453.11	463.54	6052.90	10236.45	(6034.78)	(10207.41)	7471.23	492.58
	Other Operations	193.34	160.48	323.43	164.33	(86.31)	(41.54)	430.46	283.27
	Total Segment Revenue	115985.16	95538.24	7635.08	11105.52	(7379.84)	(10953.69)	116240.39	95690.07

* Elimination do not include the inter segment sales for project work Rs.248.84 lacs (Previous Year Rs.151.83 lacs)

		Rs.in Lacs	
		2008-09	2007-08
B)	RESULTS		
	Segment Operational Profit		
	Steel Segment	2069.56	7141.17
	Electricity Segment	9260.06	7496.64
	Other Operations	15.55	70.48
	Total Segment Results	11345.17	14708.29
	Un-allocated expenditure net off unallocated income	(1402.66)	(863.89)
	Operating Profit	9942.51	13844.4
	Interest Expenses	(3416.92)	(3031.93)
	Income-tax & Fringe Benefit Tax Paid/Provided	(789.55)	(1314.04)
	Net Profit	5736.04	9498.43
C)	OTHER INFORMATION		
	Segment Assets		
	Steel Segment	64782.14	56324.79
	Electricity Segment	14657.79	14169.24
	Other Operations	376.40	482.5
	Total Segment Assets	79816.33	70976.53
	Un-allocable Assets	4457.59	3196.72
	Total Assets	84273.92	74173.25
	Segment Liabilities and Provisions		
	Steel Segment	26916.50	26449.30
	Electricity Segment	5130.74	5931.72
	Other Operations	1.35	24.85
	Total Segment Liabilities & Provisions	32048.58	32405.87
	Un-allocable Liabilities and Provisions	8538.68	3035.89
	Total Liabilities and Provisions	40587.26	35441.76
	Capital Expenditure		
	Steel Segment	14416.21	3045.85
	Electricity Segment	1153.18	2391.36
	Other Operations	59.28	43.36
	Un-allocable Capital Expenditure	2511.68	0
	Total Capital Expenditure	18140.35	5480.57
	Depreciation		
	Steel Segment	1510.75	1424.89
	Electricity Segment	1113.48	983.17
	Other Operations	17.99	17.09
	Total Segment Depreciation	2642.22	2425.15

10. 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, 2009	Percentage of ownership interest as at 31st March, 2008
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 Long Term Investments (Schedule-6) 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 :

(Rs. in lacs)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Fixed Assets(including Capital WIP & Pre-operative expenses)	393.48	286.29
Investment	65.37	—
Current Assets	412.65	38.01
Loan Fund	348.22	269.90
Current Liabilities	5.90	46.99
Revenue	124.53	103.42
Expenses	69.70	20.30
Other Matters		
Contingent Liabilities	1349.14	—

11. In accordance with the *explanation* to the para 10 of AS-9 (as notified), differential excise duty on opening and closing stock of finished goods amounting to Rs.247.35 lakhs (Previous Year Rs.334.39 lakhs) has been adjusted from increase/(decrease) in stock in trade in Schedule -15.

12. Financial and Derivative Instruments

- a) Derivative contracts entered into by the Company and outstanding as on 31st March,2009

Nominal amount of derivative contracts entered into by the Company for Hedging Currency and Interest Rate Related Risks and outstanding as at 31st March,2009, amount to Rs.2629.79 lacs (Previous Year Rs.5129.79 lacs). Category wise break up is given below :

(Rs. in lacs)

Sr. No.	Particulars	As at 31st March, 2009	As at 31st March, 2008
1.	Currency Swaps	0.00	2500.00
2.	Options (Net)	2500.00	2500.00
3.	Forward Contracts (net)	129.79	129.79

- b) In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 read with Schedule VI of the Companies Act,1956 the Company has charged an amount of Rs.587.64 lacs (Previous Year Rs.746.44 lacs) to the profit and loss account in respect of derivative contracts outstanding as at 31st March, 2009.
- c) Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March,2009 amount to Rs.4136.01 lacs (Previous Year Rs.1353.94 lacs)

13. Debtors includes dues from the companies under the same management are:

(Rs. in lacs)

	2008-09	2007-08
(a) Hira Industries Limited	–	466.99
(b) Hira Steels Limited	1.68	396.09
(c) R.R.Ispat Ltd. (subsidiary company)	564.58	600.16

14. Loans and Advances includes advances receivable from the companies under the same management are:

(Rs. in lacs)

	2008-09	2007-08
Chhattisgarh Captive Coal Mining Ltd.	-	36.30

15. 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, 2009.

(Rs. in lacs)

	2008-09	2007-08
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March,2009		
Principal Amount	3.80	49.40
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,2009	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,2009	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.

16. **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 recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

	Rs. in Lacs	
	(Gratuity) March 31, 2009	(Gratuity) March 31, 2008
Current Service cost	10.57	11.45
Interest cost on benefit obligation	3.28	3.03
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	1.70	(2.63)
Past service cost	0.00	0.00
Actual return on plan assets	15.55	11.85

Balance Sheet

Details of provision for Gratuity

	Rs. in Lacs	
	March 31, 2009	March 31, 2008
Defined benefit obligation	39.46	42.61
Fair value of plan assets	0.00	0.00
	39.46	42.61
Less : Unrecognised past service cost	0.00	0.00
Plan liability	39.46	42.61

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

	Rs. in Lacs	
	March 31, 2009	March 31, 2008
Defined benefit obligation as at April 1, 2008	42.61	33.25
Interest cost	3.28	3.03
Current Service Cost	10.57	11.45
Benefits paid	(18.70)	(2.49)
Actuarial losses on obligation	1.70	(2.63)
Defined benefit obligation as at March 31, 2009	39.46	42.61

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 :

	March 31, 2009	March 31, 2008
Discount Rate	8.00%	7.50%
Increase in Compensation cost	5.00%	5.00%
Rate of return on plan assets	8.00%	8.00%
Expected average remaining working lives of employee (years)	24.17	24.40

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 :

	Rs. in Lacs	Rs. in Lacs
Provident Fund	50.58	39.78

17. Additional information pursuant to provision of paragraph 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 (As certified by the management)

A) TURNOVER (EXCLUDING INTER DIVISIONAL TRANSFER)

Rs. in Lacs

	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
Steel Billets	M.T.	111243.660	41647.78	206527.055	54322.22
Sponge Iron	M.T.	170740.120	30354.23	63634.935	10731.17
H.B.Wire	M.T.	75660.920	29569.64	65330.265	20910.37
Ferro Alloys & Pig Iron	M.T.	5556.500	4591.89	8300.450	4443.94
Electricity *	KWH	123028073	7439.37	14503888	318.36
By-Products & Others		-	2637.49	-	4964.01
Total			116240.40		95690.07

* Excluding 7644267 KWH (927832 KWH) deducted by CSEB towards wheeling charges.

B) OPENING STOCK

Rs. in Lacs

	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
Steel Billets	M.T.	3087.655	1067.91	447.740	101.77
Sponge Iron	M.T.	9915.908	1961.37	3538.623	433.30
H.B.Wire	M.T.	1447.182	616.04	141.447	38.39
Ferro Alloys	M.T.	1122.700	973.74	254.600	84.58
By-Products & Others		-	749.55	-	326.03
Work in Process		-	55.40	-	52.40
Total			5,424.01		1036.47

C) CLOSING STOCK

Rs. in Lacs

	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
Steel Billets	M.T.	0.000	0.00	3087.655	1067.91
Sponge Iron	M.T.	11042.078	1511.92	9915.908	1961.37
H.B.Wire	M.T.	159.192	49.50	1447.182	616.04
Ferro Alloys	M.T.	28.400	8.61	1122.700	973.74
By-Products & Others*		—	3325.31	—	749.55
Work in Process		—	96.95	—	55.40
Total			4992.29		5424.01

D) RAW MATERIAL CONSUMED (EXCLUDING OWN MANUFACTURED ITEM)

Rs. in Lacs

	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
Iron Ore	M.T.	729816.289	29074.04	630624.500	20398.86
Coal	M.T.	674397.377	16893.96	658265.383	13065.49
Pig Iron & Scrap	M.T.	33519.240	9209.42	50131.385	8512.07
Ferro Alloys	M.T.	2190.840	1367.09	3793.101	1421.75
Sponge Iron	M.T.	139.790	27.36	840.220	105.03
M.S. Round (in Coils)	M.T.	75261.091	24583.29	67314.402	17458.07
Manganese Ore	M.T.	11299.066	1495.11	27669.955	1218.85
Others		—	1070.73	—	940.36
			83721.00		63120.48

E) BREAKUP OF RAW MATERIAL CONSUMED

	%	Amount	%	Amount
Imported	1.40%	1170.57	0.03%	21.12
Indigenous	98.60%	82550.43	99.97%	63099.36
	100.00%	83721.00	100.00%	63120.48

F) STORES CONSUMED

	%	Amount	%	Amount
Indigenous	100.00%	0.01	100.00%	1817.51
Imported	0.00%	0.00	0.00%	0.00
	100.00%	0.01	100.00%	1817.51

G) VALUE OF IMPORT ON CIF BASIS

	2009	2008
- Capital Goods	52.78	1378.41
- Capital Goods	4434.20	52.78
- Raw material & stores items	1471.59	0.00

		2009	2008
H)	Expenditure in Foreign Currency	0.13	218.93
I)	Earning in Foreign Exchange on sale of Carbon credits (CER)	0.00	144.75

J) INSTALLED CAPACITIES AND PRODUCTION (P.A.)

	Unit	Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year
Sponge Iron*	M.T.	495000	495000	279533.000	285862.000
Steel Billets	M.T.	400000	250000	108156.005	209166.970
Electricity**	MW/KWH	53	53	315455876	290290384
H B Wire	M.T.	120000	120000	74372.930	66636.000
Ferro Alloys & Pig Iron	M.T.	16500	16500	4462.200	9168.550
Oxygen Gas***	CUM	1095000	1095000	1044953	1050105

* Includes 107666.710 MT (215849.78 MT) internally consumed

** Includes KWH 184783536(274858664 KWH) consumed auxillarily and by other divisions.

*** Includes 325248 CUM (434910 CUM) consumed by other divisions.

18. The previous year figures have been regrouped and/or rearranged wherever necessary.

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For O.P. Singhania & Co.

Chartered Accountants

per **O.P. Singhania**

Partner

Membership No.51909

Place: Mumbai

Date : 28th June, 2009

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

B. L. AGRAWAL

Managing Director

DINESH GANDHI

Director Finance

G. B. DESAI

Director

BISWAJIT CHOUDHURI

Director

SHASHI KUMAR

Director

B. N. OJHA

Director

Y.C. RAO

Company Secretary

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.	13756
State Code	10
Balance Sheet Date	31.03.2009

2. Capital raised during the year (Rs. in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. Position of mobilisation and deployment of funds (Rs. in thousands)

Total Liabilities	84	Total Assets	84
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Sources of Funds (Rs. in thousands)

Paid-up Capital	3	Share Warrants	0.324
Reserves & Surplus	41	Secured Loans	33
		Unsecured Loans	NIL

Application of Funds (Rs. in thousands)

Net Fixed Assets	55	Investments	3
Net Current Assets	17	Miscellaneous Expenditure	NIL
		Accumulated Losses	NIL

4. Performance of the Company (Rs. in thousands)

Turnover (Gross Receipts)	105	Total Expenditure	98
Profit/(Loss) before tax	7	Profit/(Loss) after tax	6
Earning per Share			
- Basic (Rs.)	20.43	- Diluted (Rs.)	19.73
Dividend Rate Including Special Dividend, if any			
— on Preference Shares	N.A.	— on Equity Shares	25%

5. Generic Name of Principal Products, services of the Company :

Item Code No. (ITC Code)	820310	Product Description	Sponge Iron
Item Code No. (ITC Code)	720690	Product Description	M.S.Billets
Item Code No. (ITC Code)	7207	Product Description	M.S.Ingots
Item Code No. (ITC Code)	98010003	Product Description	Electricity
Item Code No. (ITC Code)	72170000	Product Description	H.B. Wire
Item Code No. (ITC Code)	72022100	Product Description	Ferro Manganese
Item Code No. (ITC Code)	280440	Product Description	Oxygen Gas

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

B.L. AGRAWAL	Managing Director	DINESH GANDHI	Director Finance
G. B. DESAI	Director	BISWAJIT CHOUDHURI	Director
SHASHI KUMAR	Director	B. N. OJHA	Director
Y.C. RAO	Company Secretary		

Raipur, 14th June, 2008

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

		(Rs. in lacs)									
		The net aggregate amount of the subsidiary companies Profit/ (loss) so far as it concerns the members of the Holding Company					Dealt with in the Holding Company's accounts				
		Not dealt with in the Holding Company's accounts					Dealt with in the Holding Company's accounts				
Sr. No.	Name of the Subsidiary Company	The Financial Year of the subsidiary companies ended on	Date from which they became subsidiary companies	Number and face value of shares held by the Company at the end of the financial year of the subsidiary companies	Extent of Holding Company at the end of the financial year of the subsidiary companies	For the financial year ended 31 st March, 2009	For the previous financial years of the subsidiary companies since they became the Holding Company's subsidiary	For the financial year ended 31 st March, 2009	For the previous financial years of the subsidiary companies since they became the Holding Company's subsidiary	For the financial year ended 31 st March, 2009	For the previous financial years of the subsidiary companies since they became the Holding Company's subsidiary
1.	R. R. Ispat Limited	March 31, 2009	March 31, 2005	23,32,750 Equity Shares of the face value of Rs.10/- each fully paid-up	100%	373.41	734.37	NIL	N.A.	NIL	N.A.
2.	Ardent Steel Limited	March 31, 2009	March 16, 2009	1,50,000 Equity Shares of the face value of Rs.10/- each fully paid-up	75%	NIL	N.A.	NIL	N.A.	NIL	N.A.
3.	Godawari Energy Limited	March 31, 2009	February 02, 2008	50,000 Equity Shares of the face value of Rs.10/- each fully paid-up	100%	NIL	N.A.	NIL	N.A.	NIL	N.A.
4.	Godawari Clinkers and Cement Limited	March 31, 2009	November 10, 2008	50,000 Equity Shares of the face value of Rs.10/- each fully paid-up	100%	NIL	N.A.	NIL	N.A.	NIL	N.A.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GODAWARI POWER & ISPAT LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GODAWARI POWER & ISPAT LIMITED

1. We have examined the attached Consolidated Balance Sheet of Godawari Power & Ispat Limited and its subsidiaries (the Group) as at 31st March, 2009 and also the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the management of Godawari Power & Ispat Limited and have been prepared by the management on the basis of separate financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the parent company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27, Financial Reporting of Interests in Joint Ventures as notified by the Companies (Accounting Standard) Rules, 2006.
4. Based on our audit and on consideration of unaudited financial statements of joint ventures and audited reports of subsidiaries and associates and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with para 3 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in case of the Consolidated Balance Sheet, of the state of affairs of Godawari Power & Ispat Limited and its subsidiaries (the Group) as at 31st March, 2009;
 - (b) in case of the Consolidated Profit and Loss Account, 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.**
Chartered Accountants,

O. P. Singhania
Partner
Membership No. 51909

Place : Mumbai,
Date : 28th June, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedules	As at March 31, 2009 (Rs. in lacs)	As at March 31, 2008 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	2,694.48	2,694.48
Share warrants		324.00	324.00
Reserves and surplus	2	41,876.64	36,437.83
		44,895.12	39,456.31
Loan Funds			
Secured Loans	3	35,484.48	29,247.07
Unsecured Loans	4	-	7.93
		35,484.48	29,255.00
Minorities Interest		666.60	-
Deferred Tax Liabilities (Net)		179.23	192.27
TOTAL		81,225.43	68,903.58
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	49,533.07	46,423.61
Less : Accumulated Depreciation		8,870.18	6,020.74
Net Block		40,662.89	40,402.87
Capital work-in-progress including capital advances		20,156.24	1,534.17
		60,819.13	41,937.04
Goodwill Arising on consolidation		456.12	456.20
Investments	6	1,007.02	1,936.51
Current Assets, Loans and Advances			
Inventories	7	14,491.00	17,437.60
Sundry debtors	8	3,106.09	4,471.93
Cash and bank balances	9	4,378.42	6,350.14
Loans and advances	10	4,702.44	4,085.10
		26,677.95	32,344.77
Less : Current Liabilities and Provisions			
Liabilities	11	5,879.35	5,590.31
Provisions	12	1,859.37	2,180.62
		7,738.72	7,770.93
Net Current Assets		18,939.23	24,573.84
Miscellaneous Expenditure	13	3.93	-
(to the extent not written off or adjusted)			
TOTAL		81,225.43	68,903.58
Notes to Accounts	22		

The Schedules referred to above and notes to accounts form an integral part of the consolidated Balance Sheet.

As per our report of even date

For O.P. Singhania & Co.
Chartered Accountants

per **O.P. Singhania**
Partner
Membership No.51909

Place: Mumbai
Date : 28th June, 2009

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

B.L. AGRAWAL *Managing Director*
DINESH GANDHI *Director Finance*
G.B. Desai *Director*
Biswajit Choudhuri *Director*
Sashi Kumar *Director*
B.N. Ojha *Director*
Y.C. RAO *Company Secretary*

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedules	Year ended March 31, 2009 (Rs. in lacs)	Year ended March 31, 2008 (Rs. in lacs)
INCOME			
Turnover (Gross)	14	123,298.75	93,567.00
Less: VAT/Sales Tax		757.22	217.05
Less: Excise duty		13,343.51	12,367.90
Turnover (Net)		109,198.02	80,982.04
Other Income	15	1,141.14	180.99
Increase/(Decrease) in Stock in trade	16	(262.42)	4,180.63
TOTAL		110,076.74	85,343.66
EXPENDITURE			
Purchase of Trading Goods	-	169.68	
Raw material consumed	17	87,180.01	59,305.33
Personnel expenses	18	1,386.85	1,055.00
Operating and other expenses	19	8,079.23	7,837.01
Depreciation		2,848.22	2,580.82
Financial expenses	20	3,559.68	3,145.02
TOTAL		103,053.99	74,092.87
Profit before tax		7,022.75	11,250.80
Provision for Current Tax		830.54	1,315.17
Frienge Benefit Tax		16.28	13.52
Tax related to earlier year		44.92	51.93
Provision for Deferred Income Tax		(14.50)	5.40
Total Tax Expense/income		877.24	1,386.01
Profit after tax		6,145.51	9,864.78
Balance brought forward from previous year		14,523.83	7,347.39
Add : Share in profit in associate Company		85.72	91.37
Less : Pre Acquisition Profit		-	-
Less : Adjustment on account of unrealised profit		(0.46)	5.85
Profit available for appropriation		20,755.52	17,297.68
Appropriations:			
Transfer to General Reserve		1,000.00	1,500.00
Interim dividend		-	381.67
Proposed dividend		673.62	701.75
Tax on dividend		119.26	190.82
Excess Provision of Gratuity of Earlier Years Written Back		-	0.39
Surplus carried to Balance Sheet		18,962.64	14,523.83
Earning Per Share			
	21		
- Basic Earning per share		23.12	40.76
- Diluted Earning per share		22.30	40.30
Notes to Accounts	22		

The Schedules referred to above and notes to accounts form an integral part of the consolidated Balance Sheet.

As per our report of even date

For O.P. Singhania & Co.

Chartered Accountants

per **O.P. Singhania**

Partner

Membership No.51909

Place: Mumbai

Date : 28th June, 2009

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

B.L. AGRAWAL

Managing Director

DINESH GANDHI

Director Finance

G.B. Desai

Director

Biswajit Choudhuri

Director

Sashi Kumar

Director

B.N. Ojha

Director

Y.C. RAO

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT AS AT 31ST MARCH, 2009

		As at March 31, 2009	As at March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax		7,023.21	11,250.80
ADJUSTMENTS FOR:			
Depreciation		2,848.22	2,580.82
Misc. Expenses Written off (Net)		-	0.90
Provision for Gratuity		(0.21)	12.13
Provision for loss on derivative contracts		196.69	746.44
Provision for doubtful debts		46.12	-
Interest Charges		3,559.68	3,145.01
Interest Received		(704.91)	(83.25)
Dividend Received		(24.10)	(2.42)
(Profit)/Loss on sale of Investments		-	(10.21)
(Profit)/Loss on sale of Fixed Assets		-	3.23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		12,944.70	17,643.44
ADJUSTMENTS FOR:			
(Increase)/Decrease in Receivables and Advances		702.39	(1,677.56)
(Increase)/Decrease in Inventories		2,946.60	(9,823.36)
Increase/(Decrease) in Trade payables		289.05	1,711.89
CASH GENERATED FROM OPERATIONS		16,882.74	7,854.41
Direct Taxes Paid/Deducted at Source		(1,378.58)	(1,223.27)
NET CASH FROM OPERATING ACTIVITIES	A	15,504.16	6,631.14
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets/Capital Expenditure		(21,731.54)	(6,100.38)
Proceeds from Sale of Fixed Assets		-	19.25
Interest received		704.90	83.25
Dividend Received		24.10	2.42
Sale of Investments		-	43.36
(Increase)/Decrease in Investments		1,015.21	(1,445.44)
NET CASH USED IN INVESTING ACTIVITIES	B	(19,987.33)	(7,397.54)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares including premium		-	10,000.00
Proceeds/(Payment) of Long Term Borrowings from Banks		4,176.08	(154.73)
Proceeds/(Payment) of Short Term Borrowings from Banks		2,090.87	629.80
Proceeds/(Payment) of Other Borrowings		(37.48)	(158.71)
Minorities Interest		666.60	-
Share Issue Expenses		-	(288.32)
Preliminary Expenses		(3.93)	-
Dividend and tax thereon Paid		(821.01)	(1,019.80)
Interest Charges		(3,559.68)	(3,145.01)
NET CASH USED IN FINANCING ACTIVITIES	C	2,511.45	5,863.23

		As at March 31, 2009	As at March 31, 2008
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(A+B+C)	(1,971.72)	5,096.84
Cash and Cash Equivalents at the beginning of the year		6,350.14	1,253.30
Cash and Cash Equivalents at the end of the year		4,378.42	6,350.14
Components of cash and cash equivalents as at		2009	2008
		Rs.	Rs.
Cash in hand		80.76	44.65
With banks- on current account		344.48	79.11
- on deposit account		3,946.17	6,202.65
- on unpaid dividend account*		5.13	21.84
- on public issue refund account*		1.88	1.88
		4,378.42	6,350.14

Notes :

1. Figures for the previous year have been regrouped/rearranged wherever found necessary.
2. Interest charges excludes interest capitalised Rs.36,879,558/- (previous year Rs.27,385,112/-).
3. *Balances held by the company which are not available for use by it.

As per our report of even date

For O. P. Singhania & Co.

Chartered Accountants

per O. P. Singhania

Partner

Membership No.51909

Place: Mumbai

Date : 28th June, 2009

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

B. L. AGRAWAL

Managing Director

DINESH GANDHI

Director Finance

G. B. DESAI

Director

BISWAJIT CHOUDHURI

Director

SASHI KUMAR

Director

B. N. OJHA

Director

Y. C. RAO

Company Secretary

CONSOLIDATED SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
Schedule 1 : Capital		
Authorised		
40,500,000 (Previous year: 375,00,000) equity shares of Rs.10/- each	4,050.00	3,750.00
3200000 (Previous Year 3200000) Preference Shares of Rs.10/- each	320.00	320.00
Issued		
26,944,807 (26,944,807) equity shares of Rs.10/- each	2,694.48	2,694.48
Subscribed & Paid up		
26,944,807 (26,944,807) equity shares of Rs.10/- each fully paid	2,694.48	2,694.48
Schedule 2 : Reserves and Surplus		
Securities Premium		
Balance as per last account	16,294.35	6,905.79
Add: On account of Proceeds of QIB (Public Issue) during the year	-	9,676.88
Less: Utilized against Share Issue Expenses	-	288.32
Less: Adjustment on consolidation	-	-
	16,294.35	16,294.35
General Reserve		
Balance as per last account	5,500.00	4,000.00
Add: Transferred from Profit and Loss Account	1,000.00	1,500.00
	6,500.00	5,500.00
Profit and Loss Account	18,962.64	14,523.83
Share in Reserves of Associate Company		
Capital Reserve:		
As per last Balance Sheet	119.65	119.65
Add : Addition during the year	-	-
	119.65	119.65
	41,876.64	36,437.83
Schedule 3 : Secured Loans		
Loans and advances from banks		
- Cash Credit Facilities	8,536.03	6,445.16
- Term Loans	20,488.57	20,256.25
- Foreign Currency Buyers Credit facility	112.80	282.25
- External Commercial Borrowings	6,193.91	2,080.70
Other Loans & Advances	153.17	182.71
	35,484.48	29,247.07
Schedule 4 : Unsecured Loans		
Other loans and advances		
- From Body Corporates	-	2.18
Securities Deposits from parties	-	5.75
	-	7.93

CONSOLIDATED SCHEDULES TO THE ACCOUNTS AS AT 31ST MARCH, 2009

Schedule 5 : Fixed Assets

(Rs. in lacs)

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As at 01.04.2008 Rs.	Additions during the year Rs.	Deductions/ sale During the year Rs.	As at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	During the year Rs.	Deductions/ Adjustment During the year Rs.	Upto 31.03.2009 Rs.	As at 31.03.2009 Rs.	As at 31.3.2008 Rs.
Freehold Land	637.22	463.58	-	1,100.80	-	-	-	-	1,100.80	637.22
Leasehold Land	69.88	-	-	69.88	3.98	0.71	-	4.69	65.19	65.90
Site & Land Development	746.61	9.68	-	756.29	-	-	-	-	756.29	746.61
Factory Shed & Building	3,461.56	1,087.31	-	4,548.87	252.55	133.59	-	386.14	4,162.73	3,209.01
Plant & Machinery	40,948.62	1,390.11	-	42,338.73	5,653.81	2,652.92	-	8,306.73	34,032.00	35,294.81
Furniture & Fixture	97.12	42.16	-	139.28	23.31	9.32	-	32.63	106.65	73.81
Vehilces	293.94	86.11	-	380.05	67.66	29.72	-	97.38	282.67	226.28
Railway Siding & Lighting System	168.66	30.51	-	199.17	19.43	21.96	1.22	42.61	156.56	149.23
TOTAL	46,423.61	3,109.46	-	49,533.07	6,020.74	2,848.22	1.22	8,870.18	40,662.89	40,402.87
PREVIOUS YEAR	31,168.49	15,283.71	28.60	46,423.61	3,441.50	2,580.82	1.58	6,020.74	40,402.87	27,726.99
Capital Work in Progress & Pre-operative Expenses including capital advances	1,534.17	20,744.73	2,122.65	20,156.24	-	-	-	-	20,156.24	1,534.17
PREVIOUS YEAR	10,336.12	5,291.74	14,093.69	1,534.17	-	-	-	-	1,534.17	10,336.12

CONSOLIDATED SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
Schedule 6 : Investments		
Long Term Investment (At cost)		
A. Trade		
In Associates		
Equity Shares Unquoted	527.99	442.27
In other Companies		
Equity Shares Unquoted	391.26	371.66
B. Other than trade		
In other Companies		
Equity Shares Unquoted	65.59	112.58
In Mutual Funds Units	20.00	10.00
Current Investments (At Lower of cost & fair value)		
In Mutual Funds Units	-	1,000.00
Share Application Money (Pending allotement)	2.18	-
	1,007.02	1,936.51
Schedule 7 : Inventories		
Raw materials and components	8,425.09	11,131.38
Stores and spares	922.74	636.65
Work-in-progress	97.17	55.40
Finished Goods and By-Products	5,046.00	5,569.51
Trading Goods	-	44.66
	14,491.00	17,437.60
Schedule 8 : Sundry Debtors		
(Unsecured, Considered good otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered Good	101.43	42.52
Considered Doubtful	46.12	-
	147.55	42.52
Others	3,004.66	4,429.41
	3,152.21	4,471.93
Less: Provision for doubtful debts	46.12	-
	3,106.09	4,471.93
Schedule 9 : Cash and Bank Balances		
Cash in hand	80.76	44.65
Balances with Scheduled Banks		
On current accounts	344.43	79.11
On deposits accounts.	3,946.17	6,202.65
On Unpaid dividend account	5.13	21.85
On Public Issue Refund account	1.88	1.88
Balances with Non-Scheduled Bank on current account	0.05	-
	4,378.42	6,350.14

CONSOLIDATED SCHEDULES TO THE ACCOUNTS

	As at March 31, 2009	As at March 31, 2008
Schedule 10 : Loans and Advances		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	2,677.95	3,017.99
Inter-corporate loans	-	190.00
Balances with Custom, Excise etc.	1,134.86	79.33
Deposits others	223.97	93.91
Others	665.66	703.87
	<u>4,702.44</u>	<u>4,085.10</u>
Schedule 11 : Liabilities		
Acceptances	403.34	858.85
Sundry Creditors	4,363.45	3,553.25
Advance from customers	52.42	218.67
Creditors for capital goods	216.81	94.64
Investor Education and Protection Fund shall be credited by namely (As & when due)		
Unclaimed Dividend	5.13	21.84
Unclaimed Public issue refund of application money	1.88	1.88
Interest accrued but not due on loans	209.72	147.80
Others	626.60	693.38
	<u>5,879.35</u>	<u>5,590.31</u>
Schedule 12 : Provisions		
Provision for taxation (net of advance payments)	45.34	563.08
Provision for gratuity	49.89	50.10
Provision for loss on derivative contracts	943.13	746.44
Proposed dividend	701.75	701.74
Tax on proposed dividend	119.26	119.26
	<u>1,859.37</u>	<u>2,180.62</u>
Schedule 13 : Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Share issue expenses		
Balance as per last account	-	-
Add: On account of Public Issue	-	288.32
Add: Addition on consolidation	3.93	-
Less: Written off against Securities Premium Account	-	288.32
	<u>3.93</u>	<u>-</u>
Loan processing & documentation charges	-	-
	<u>3.93</u>	<u>-</u>

CONSOLIDATED SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 (Rs.in lacs)	For the year ended 31st March, 2008 (Rs.in lacs)
Schedule 14 : Gross Turnover		
Sale of Manufacturing Goods	115,800.74	92,907.60
Sale of Trading Goods	-	196.29
Sale of Electricity	7,498.01	318.36
Sale of Carbon Emission Reduction Credit	-	144.75
	<u>123,298.75</u>	<u>93,567.00</u>
Schedule 15 : Other Income		
Interest		
Bank deposits	533.18	77.54
Security deposit with CSEB	6.50	5.71
From Advances	165.23	-
Dividend income	24.10	2.42
Profit on disposal of long-term investments	-	10.21
Miscellaneous Income	412.13	85.11
	<u>1,141.14</u>	<u>180.99</u>
Schedule 16 : Increase/(decrease) in Stock in trade		
Closing Stock		
- Work-in-progress	96.95	55.40
- Finished Goods & By-Products	5,046.00	5,614.18
- Traded Goods	-	-
	5,142.95	5,669.58
Opening Stock		
- Work-in-progress	55.40	52.40
- Traded Goods	5,614.17	1,056.40
- Finished Goods & By-Products	-	29.17
	5,669.57	1,137.97
	(526.62)	4,531.61
Excise Duty on Stocks	264.20	(350.98)
	(262.42)	4,180.63
Schedule 17 : Raw Material Consumed		
Opening Stock	11,131.38	6,100.09
Add: Purchases	84,473.73	64,336.62
	95,605.11	70,436.71
Less: Closing Stock	8,425.10	11,131.38
	<u>87,180.01</u>	<u>59,305.33</u>
Schedule 18 : Personnel Expenses		
Salaries, wages and bonus	1,258.15	870.39
Contribution to provident fund	57.85	45.68
Contribution to gratuity	18.79	15.07
Contribution to other funds	25.87	22.00
Workmen and staff welfare expenses	26.19	101.86
	<u>1,386.85</u>	<u>1,055.00</u>

CONSOLIDATED SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 (Rs.in lacs)	For the year ended 31st March, 2008 (Rs.in lacs)
Schedule 19 : Operating and Other Expenses		
Consumption of stores and spares	1,743.68	2,081.44
Process charges	234.07	259.26
Power charges	1,016.13	1,345.88
Water Charges	139.74	119.42
Other manufacturing expenses	1,132.53	888.41
CDM Expenses	7.06	46.70
Rent	27.97	15.02
Rates and taxes		
- Sales tax	0.05	23.82
- Entry tax	537.28	535.48
- Excise duty	13.06	5.35
- Electricity duty cess	7.56	23.49
- Others	0.02	0.43
Insurance	23.19	23.08
Repairs and maintenance		
- Plant and machinery	1,266.43	932.92
- Buildings	169.29	44.88
- Others	48.58	13.77
Rebate, shortage claims & other deductions	90.92	31.96
Commission		
- Other than Sole selling agents	115.30	53.60
Provision for doubtful debts	46.12	-
Travelling and conveyance	165.56	93.21
Communication costs	59.39	65.18
Printing and stationery	13.98	21.70
Legal and professional fees	36.23	51.70
Directors' sitting fees	2.60	0.70
Directors' remuneration	81.62	58.55
Freight and forwarding charges	12.49	20.98
Security service charges	78.05	80.03
(Profit)/Loss on sale of fixed assets	-	3.22
Miscellaneous expenses	298.73	241.05
Foreign exchange fluctuation	123.96	8.44
Loss on Forex derivative transaction	587.64	746.44
Miscellaneous expenditure written off	-	0.90
	8,079.23	7,837.01
Schedule 20 : Financial Expenses		
Interest		
- on term loans	2,511.79	2,424.88
- on working capital	953.30	640.51
- on others	18.84	4.36
Bank charges	444.55	349.12
	3,928.48	3,418.87
Less: Interest capitalised	368.80	273.85
	3,559.68	3,145.02
Schedule 21 : Earning per share (EPS)		
Net profit as per profit and loss account	6,230.76	9,956.47
Net profit available for Equity shareholders	6,230.76	9,956.47
Weighted average number of equity shares in calculating basic EPS	269.45	244.24
Weighted average number of equity shares in calculating Diluted EPS	279.45	247.06
Earning Per Share		
- Basic Earning per share	23.12	40.76
- Diluted Earning per share	22.30	40.30

SCHEDULE '22'

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

1. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to the Godawari Power & Ispat Limited ("the Parent Company"), its Subsidiaries Company R.R.Ispat Limited, Godawari Energy Limited, Godawari Clinkers & Cement Limited and Ardent Steel Limited and Joint Ventures Companies viz. Raipur Infrastructure Company Private Limited & Chhattisgarh Captive Coal Mining Limited and an Associate Hira Steel 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 company have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. Further in accordance with AS-27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India, the group has accounted for its proportionate share of interest in joint ventures by the proportionate consolidation method.
- b) In case of associate where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.
- c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as goodwill or Capital Reserve.
- d) Minority interest's share in the net assets of the consolidated subsidiaries consist of :-
 - (i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (ii) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- e) Minority interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- f) As far as possible, the consolidated financial 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 separate financial statements except in case of associate where depreciation on fixed assets has been charged on WDV Method instead of SLM Method as used by parent company and its subsidiaries.

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

3. Other Significant Accounting Policies

These are set-out under "Significant Accounting Policies" as given in the unconsolidated financial statements of Godawari Power & Ispat Limited and its subsidiary.

B. NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1. The subsidiary company considered in the consolidated financial statements is:

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest
R.R. Ispat Limited	India	100.00%
Godawari Energy Limited	India	100.00%
Godawari Clinkers & Cement Limited	India	100.00%
Ardent Steel Limited	India	75.00%

2. The significant associates company considered in the consolidated financial statements is:

Name of the Associate	Country of incorporation	Proportion of ownership interest
Hira Steels Limited	India	23.30%

3. Joint Venture Operations

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

Name of the Joint Ventures	Country of incorporation	Proportion of ownership interest
Raipur Infrastructure Company Pvt. Ltd.	India	33.33%
Chhattisgarh Captive Coal Mining Ltd.	India	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,2009 are given below:

(Rs. in lacs)

Particulars of Balance Sheet items	As at 31st March, 2009	As at 31st March, 2008
Fixed Assets(including Capital WIP & Pre-operative expenses)	393.48	286.27
Current Assets	412.51	40.49
Loan Fund	131.22	147.33
Current Liabilities	5.77	49.46
Particulars of Profit & Loss Account items	For the year ended 31st March,2009	For the year ended 31st March,2008
Income from operation	89.09	103.42
Particulars of Cash Flow Statement items		
Profit/(Loss) for the year	54.83	74.08
Changes in working capital	(415.71)	8.69
Changes in investing activities	(107.21)	(143.66)
Changes in financing activities	(16.11)	70.86

4. The associate company is using WDV Method for providing depreciation on its fixed assets whereas the consolidated financial statements has been prepared by using SLM Method. As the details of difference between WDV and SLM Method has not been ascertained, therefore, the effect of the same could not be identified.
5. 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 Rs.532.92 lacs (Previous Year Rs.83 lacs.)
 - ii) Disputed liability of Rs.20.74 lacs (Previous Year Rs.20.74 lacs) on account of Service Tax, Central Excise Duty Rs.717.27 lacs (Previous Year Rs.79.40 lacs), Sale Tax Rs.29.04 lacs (Previous Year Rs.43.24 lacs) and Income tax Rs.4.01 lacs (previous year Nil) against which the company has preferred appeal before higher authorities.
 - iii) Income Tax demand of Rs.1449 lacs for the A.Y. 2004-05 to 2007-08 on account of disallowance under section 80-IA of IT Act in respect of transfer pricing of power to other division and sale of carbon credit. The has preferred an appeal before CIT (Appeal) against the order and in view of decisions of the higher authorities in the similar cases the demand is expected to be set a side.
 - iv) Corporate Guarantees issued in favour of bank aggregating to Rs.35071 lacs (Previous Year Rs. 20566 lacs) in respect of financing facilities granted to other body corporate.
 - v) Estimated amount of contracts remaining to be executed on capital accounts Rs.1569 lacs (Previous Year Rs.2545 lacs).

6. Miscellaneous expenses includes, payment to Auditors (excluding service tax, as applicable).

(Rs.in Lakhs)

	2008-09	2007-08
Towards Audit Fees	9.25	9.00
Towards Tax Audit fees	1.25	1.25
Towards other Services	3.43	2.50
Towards taxation matters	4.75	0.60

7. The previous year figures have been regrouped and/or rearranged wherever necessary.
8. The deferred tax adjustment (net) has been given for subsidiary and joint venture company only and no deferred tax liability/assets is provided in case of holding company for timing difference in depreciation in view of the benefits available u/s 80IA of the Income-tax Act for Power Division of the company and overall minimum alternative tax payable.

Particulars	Balance carried As at 1st April, 2008	Arising during the period	Balance carried As at 31st March, 2009
Deferred Tax Liabilities			
- Timing difference between book and tax depreciation	196.37	2.01	198.38
	196.37	2.01	198.38
Deferred Tax Assets			
- Provision for bonus, gratuity and others	4.05	0.93	4.98
- On account of MAT Credit to be carried forward	0.00	14.11	14.11
- On account of carry-forward losses as per income-tax	0.05	0.00	0.05
	4.11	15.04	19.14
Net Deferred Tax Assets/(Liabilities)	(192.27)	13.03	(179.23)

9. 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) **Associates**

— Hira Steels Ltd.

b) **Other Related Enterprises**

— Hira Ferro Alloys Ltd.

— Alok Ferro Alloys Ltd.

— Hira Industries Ltd.

— Shree Hira Exim Ltd.

— Jagdamba Power & Alloys Ltd.

— Hira Power & Steel Ltd.

— Chhattisgarh Power & Coal Benefication Ltd.

c) **Joint Ventures**

— Raipur Infrastructure Company Pvt.Ltd.

— Chhattisgarh Captive Coal Mining Ltd.

d) **Key Management Personnel**

— Shri B.L.Agrawal

— Shri Dinesh Agrawal

— Shri Siddarth Agrawal

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

		2009	2008		
a)	Associates	Purchase of Materials	2540.52	0.00	
		Sale of Materials	19764.38	21526.43	
		Sale of Electricity	0.00	153.63	
		Loan received	35.00	0.00	
		Repayment of Loan	35.00	0.00	
		Interest Paid	0.16	0.00	
		Outstandings			
	Receivables	1.56	396.09		
b)	Other Related Enterprises	Purchase of Materials	21076.59	13089.10	
		Sale of Materials	11737.16	6236.38	
		Sale of Fixed Assets	0.00	4.76	
		Purchase of Fixed Assets	199.06	0.00	
		Rent Paid	1.32	1.32	
		Interest Paid	3.43	0.00	
		Interest received	165.22	0.00	
		Job Charges received	0.27	0.00	
		Power Purchases	327.50	375.79	
		Service Charges Paid	2382.97	1954.96	
		Loan received	1220.00	0.00	
		Repayment of Loans	1220.00	0.00	
		Loans given	2801.00	1060.28	
		Loans given received back	2805.51	1376.90	
		Outstandings			
			Receivables	1178.22	970.45
			Payables	100.17	128.45
	Loan receivable	16.34	1.51		
c)	Joint Ventures	Guarantees & Collaterals	13861.00	16031.00	
		Service Charges Paid	214.27	220.22	
		Investment during the year	462.76	115.32	
		Advances received back	0.00	48.03	
		Advances given	0.00	36.30	
		Outstandings			
			Receivables	0.14	36.30
d)	Key Management	Guarantees & Collaterals	8710.00	4535.00	
		Remuneration Paid	60.65	48.04	
		Rent Paid	3.00	3.00	

10. 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, Electricity and other operations have been identified as the business segments. Other operations segments include Oxygen Gas and Equipment Manufacturing.

- 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

Rs.Lacs

Particulars	External Sales		Inter Segment Sales		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
A) REVENUE								
Steel Segment	115338.42	92791.15	1258.75	704.74	(1258.75)	(704.74)	115338.42	92791.15
Electricity Segment	7511.75	463.54	6052.90	10236.45	(6034.78)	(10207.41)	7529.87	492.58
Other Operations	193.34	160.48	323.43	164.33	(86.31)	(41.54)	430.46	283.27
Total Segment Revenue	123043.51	93415.17	7635.08	11105.52	(7379.84)	(10953.69)	123298.75	93567.00
B) RESULTS							2009	2008
Segment Operational Profit								
Steel Segment							2605.62	7620.33
Electricity Segment							9286.03	7496.39
Other Operations							50.16	70.48
Total Segment Results							11941.81	15187.20
Un-allocated expenditure net off unallocated income							(1359.38)	(791.40)
Operating Profit							10582.43	14395.80
Interest Expenses							(0.04)	(3145.01)
Income-tax & Fringe Benefit Tax Paid/Provided							(0.01)	(1380.61)
Deferred Tax Adjustment (Net)							0.00	(5.40)
Net Profit							10582.39	9864.78
C) OTHER INFORMATION								
NET CAPITAL EMPLOYED								
Steel Segment							39074.86	30461.05
Electricity Segment							9658.97	8358.31
Other Operations							375.05	587.62
Total							49108.88	39406.98
Un-allocable Capital employed							(3367.93)	241.60
Total Capital Employed							45740.95	39648.58
Depreciation								
Steel Segment							1663.12	1563.23
Electricity Segment							1144.42	983.42
Other Operations							40.68	34.17
Total							2848.22	2580.82

As per our report of even date

For O.P. Singhania & Co.

Chartered Accountants

per **O.P. Singhania**

Partner

Membership No.51909

Place: Mumbai

Date : 28th June, 2009

For and on behalf of the Board of Directors of

Godawari Power & Ispat Limited

B.L. AGRAWAL

Managing Director

DINESH GANDHI

Director Finance

G.B. Desai

Director

Biswajit Choudhuri

Director

Sashi Kumar

Director

B.N. Ojha

Director

Y.C. RAO

Company Secretary

GODAWARI POWER AND ISPAT LIMITED

Regd. Office : Plot No. 428/2, Phase I, Industrial Area, Siltara - 493 111, Dist. Raipur, Chhattisgarh, India.

FORM OF PROXY

I/We _____ of _____ in the District of _____ being a member / members of the above named Company hereby appoint of _____ 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 Tenth Annual General Meeting of the Members of **GODAWARI POWER AND ISPAT LIMITED** to be held on Tuesday the 22nd September, 2009 at 3.00 P.M. at Plot No. 428/2, Phase I, Industrial Area, Siltara, Distt.: Raipur – 493111, Chhattisgarh

Signed this _____ day of _____ 2009.

Signature _____

Affix Re. 1/- Revenue stamp

L.F.No. _____

*Depository : NSDL/CDSL _____

* DP. ID _____

* 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 AND ISPAT LIMITED

Regd. Office : Plot No. 428/2, Phase I, Industrial Area, Siltara - 493 111, Dist. Raipur, Chhattisgarh, India

ATTENDANCE SLIP

I hereby record my presence at the Tenth Annual General Meeting of the Members of **GODAWARI POWER AND ISPAT LIMITED** on Tuesday the 22nd September, 2009 at 3.00 P.M. at Plot No. 428/2, Phase I, Industrial Area, Siltara, Distt: Raipur – 493111, Chhattisgarh.

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.

CORPORATE PHILOSOPHY

- CORE COMPETENCY IN CORE SECTOR.
- GROWTH THROUGH TOTAL INTEGRATION.
- ENVIRONMENT PROTECTION BY GAINFUL UTILIZATION OF WASTE.
- TOTAL CUSTOMER SATISFACTION.
- POSITIVE ATTITUDE & TEAM WORK.



CORE COMPETENCY IN CORE SECTOR

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