

ANNUAL REPORT 2009-10



THE NEXT ERA
OF GROWTH



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	Chairman,
Mr. O.P. Agrawal	Vice Chairman
Mr. B.L. Agrawal	Managing Director
Mr. N.P. Agrawal	Non - Executive Director
Mr. Dinesh Agrawal	Non - Executive Director
Mr. Dinesh Gandhi	Executive Director - Finance
Mr. Vinod Pillai	Non - Executive Director
Mr. Siddharth Agrawal	Executive Director - Operations
Mr. Shashi Kumar	Independent Director
Mr. B. Choudhuri	Independent Director
Mr. B. N. Ojha	Independent Director

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

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
IDBI Bank Ltd.
Vijaya Bank
Yes Bank Ltd.

REGISTERED OFFICE

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

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FINANCIAL PERFORMANCE

Particulars	2009-2010	2008-2009	2007-2008
Gross Sales	832.39	1,162.40	956.9
Less: Exice Duty	-55.96	-126.87	-127.68
Net Sales/Income from Operation	776.43	1035.53	829.27
Operating profit (EBIDTA)	125.61	125.85	162.7
Depreciation	31.62	26.42	24.25
Interest	32.03	34.17	30.32
Profit Before Tax(PBT)	61.96	65.26	108.12
Income Tax	10.56	7.9	13.14
Exceptional Items	0		
Profit After Tax (PAT)	51.40	57.36	94.98
Cash Profit	83.02	83.78	119.24
Dividend Payout	8.21	8.21	13.14
Retained Profit	43.19	49.15	81.85
Balance Sheet			
Net Fixed Assets	640.74	551.36	396.38
Investments	71.54	44.58	31.97
Net Current Assets	158.87	172.29	243.18
Total Assets	871.15	768.23	671.53
Represented by Share Capital	28.07	28.07	28.07
Reserves & Surplus	451.58	408.4	359.25
Net Worth	479.65	436.47	387.32
Total Term Debt	391.50	331.76	284.21
Total Capital Employed	871.15	768.23	671.53
Key Financial Ratios			
Growth in Turnover	-28.39	21.48	87.65
Growth in Profit	-10.39	-39.61	81.92
Operating profit to Net Sales	16.17	12.15	19.632
Net Profit to Net Sales (%)	6.62	5.54	11.45
Debt Equity Ratio (times)	0.81	0.76	0.73
Return to Net Worth (%)	10.71	13.14	24.52
Return on Capital Employed(%)	5.90	7.47	14.14
Book Value (Rs)	170.87	155.49	137.98
EPS (Rs)	18.31	20.43	33.84
Cash EPS (Rs)	29.58	29.85	42.48
Dividend(Rs)	2.50	2.50	4.00

2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
509.95	270.75	259.37	122.73	67.78	36.14
-67.86	-35.94	-26.86	-15.12	-9.32	-4.9
442.09	234.81	232.51	107.6	58.46	31.15
81.59	36.86	42.32	21.22	8.53	2.79
10.37	6.08	9.95	9.69	5.44	2.2
11.73	5.95	3.84	3.1	1.46	0.52
58.99	24.83	28.53	8.43	1.63	0.07
6.78	2.33	3.18	0.67	0.13	0.01
	14.83				
52.21	37.33	25.35	7.77	1.5	0.06
63.08	43.42	35.3	17.46	6.94	2.26
8.5	2.83	0.4			
43.71	34.5	24.95	7.77	1.5	0.06
366.05	188.96	117.84	49.51	44.5	28.32
20.86	9.36	3.07	5.41		
95.69	60.7	41.49	29.76	12.76	4.74
482.6	259.02	162.4	84.68	57.26	33.06
24.84	16.15	14.95	3.2	2.56	1.07
180.27	81.37	53.22	40.01	27.42	19.86
205.11	97.52	68.72	43.01	29.97	20.93
277.49	161.5	94.23	41.47	27.29	12.14
482.6	259.02	162.4	84.68	57.26	33.06
88.35	4.39	111.34	81.06	87.58	
39.85	47.27	226.41	416.66	2248.75	
18.45	15.7	18.2	19.72	14.59	8.94
11.81	15.9	10.9	7.22	2.57	0.21
1.35	1.66	1.38	0.96	0.91	0.58
25.46	38.28	37.19	17.97	5.01	0.31
10.82	14.41	15.61	9.17	2.63	0.19
82.56	60.39	45.6	134.84	117.26	195.61
21.02	23.12	16.96	24.23	5.88	0.6
25.39	26.88	23.62	54.47	27.16	21.15
3.00	1.00	1.00	--	--	--

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting 11th Annual Report on the business & operations of the Company together with the Standalone and Consolidated Audited Statement of Financial Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	2009-10	2008-09	2009-10	2008-09
Net Sales Turnover	776.43	1035.54	822.38	1091.98
Other Income	3.01	10.40	4.00	11.41
Total Revenue	779.44	1045.94	826.38	1103.39
Profit before Interest, Depreciation and Taxation (EBIDTA)	125.63	125.85	134.51	134.31
Interest	32.04	34.17	33.72	35.60
Depreciation	31.62	26.42	34.15	28.48
Profit Before Taxation & Exceptional Items	61.97	65.26	66.45	70.23
Exceptional Items	0.00	0.00	0.00	0.00
Profit before Taxation (PBT)	61.97	65.26	66.45	70.23
Taxation (including Deferred Tax)	10.57	7.90	10.62	8.77
Profit after Taxation (PAT)	51.40	57.36	56.03	61.46
Minority Interest	-	-	0.00	0.00
Share of Profits of Associates	-	-	1.22	0.86
Profit after minority interest & share of profit of Associates	-	-	-	-
Profit brought forward from previous year	177.11	137.96	189.63	145.24
Amount Available for Appropriations	228.51	195.32	246.85	207.56
Appropriations				
Proposed Dividend on Equity Shares	7.01	7.01	6.74	6.74
Corporate Dividend Tax	1.19	1.19	1.19	1.19
Transfer to General Reserves	10.00	10.00	10.00	10.00
Total	18.20	18.20	17.93	17.93
Amount carried to Balance Sheet	210.30	177.11	228.92	189.63

The fiscal year under review was a very crucial year after the global slowdown & re-emergence of the economics all across the globe. The year was also very crucial for the steel manufacturer's especially domestic steel manufacturing, when the input prices climbed upward without corresponding increase in selling prices of finished products resulting into lower realizations.

In fiscal 2010, GPIL reported gross revenue of Rs. 832.39 crores, 28% less as compared to last fiscal. The fall was mainly because the difficult market conditions especially in the first half of the year which led to lower realization across the product range. DRI production during the year under review was 285833 MTs as compared to 279533 MTs during last year but the average realization for the year was Rs 13130as compared to Rs 15750 in the previous financial year, a fall of almost 17% which led to fall in revenue and profitability. Performance was affected by the difficult global economic and operating environment throughout the year but still with the onset of captive iron ore mining our EBITDA margins was increased from 12.15% to 16.18%, a significant jump of over 400 bps which if taken as indicator for next year gives very good signals of better performance for years to come along-with ramp of production in captive iron ore mines.

In 2009, power division contributed Rs. 129.07 crores to the revenue & Rs.75.54 crores to the EBITDA, remaining the most important division by the share of EBITDA for the year. Steel billets contribution to the Company's revenue is Rs.135.76 crores, a fall of 67.4% from last year owing to Company's strategy of sale of power in short term market, rather in consumption in Steel Billet Division. Wire Drawing (HB Wire) contributed Rs.221.04 crores to the top line, 25% lower than in 2009 again owing to fall in selling prices.

We believe that with our integrated business model, we can achieve the best returns in the industry over the cycle upon full ramp up of the production in captive iron mines and commencement of production in captive coal mine, which still awaits forest & environmental approval from Ministry of Environment & Forest.

DIVIDEND

The Board, subject to the shareholders approval in the AGM, recommended payment of dividend @ of Rs 2.50 per equity share on the Equity Share capital of the Company. The total outflow of funds on account of Dividend including dividend tax will be Rs.8.21 crore, which is same as in fiscal 2009. The dividend shall be paid, subject to the approval of shareholders in the ensuing AGM, to all those shareholders whose names

appear in the register of members as on the record date i.e. 16th September, 2010 fixed for the payment of dividend.

FIXED DEPOSITS

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

EXPANSION & FUTURE PLANS

This year has been very significant at GPIL. We got all the mining clearance for our iron ore mine - Ari Dongri and so have started mining operations in May'2010. We were able to mine 322352 MTs during the year. Our other iron ore mine- Boria Tibu has also received all the clearances and the Company expects it to commence production during the current year. With the commencement of captive iron ore mining, our dependence on iron ore purchases from open market has gone down substantially in the year under review and we look forward to be completely self sufficient from current year onwards. Thus we will be completely insulated from raw material (iron ore) price fluctuation.

Also, in the year under review, iron ore Pelletization plant with a capacity of 600000 MTPA at Siltara, Raipur have also started commercial production. This is very significant factor considering the iron ore price movement in the recent period. Our corporate philosophy has been to utilize the maximum of mineral resources and environment protection by utilization of waste products. Thus by utilizing the iron ore fines which were till now exported to China at significant lower value will now be utilized by us in making pellet which are directly usable in the Sponge Iron manufacturing. This has been a significant backward integration for us as we expect the feed rate of raw material to go down & thereby improvement in the efficiency of sponge irons production.

Your Company was among very few first to foresee the value of the fines which otherwise is being sold at no real value in export market, due to huge differential in pricing of iron fines & calibrated ore. With the successful commissioning of our pellet plant, we have seen other steel manufacturers putting up pellet plants for their captive use/merchant sale of pellets.

Your Company have taken 75% stake in Ardent Steel Limited which is also setting up 600000 MTPA pellet plant in Keonjhar District, in Orissa. The plant's operations got delayed for unforeseen reason and the Company expects to start commercial operations during the first half of the current year. The 20 MW Bio-Mass Power plant under implementation is also

delayed due to delay in supply of equipment by the vendors is also expected to be commence operations very soon.

Now, since all earlier projects have been completed or either on the verge of being completed, we are evaluating various options to set the future course of action. We have signed various MOUs with the Chhattisgarh Government and are all set to move to next phase of expansion for which suitable location is being identified.

We are scouting for opportunities to set up a green field steel plant along with other allied steel facilities. We are also awaiting regulatory clearances & coal linkages allocation before we can start work on the 1200 MW power plant in our 100% the Subsidiary Company Godawari Energy Limited.

MERGER OF RR ISPAT LTD AND HIRA INDUSTRIES LIMITED

During the year under review the Board of Directors of your Company has approved a scheme of merger of 100% subsidiary Company M/s RR Ispat Ltd and another Company M/s Hira Industries Ltd, subject to the approval of the Hon'ble High Court of Chhattisgarh. Appointed date of the proposed scheme is 1st April, 2010. The BSE and NSE have since approved the proposed scheme of merger and the same has been filed with Hon'ble High Court for approval. The scheme is presently awaiting the approval of the High Court and the same will be effective upon the receipt of approval of High Court. The effect of the scheme in the financial statements of the Company shall be given upon the scheme becoming effective.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

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. The project is expected to be commissioned and commercial operations are expected to commence during the first half of the current year.

RR Ispat Ltd (RRIL)

M/s. R. R. Ispat Ltd, is 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.216.02 crore (previous year Rs. 230.42crores) and net profit of Rs.4.29 crore (previous year Rs. 3.73crore) during the financial year 2009-10. The Company has taken up project for expansion cum modernization of the rolling mill which has been

partially completed during the current year. Upon completion of Expansion Project, the installed capacity of rolling mill shall stand increased to 2,00,000 MTPA. During the year under review, the Company also increased the installed capacity of Wind Power Project from 1.20 MW to 2.70 MW p.a.

Godawari Energy Limited: (GEL)

M/s. Godawari Energy Limited has entered into an MOU on 17th September, 2008 with the Government of Chhattisgarh for setting up of 1200 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 company has acquired around 130 acres of private land in Raigarh District of Chhattisgarh. The implementation of project shall be taken up upon the receipt of regulatory approvals and availability of fuel linkages.

Godawari Clinkers and Cement Limited (GCCL)

Your company has 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 captive 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 and approval of mining lease is awaited.

Krishna Global Minerals Limited (KGML)

Your company has acquired 100% of the equity shares of M/s. Krishna Global Minerals Limited for doing the business of exploration of mines and minerals, which is in the initial stage.

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

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 Auditor's Report thereon are required to be attached with the annual report. The Company has sought an exemption from the Ministry of Corporate Affairs, Government of India, for publication of financial statements of the subsidiary under section 212 of the Companies Act, 1956 and accordingly the financial statements of subsidiary Companies are not separately included in the annual 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. 200.23 crores (previous year Rs. 293.23) with a net profit of Rs. 5.23 crore (previous year Rs. 3.68 crores). 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 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) respectively for development of Coal mines and setting up railway siding respectively for captive use.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review your Company has used foreign currency of Rs.4.41 crore (previous year 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 Shashi Kumar, Shri B. N. Ojha and Shri Siddharth Agrawal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

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

CSR ACTIVITIES

Your company believes in the philosophy of "Serving Society through Industry" and we live every moment of life in harmony with nature to create value for ourselves, our stake holders and the society. Your company is committed to improve health and education awareness, conduct affairs of our company in a socially acceptable manner, understand supporting and developing the communities and the cultures within which we work, protect the environment and safety of the people connected with the company and the surroundings, enhance the value of the company through sustainable growth. Your company has adopted Educational Institutes like ITI under Public Private Partnership scheme of Govt. of India, Akansha school for mentally retarded students, Agrasen College for their upgradation. Donations in various Govt. schemes like "Dattak Putri Siksha Yojana". Another part of our CSR work for good health of people through blood donation camps, donation of Mobile Medical Unit for Helpage India, financial assistance provided to Gram Panchayat for purchasing Ambulance. We

owe for our environment by returning what we have consumed, by planting more than 20,000 plants in the surrounding region and in the plant premises. Following our vision in the field of sports, your company has extended due support by sponsoring sportsmen and women for participating in national tournament. At our mines, your company has campaigned for Cleanliness & Sanitation, Cleaning of Ponds, organized Exhibition on Environment Conservation and contributed to Gram Vikas Samiti for developing infrastructural facilities in the village along with safe drinking water to the nearby Villages.

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 2009-10 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.

Place: Raipur,

Date: 30th May, 2010

For and on behalf of Board of Directors

Chairman

ANNEXURE-"A" TO THE DIRECTOR'S REPORT

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

CONSERVATION OF ENERGY

- A. Energy Conservation Measures Taken:
 - a. Fiber Reinforcement Plastic Blades of Air Cooled Condenser have been replaced with lighter weight Blades made by ENCON.
 - b. Trimming of Impellor in Cooling Water Pump in Phase I of Power Plant.
 - c. GRP Blades have been substituted with FRBP Blades in Cooling Tower in Phase I of Power Plant.
 - d. Variable frequency Drives have been installed in all big motors above 100HP Capacity in Crushers, ID Fans, Dedusting Fans, ABC Fans etc. in Sponge Iron Division.
 - e. Iron Ore Crushing Circuits of 100 TPH capacity have been installed in Sponge Iron Division.
- B. Additional Investments and proposals, if any being implemented for the reduction of energy consumption:
 - a. DC Drive of ID Fans of AFBC Boiler and WHRB-2 will be changed to AC Drive at a cost of Rs.10 lac per Drive.
 - b. Iron Ore Crushing Circuits of 100 TPH capacity shall be installed in Pellet Plant with an additional investment of Rs.3.5 crores.
- 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:
 - a. There will be a saving of 11 KW per fan due replacement of FRP Blades with Lighter Weight Blades.
 - b. There will be a saving of 25 KW per pump due to trimming of impellers.
 - c. There will be a saving of 10 KW per fan due replacement of GRP Blades with FRP Blades.
 - d. There will be a saving of 30 KW per fan due to Change of DC drive to AC drive.
 - e. Due to installation of Variable Frequency Drives there will be 8% saving in energy consumption.
 - f. Due to installation of Iron Ore Crushing Circuits, the crushing charges shall be reduced by Rs.25 per ton of Iron ore.
- D. The required data in form A of the Annexure to the aforesaid Rules as applicable are furnished below:

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)						
Purchased	Nil	0.34	Nil	1.70	Nil	5.00
Own generation	14.18	18.47	Nil	Nil	Nil	Nil
Coal and Coke (Mts)	0.06	0.07	178.32	173.98	2744	2567

II CONSUMPTION PER UNIT OF PRODUCTION (PER MT)

Particulars	Production		Consumption of fuel		Average consumption of electricity units per mt or unit	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sponge Iron (MTs)	285833	279533	29347934	26257835	103	94
Steel Billets (MTs)	56477	108156	55142090	101648915	976	940
Pellet	48305	0	3730250	0	77	0
H.B. Wires	72545	74372	7951921	8204049	110	110
Power (Units)	332438426	315455876	33910877	33335196	0.10	0.11
Coke and Coal						
Sponge Iron (MTs)	285833	279533	496883	482352	1.74	1.73
Power (Units)	332438426	315455876	157320	136506	0.47	0.43

TECHNOLOGY ABSORPTION: RESEARCH AND DEVELOPMENT (R & D)

Research and Development:

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

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

Future plan of action: Nothing specific

Expenditure on R & D: None.

Place: Raipur,
Date: 30th May, 2010

For and on behalf of Board of Directors
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company is an Integrated Steel Producer with operations ranging from mining to finished steel product in form of HB Wire and generation of Captive Power. Our production facilities are currently located in Siltara in Raipur. We have five main divisions: mining, sponge iron, steel melting shop, rolling mill & captive power.

I. REVIEW OF INDUSTRY SCENARIO & DEVELOPMENTS

i) Steel Industry Scenario:

The global economic crisis that began in second half of the 2008 continued through 2009 and thus there remained period of uncertainty and instability in the global markets. The year will be remembered for the panic & economic downturn impacting the economic growth all across the globe. As per IMF's estimate of April 2010, the global economy contracted by USD 3.3 trillion in the period under review.

Steel, being at the core of the economic growth cycle also witnessed unprecedented downturn. The demand in all the developed economic came to stand still, thus inventories started piling up. Thus the crude steel production went down by approx 8% over the last financial year. Even the consumption of steel took a beating & took a sharp downturn. World's consumption of finished steel excluding BRIC countries went down by 26% in 2009, though BRIC countries registered 18% growth in consumption mainly led by China's domestic consumption.

The statistics of production & consumption in the last two years is produced below:

Year	2008	2009
Crude Steel Production (MMT)	1329	1223
Finished Steel Consumption (MMT)	1202	1121

(Source: World Steel Association)

Amidst the global chaos, China & India emerged as the steel's new super powers. With the global steel trade sliding downwards, China focussed on internal consumption & as much as 542.4 million tones was consumed by China alone in last financial year. China has the steel production capacity of 716.1 million tones as on 31st Dec 2009, which is almost 40% of the world's total capacity. The total production of steel in China was 568 million tones in 2009 which is also 46% of the total world's consumption. (Data

source: World Steel)

India is currently the 5th largest producer of the crude steel in the world and is expected to become 2nd largest producer by 2015-2016 as per the target set by the Ministry of Steel. As per the data from Ministry of Steel, during April to December 2009 the total crude steel production in India was 45.77 million tons which is up by 4% and consumption was approx 40.97 million tons which is up by 7.8% over last year.

The national steel policy had projected the total steel capacity in the country to go upto 124 million tons by 2011-12 from currently 73 million tons in Dec 2009. The production has grown at 8.6% CAGR during the last 5 years from 2004-05 to 2008-09.

India is a leading producer of sponge iron both with coal based & gas based units. Capacity of sponge iron making has increased significantly over the years and currently is approx 32 million tonnes.

Future Outlook

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.

ii) Power Sector

With the world population nearly doubling in the past three decades, the present surge in electricity demand, and the projected increase of the global population, the importance of available energy cannot be underestimated.

Usually energy, especially electricity, has a major contribution in speeding up the economic development of the country. The existing production of per capita electricity in India is around 600 KWH per annum. Ever since 1990s, India's gross domestic product (GDP) has been increasing very rapidly and it is estimated that it will maintain the pace in the next couple of decades. The rise in GDP should be followed by an increase in the expenditure of key energy other than electricity.

In India, the burning of coal accounts for approximately one half of all electricity generation. Globally, India is presently positioned as the eleventh largest manufacturer of energy, representing roughly 2.4% of the overall energy output

per annum. Coal based generation of power remains major contributors for meeting the energy demand in the country in view of huge thermal coal availability in India and coal based power generation shall continue to play a dominant role in Indian Power Sector. The Government of India is also making efforts in Development of Generation of power through Renewal energy like wind, solar etc.

Demand Supply Scenario:

India's electricity consumption accounts for about 4% of World's total electricity consumption and it is expected to grow at 8 to 10 % per year. All India installed capacity as on 31st January, 2008 was 141080 MW. (Thermal - 90896 MW., Hydro - 35208 MW., Nuclear - 4120 MW., Renewable - 10856 MW.) Total Energy shortage of 9% with Peak shortage at 15.2%. Country's Power demand is likely to soar from around 120 GW at present, to 315 to 335 GW by 2017. To meet this demand, India will require generation capacity of 415 to 440 GW, including spinning reserve. In IXth and Xth 5-year plan together, Country has added only 40 GW i.e. 4 GW per year and 9 GW in 2007-08. The XIth Plan envisages Capacity addition of 78.5 GW. If business continues as usual, India is likely to face a capacity shortfall of 95 to 140 GW by 2017 and the peak deficit shall be of about 70 GW by 2017.

Investments required in Indian Power Sector - US \$ 600 billion i.e. Rs 24 lakh crores by 2017 out of this, around US \$ 300 billion or Rs 12 lakhs crores will be necessary in Generation, and the remaining in Transmission and Distribution by 2017.

In view of huge demand supply gap in India, the merchant power business is expected to remain in lime light for next couple of years till the supply situation improves considerably. The power sector offers attractive investment opportunities in India in view of huge demand supply gap. Your Company is also venturing into power business through 100% subsidiary Company and has signed an MOU with the Chhattisgarh Government for setting up 1200 MW of power plant, which is awaiting regulatory approvals.

Your Company is presently engaged in generation of captive power for use in manufacturing of steel and also selling power in short term market through merchant sale with view to optimize revenue and profitability.

II. ANALYSIS & DISCUSSIONS ON FINANCIAL PERFORMANCE

i) Review of Operations

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 & profitability.

In fiscal 2010, GPIL reported total revenue of Rs. 832.39 crores, 28% less as compared to last fiscal. The fall was mainly because of the difficult market conditions especially in the first half of the year which led to lower realization across the product range except power. DRI production in the year under review was 285833 mts as compared to 279533 mts in the previous year but the average realization for the year was just Rs 13000 as compared to Rs 15750 in the previous financial year, a fall of almost 17% which led to lower profitability. Performance was affected by the difficult global economic and operating environment throughout the year but still with the onset of captive mining our EBITDA margins has increased from 12.15% to 16.18%, a significant jump of over 400 bps which if taken as indicator of next year gives very good signals of better performance for years to come.

The Company during the current financial year continued with its business strategy of 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 favor of manufacture of such products.

Review of Financial performance:

(a) Net sales/ Income from operations:

The Company has achieved net sales turnover of Rs.776.43 crore, as compared to Rs.1035.54 during the previous year, registering a decline of 34%. The prices of the finished steel products sharply declined which resulted into lower sales turnover/operating margin. The product wise revenue breakup is as follows:

Products	FY 2010			FY 2009		
	Gross Sales	Excise Duty	Net Sales	Gross Sales	Excise Duty	Net Sales
Pellets	5.17	0.45	4.72	-	-	-
Sponge Iron	341.44	26.79	314.65	303.54	33.54	270.00
Steel Billets	135.76	10.71	125.05	416.48	52.77	363.70
HB Wire	221.04	17.15	203.89	295.70	34.15	261.54
Ferro Alloys	6.72	0.58	6.14	45.91	4.96	40.95
By Products	27.12	0.28	26.84	26.38	1.44	24.94
Power	95.12	-	95.12	74.39	-	74.39
Total	832.39	55.96	776.42	1,162.40	126.87	1,035.53

(b) Raw Material Cost:

The raw material cost which mainly consists of iron ore & coal cost went down significantly during the current financial year. The cost as percentage of net sales decreased to 72.04% as compared to 80.84% during the previous year, which was mainly on account of commencement of commercial operation of captive iron ore mines. During the year, the Company purchased 583053 MTs of iron ore from market as against 729816 MTs in previous year.

(i) Operating & Other Expenses

The operating & other expenses have gone up from 6.49% of net sales to 9.92% mainly due to commencement of operations in pellet plant, resulting into additional expenditure on operation of pellet plant.

(ii) Employees Cost

The employees cost during the year increased by 28.81 % to Rs.17.34 crore from Rs.13.46 crore due to annual increase in salaries and recruitment of additional employee to meet increased requirement. The overall employees cost increased to 2.23 % of the sales as compared to 1.30% during previous year. The cost increase in terms of percentage of sale is higher due to reduction in sales turnover, whereas the overall employees cost has gone up.

(iii) Operating Margins (EBIDTA):

The operating margins of the Company increased to 16.18 % as compared to 12.15% of net sales during the year, mainly on account of decrease in raw material cost on account of captive mines.

(iv) Interest & Financial Charges:

The total expenses towards interest cost and bank charges during the year decreased from Rs.34.17 crore to Rs.32.04 crores mainly on account of better working

capital management and reduction in overall borrowing cost.

v) Depreciation:

The depreciation on fixed assets has gone up due to commissioning of additional capacities, which started production during the current financial year. The Company has applied 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 extraordinary items of Rs.61.97 crore which is 7.98% of net sales as against Rs.65.26 crore, which was 6.30% of net sales during the previous year.

d) Provision for taxation:

The provision for income tax is made as per provisions of the Income Tax Act. The profit of the power division is exempt u/s 80I of the Income Tax Act.

(e) Appropriation

The Company has transferred Rs. 10.00 crore (Previous year Rs 10 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 2010, 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 crores)

Particulars	FY10	FY09	Change	Change %
Gross Block	690.67	458.76	231.91	50.55
Less Depreciation	110.10	78.78	31.32	39.76
Net Block	580.57	379.98	200.59	52.63
Capital WIP & Pre-OP Exp	60.17	171.39	-111.22	-64.89
Net Fixed Assets	640.74	551.37	89.37	16.21

The Company has during the year incurred additional capital expenditure of Rs.120.69 crore towards implementation of iron ore crushing, beneficiation, pelletisation plant and expenditure on infrastructure development at the existing plant and 20 MW Biomass Power Plant. The reduction in capital work in progress is on account of capitalization of iron ore mines and pelletisation plant.

(h) Inventories

The overall value of inventory of raw materials increased to Rs. 82.08 crore as on 31st March 2010 as compared to Rs 77.22 crore as on 31st March 2009 due to increase in prices of raw materials towards the end of the financial year. The average level of holding of raw material was at 1.73 months of consumption as compared to level of 1.20 months during the previous year.

(i) Sundry Debtors

The average number days sales outstanding for the FY 10 are 17 days as compared to 10 days in FY 09 which is due to higher realization period in case of sale of steel billets & sponge iron.

(j) Loans & Advances

The loans and advances as on 31st March 10 stood at 47.25 crores which increased by 17.41% as compared to the year ended 31st March 09, which is mainly due to the advances paid to raw material suppliers for ensuring regular supplies of raw materials. 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 advances from customers increased by Rs.12.26 crores and creditors for capital goods increased by Rs.10.23 crores.

(l) Secured and Unsecured Loans

At the end of year, the secured long term loans stood at Rs. 277.91 crores as against Rs. 253.82 crores in FY 2009. The Company does not have any unsecured loans as on Balance Sheet date.

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	FY10	FY09
EBDITA to Net sales (%)	17.09	12.15
Profit after Tax to sales (%)	7.37	5.54
Earning Per Share	20.38	20.43
Net Worth Per Share (Rs)	175.88	155.49
Current Ratio	2.64	3.33
Debt Equity Ratio	0.62:1	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 strength the internal control systems, 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.

RISK MANAGEMENT

The Company being in steel business is subject to certain risks which are inherent in the Industry. Thus we are trying to put in place effective risk management policies. The main risks are:

1) Change in the Political Situation:

Though GPIL has its major operations based in the State of Chhattisgarh, change in the political climate across the country can impact our operations. Possibility of new trade barriers in view of China's global operations and other such things also impacts the business in general. Political risks also include terrorist acts, social unrest & potential conflicts which can impact our operations at existing locations, mines etc.

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

2) Change in the Economic Situation:

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

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

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

3) Fluctuation in prices of Raw Material & Fuel:

Our major raw material is Iron Ore & Coal.

On the iron ore front, one of the two of our own captive mines has commenced production in the year under review. By the year end, the capacities have been ramped up at Ari Dongri and we expect to be completely self sufficient in iron ore requirement. The other mine i.e. Boria Tibu also got all regulatory clearances and should start production soon. Hence, we will be insulated from the fluctuation of iron ore prices in the market.

On the coal front, we are currently purchasing the requirement of coal through long term linkages from Coal India Ltd and import of coal. The prices of imported coal depend upon the global market demand & supply and linkages prices as may be determined by the Ministry of Coal. The Company shall be insulated from price fluctuations as the captive mines starts the production. The Company is awaiting environmental clearance from Ministry of MOEF, Govt. of India, for the coal blocks allocated to the Company.

4) Changes in Selling Prices:

One of the specific features of steel & mining industries is their liability to cyclical changes in steel prices. In crisis conditions which were prevalent for the first half of the year under review, the selling prices were almost equal to average cost of production of sponge iron barely leaving any margin at EBITDA level. So if the prices of the finished products fall to such level, the margins cannot be maintained.

Though high spot iron ore & coking coal prices along with scrap prices resulted in increase in steel prices in the H2 of fiscal 2010. It is likely that the steel prices may not substantially vary from the present levels in view of new iron ore & coal contracts globally at current spot price.

5) Credit, Interest & Exchange Fluctuation Risk :

The financial crisis led to an inter bank crisis of trust thereby reducing the levels of interbank credits & liquidity of the financial system. Simultaneously, increased volatility and uncertainties led to increased premium in the cost of external financing. The increased cost of financing may negatively affect our financial results &

lead to lower profitability. Fluctuation of interest rates may vary the value of existing foreign currency.

The level of existing rupee debt as on 31st March 2010 is Rs. 218.55 crores & foreign currency term loans of USD 15 million out of which 10 million is un-hedged. Hence, change in the interest rates may have significant impact on the financial results.

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

6) Other miscellaneous risks:

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

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and the annual report describing the company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations in India and other countries. Actual results could 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.

Place: Raipur,
Date: 30th May, 2010

For and on behalf of Board of Directors
Chairman

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 the all 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.

2.1 The names and categories of the Directors on the Board and also the number of Directorships and Committee Memberships held by them during 2009-10 in other Companies are as under:

Name of the Directors	Category of Directors	No. of other Director-ship held*	No. of Board Meetings attended	Last AGM attended	No. of other Board committees member/ chairman
Mr. G. B. Desai	Chairman - Non-Executive Independent	02	05	Present	02
Mr. O.P. Agrawal	Vice Chairman - Non-Executive	06	03	Absent	Nil
Mr. B.L. Agrawal	Managing Director - Executive	13	06	Present	02
Mr. N.P. Agrawal	Non-Executive	11	03	Absent	01
Mr. Dinesh Agrawal	Non-Executive	12	04	Present	01
Mr. Dinesh Gandhi	Executive	01	06	Absent	Nil
Mr. Sidharth Agrawal	Executive	07	05	Present	Nil
Mr. B. Choudhuri	Independent	10	06	Present	09
Mr. Shashi Kumar	Independent	05	02	Absent	01
Mr. B. N. Ojha	Independent	02	06	Absent	01
Mr. Vinod Pillai	Non-Executive	01	02	Present	Nil

* Other Directorship excludes Directorship in Private Limited Companies.

Changes in the composition of Directors during the year:

There has been no change in the directorship of the Company during the period under review except appointment of Shri Vinod Pillai in place of Shri B.P. Singh with effect from 28.07.2009.

2.2 Number of Board Meetings held:

During the year 2009-10, the Board met 06 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.	1	2	3	4	5	6
Date of Meeting	02.05.2009	28.06.2009	28.07.2009	31.10.2009	28.01.2010	05.02.2010
No. of Directors Present	07	06	09	09	07	10

Code of Conduct

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

3. AUDIT COMMITTEE:

The Audit Committee consists of one executive Director and three Independent Directors. 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 Five times during the year 2009-10 and the attendance of the members at these meetings was as follows:

Name of the Chairman/ Member	Status	Meetings attended
1. Mr. B. Choudhuri	Chairman (Independent Director)	05
2. Mr. G. B. Desai	Member (Independent Director)	05
3. Mr. B. N. Ojha*	Member (Independent Director)	03
4. Mr. Dinesh Gandhi	Member (Executive Director)	05

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.

*Shri B.N. Ojha was inducted as a member of the Audit Committee with effect from 28.06.2009.

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.

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 has become 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 the 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.

During the year under review, your Company acquired 100% of the equity of M/s Krishna Global Minerals Limited for doing the business of exploration of mines and minerals, which is in the initial stage. 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 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.9 of schedule 20 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 2009-10.

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

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

4. REMUNERATION COMMITTEE:

The Remuneration Committee consists of two executive and two Independent Directors. 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. 24.00 lacs to Mr. B.L. Agrawal, Managing Director, Rs.12.00 lacs to Mr. Siddharth Agrawal, Executive Director, Rs.19.14 lacs to Mr. Dinesh Gandhi, Director (Finance) and Rs. 1.65 lacs to Mr. B.P. Singh, Director of the company during the financial year 2009-10.

Disclosure of material transactions

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

Insider Trading Disclosure:

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

Particulars of Directors seeking appointment / reappointment:

Particulars of Directors seeking appointment / reappointment at the ensuing Annual General Meeting to be held on 25th September, 2010 are given as under:

A	Name	Shri Shashi Kumar	Shri B. N. Ojha	Shri Siddharth Agrawal
B	Brief resume			
	i) Age	64 years	66 years	29 Years
	ii) Qualification	AISM Diploma (Mining)	B.E. (Electrical)	M.B.A.
	iii) Experience in Specific Functional area	More than 30 years	More than 40 years	4 years
	iv) date of Appointment on the Board of the company	25.09.2007	14.06.2008	14.06.2008
C	Nature of expertise in specific functional areas	He has over three decades of experience Mining industry.	He has experience of over 40 years in Power sector.	He has experience of over 4 years in the field of project implantation, procurement of raw materials plant maintenance Production and marketing activities.
D	Name(s) of other Public Limited Companies in which Directorships held	1. MJSJ Coal Limited. 2. Global Coke Limited 3. Shyam DRI Power Limited 4. Jain Energy Limited.	1. Indraprastha Power Generating Company Limited. 2. Pragati Power Company Limited.	1. R.R Ispat Limited. 2. Godawari Natural Resources Limited 3. Godawari Clinkers and Cement Limited. 4. Godawari Mines and Minerals Limited. 5. Krishna Global Minerals Limited. 6. Green Star Cement Limited. 7. Raipur Infrastructure Company Limited. 8. Chhattisgarh Ispat Bhumi Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	Chairman – Remuneration committee	Member–Audit committee	NIL
F	No. of Shares of Rs 10/- each held by the Directors	NIL	NIL	470000
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	No Relationship with Directors	No Relationship with Directors	Related to Shri B.L. Agrawal, Shri O.P. Agrawal, Shri N.P. Agrawal and Shri Dinesh Agrawal

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The Investors' Grievance Committee consists of Three Directors. The detailed composition of the members of the Shareholders/Investors Grievances Committee at present is given below:

1. Mr. 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
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.)
2008-2009	22.09.2009	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)

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 of a relative of the Managing Director for office or place of profit. No other Special Resolutions were passed in any of the Meetings.

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	25th September, 2010
Time	3.00 p.m.
Venue:	Regd Office of the Company at Godawari Power & Ispat Ltd, Plot no. 428/2, Phase – I, Industrial Area Siltara – Dist., Raipur, (C.G.)

2. Financial Calendar (2010-2011) (tentative) :

Board Meeting (for Financial Result)

Quarter ending on 30th June 2010 : On or before August 15, 2010

Half-year ending on 30th September 2010 : On or before November 15, 2010

Quarter ending on 31st December 2010 : On or before February 15, 2011

Year ending on 31st March 2011 : May, 2011

3. Date of Book Closure : 16th September, 2010 to 25th September, 2010.

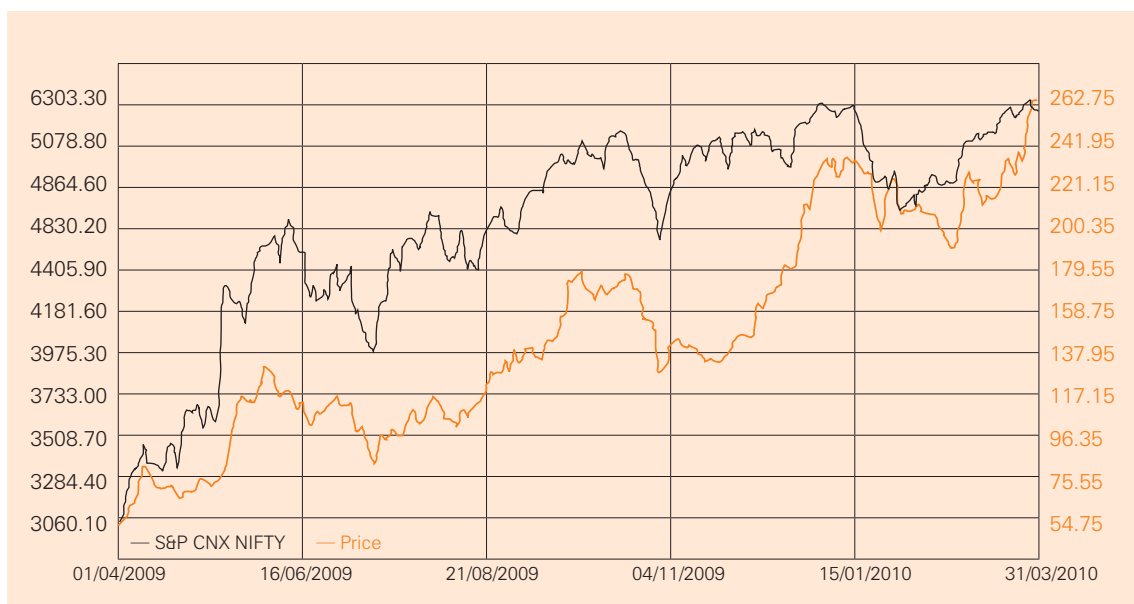
4. Dividend Payment Date : Within 20 days of declaration

5. Listing on Stock Exchange : The shares of the company are Listed with National Stock Exchange and Stock Exchange, Mumbai.

GODAWARI POWER & ISPAT LTD

6. Stock Code : NSE: GPIL
 BSE: 532734
 ISIN: INE177H01013

7. Market Price Data



Source : NSE

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, 2009	91.60	50.05	91.85	52.50
May, 2009	121.95	69.00	122.50	69.00
June, 2009	138.90	98.10	138.40	99.00
July, 2009	117.50	83.05	117.40	83.20
August, 2009	137.90	92.00	137.40	99.25
September, 2009	184.60	125.25	183.50	126.25
October, 2009	181.40	147.00	181.50	147.10
November, 2009	151.50	126.10	151.25	126.00
December, 2009	216.85	139.00	216.50	135.05
January, 2010	248.30	187.55	248.00	187.05
February, 2010	232.00	183.50	231.60	184.00
March, 2010	270.90	198.95	271.25	198.20

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 31.03.2010:

Shareholding of Nominal Value (Rs.)	Shareholders		Shares Held	
	Number	% to Total	Number	% to Total
Up to 5000	19289	92.8606	2004350	7.1406
5001 – 10000	666	3.2062	546488	1.9469
10001- 20000	336	1.6176	522382	1.8610
20001 – 30000	140	0.6740	359047	1.2791
30001 – 40000	63	0.3033	223973	0.7979
40001 – 50000	58	0.2792	275579	0.9818
50001 – 100000	80	0.3851	615990	2.1945
100001 and above	140	0.6740	23521998	83.7982
TOTAL	20772	100	28069807	100

SHAREHOLDING PATTERN AS ON 31ST MARCH 2010:

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters (including person acting in concert)	1,65,52,652	58.97
2	Institutional Investors i.e. MFs, FIs, banks etc	42,72,094	15.22
3	Bodies Corporate	19,45,418	6.93
4	NRIs/ OCBs	2,63,514	0.94
5	General Public	48,42,082	17.25
6	Clearing Member / Trust	1,94,047	0.69
	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	Alok Ferro Alloys Limited
Dinesh Agrawal	Ardent Steel Limited
Siddharth Agrawal	Chhattisgarh Power and Coal Beneficiation Limited
Narayan Prasad Agrawal	Godawari Clinkers and Cement Limited
Hanuman Prasad Agrawal	Godawari Energy Limited
Kanika Agrawal	Godawari Green Energy Limited
Rashmi Agrawal	Godawari Mines and Minerals Limited
Sarita Agrawal	Godawari Natural Resources Limited
Godawari Devi Agrawal	Hira Cement Limited
Master Prakhar Agrawal	Hira Energy Limited
Kumar Agrawal	Hira Ferro Alloys Limited
Madhu Agrawal	Hira Industries Limited
Vinay Agrawal	Hira Power and Steels Limited
Reena Agrawal	Hira Steels Limited
Nancy Agrawal	Jagdamba Power and Alloys Limited
Abhishek Agrawal	Krishna Global Minerals Limited
Master Pranay Agrawal	Ram Realmart Private Limited
R. R. Ispat Limited	SAG International Limited
Sagar Energy and Steels Limited	Shourya Diamonds Limited
Shourya Power Private 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.

Equity Shares in the Suspense Account

As per Clause 5A of the Listing Agreement, the Company reports that 1,651 Equity Shares are lying in the suspense account as on March 31, 2010.

12. DEMATERIALIZATION OF SHARES :

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

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

Plant & Registered Office

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

Tel: +91-771-4082333; Fax: +91-771-4082234

Website: www.gpilindia.in

Corporate Office

First Floor, Hira Arcade, Near 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,

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

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 2009-10.

Place Raipur,

Date: 30th May, 2010

For and on behalf of Board of Directors

Chairman

**CERTIFICATION BY
CHIEF EXECUTIVE OFFICER AND CHIEF
FINANCIAL OFFICER**

To,

The Board of Directors

Godawari Power and Ispat Limited

Raipur - Chhattisgarh

We have reviewed the financial statements and the cash flow statement for the financial year 2009-10 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 2009-10 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)

Dated: 30th May, 2010

**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, 2010 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

Place: Raipur
Date: 30th May, 2010

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

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, 2010, 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 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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, 2010.
 - (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, OPSinghania & Co.
(Firm Registration No.002172C)
Chartered Accountants

O.PSINGHANIA
Partner
Membership No.: 51909

Mumbai, 30th May,2010

ANNEXURE

Re: Godawari Power & Ispat Limited

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

- (i) (a) The Company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
(c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records of the company, we are of the opinion that, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Therefore, the provisions of clause 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
(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.1000.00 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 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 2010 for a period of more than six months from the date they became payable.

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

Name of the Statue	Nature of Dues	Year	Amount (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, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Sales Tax	Direct Export not considered and imposed CST	2005-06	3.24	Addl. Commissioner of Commercial 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, 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 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 OPSinghania & Co.
(Firm Registration No.002172C)
Chartered Accountants

O.P.SINGHANIA
Partner
Membership No: 51909
Mumbai, 30th May,2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs.in Lakhs)

	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	2,806.98	2,806.98
Share warrants		-	324.00
Reserves and surplus	2	45,158.78	40,515.55
		47,965.76	43,646.53
Loan Funds		39,149.89	33,176.30
Secured Loans	3	-	-
Unsecured Loans			
		39,149.89	33,176.30
	TOTAL	87,115.65	76,822.83
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	69,067.49	45,875.83
Less : Accumulated Depreciation/amortisation		11,009.69	7,878.44
Net Block		58,057.80	37,997.39
Capital work-in-progress including capital advances		6,016.62	17,138.56
		64,074.42	55,135.95
Investments	5	7,154.16	4,457.59
Current Assets, Loans and Advances			
Inventories	6	15,863.79	13,481.01
Sundry debtors	7	3,583.81	3,028.22
Cash and bank balances	8	1,366.88	4,101.42
Loans and advances	9	4,725.55	4,021.88
		25,540.03	24,632.53
Less : Current Liabilities and Provisions			
Current Liabilities	10	7,793.13	5,555.41
Provisions	11	1,859.83	1,847.83
		9,652.96	7,403.24
Net Current Assets		15,887.07	17,229.29
Miscellaneous Expenditure (to the extent not written off or adjusted)		-	-
	TOTAL	87,115.65	76,822.83
Notes to Accounts	20		

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.
(Firm Registration No.002172C)
Chartered Accountants

O P Singhania
Partner Membership No.51909

Place : Raipur
Date : 30.5.2010

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

G. B. DESAI *Chairman*
O. P. AGRAWAL *Vice - Chairman*
DINESH GANDHI *Director Finance*
N. P. AGRAWAL *Director*
SIDDHARTH AGRAWAL *Director*
DINESH AGRAWAL *Director*

BISWAJIT CHOUDHURI *Director*
B. N. OJHA *Director*
SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in Lakhs)

	Schedules	Year ended March 31,2010	Year ended March 31,2009
INCOME			
Turnover (Gross)	12	83,239.33	116,240.40
Less: Excise duty		5,596.38	12,686.58
Turnover (Net)		77,642.95	103,553.82
Other Income	13	301.47	1,040.42
Increase/(Decrease) in Stock in trade	14	1,085.98	(218.94)
TOTAL		79,030.40	104,375.30
EXPENDITURE			
Purchase of Trading Goods		328.91	-
Raw material consumed	15	56,703.46	83,721.00
Personnel expenses	16	1,733.75	1,345.93
Operating and other expenses	17	7,701.03	6,723.63
Depreciation/Amortisation		3,162.42	2,642.22
Financial expenses	18	3,203.92	3,416.92
TOTAL		72,833.49	97,849.70
Profit before tax		6,196.92	6,525.60
Provision for Current Tax		1,053.00	739.00
Fringe Benefit Tax		-	14.50
Tax related to earlier year		3.68	36.06
Total Tax Expense/Income		1,056.68	789.56
Profit after tax		5,140.24	5,736.04
Balance brought forward from previous year		17,711.15	13,796.11
Profit available for appropriation		22,851.39	19,532.15
Appropriations:			
Transfer to General Reserve		1,000.00	1,000.00
Proposed dividend		701.75	701.74
Tax on dividend		119.26	119.26
Surplus carried to Balance Sheet		21,030.38	17,711.15
Earning Per Share			
Basic & Diluted EPS	19		
- Basic earning per share		18.31	20.43
- Diluted earning per share		18.31	19.73
Notes to Accounts	20		

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.
(Firm Registration No.002172C)
Chartered Accountants

O P Singhania
Partner Membership No.51909

Place : Raipur
Date : 30.5.2010

For & on behalf of the Board of Directors

Godawari Power & Ispat Limited

G. B. DESAI *Chairman*
O. P. AGRAWAL *Vice - Chairman*
DINESH GANDHI *Director Finance*
N. P. AGRAWAL *Director*
SIDDHARTH AGRAWAL *Director*
DINESH AGRAWAL *Director*

BISWAJIT CHOUDHURI *Director*
B. N. OJHA *Director*
SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

CASH FLOW STATEMENT AS AT 31ST MARCH, 2010

(Rs.in Lakhs)

	March 31,2010	March 31,2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	6,196.91	6,525.60
ADJUSTMENTS FOR:		
Depreciation/amortisation	3,162.42	2,642.22
Provision for Gratuity	25.00	(3.15)
Provision for loss on derivative contracts	(102.62)	196.69
Provision for doubtful debts	-	46.12
Interest Charges	3,203.92	3,416.92
Interest Received	(49.06)	(683.76)
Dividend Received	(1.56)	(12.28)
(Profit)/Loss on sale of Fixed Assets	48.84	-
	12,483.84	12,128.36
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES ADJUSTMENTS FOR:		
(Increase)/Decrease in Receivables and Advances	(1,259.26)	1,298.04
(Increase)/Decrease in Inventories	(2,382.78)	3,123.38
Increase/(Decrease) in Trade payables	2,237.72	677.61
	11,079.52	17,227.39
CASH GENERATED FROM OPERATIONS		
Direct Taxes Paid/Deducted at Source	(967.06)	(1,278.21)
NET CASH FROM OPERATING ACTIVITIES	10,112.47	15,949.19
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Expenditure	(12,175.92)	(18,140.34)
Proceeds from Sale of Fixed Assets	26.20	-
Interest received	49.06	683.76
Dividend Received	1.56	12.28
(Increase)/Decrease in Investments	(2,696.57)	(1,260.87)
NET CASH USED IN INVESTING ACTIVITIES	(14,795.67)	(18,705.17)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Payment) of Long Term Borrowings from Banks	6,422.18	3,102.98
Proceeds/(Payment) of Short Term Borrowings from Banks	(435.59)	1,733.28
Proceeds/(Payment) of Other Borrowings	(13.00)	(80.97)
Dividend and tax thereon Paid	(821.01)	(821.01)
Interest Charges	(3,203.92)	(3,416.92)
NET CASH USED IN FINANCING ACTIVITIES	1,948.66	517.36
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(2,734.55)	(2,238.62)
Cash and Cash Equivalents at the beginning of the year	4,101.42	6,340.04
Cash and Cash Equivalents at the end of the year	1,366.87	4,101.42
Components of cash and cash equivalents as at	2010	2009
Cash in hand	3.80	63.21
With banks- on current account	377.73	273.12
- on deposit account	976.06	3,758.08
- on unpaid dividend account*	7.71	5.13
- on public issue refund account*	1.57	1.88
	1,366.87	4,101.42

Notes : 1. Figures for the previous year have been regrouped/rearranged wherever found necessary.
2. Interest charges excludes interest capitalised Rs.470.34 lacs (previous year Rs.368.79 lacs).
3. *Balances held by the company which are not available for use by it.

As per our report of even date

For O P Singhanian & CO.
(Firm Registration No.002172C)
Chartered Accountants

O P Singhanian
Partner Membership No.51909

Place : Raipur
Date : 30.5.2010

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

G. B. DESAI *Chairman*
O. P. AGRAWAL *Vice - Chairman*
DINESH GANDHI *Director Finance*
N. P. AGRAWAL *Director*
SIDDHARTH AGRAWAL *Director*
DINESH AGRAWAL *Director*

BISWAJIT CHOUDHURI *Director*
B. N. OJHA *Director*
SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

SCHEDULES TO THE ACCOUNTS

(Rs.in Lakhs)

	As at March 31,2010	As at March 31,2009
SCHEDULE 1 : CAPITAL		
Authorised 35,000,000 equity shares of Rs.10/- each	<u>3,500.00</u>	<u>3,500.00</u>
Issued		
28,069,807 equity shares of Rs.10/- each	<u>2,806.98</u>	<u>2,806.98</u>
Subscribed & Paid up		
28,069,807 equity shares of Rs.10/- each fully paid up	2,806.98	2,806.98
Out 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		
Capital Reserve		
Balance as per last account	-	-
Addition during the year (Refer Note No.8 of Schedule-20)	324.00	-
	<u>324.00</u>	<u>-</u>
Securities Premium		
Balance as per last account	16,304.40	16,304.40
	<u>16,304.40</u>	<u>16,304.40</u>
General Reserve		
Balance as per last account	6,500.00	5,500.00
Add: Transferred from Profit and Loss Account	1,000.00	1,000.00
	<u>7,500.00</u>	<u>6,500.00</u>
Profit and Loss Account	21,030.38	17,711.15
	<u>45,158.78</u>	<u>40,515.55</u>
SCHEDULE 3 : SECURED LOANS		
Loans and advances from banks		
- Cash Credit Facilities (including FCNR Loans of Rs.250,000,000/- (PY. Nil)	7,267.03	7,702.62
- Term Loans (including FCNR Loan of Rs.1,209,363,861/-(PY.Nil)	21,855.35	19,076.58
- Short-term loans	4,013.15	-
- External Commercial Borrowings	5,936.97	6,306.71
Other Loans & Advances	77.39	90.39
	<u>39,149.89</u>	<u>33,176.30</u>

Security and terms & conditions for above loans:

1. 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.
2. The rupee term loans including ECB 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.
3. Short Term Loan are secured by subsequent and subservient charge on current assets and movable fixed assets of the Company ranking after the first & second charge holders.
4. The above credit facilities are also secured by personal guarantee of promoter directors of the Company & their relatives.
5. Further the rupee 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 25,00,000 equity shares of the company held by the promoters.
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, 2010
SCHEDULE 4 : FIXED ASSETS

Description of Assets	(Rs.in lacs)									
	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Additions during the year	Deductions/ sale during the year	As at 31.03.2010	Upto 31.03.2009	During the year	Deductions/ Adjustment During the year	Upto 31.3.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land	640.20	103.48	-	743.68	-	-	-	-	743.68	640.20
Leasehold Land	65.39	-	-	65.39	4.26	0.66	-	4.92	60.47	61.13
Iron Ore Mines Lease	-	1,001.18	-	1,001.18	-	47.97	-	47.97	953.21	-
Site & Land Development	690.28	204.56	-	894.84	-	-	-	-	894.84	690.28
Factory Shed & Building	4,343.59	1,198.20	-	5,541.79	350.05	155.57	-	505.62	5,036.17	3,993.54
Plant & Machinery	39,715.76	20,387.40	97.75	60,005.41	7,426.72	2,893.95	27.67	10,293.00	49,712.41	32,289.04
Furniture & Fixtures	118.28	82.35	-	200.63	29.30	10.35	-	39.65	160.98	88.98
Veihices	302.33	77.89	8.45	371.77	68.11	33.57	3.49	98.19	273.58	234.22
Intangible	-	-	-	-	-	-	-	-	-	-
Computer Software	-	242.80	-	242.80	-	20.34	-	20.34	222.46	-
TOTAL	45,875.83	23,297.86	106.20	69,067.49	7,878.44	3,162.41	31.16	11,009.69	58,057.80	37,997.39
PREVIOUS YEAR	1,264.41	17,996.80	2,122.65	17,138.56	-	-	-	-	17,138.56	1,264.41
Capital Work in Progress & Preoperative expenses including capital advances	17,138.56	11,669.39	22,791.33	6,016.62	-	-	-	-	6,016.62	17,138.56
PREVIOUS YEAR	1,264.41	17,996.80	2,122.65	17,138.56	-	-	-	-	17,138.56	1,264.41

SCHEDULES TO THE ACCOUNTS

(Rs.in Lakhs)

	As at March 31,2010	As at March 31,2009
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 Ltd	41.70	41.70
**2,17,834 equity shares of Rs 10/- each in Chhattisgarh Capitive Coal Mining Ltd	169.64	169.64
52,000 equity shares of Rs 10/- each in Hira Ferro Alloys Ltd	36.40	36.40
***5,10,000 equity shares of Rs 10/- each in Chhattisgarh Ispat Bhoomi Ltd	51.00	51.00
B. Other than trade		
Unquoted, fully Paid up Shares		
10,000 equity shares of Rs 10/- each in Hira Energy 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	10.00
100,000 units of Rs.10/- each in SBI One India Growth Fund	10.00	10.00
250,000 units of Rs.10/- each in Axis Equity Fund - Growth	25.00	-
C. In Subsidiary Companies		
Unquoted, fully Paid up		
2,652,750 (P.Y.2332750) equity shares of Rs.10/- each in R.R. Ispat Ltd	1,730.10	1,410.10
0 (P.Y.3149000) Non-Cumulative redeemable Pref.shares of Rs.10/- each in R.R. Ispat Ltd	-	314.90
50,000 Equity shares of Rs.10/- each in Godawari Energy Ltd.	5.00	5.00
50,000 Equity shares of Rs.10/- each in Godawari Clinker & Cement Ltd.	5.00	5.00
49,55,700 (P.Y.150000) equity shares of Rs.10/- each in Ardent Steels Ltd.	2,898.42	15.00
50,000 equity shares of Rs.10/- each in Krishna Global & Mineral Ltd.	5.00	5.00
Share Application Money (Pending allotement)	1,939.89	2,156.84
	7,154.16	4,457.59
Aggregate Amount of unquoted investments	5,214.27	2,300.75

* 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

(Rs.in Lakhs)

	As at March 31,2010	As at March 31,2009
SCHEDULE 6 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials and components	8,207.91	7,721.94
Stores and spares	1,611.01	801.14
Work-in-progress	222.14	97.17
Finished Goods and By-Products	5,822.73	4,860.76
	<u>15,863.79</u>	<u>13,481.01</u>
SCHEDULE 7 : SUNDRY DEBTORS		
(Unsecured, Considered good otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	43.36	101.43
Considered doubtful	46.12	46.12
	89.48	147.55
Others	3,540.45	2,926.79
	3,629.93	3,074.34
Less: Provision for doubtful debts	46.12	46.12
	<u>3,583.81</u>	<u>3,028.22</u>
SCHEDULE 8 : CASH AND BANK BALANCES		
Cash in hand	3.80	63.21
Balances with Scheduled Banks		
On current accounts	377.74	273.12
On deposits accounts*	976.06	3,758.08
On Unpaid dividend account	7.71	5.13
On Public Issue Refund account	1.57	1.88
	<u>1,366.88</u>	<u>4,101.42</u>
* Out of total Fixed Deposits, Rs.976.06 lacs (previous year Rs.824.18 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
Advances recoverable in cash or in kind or for value to be received	3,295.91	2,177.92
Balances with Custom, Excise etc.	423.87	972.52
Deposit with Govt. and others	217.41	218.15
Others	788.36	653.07
	<u>4,725.55</u>	<u>4,021.88</u>

SCHEDULES TO THE ACCOUNTS

(Rs.in Lakhs)

	Year ended March 31,2010	Year ended March 31,2009
SCHEDULE 10 : CURRENT LIABILITIES		
Acceptances	2,167.08	403.34
Sundry Creditors for goods, services & expenses	1,800.35	4,005.25
Advance from customers	1,272.69	46.56
Subsidiary company	312.11	172.26
Creditors for capital goods	1,167.06	144.39
Investor Education and Protection Fund shall be credited by namely: (as and when due)		
(a) Unclaimed dividend	7.71	5.13
(b) Unclaimed Public Issue Refund of application money	1.57	1.88
Interest accrued but not due on loans	101.51	209.72
Others	963.05	566.88
	7,793.13	5,555.41
Dues to Micro, Small & Enterprises included in sundry creditors (Refer Note No.16 of Schedule-20)	11.38	3.80
Due to other than Micro, Small & Medium Enterprises included in sundry creditors	1,788.97	4,001.45
SCHEDULE 11 : PROVISIONS		
Provision for taxation (net of advance payments)	133.85	44.23
Provision for gratuity	64.46	39.46
Provision for loss on derivative contracts	840.51	943.13
Proposed dividend	701.75	701.75
Tax on proposed dividend	119.26	119.26
	1,859.83	1,847.83

SCHEDULES TO THE ACCOUNTS

(Rs.in Lakhs)

	Year ended March 31,2010	Year ended March 31,2009
SCHEDULE 12 : GROSS TURNOVER		
Sale of Manufacturing Goods	73,344.69	108,801.03
Sale of Trading Goods	382.26	-
Sale of Electricity	9,512.38	7,439.37
	83,239.33	116,240.40
SCHEDULE 13 : OTHER INCOME		
Interest		
- Bank deposits (TDS Rs.976144/- Previous year Rs.10182043/-)	47.24	533.16
- Security deposit with CSEB (TDS Rs.123504/- Previous year Rs.147200/-)	1.82	6.50
- From Advances (TDS Rs.Nil Previous year Rs.3265424)	-	144.11
Dividend income	1.56	12.28
Miscellaneous Income	250.85	344.37
	301.47	1,040.42
SCHEDULE 14 : INCREASE/(DECREASE) IN STOCK IN TRADE		
Closing Stock		
- Work-in-progress	222.14	96.95
- Finished Goods & By-Products	5,822.73	4,860.77
	6,044.87	4,957.72
Opening Stock		
- Work-in-progress	96.95	55.40
- Finished Goods & By-Products	4,860.77	5,368.61
	4,957.72	5,424.01
Net Increase/(Decrease) in Stock in trade	1,087.15	(466.29)
Excise Duty on Stocks (Refer Note No.12 of Schedule-20)	(1.17)	247.35
	1,085.98	(218.94)
SCHEDULE 15 : RAW MATERIAL CONSUMED		
Opening Stock	7,721.94	10,667.07
Add: Purchases	57,189.43	80,775.87
	64,911.37	91,442.94
Less: Closing Stock	8,207.91	7,721.94
	56,703.46	83,721.00
SCHEDULE 16 : PERSONNEL EXPENSES		
Salaries, wages and bonus	1,441.58	1,135.80
Contribution to provident fund	55.31	50.58
Contribution to gratuity	32.08	15.55
Contribution to other funds	24.82	22.97
Workmen and staff welfare expenses	179.96	121.03
	1,733.75	1,345.93

SCHEDULES TO THE ACCOUNTS

(Rs.in Lakhs)

	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 17 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	3,118.08	2,366.16
Grid Parallel operation charges	124.31	105.00
Water Charges	166.16	139.74
Other manufacturing expenses	1,743.41	1,348.40
CDM Expenses	29.31	7.06
Rent	31.03	26.65
Rates and taxes	-	-
- Sales tax	15.78	0.05
- Entry tax	478.23	530.71
- Excise duty	23.70	13.06
- Electricity duty cess	5.82	7.56
- Others	0.03	0.03
Insurance	21.53	18.23
Repairs and maintenance	-	-
- Plant and machinery	357.48	248.28
- Buildings	173.60	165.03
- Others	113.21	47.35
Rebate, shortage claims & other deductions	67.53	90.92
Commission	-	-
- Other than Sole selling agents	160.52	109.65
Provision for doubtful debts	-	46.12
Travelling and conveyance	169.03	95.49
Communication expenses	71.06	53.79
Printing and stationery	22.71	10.92
Legal and professional fees	90.62	29.60
Directors' sitting fees	3.95	2.60
Directors' remuneration	56.79	69.12
Frieght and forwarding charges	4.93	12.04
Security service charges	107.09	78.05
Loss on sale of fixed assets	48.84	-
Foreign exchange fluctuation	-	123.96
Loss on Forex derivative transaction	-	587.64
Miscellaneous expenses	496.28	390.42
	7,701.03	6,723.63

SCHEDULES TO THE ACCOUNTS

(Rs.in Lakhs)

	Year ended March 31,2010	Year ended March 31,2009
SCHEDULE 18 : FINANCIAL EXPENSES		
Interest		
- on term loans	2,309.89	2,446.71
- on working capital	786.39	880.93
- on others	97.22	18.47
Bank charges	480.76	439.61
	3,674.26	3,785.72
Less: Interest capitalised	470.34	368.80
	3,203.92	3,416.92
SCHEDULE 19 : EARNING PER SHARE (EPS)		
Net profit as per profit and loss account	5,140.24	5,736.04
Net profit for calculation of basic EPS & Diluted EPS	5,140.24	5,736.04
Weighted average number of equity shares in calculating Basic EPS	28069807	28069807
Weighted average number of equity shares in calculating Diluted EPS	28069807	29069807
Basic & Diluted EPS		
- Basic earning per share	18.31	20.43
- Diluted earning per share	18.31	19.73

SCHEDULE '20' NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations

The company is mainly engaged in generation of electricity, Iron ore mining and manufacturing of Sponge Iron, Iron Ore Pellets, Steel Billets, Ferro Alloys and H.B. Wire

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) Change in Accounting Policies

The company has during the year, implemented SAP- ERP in line with the best industry practices. The valuation of Inventory of raw materials, stores and consumables have been changed from FIFO to Moving Weighted Average Cost Method to comply with SAP -ERP requirement. The Impact on financial result of the company for the year due to the said change of method of valuation is negligible.

d) 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.
- iii) Intangible assets are stated at cost of acquisition less accumulated amortisation.

e) 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) 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.
- iv) Intangible Assets are amortised on equated basis over their technically useful life not exceeding 10 years.
- v) Expenditure incurred on obtaining the mining lease are amortised over useful life of the mines or lease period whichever is shorter.

f) 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.

g) 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, Finished Goods & Goods in Process are computed on Moving Weighted average basis.
- iii) Cost of Finished Goods and Goods in Process includes direct materials, labour, conversion and proportion of manufacturing overheads incurred in bringing the inventories to their present location and condition.
- iv) Proceeds in respect of sales/disposal of raw materials is credited to the raw material purchases.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) 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.468.19 lacs (Previous Year Rs.532.92 lacs.)
 - ii) Corporate Guarantees issued in favour of bank aggregating to Rs.16675 lacs (Previous Year Rs. 35071 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 495.44 lacs) on account of Cenvat Credit on Input against which the company has preferred an appeal.
 - v) Disputed liability of Rs.3.24 lacs (Previous Nil) on account of Central Sales Tax imposed on direct export against which the company has preferred an appeal.
 - vi) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh Rs.1212 lacs (Previous Year Rs.880 lacs). The Hon'ble High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June,2008. The State Govt. has filed a Special Leave Petition before Hon'ble Supreme Court, which is pending for final disposal.
 - vii) Estimated amount of contracts remaining to be executed on capital accounts Rs.53.63 lacs (Previous Year Rs.1569 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. The scheme of merger of its wholly owned subsidiary company R.R.Ispat Limited and Hira Industries Limited (Effective Date 01.04.2009) has been approved by Stock Exchanges (i.e. NSE & BSE) and the same has been filed with the Hon'ble High court of chhattisgarh for approval. Pending approval of merger scheme with the Hon'ble High court, no adjustment has been made.

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 lakhs)

	2009-10	2008-09
Towards Audit Fees	7.50	7.50
Towards Tax Audit fees	1.00	1.00
Towards other Services	5.50	1.50
Towards taxation matters	2.55	4.50

8. During the year the company has forfeited Rs.324 lacs on account of share warrants issued on 20th December,2007 for non exercising of right attached to the warrant by the warrant holders with in the stipulated time of 18 months. The forfeited amount has been transferred to capital reserve account.

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)	Subsidiaries R.R.Ispat Limited (Wholly owned) Godawari Energy Limited (Wholly owned) Godawari Clinkers & Cement Limited (Wholly owned) Krishna Global & Mineral Limited (Wholly owned) Ardent Steels Limited (75 % Holding)	d)	Joint Ventures -- Raipur Infrastructure Company Ltd. -- Chhattisgarh Captive Coal Mining Ltd.
b)	Associate Hira Steels Limited	e)	Key Management Personnel -- Shri B.L.Agrawal -- Shri Siddharth Agrawal -- Shri Dinesh Agrawal
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. -- 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 lakhs)

		2009-10	2008-09
a) Subsidiaries	Purchase of Materials	12539.28	6405.89
	Sale of Materials	6438.65	13351.16
	Changes in investments	5.10	0.00
	Outstandings		
	Receivables	669.65	564.80
	Payables	312.11	172.25
	Guarantee & Collaterals	12500.00	12500.00
b) Associate	Purchase of Materials	3976.31	2368.04
	Sale of Materials	7382.94	19764.38
	Outstandings		
	Receivables	7.63	1.68
c) Other Related Enterprises where control exist	Purchase of Materials	1,381.96	21063.24
	Sale of Materials	786.20	3272.51
	Purchase of Fixed Assets	0.00	199.06
	Interest received	0.00	144.10
	Interest Paid	43.11	3.43
	Job Charges received	0.00	0.27
	Loan given	0.00	2281.00
	Repayment receipt of loan given	0.00	2281.00
	Loan taken	1000.00	850.00
	Repayment of loan taken	1000.00	850.00
	Service Charges Paid	1501.66	2382.97
	Outstandings		
	Receivables	698.52	804.92
	Payables	79.02	27.96
	Guarantee & Collaterals	0.00	13861.00
d) Joint Ventures	Service Charges Paid	202.85	214.27
	Investment during the year	108.22	462.76
	Outstandings		
	Receivables	0.00	0.14
	Guarantee & Collaterals	4175.00	8710.00
e) Key Management	Remuneration Paid	36.00	48.15
	Rent Paid	2.70	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 lakhs)	
	2009-10	2008-09
a) Purchase of Materials:		
R.R.Ispat Ltd	12539.28	6405.89
Hira Steels Ltd	3976.31	2368.04
Hira Global Ltd.	0.00	8215.71
Hira Ferro Alloys Ltd	587.74	10572.13
b) Service Charges Paid:		
Hira Industries Ltd.	923.69	1407.22
Chhattisgarh Power & Coal Benification Ltd.	577.97	975.66
Raipur Infrastructure Company Ltd.	202.85	214.27
c) Sale of Materials:		
R. R. Ispat Ltd	6438.65	13351.16
Hira Steels Ltd	7382.94	19764.38
d) Purchase of Fixed Assets:		
Hira Industries Ltd	0.00	199.06
e) Interest Paid:		
Jagdamba Power & Alloys Limited	43.11	3.43
f) Repayment of Loan received:		
Jagdamba Power & Alloys Limited	1000.00	850.00
g) Loan Received		
Jagdamba Power & Alloys Limited	1000.00	850.00
h) Loan Given		
Hira Industries Limited	0.00	2120.00
Jagdamba Power & Alloys Limited	0.00	161.00
i) Repayment received of loan given		
Hira Industries Limited	0.00	2120.00
Jagdamba Power & Alloys Limited	0.00	161.00
j) Rent Paid:		
Shri Dinesh Agrawal	2.70	3.00
k) Remuneration Paid:		
Shri B.L.Agrawal	24.00	21.00
Shri Dinesh Agrawal	0.00	16.80
Shri Siddharth Agrawal	12.00	10.35
l) Guarantees & Collaterals		
Hira Ferro Alloys Ltd	0.00	6211.00
Ardent Steel Ltd.	12500.00	12500.00
Chhattisgarh Captive Coal Mining Ltd.	4175.00	8710.00
Jagdamba Power & Alloys Limited	0.00	7650.00

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 and Electricity have been identified as the business segments. During the year other operations segments viz. Oxygen Gas and Equipment Manufacturing has been grouped in steel segment because uses of this segment are mainly part of steel.
- ii) The geographic segments identified as secondary segments are "Domestic Market" and "Export Market". Since there is no Export Market Revenue, the same has not been disclosed. The entire capital employed is within India.

Information about business Segments-Primary

Particulars	Rs.in Lakhs							
	External Sales		Inter Segment Sales		Eliminations*		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
A) REVENUE								
Steel Segment	73726.96	108532.05	0.00	1582.18	0.00	(1345.06)	73726.96	108769.17
Electricity Segment	9512.38	7453.11	3395.41	6052.90	(3395.41)	(6034.78)	9512.38	7471.23
Total Segment Revenue	83239.34	115985.16	3395.41	7635.08	(3395.41)	(7379.84)	83239.34	116240.40

	Rs.in Lakhs	
	2010	2009
B) RESULTS		
Segment Operational Profit		
Steel Segment	3456.95	2085.11
Electricity Segment	7553.89	9260.06
Total Segment Results	11010.84	11345.17
Un-allocated expenditure net off unallocated income	(1610.03)	(1402.66)
Operating Profit	9400.81	9942.51
Interest Expenses	(3203.91)	(3416.92)
Income-tax & Fringe Benefit Tax Paid/Provided	(1056.67)	(789.55)
Net Profit	5140.23	5736.04

	Rs.in Lakhs	
	2010	2009
C) OTHER INFORMATION		
Segment Assets		
Steel Segment	71730.59	65158.54
Electricity Segment	17226.84	14657.79
Total Segment Assets	88957.43	79816.33
Un-allocable Assets	7811.18	4457.59
Total Assets	96768.61	84273.92

Segment Liabilities and Provisions		
Steel Segment	35118.05	26917.85
Electricity Segment	7576.97	5130.73
Total Segment Liabilities & Provisions	42695.02	32048.58
Un-allocable Liabilities and Provisions	6107.83	8538.68
Total Liabilities and Provisions	48802.85	40587.26
Capital Expenditure		
Steel Segment	8444.07	14475.49
Electricity Segment	3799.87	1153.18
Un-allocable Capital Expenditure	403.04	2511.68
Total Capital Expenditure	12646.98	18140.35
Depreciation		
Steel Segment	2005.58	1528.74
Electricity Segment	1156.84	1113.48
Total Segment Depreciation	3162.42	2642.22

11. 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,2010	Percentage of ownership interest as at 31st March,2009
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-5) 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 :

Particulars	Rs.in Lakhs	
	As at 31st March,2010	As at 31st March,2009
Fixed Assets(including Capital WIP & Pre-operative expenses)	642.29	393.48
Investment	72.40	65.37
Current Assets	234.06	412.33
Loan Fund	23.91	348.22
Current Liabilities	6.10	5.90
Revenue	152.80	124.53
Expenses	42.06	69.70
Other Matters		
Contingent Liabilities	1325.02	1349.14

12. 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.1.17 lakhs) (Previous Year Rs.247.35 lakhs) has been adjusted from increase/(decrease) in stock in trade in Schedule -14.

13. Derivative Instruments and Un hedged Foreign Currency Exposure

- a) Nominal amount of derivative contracts entered into by the Company for Hedging Currency and Interest Rate Related Risks and outstanding as at 31st March,2010, amount to Rs.2500.00 lacs (Previous Year Rs.2629.79 lacs).
- b) Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March,2010 amount to Rs.4490 lacs (Previous Year Rs.4136.01 lacs)

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

	2009-10	2008-09
(a) Hira Industries Limited	7.63	1.68
(b) Hira Steels Limited	668.79	564.58

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

	2009-10	2008-09
Chhattisgarh Captive Coal Mining Ltd.	-	36.30
Hira Industries Ltd.	65.24	-

16. 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,2010

	2009-10	2008-09
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2010		
Principal Amount	0.00	3.80
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,2010	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,2010	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.

17. 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 Lakhs
	(Gratuity) March 31, 2010	(Gratuity) March 31, 2009
Current Service cost	15.33	10.57
Interest cost on benefit obligation	4.16	3.28
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	12.59	1.70
Past service cost	0.00	0.00
Actual return on plan assets	32.08	15.55

Balance Sheet

Details of provision for Gratuity

		Rs.in Lakhs
	March 31, 2010	March 31, 2009
Defined benefit obligation	64.46	39.46
Fair value of plan assets	0.00	0.00
	64.46	39.46
Less : Unrecognised past service cost	0.00	0.00
Plan liability	64.46	39.46

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

		Rs.in Lakhs
	March 31, 2010	March 31, 2009
Defined benefit obligation as at April 1, 2009	39.46	42.61
Interest cost	4.16	3.28
Current Service Cost	15.33	10.57
Benefits paid	(7.09)	(18.70)
Actuarial losses on obligation	12.60	1.70
Defined benefit obligation as at March 31, 2010	64.46	39.46

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, 2010	March 31, 2009
Discount Rate	8.00%	8.00%
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)	26.57	24.17

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 Lakhs	Rs.in Lakhs
Provident Fund	55.31	50.58

18. 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)

	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
				Rs.in Lakhs	
Pellet	M.T.	8473	517.44	0	0.00
Sponge Iron	M.T.	239636	34144.08	170740	30354.23
Steel Billets	M.T.	55836	13576.32	111244	41647.78
H.B.Wire	M.T.	71682	22104.32	75661	29569.64
Ferro Alloys	M.T.	1168	672.40	5557	4591.89
Electricity	KWH	190648000	9512.38	123028073	7439.37
By-Products & Others		----	2712.39	----	2637.49
Total			83239.34		116240.40

B) OPENING STOCK

		CURRENT YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
				Rs.in Lakhs	
Steel Billets	M.T.	0	0.00	3088	1067.91
Sponge Iron	M.T.	11042	1511.92	9916	1961.37
H.B.Wire	M.T.	159	49.50	1447	616.04
Ferro Alloys	M.T.	28	8.61	1123	973.74
By-Products & Others		----	3290.74	----	749.55
Work in Process		----	96.95	----	55.40
Total			4957.72		5424.01

C) CLOSING STOCK

				Rs.in Lakhs	
Steel Billets	M.T.	641	163.59	0	0.00
Sponge Iron	M.T.	2544	391.69	11042	1511.92
H.B.Wire	M.T.	1111	335.78	159	49.50
Pellet	M.T.	4786	211.55	0	0.00
Ferro Alloys	M.T.	310	131.76	28	8.61
By-Products & Others*		----	4588.36	----	3290.74
Work in Process		----	222.14	----	96.95
Total			6044.87		4957.72

D) RAW MATERIAL CONSUMED

				Rs.in Lakhs	
Iron Ore	M.T.	583053	16088.31	729816	29074.04
Coal	M.T.	649926	17831.69	674397	16893.96
Pig Iron & Scrap	M.T.	15607	2815.46	33519	9209.42
M.S. Round (in Coils)	M.T.	73974	19218.81	75261	24583.29
Manganese Ore	M.T.	4725	259.23	11299	1495.11
Others		----	489.96	----	2465.18
			56703.46		83721.00

E) BREAKUP OF RAW MATERIAL CONSUMED

		CURRENT YEAR		PREVIOUS YEAR	
		%	Amount	%	Amount
Imported		0.00%	0.00	1.40%	1170.57
Indigenous		100.00%	56703.46	99.97%	82550.43
		100.00%	56703.46	101.37%	83721.00

F) STORES CONSUMED

		CURRENT YEAR		PREVIOUS YEAR	
		%	Amount	%	Amount
Indigenous		99.45%	3101.04	100.00%	2366.16
Imported		0.55%	17.04	0.00%	0.00
		100.00%	3118.08	100.00%	2366.16

G) Value of import on CIF basis

		Rs.in Lakhs	
- Capital Goods		410.99	4434.20
- Raw material & stores items		17.04	1471.59

H) Expenditure in Foreign Currency 13.32 0.13

I) Earning in Foreign Exchange 0.00 0.00

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

Rs.in Lakhs

	Unit	Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year
Sponge Iron*	M.T.	495000	495000	285,833	279,533
Steel Billets	M.T.	400000	250000	56,477	108,156
Pellet**	M.T.	600000	0	48,305	-
Electricity***	MW/KWH	53	53	332,438,426	315,455,876
H B Wire	M.T.	120000	120000	72,545	74,373
Ferro Alloys	M.T.	16500	16500	1,691	4,462
Oxygen Gas****	CUM	1095000	1095000	1,018,178	1,044,953
Iron Ore*****	M.T.	N.A	N.A.	330,410	-

* Includes 54695.530 MT (107666.710 MT) internally consumed.

** Includes 35046 MT (Nil MT) internally consumed.

*** Includes 141790426 KWH (184783536 KWH) consumed auxillarily and by other divisions.

**** Includes 270186 CUM (325248 CUM) internally consumed.

***** Includes 280112 MT (Nil MT) internally consumed.

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

As per our report of even date

For O P Singhanian & CO.

(Firm Registration No.002172C)

Chartered Accountants

O P Singhanian

Partner Membership No.51909

Place : Raipur

Date : 30.5.2010

For & on behalf of the Board of Directors

Godawari Power & Ispat Limited

G. B. DESAI

Chairman

O. P. AGRAWAL

Vice - Chairman

DINESH GANDHI

Director Finance

N. P. AGRAWAL

Director

SIDDHARTH AGRAWAL

Director

DINESH AGRAWAL

Director

BISWAJIT CHOUDHURI

Director

B. N. OJHA

Director

SHASHI KUMAR

Director

VINOD PILLAI

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	31.03.2010

2. Capital raised during the year

(Rs. in Lakhs)

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

3. Position of mobilisation and deployment of funds

(Rs. in Lakhs)

Total Liabilities	97	Total Assets	97
-------------------	----	--------------	----

Sources of Funds

Paid-up Capital	3	Reserves & Surplus	45
Secured Loans	39	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	64	Investments	7
Net Current Assets	16	Miscellaneous Expenditure	NIL
		Accumulated Losses	NIL

4. Performance of the Company

(Rs. in Lakhs)

Turnover (Gross Receipts)	78	Total Expenditure	72
Profit/(Loss) before tax	6	Profit/(Loss) after tax	5
Earning per Share			
- Basic (Rs.)	18.31	- Diluted (Rs.)	18.31
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)	72031000	Product Description	Sponge Iron
Item Code No. (ITC Code)	72071920	Product Description	M.S.Billets
Item Code No. (ITC Code)	72061010	Product Description	M.S.Ingots
Item Code No. (ITC Code)	27160000	Product Description	Electricity
Item Code No. (ITC Code)	72171000	Product Description	H.B. Wire
Item Code No. (ITC Code)	72021100	Product Description	Ferro Manganese
Item Code No. (ITC Code)	280440	Product Description	Oxygen Gas
Item Code No. (ITC Code)	26011210	Product Description	Pellet
Item Code No. (ITC Code)	26011130	Product Description	Iron Ore

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

G. B. DESAI *Chairman*
O. P. AGRAWAL *Vice - Chairman*
DINESH GANDHI *Director Finance*
N. P. AGRAWAL *Director*
SIDDHARTH AGRAWAL *Director*
DINESH AGRAWAL *Director*

BISWAJIT CHOUDHURI *Director*
B. N. OJHA *Director*
SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

Place : Raipur
Date : 30.5.2010

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(Rs. in lacs)

Sr. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover (Net)	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1.	R. R. Ispat Limited	265.27	2299.86	7426.82	7426.82	320.26*	21602.00	395.54	60.85	429.06	NIL
2.	Ardent Steel Limited	660.76	3203.80	13777.56	13777.56	NIL	NIL	NIL	NIL	NIL	NIL
3.	Godawari Energy Limited	5.00	NIL	831.16	831.16	NIL	NIL	NIL	NIL	NIL	NIL
4.	Godawari Clinkers and Cement Limited	5.00	NIL	5.06	5.06	NIL	NIL	(0.24)	NIL	(0.24)	NIL
5.	Krishna Global Minerals Limited	5.00	NIL	5.81	5.81	NIL	NIL	(0.18)	NIL	(0.18)	NIL

* Details of Investments are as follows:

(Rs. In lacs)

Sr. No.	Particulars	Amount
A.	Trade (Unquoted Shares): 4000 equity shares of Rs.10/- each in Hira Energy Limited 29850 equity shares of Rs.10/- each in Chhattisgarh Power & Coal Beneficiation Limited 394000 equity shares of Rs.10/- each in Hira Ferro Alloys Limited	0.40 18.56 <u>278.80</u>
B.	In Holding Company [Shares (Quoted)]: 1125000 equity shares of Rs.10/- each fully paid up in Godawari Power and Ispat Limited	22.50
	Total (A + B)	320.26

Note:

The company has obtained an exemption from the Government of India. Ministry of Corporate Affairs (MCA) vide its letter no. 47/148/2010-CL-III dated 22/07/2010 for publication of the Accounts of its subsidiary companies under the provisions of Section 212(8) of the Companies Act, 1956. The accounts of the subsidiary companies are not separately included in the Annual Report. However, the Consolidated Financial Statements of the Subsidiary companies in accordance with the Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors, form part of the Annual Report and are reflected in the consolidated accounts.

The Financial Statements of the subsidiary companies and other detailed information will be made available to the investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be made available for inspection by any investor at the Registered Office of the Company as well as the respective Registered Office of subsidiary companies. The Company shall furnish hard copy of details of accounts of subsidiaries to any shareholder on demand.

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GODAWARI POWER & ISPAT LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GODAWARI POWER & ISPAT LIMITED
AND ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES.**

1. We have examined the attached Consolidated Balance Sheet of Godawari Power & Ispat Limited and its subsidiaries, associates and joint ventures which together constitute 'the Group' as at 31st March, 2010 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 the Group as at 31st March, 2010;
 - (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.
(Firm Registration No.002172C)
Chartered Accountants,**

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

Raipur, 30th May, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH,2010

(Rs.in lakhs)

	Schedules	As at March 31,2010	As at March 31,2009
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	2,694.48	2,694.48
Share warrants		-	324.00
Reserves and surplus	2	47,130.95	41,877.18
		49,825.43	44,895.66
Loan Funds			
Secured Loans	3	51,207.99	35,484.48
Unsecured Loans	4	600.25	-
		51,808.24	35,484.48
Minorities Interest		1,014.48	666.60
Deferred Tax Liabilities (Net)		89.06	179.23
	TOTAL	102,737.21	81,225.97
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	75,196.26	49,533.07
Less : Accumulated Depreciation		12,244.63	8,870.18
Net Block		62,951.63	40,662.89
Capital work-in-progress including capital advances		19,381.26	20,151.74
		82,332.88	60,814.63
Goodwill Arising on consolidation		454.99	456.12
Investments	6	1,174.11	1,007.56
Current Assets, Loans and Advances			
Inventories	7	17,275.22	14,491.01
Sundry debtors	8	3,717.43	3,106.08
Cash and bank balances	9	1,962.12	4,378.42
Loans and advances	10	5,865.68	4,702.44
		28,820.45	26,677.95
Less : Current Liabilities and Provisions			
Liabilities	11	8,180.57	5,879.36
Provisions	12	1,873.94	1,859.36
		10,054.51	7,738.72
Net Current Assets		18,765.94	18,939.23
Miscellaneous Expenditure	13	9.29	8.43
(to the extent not written off or adjusted)			
	TOTAL	102,737.21	81,225.97
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.
(Firm Registration No.002172C)
Chartered Accountants

O P Singhania
Partner Membership No.51909

Place : Raipur
Date : 30.5.2010

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

G. B. DESAI *Chairman*
O. P. AGRAWAL *Vice - Chairman*
DINESH GANDHI *Director Finance*
N. P. AGRAWAL *Director*
SIDDHARTH AGRAWAL *Director*
DINESH AGRAWAL *Director*

BISWAJIT CHOUDHURI *Director*
B. N. OJHA *Director*
SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

Consolidated Profit & Loss Account for the year ended 31st March,2010

(Rs.in lakhs)

	Schedules	Year ended March 31,2010	Year ended March 31,2009
INCOME			
Turnover (Gross)	14	88,680.36	123,298.75
Less: VAT/Sales Tax		416.90	757.22
Less: Excise duty		6,025.11	13,343.51
Turnover (Net)		82,238.35	109,198.02
Other Income	15	399.84	1,141.14
Increase/(Decrease) in Stock in trade	16	1,567.50	(262.42)
	TOTAL	84,205.69	110,076.74
EXPENDITURE			
Purchase of Trading Goods		328.91	-
Raw material consumed	17	59,270.24	87,180.01
Personnel expenses	18	1,905.72	1,386.84
Operating and other expenses	19	9,248.76	8,079.24
Depreciation		3,415.16	2,848.22
Financial expenses	20	3,372.38	3,559.68
	TOTAL	77,541.17	103,054.00
Profit before tax			
		6,664.52	7,022.74
Provision for Current Tax		1,144.26	830.54
Frienge Benefit Tax		-	16.28
Tax related to earlier year		7.85	44.92
Provision for Deferred Income Tax		(90.18)	(14.50)
Total Tax Expense/income		1,061.93	877.24
Profit after tax			
		5,602.59	6,145.51
Balance brought forward from previous year		18,962.64	14,523.83
Add : Share in profit in associate Company		121.84	85.72
Less : Adjustment on account of unrealised profit		1.78	(0.46)
Profit available for appropriation			
		24,685.29	20,755.52
Appropriations:			
Transfer to General Reserve		1,000.00	1,000.00
Proposed dividend		673.62	673.62
Tax on dividend		119.26	119.26
Surplus carried to Balance Sheet			
		22,892.41	18,962.64
Earning Per Share			
	21		
- Basic Earning per share		21.25	23.12
- Diluted Earning per share		21.25	22.30
Notes to Accounts			
	22		

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

As per our report of even date

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

O P Singhania
Partner Membership No.51909

Place : Raipur
Date : 30.5.2010

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

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B. N. OJHA *Director*
SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in lakhs)

	As at March 31,2010	As at March 31,2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	6,662.74	7,023.21
ADJUSTMENTS FOR:		
Depreciation/amortisation	3,415.16	2,848.22
Misc. Expenses Written off (Net)	0.36	-
Provision for Gratuity	28.52	(0.21)
Provision for loss on derivative contracts	(102.62)	196.69
Provision for doubtful debts	-	46.12
Interest Charges	3,372.38	3,559.68
Interest Received	(51.85)	(704.90)
Dividend Received	(13.38)	(24.10)
(Profit)/Loss on sale of Fixed Assets	48.84	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,360.16	12,944.70
ADJUSTMENTS FOR:		
(Increase)/Decrease in Receivables and Advances	(1,774.58)	702.39
(Increase)/Decrease in Inventories	(2,784.22)	2,946.60
Increase/(Decrease) in Trade payables	2,301.21	289.05
CASH GENERATED FROM OPERATIONS	11,102.57	16,883.74
Direct Taxes Paid/Deducted at Source	(1,025.80)	(1,378.58)
NET CASH FROM OPERATING ACTIVITIES	10,076.76	15,505.16
	A	
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Expenditure	(25,015.05)	(21,727.04)
Proceeds from Sale of Fixed Assets	26.19774	-
Interest received	51.85	704.90
Dividend Received	13.38	24.10
(Increase)/Decrease in Investments	(46.50)	1,015.21
NET CASH USED IN INVESTING ACTIVITIES	(24,970.11)	(19,982.83)
	B	

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds/(Payment) of Long Term Borrowings from Banks	11,554.78	4,176.09
Proceeds/(Payment) of Short Term Borrowings from Banks	4,194.76	2,090.87
Proceeds/(Payment) of Other Borrowings	574.23	(37.48)
Minorities Interest	347.89	666.60
Preliminary Expenses	(1.22)	(8.43)
Dividend and tax thereon Paid	(821.01)	(821.01)
Interest Charges	(3,372.38)	(3,559.68)
NET CASH USED IN FINANCING ACTIVITIES	12,477.05	2,506.95
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(2,416.30)	(1,971.71)
Cash and Cash Equivalents at the beginning of the year	4,378.42	6,350.14
Cash and Cash Equivalents at the end of the year	1,962.12	4,378.42
Components of cash and cash equivalents as at	Year 2010	Year 2009
Cash in hand	16.60	80.76
DD in hand	2.39	-
With banks- on current account	746.92	344.48
- on deposit account	1,186.93	3,946.17
- on unpaid dividend account*	7.71	5.13
- on public issue refund account*	1.57	1.88
	1,962.12	4,378.42

Notes :

- Figures for the previous year have been regrouped/rearranged wherever found necessary.
- Interest charges excludes interest capitalised Rs.481.42 lakhs (previous year Rs.368.79 lakhs).
- *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.
(Firm Registration No.002172C)
Chartered Accountants

O P Singhania
Partner Membership No.51909

Place : Raipur
Date : 30.5.2010

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

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SHASHI KUMAR *Director*
VINOD PILLAI *Director*
Y.C. RAO *Company Secretary*

CONSOLIDATED SCHEDULES TO THE ACCOUNTS

(Rs.in lakhs)

	As at March 31,2010	As at March 31,2009
SCHEDULE 1 : CAPITAL		
Authorised		
57,300,000 (Previous year: 40,500,000) equity shares of Rs.10/- each	5,730.00	4,050.00
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		
Capital Reserve		
Balance as per last account	-	-
Addition during the year	324.00	-
	324.00	-
Securities Premium		
Balance as per last account	16,294.89	16,294.89
	16,294.89	16,294.89
General Reserve		
Balance as per last account	6,500.00	5,500.00
Add: Transferred from Profit and Loss Account	1,000.00	1,000.00
	7,500.00	6,500.00
Profit and Loss Account	22,892.41	18,962.64
Share in Reserves of Associate Company		
Capital Reserve:		
As per last Balance Sheet	119.65	119.65
	119.65	119.65
	47,130.95	41,877.18
SCHEDULE 3 : SECURED LOANS		
Loans and advances from banks		
- Cash Credit Facilities	8,217.64	8,536.03
- Term Loans	30,711.25	20,488.57
- Short Term Loans	4,513.15	-
- Foreign Currency Buyers Credit facility	1,701.84	112.80
- External Commercial Borrowings	5,936.97	6,193.91
Other Loans & Advances	127.14	153.17
	51,207.99	35,484.48
SCHEDULE 4 : UNSECURED LOANS		
Other loans and advances		
- From Body Corporates	100.00	-
- From Others	500.25	-
	600.25	-

Schedules to the Accounts As at 31st March, 2010

SCHEDULE 5 : FIXED ASSETS

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Additions during the year	Deductions/ sale During the year	As at 31.03.2010	Upto 31.03.2009	During the year	Deductions/ Adjustment During the year	As at 31.03.2010	As at 31.03.2009
Freehold Land	1,100.79	243.57	-	1,344.36	-	-	-	1,344.36	1,100.79
Leasehold Land	69.88	-	-	69.88	4.68	0.71	-	64.49	65.19
Site & Land Development	756.30	216.41	-	972.71	-	-	-	972.71	756.30
Iron Ore Mines Lease	-	1,001.18	-	1,001.18	-	47.97	-	953.20	-
Factory Shed & Building	4,548.88	1,292.32	-	5,841.20	386.14	163.63	-	5,291.43	4,162.74
Plant & Machinery	42,338.73	22,568.22	97.75	64,809.20	8,306.74	3,106.56	28.74	53,424.64	34,031.99
Furniture & Fixture	139.28	84.86	-	224.14	32.63	11.60	-	179.91	106.65
Vehicles	380.06	96.30	24.59	451.77	97.38	40.15	11.97	326.21	282.68
Railway Siding & Lighting System	199.17	39.87	-	239.04	42.61	24.21	-	172.22	156.56
Computer Software	-	242.80	-	242.80	-	20.34	-	222.46	-
TOTAL	49,533.07	25,785.53	122.34	75,196.26	8,870.18	3,415.16	40.71	62,951.63	40,662.89
PREVIOUS YEAR	46,423.61	3,109.47	-	49,533.07	6,020.74	2,848.22	1.22	40,662.89	40,402.87
Capital Work in Progress & Pre-operative Expenses including capital advances	20,151.74	23,804.19	24,574.67	19,381.26	-	-	-	19,381.26	20,151.74
PREVIOUS YEAR	1,534.17	20,740.23	2,122.65	20,151.74	-	-	-	20,151.74	1,534.17

(Rs.in lakhs)

	As at March 31,2010	As at March 31,2009
SCHEDULE 6 : INVESTMENTS		
Long Term Investment (At cost)		
A. Trade		
In Associates		
Equity Shares Unquoted	648.05	527.99
In other Companies		
Equity Shares Unquoted	385.76	391.26
B. Other than trade		
In other Companies		
Equity Shares Unquoted	67.76	65.59
In Mutual Funds Units	45.00	20.00
Share Application Money (Pending allotement)	27.54	2.72
	1174.11	1007.56
SCHEDULE 7 : INVENTORIES		
Raw materials and components	8583.22	8425.10
Stores and spares	1926.69	922.74
Work-in-progress	222.14	97.17
Finished Goods and By-Products	6543.18	5046.00
	17275.22	14491.01
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured, Considered good otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered Good	389.49	101.43
Considered Doubtful	46.12	46.12
	435.61	147.55
Others	3327.94	3004.66
	3763.55	3152.20
Less: Provision for doubtful debts	46.12	46.12
	3717.43	3106.08
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	16.60	80.76
DD in hand	2.39	0.00
Balances with Scheduled Banks	0.00	0.00
On current accounts	746.87	344.43
On deposits accounts.	1186.93	3946.17
On Unpaid dividend account	7.71	5.13
On Public Issue Refund account	1.57	1.88
Balances with Non-Scheduled Bank on current account	0.05	0.05
	1962.12	4378.42

(Rs.in lakhs)

	As at March 31,2010	As at March 31,2009
SCHEDULE 10 : LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	3852.83	2677.95
Balances with Custom, Excise etc.	851.85	1134.86
Deposits others	339.81	223.97
Others	821.19	665.66
	5865.68	4702.44
SCHEDULE 11 : LIABILITIES		
Acceptances	2167.08	403.34
Sundry Creditors	2323.59	4363.45
Advance from customers	1288.11	52.42
Creditors for capital goods	1211.56	216.81
Investor Education and Protection Fund shall be credited by namely (As & when due)		
Unclaimed Dividend	7.71	5.13
Unclaimed Public issue refund of application money	1.57	1.88
Interest accrued but not due on loans	102.36	209.72
Others	1078.59	626.60
	8180.57	5879.36
SCHEDULE 12 : PROVISIONS		
Provision for taxation (net of advance payments)	134.01	45.34
Provision for gratuity	78.41	49.89
Provision for loss on derivative contracts	840.51	943.13
Proposed dividend	701.75	701.75
Tax on proposed dividend	119.26	119.26
	1873.94	1859.36
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Balance as per last account	8.43	0.00
Add: Addition on consolidation	1.22	8.43
Less: Written off during the year	0.36	0.00
	9.29	8.43

(Rs.in lakhs)

	Year Ended March 31,2010	Year Ended March 31,2009
SCHEDULE 14 : GROSS TURNOVER		
Sale of Manufacturing Goods	78711.05	115800.74
Sale of Trading Goods	382.26	0.00
Sale of Electricity	9587.05	7498.01
	88680.36	123298.75
SCHEDULE 15 : OTHER INCOME		
Interest		
Bank deposits	47.56	533.18
Security deposit with CSEB	4.29	6.50
From Advances	0.00	165.23
Dividend income	13.38	24.10
Miscellaneous Income	334.61	412.13
	399.84	1141.14
SCHEDULE 16 : INCREASE/(DECREASE) IN STOCK IN TRADE		
Closing Stock		
- Work-in-progress	222.14	96.95
- Finished Goods & By-Products	6543.18	5046.00
	6765.31	5142.96
Opening Stock		
- Work-in-progress	96.95	55.40
- Finished Goods & By-Products	5046.00	5614.18
	5142.96	5669.58
	1622.35	(526.62)
Excise Duty on Stocks	(54.86)	264.20
	1567.50	(262.42)
SCHEDULE 17 : RAW MATERIAL CONSUMED		
Opening Stock	8425.10	11131.38
Add: Purchases	59428.36	84473.73
	67853.46	95605.11
Less: Closing Stock	8583.22	8425.10
	59270.24	87180.01
SCHEDULE 18 : PERSONNEL EXPENSES		
Salaries, wages and bonus	1591.64	1258.15
Contribution to provident fund	64.17	57.85
Contribution to gratuity	38.38	18.79
Contribution to other funds	28.00	25.87
Workmen and staff welfare expenses	183.53	26.19
	1905.72	1386.84

(Rs.in lakhs)

	Year Ended March 31,2010	Year Ended March 31,2009
SCHEDULE 19 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	3456.53	2722.67
Process charges	124.31	234.07
Power charges	933.92	1016.13
Water Charges	166.15	139.74
Other manufacturing expenses	1763.63	1132.54
CDM Expenses	29.31	7.06
Rent	32.35	27.97
Rates and taxes		
- Sales tax	15.78	0.05
- Entry tax	487.72	537.28
- Excise duty	23.70	13.06
- Electricity duty cess	5.82	7.56
- Others	0.25	0.03
Insurance	23.31	23.19
Repairs and maintenance		
- Plant and machinery	400.55	287.45
- Buildings	193.94	169.29
- Others	116.46	48.58
Rebate, shortage claims & other deductions	67.53	90.92
Commission		
- Other than Sole selling agents	170.90	115.30
Provision for doubtful debts	0.00	46.12
Travelling and conveyance	183.80	165.56
Communication costs	77.85	59.39
Printing and stationery	26.87	13.98
Legal and professional fees	102.50	36.23
Directors' sitting fees	3.95	2.60
Directors' remuneration	80.79	81.62
Freight and forwarding charges	5.41	12.49
Security service charges	107.09	78.05
(Profit)/Loss on sale of fixed assets	48.84	0.00
Miscellaneous expenses	599.17	298.73
Foreign exchange fluctuation	0.00	123.96
Loss on Forex derivative transaction	0.00	587.64
Miscellaneous expenditure written off	0.36	0.00
	9248.76	8079.24
SCHEDULE 20 : FINANCIAL EXPENSES		
Interest		
- on term loans	2403.18	2511.79
- on working capital	589.49	953.30
- on others	375.51	18.84
Bank charges	485.62	444.55
	3853.80	3928.48
Less: Interest capitalised	481.42	368.80
	3372.38	3559.68

SCHEDULE 21 : EARNING PER SHARE (EPS)

Net profit as per profit and loss account	5726.21	6230.76
Net profit available for Equity shareholders	5726.21	6230.76
Weighted average number of equity shares in calculating basic EPS	269.45	269.45
Weighted average number of equity shares in calculating Diluted EPS	269.45	279.45
Earning Per Share		
- Basic Earning per share	21.25	23.12
- Diluted Earning per share	21.25	22.30

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, Krishna Global & Minerals Limited and Ardent Steel Limited and Joint Ventures Companies viz. Raipur Infrastructure Company Limited & Chhattisgarh Captive Coal Mining Limited and an Associate Hira Steel Limited, collectively referred to as 'the Group'. The 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:
 - (i) in case of subsidiaries and associate where valuation of inventories has been made on the basis of FIFO and weighted average basis whereas moving weighted average has been used by parent company, and
 - (ii) in case of associate where depreciation on fixed assets has been charged on WDV Method instead of SLM Method as used by parent company and its subsidiaries.
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 respective financial statements of the company and its subsidiaries.

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%
Krishna Global & Minerals 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 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,2010 are given below:

	(Rs.in Lakhs)
Particulars of Balance Sheet items	
	As at 31st March, 2010 As at 31st March, 2009
Fixed Assets(including Capital WIP & Pre-operative expenses)	642.29 393.48
Current Assets	234.06 412.51
Loan Fund	23.91 131.22
Current Liabilities	6.10 5.77
Particulars of Profit & Loss Account items	
	For the year ended For the year ended
	31st March,2010 31st March,2009
Income from operation	110.44 89.09
Particulars of Cash Flow Statement items	
Profit/(Loss) for the year	73.35 54.83
Changes in working capital	178.78 (415.71)
Changes in investing activities	(248.81) (107.21)
Changes in financing activities	(107.31) (16.11)

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. The subsidiary and associate companies are using the method of valuation of inventories on FIFO and weighted average basis whereas the parent company is using moving weighted average basis. As the difference is not significant, therefore, the same has not been considered.
6. Contingent Liabilities and Capital Commitments are not provided for in respect of :-
- Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to Rs.571.60 lacs (Previous Year Rs.532.92 lacs.)
 - Disputed liability of Rs.20.74 lacs (Previous Year Rs.20.74 lacs) on account of Service Tax, Central Excise Duty Rs.721.26 lacs (Previous Year Rs.717.27 lacs), Sale Tax Rs.38.72 lacs (Previous Year Rs.29.04 lacs) and Income tax Rs.4.01 lacs (previous year Rs.4.01) against which the company has preferred appeal before higher authorities.
 - Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh Rs.1212 lacs (Previous Year Rs.880 lacs). The Hon'ble High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June,2008. The State Govt. has filed a Special Leave Petition before Hon'ble Supreme Court, which is pending for final disposal
 - Corporate Guarantees issued in favour of bank aggregating to Rs.16675 lacs (Previous Year Rs.35071 lacs) in respect of financing facilities granted to other body corporate.
 - Estimated amount of contracts remaining to be executed on capital accounts Rs.53.63 lacs (Previous Year Rs.1569 lacs).
7. Miscellaneous expenses includes, payment to Auditors (excluding service tax, as applicable).

(Rs.in Lakhs)

	2009-10	2008-09
Towards Audit Fees	9.75	9.35
Towards Tax Audit fees	1.25	1.25
Towards other Services	6.07	3.43
Towards taxation matters	2.55	4.75

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, 2009	Arising during the year	Balance carried As at 31st March, 2010
Deferred Tax Liabilities			
- Timing difference between book and tax depreciation	198.38	57.87	256.25
	198.38	57.87	256.25
Deferred Tax Assets			
- Provision for bonus, gratuity and others	4.98	1.39	6.37
- On account of MAT Credit to be carried forward	14.11	60.43	74.54
- On account of carry-forward losses as per income-tax	0.05	86.23	86.29
	19.14	148.05	167.19
Net Deferred Tax Assets/(Liabilities)	(179.24)	90.18	(89.06)

9. The scheme of merger of its wholly owned susidiary company R.R.Ispat Limited and Hira Industries Limited (Effective Date 01.04.2009) has been approved by Stock Exchanges (i.e. NSE & BSE) and the same has been filed with the Hon'ble High court of chhattisgarh for approval. Pending approval of merger scheme with the Hon'ble High court, no adjustment has been made.
10. 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.	c)	Joint Ventures -- Raipur Infrastructure Company Pvt.Ltd. -- Chhattisgarh Captive Coal Mining 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. -- Raipur Complex	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)

		2010	2009	
a)	Associates	Purchase of Materials	3996.36	2540.52
		Sale of Materials	7434.68	19764.38
		Loan received	0.00	35.00
		Repayment of Loan	0.00	35.00
		Interest Paid	0.00	0.16
		Outstandings		
	Receivables	7.63	1.56	
b)	Other Related Enterprises	Purchase of Materials	1404.16	21076.59
		Sale of Materials	786.20	11737.16
		Purchase of Fixed Assets	0.00	199.06
		Rent Paid	1.32	1.32
		Interest Paid	43.11	3.43
		Interest received	0.00	165.22
		Job Charges received	0.00	0.27
		Power Purchases	219.35	327.50
		Service Charges Paid	1501.66	2382.97
		Loan received	1000.00	1220.00
		Repayment of Loans	1000.00	1220.00
		Loans given	85.00	2801.00
		Loans given received back	101.34	2805.51
		Outstandings		
	Receivables	1047.75	1178.22	
	Payables	79.02	100.17	
	Loan receivable	0.00	16.34	
	Guarantees & Collaterals	0.00	13861.00	
c)	Joint Ventures	Service Charges Paid	202.85	214.27
		Investment during the year	108.22	462.76
		Outstandings		
		Receivables	0.00	0.14
	Guarantees & Collaterals	4175.00	8710.00	
d)	Key Management	Remuneration Paid	60.00	60.65
		Rent Paid	3.00	3.00

11. Segment-wise Revenue Results :

Basis of preparation :

- i) Business segments of the company have been identified as distinguishable components that are engaged in a group of related product and that are subject to risks and returns different from other business segments. Accordingly Steel and Electricity have been identified as the business segments. During the year other operations segments viz. Oxygen Gas and Equipment Manufacturing has been grouped in steel segment because uses of this segment are mainly part of steel.
 - 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

A) REVENUE

Rs.Lacs

Particulars	External Sales		Inter Segment Sales		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Steel Segment	79093.31	115531.76	0.00	1582.18	0.00	(1345.06)	79093.31	115768.88
Electricity Segment	9587.05	7511.75	3395.41	6052.90	(3395.41)	(6034.78)	9587.05	7529.87
Total Segment Revenue	88680.36	123043.51	3395.41	7635.08	(3395.41)	(7379.84)	88680.36	123298.75

B) RESULTS

Segment Operational Profit		
Steel Segment	4079.12	2655.78
Electricity Segment	7597.32	9286.03
Total Segment Results	11676.44	11941.81
Un-allocated expenditure net off unallocated income	(1639.54)	(1359.38)
Operating Profit	10036.90	10582.43
Interest Expenses	(3372.38)	(3559.68)
Income-tax & Fringe Benefit Tax Paid/Provided	(1152.11)	(891.73)
Deferred Tax Adjustment (Net)	90.18	14.50
Net Profit	5602.59	6145.52

C) OTHER INFORMATION

NET CAPITAL EMPLOYED		
Steel Segment	41621.01	39449.91
Electricity Segment	14677.21	9658.97
Total	56298.22	49108.88
Un-allocable Capital employed	(5369.25)	(3367.93)
Total Capital Employed	50928.97	45740.95
Depreciation		
Steel Segment	2227.26	1703.80
Electricity Segment	1187.90	1144.42
Total	3415.16	2848.22

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

As per our report of even date

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

O P Singhania
 Partner Membership No.51909

 Place : Raipur
 Date : 30.5.2010

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

G. B. DESAI	<i>Chairman</i>
O. P. AGRAWAL	<i>Vice - Chairman</i>
DINESH GANDHI	<i>Director Finance</i>
N. P. AGRAWAL	<i>Director</i>
SIDDHARTH AGRAWAL	<i>Director</i>
DINESH AGRAWAL	<i>Director</i>

BISWAJIT CHOUDHURI	<i>Director</i>
B. N. OJHA	<i>Director</i>
SHASHI KUMAR	<i>Director</i>
VINOD PILLAI	<i>Director</i>
Y.C. RAO	<i>Company Secretary</i>

C O R P O R A T E P H I L O S O P H Y

- C O R E C O M P E T E N C Y I N C O R E S E C T O R .
- G R O W T H T H R O U G H T O T A L I N T E G R A T I O N .
- E N V I R O N M E N T P R O T E C T I O N B Y
G A I N F U L U T I L I Z A T I O N O F W A S T E .
- T O T A L C U S T O M E R S A T I S F A C T I O N .
- P O S I T I V E A T T I T U D E & T E A M W O R K .



CORE COMPETENCY IN CORE SECTOR

GODAWARI POWER & ISPAT LTD

Registered Office

Plot No. 428/2, Phase 1, Industrial Area,
Siltara-493 111, Dist. Raipur, Chhattisgarh, India
Tel.: +91 - 771 - 4082333 / 309233
Fax: +91 - 771 - 4082234

Corporate Office

First Floor, Hira Arcade, Near New Bus Stand,
Pandri, Raipur - 492 001, Chhattisgarh, India
Tel.: +91 - 771 - 4082000 / 4082001
Fax: +91 - 771 - 4057601