



Performing
Integrating
Expanding

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Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise

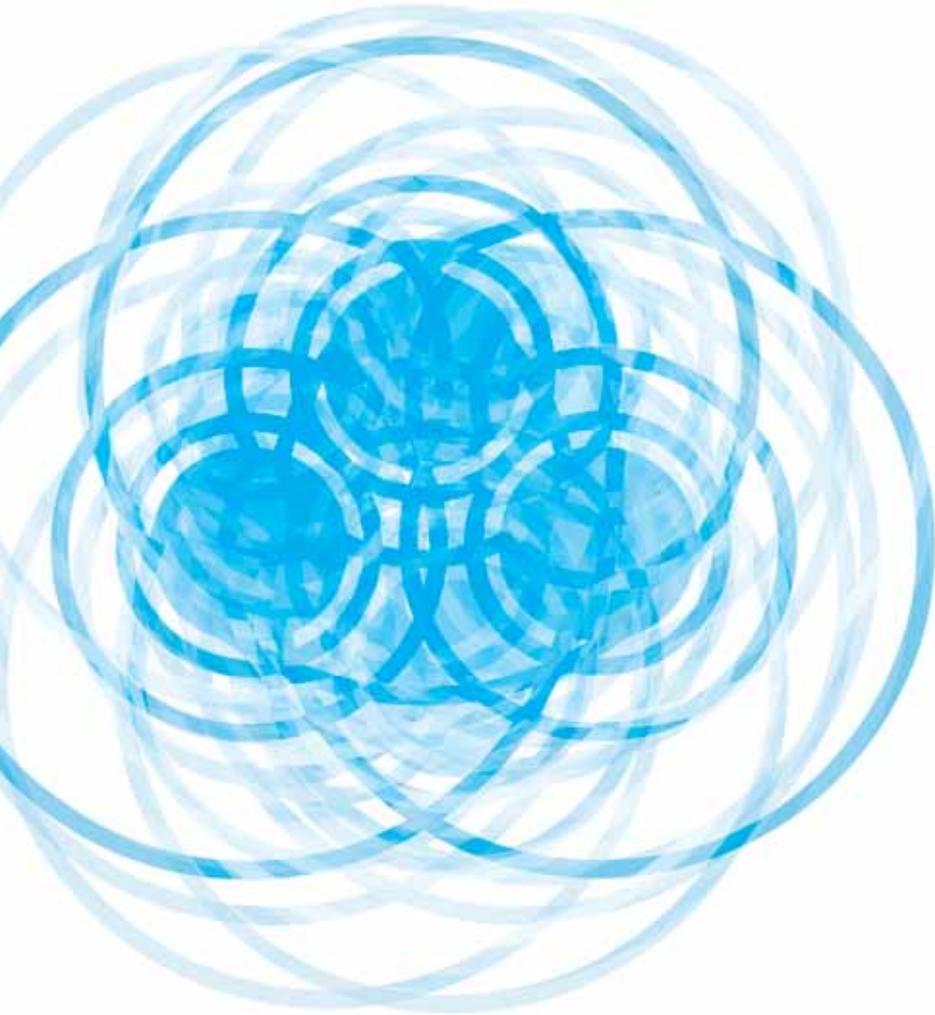
GPII's story is a journey towards resilience.

Despite economic volatilities impacting business, we have retained our determination to grow and enhance shareholder value, as one of India's emerging integrated steel producers. This resilience led to an encouraging rebound in overall performance in 2010-11.

Our operations encompass mining, pelletisation, sponge iron to finished steel products (with captive power generation), demonstrating an integrated business model. In all these years, we have significantly scaled capacity and moved up the value chain: becoming one of the leading producers of coal-based sponge iron in India.

We will continue to invest in expansion and integration as an on-going strategic initiative. Our business strategy is geared to manufacture and market the critical needs of a developing country like India to help sustain its socio-economic ascendance for decades to come.





Performing with a strategy

GPII's flexible strategy to shift between steel and power, with a clear focus on margins and realisations, combined with the commencement of operations at the iron ore mines and pelletisation, reflected in a positive rebound in financial and operational performance in 2010-11.

Financials*



Turnover

From Rs. 82,239 lacs in 2009-10 to Rs. 111,605 lacs in 2010-11



EBIDTA

From Rs. 13,452 lacs in 2009-10 to Rs. 24,779 lacs in 2010-11



PBT

From Rs. 6,665 lacs in 2009-10 to Rs. 11,927 lacs in 2010-11



PAT

From Rs. 5,603 lacs in 2009-10 to Rs. 9,945 lacs in 2010-11



EPS

Per share from Rs. 21.25 in 2009-10 to Rs. 27.04 in 2010-11



EBIDTA margin

from 16% in 2009-10 to 22% in 2010-11



PAT margin

from 6% in 2009-10 to 8% in 2010-11

* Based on the consolidated financial results

Operational



Pellet production

Over 2009-10



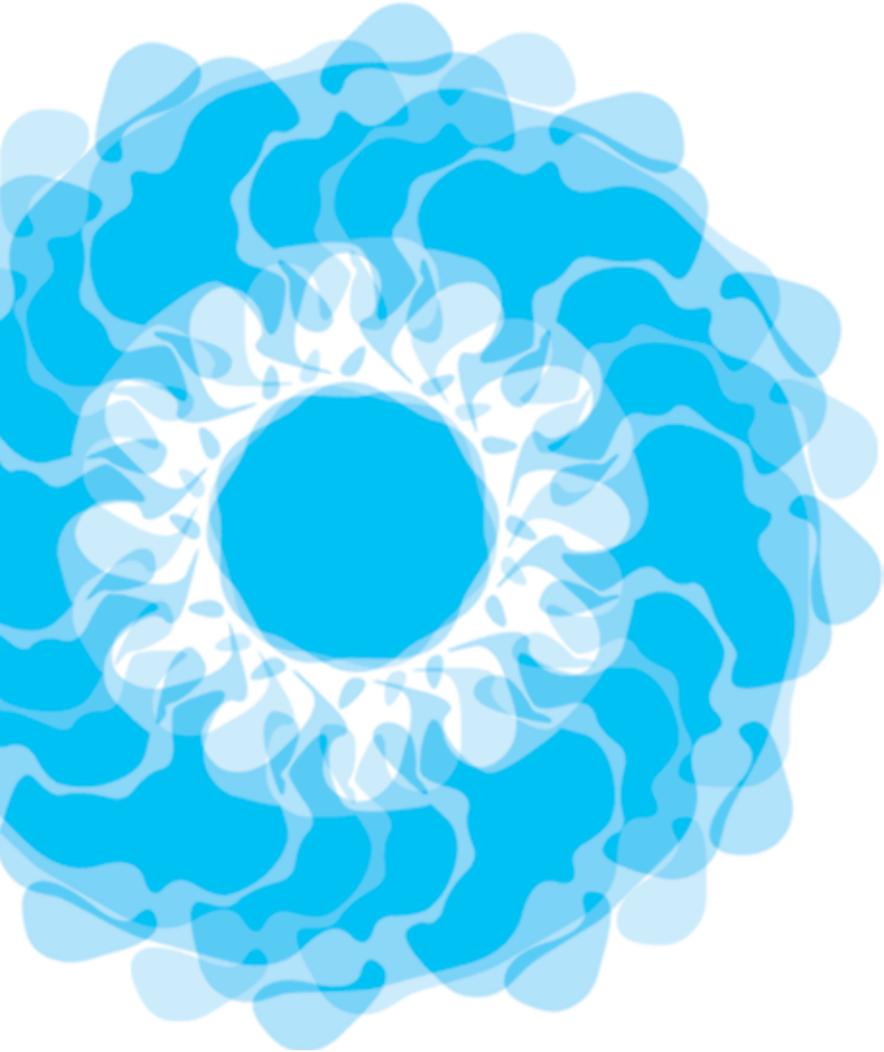
Billet production

Over 2009-10



Billet production

iron ore extracted at Ari Dongri



Integrating for self-reliance

Till about a decade ago, GPIL had to rely on external sources to fulfil its raw material and fuel requirements to sustain operations. We had to suffer the adversities of price fluctuations, uncertainty in raw material supplies and that of other primary inputs.

As a part of our de-risking mechanism, GPIL executed backward and forward integration strategies to enhance self-dependence.

- It integrated backwards into mining space through the mining lease of iron ore mines at Ari Dongri and Boria Tibu in Chhattisgarh and received prospecting license for 754 hectares iron ore mines in Dondi-Dalli, Durg District and Padgal and Kalwar, Kanker District of Chhattisgarh with aggregate reserves exceeding 100 million tonnes.
- Entered coal mining through an allocation of 63 MT of reserves at Nakia coal block in Chhattisgarh.
- Set up 0.6 mpta pellet plant at Siltara, Raipur, Chhattisgarh.

The acquisition of these mines will enable GPIL to enhance self-sufficiency. Pelletisation will further convert iron ore fines into pellets, which can be subsequently used for the production of sponge iron. This enhanced the organisation's confidence to undertake forward integration plans to manufacture steel billets, wire rods and HB wires and other value-added products.

Today, GPIL has managed to traverse the entire value chain of steel wires, emerging as an end-to-end manufacturer of steel wires and making it one of the lowest cost producers.

GPIL's 73 MW captive power plant fulfils the entire energy requirement of its facilities. Of these, 42 MW of power is generated using waste heat (recovered from the manufacture of sponge iron), resulting in substantial savings in fuel costs.

Status of the mining operations

Mines/Plants

Status

Iron ore mines

Ari Dongri mine
Commenced operations in the first quarter of FY 2010

Boria Tibu mine
All environmental clearances received; physical handover of mines by Forest Department to GPIL awaited

Dallirajhara mine
Received prospecting license

Coal mines

Environment and forest clearance awaited

Manufacturing value chain

Captive Iron Ore + Coal + Captive Power



Pellets



DRI



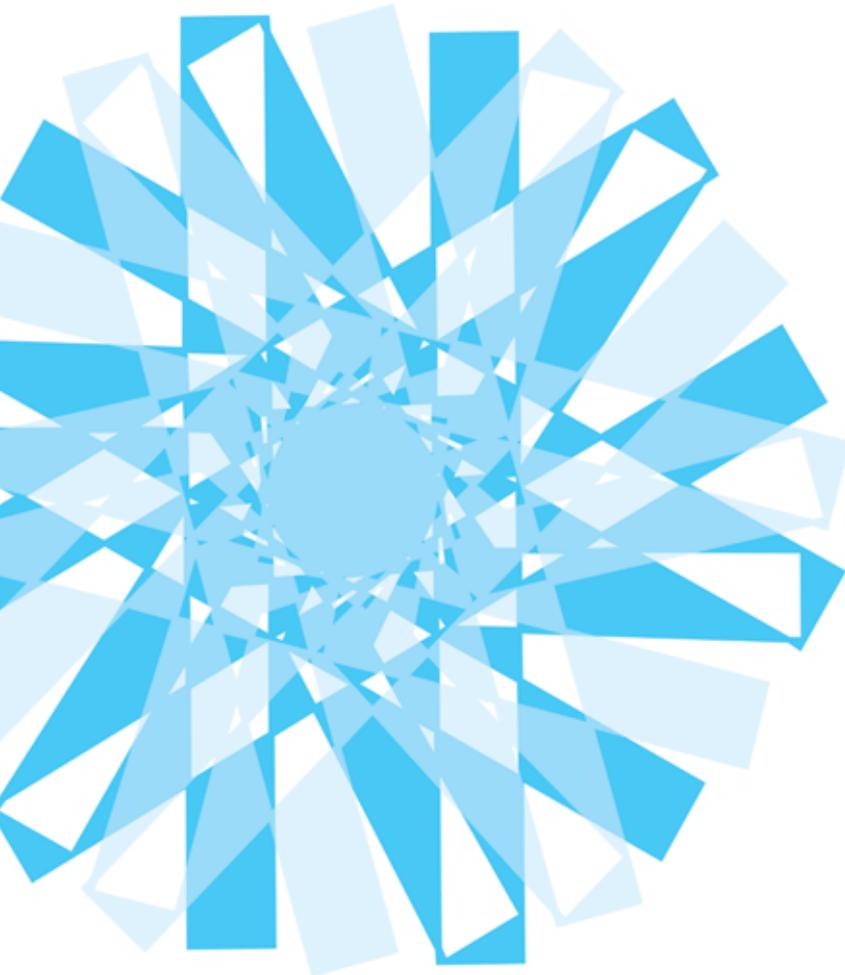
Billets



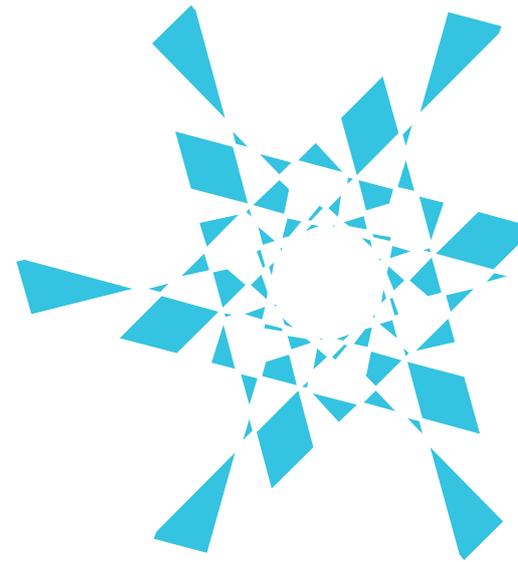
Wire Rods



Wire



Expanding with foresight



GPIL's expansion plans reflect our growing self-reliance in raw material supply and a clear focus on long-term de-risking of operations.

Expansions in steel business

GPIL signed MoUs with the Government of Chhattisgarh to undertake:

- Setting up of a sponge iron plant of 6 lacs tpa, pig iron of 2 lacs tpa, steel billets of 6 lacs tpa, steel rolled product of 5 lacs tpa, ferro alloys of 20,000 tpa, calcinations plant of 1 lacs tpa and iron ore pelletisation plant of 3 mtpa.

Besides, GPIL is also setting up an iron ore pelletisation plant, with an installed capacity of 1.2 mtpa at the organisation's existing plant location at Siltara in Raipur.

Expansions in power business

- GPIL is foraying into the renewable energy space by setting up the 50 MW Solar Thermal Power Project under the Jawaharlal Nehru National Solar Mission (JNNSM) Scheme through its 100% subsidiary, Godawari Green Energy Limited (GGEL).
- The Company is also setting up a 1320 MW thermal power plant through its 100% subsidiary, Godawari Energy Limited (GEL) at Raigarh, Chhattisgarh.

GPIL's foray into solar power

Rationale

The grid parity* between power generation from conventional sources and from solar energy is expected by 2017, which may compel power producers to shift to other sources of power generation. At GPIL, we anticipated this opportunity to initiate actions, making ourselves future-ready through our foray into solar power generation. We were thus, awarded the project under JNNSM and were ranked 6th in position.



Jawaharlal Nehru National Solar Mission

Under the Government of India's National Action Plan on Climate Change (NAPCC) announced by the Ministry of New and Renewable Energy (MNRE), Jawaharlal Nehru National Solar Mission was launched to make India a global leader in solar energy.

The Mission targets 20,000 MW power generation and stipulates an achievement of the target in three phases:

Phase I-up to 2012-13: 1,000 MW

Phase II- 2013-17: 4,000-5,000 MW

Phase III- 2017-2022: 20,000 MW

Project features

Project site

Naukh village in Jaisalmer district, Rajasthan.

Proximity

25 kms from Baap off Jodhpur-Bikaner NH-15; 150 km from Jodhpur; 53 km from the nearest railway station at Phalodi and 150 kms from Jodhpur domestic airport.

Location

Latitude 27° 36' 13" N and Longitude 72° 14' 9.2" E.



Technology

The proposed project has been envisaged with one power plant unit of 50 MW gross capacity using parabolic trough technology without storage. The plant will be designed for operating under cyclic load. After comparing the various technologies available, GPIL selected this technology as this is the technology employed in major large scale/ utility scale operating solar power plants in USA (operating for more than 25 years) and Spain with thermal oil as heat transfer fluid.

Water

The project would require 1.6 cusecs of water per day, which shall be sourced from the Indira Gandhi Nahar Project (IGNP) canal, 20 kms from the site. The water will be drawn through pipe lines and stored in the plant site's reservoir, which has a capacity to suffice 1 month's water requirement.

Environment clearance

Application for Environment clearance filed, approval awaited.

Financial closure

Achieved.

* Grid parity is the point at which alternative means of generating electricity becomes as cheap as grid power.

GPIL at a glance

Incorporated in 1999, GPIL is a flagship company of the Raipur (Chhattisgarh)-based Hira Group of Industries. We are an integrated steel manufacturer with a dominant presence in the long products segment (mild steel wires) of the steel industry.



Manufacturing facility at Siltara, Raipur, Chhattisgarh

Business divisions



Our products and facilities

Steel Plant location: Siltara, Raipur, Chhattisgarh

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

Solar Power Project: Village Noukh, Dist. Jaisalmer, Rajasthan.

Pelletisation

- Conversion of iron ore fines into iron ore pellets to be used as a raw material in sponge iron plant.
- Capacity: 600,000 tpa at Siltara and 600,000 tpa at Keonjhar, Orissa through 75% subsidiary.

Sponge Iron (DRI-Direct Reduced iron)

- Captive usage of sponge iron to produce steel billets through the induction furnace route; surplus quantity utilised for external sales.
- Capacity: 4,95,000 tpa with 1 x 300 tpd and 3 x 500 tpd rotary kilns.

Steel Billets

- Semi-finished steel products with a square cross-section usually upto 110 mm x 110 mm, manufactured from sponge iron, using continuous casting process.
- Used in rolling into wire rod in subsidiary/associates; surplus quantity utilised for external sales.
- Capacity: 4,00,000 tpa.

HB (Hard Black) Wires

- Manufactured by further processing of wire rods through cold wire drawing machines using steel wire rods ranging from 0.6 to 14 gauge.
- Capacity: 1,20,000 tpa.

Ferro Alloys

- Produced in sub-merged arc furnaces using electro-thermic process.
- Utilised for captive consumption as well as external sales.
- Capacity: 16,500 tpa; capacity in Hira Ferro Alloys Limited (subsidiary): 52,200 tpa.

Iron Ore Mining

- Captive usage of iron ore in pelletisation and sponge iron making facilities.
- Capacity: 1.2 mtpa.

Power Generation

- Waste heat recovery based captive power plant.
- Energy generated is consumed in sponge iron, billet, and ferro alloys plants; surplus power is sold commercially.
- Capacity: 93 MW power generation [including 20 MW capacity in Hira Ferro Alloys Limited (subsidiary) Company].

Solar power plant

- Date of signing of JNNSM Scheme: January 10, 2011.
- Tariff awarded: Rs.12.20 per unit fixed tariff for 25 years.
- Scheduled Date of Commissioning: May 9, 2013 (28 months from the date of signing of PPA).
- Capacity: 1 x 50 MW.

Awarded Integrated Management System Certificates-ISO 9001:2008; ISO 14001:2004; ISO 18001:2007.

In 2006, GPIL's first 7 MW WHRB CPP (Waste Heat Recovery Based Captive Power Plant) became the first of its kind in the world to be registered with CDM (Clean Development Mechanism) Executive Board for the entitlement of carbon credits under the Kyoto Protocol.

NSE Code: GPIL

BSE Code: 532734

Bloomberg Code: GODPI IN

Reuters Code: GDPI.BO



Vision

To become one of the most competitive integrated steel plants with entire value chain right from mining to finished steel with diversified products, contributing substantially in meeting consumers needs, creating shareholder value and pari pasu with powering India's growth to serve community and the nation in the decades to come.

Mission

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



Values

We believe in:

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

To our employees:

Concern for employees
 Professional work culture
 Trusteeship, Respect for individual

To society:

Responding to the needs of the community
 Partnering the community in a timely manner
 Providing aid whenever and wherever required

Ardent Steel

- Set up 600,000 TPA iron ore pelletisation plant in Keonjhar District in Orissa and commissioned July 2010.
- Proximity (50 kms) to the iron ore mining areas ensuring supply of good quality iron ore fines.
- Supplies iron ore pellets to near-by sponge iron units as well as ships them to Chhattisgarh market.
- Project expected to achieve full capacity utilisation by September 2011 and shall contribute to the total earnings in 2010.

Stake
75%

Details of the subsidiaries and associates

Hira Ferro Alloys Limited

- Incorporated in 1984 and set up its first 2.5 MVA Ferro Alloys furnace in 1989.
- Involved in the business of production of ferro alloys, fly ash bricks with captive power generation facilities.
- Currently possesses an installed capacity of 60,500 MTPA (25 MVA) of Ferro Alloys and 20 MW of thermal (AFBC) power and 1.5 MW Wind Mill in of Karnataka.
- Listed on Bombay Stock Exchange and Madras Stock Exchange since 2010, Madhya Pradesh Stock Exchange since 1990 and Delhi Stock Exchange since 1992.
- Achieved a turnover of Rs. 162.49 crores and Net Profit of Rs. 28.68 crores during the financial year 2010-11.

Stake
51%

Godawari Green Energy Limited

Stake
100%

- Floated the subsidiary to set up 50 MW Solar Thermal Power Plant in Naukh, Jaisalmer, awarded by the Ministry of New & Renewable Energy (MNRE) under the Jawaharlal Nehru National Solar Mission (JNNSM) in Competitive bidding process.
- The project is expected to be commissioned by May 2013.

Godawari Energy Limited

Stake
51%

- Signed MoU with the Government of Chhattisgarh for setting up 1320 MW Thermal Power Plant in Raigarh, Chhattisgarh.
- Currently in the process of land acquisition and is expected to be completed by September 2011.
- Applied for coal linkages and other regulatory clearances and is awaiting approvals.

RR Ispat Limited and Hira Industries Limited were amalgamated with GPIL in FY 2011.

Godawari Integrated Steel (India) Limited

Stake
100%

- SPV for setting up another integrated Steel Plant in Rajnandgaon District of Chhattisgarh comprising sponge iron plant of 10 lacs tpa, pig iron of 10 lacs tpa, sinter plant of 15 lacs tpa, steel billets of 20 lacs tpa, steel rolled product of 5 lacs tpa, ferro alloys of 2 lacs tpa, calcinations plant of 1 lacs tpa and iron ore pelletisation plant of 35 lacs tpa with captive power plant of 300 MW.

Managing Director's review



India's GDP escalation is creating an enormous demand for energy, widening the demand-supply differential and impacting the economy's competitiveness. In this context, sustainable energy sources, in particular solar energy can play a significantly important role.



Dear Shareholders,

GPIL is standing at the crossroads of an important corporate evolution. Important because the market for our products is growing at an amazing pace in the wake of India's sustained economic growth. The need of the hour is scale and raw material security to fulfil market demands, although rising input costs and hardening of interest rates are limiting factors.

Despite market challenges, our flexible product mix (finished steel and power) has enabled us to maximise our returns. Our strategy to integrate backward to iron ore mines (coupled with stabilising of operations at our pellet plant) helped improve financial performance in the current fiscal: 36% increase in topline and 78% increase in bottomline.

Industry overview

The steel consumption in India has been growing at a CAGR of 8-9% between 2001 and 2011. This is predictable in an expanding economy with rapid urbanisation and focus on infrastructure creation. The long-term prospects of the steel industry remain positive, and going ahead will create adequate demand for our expanded capacities.

India's GDP escalation is creating an enormous demand for energy, widening the demand-supply differential and impacting the economy's competitiveness. In this context, sustainable energy sources, in particular solar energy can play a significantly important role. The Government's National Action Plan on Climate Change (NAPCC) has emphasised on solar energy as one of its core 8 missions. The programme envisages a phased capacity addition of 20 GW of solar power by 2022. GPIL is proud to be a part of this mission.

Iron ore mining operations

Our iron ore mining operations commenced in FY 2009 and in current fiscal year we extracted around 522561 tons of iron ore to cater to a significant proportion of the rising demand from our pellet and sponge iron plant. For our second mine at Borai Tibu, we have received all the clearances, barring the surface rights from the forest department.

Once the second mine is operational, the total output from both the mines will reach around 1.2 million tons, and would meet 100% captive requirement.

Stabilisation of pellet plant

Our 0.6 mtpa pellet plant at Siltara had been witnessing teething troubles, since its commissioning in the last quarter of 2009-10, resulting in lower capacity utilisation and higher operational cost. We successfully encountered technical challenges by the third quarter of 2010-11 and stabilised the operations. The result was an increase in our pellet production by 634%, and a 51% increase in annual utilisation rate. The pellets produced will be first used at the sponge iron plant as feedstock and the surplus will be sold commercially (expected to add around Rs.30-40 crores in the organisation's operating profit over the next two years).

Power

Merchant power tariffs remained subdued in 2010-11 and are expected to remain low over the next couple of years. As a result, our sale of power as a proportion of overall sales is expected to decline due to the prevailing lower power tariffs. In such circumstances, a major proportion of our power generation was utilised captively for steel manufacture. However, with the commissioning of the new 20 MW biomass power plant, the Company's green initiative, the total power generation volume is expected to increase 30% over the next two years.

Fuel availability

Our major energy source is coal. With increasing environmental concerns and area-wise restrictions, power companies across India have been exploring various ways to secure their fuel supply, by way of overseas acquisition of mines. Considering this reality, we increased our focus towards enhancing fuel security for our power plants. We were jointly allotted (26%) a coal mine along with four other companies in Naxia coal block in Chhattisgarh, which has expected mine reserves of 243 million tons of F grade coal. We are waiting for environmental and forest clearances for this mine.

Sun is good

With increasing environmental concerns and depleting fossil fuel reserves, we think the way ahead is green energy. India has a definite advantage in solar energy, which can be suitably leveraged to fulfil the enormous energy demand in the country. As a sunlight-rich country India's solar radiant energy is equivalent to over 5,000 trillion kWh annually, as an average of 300 clear sunny days are available in most parts of the country.

During the last quarter of 2010-11, we were awarded a 50 MW Solar Thermal Power Project (estimated cost: Rs.793 crores) under the Jawaharlal Nehru National Solar Mission (JNNSM) Scheme. The Company has decided to execute the project through - 100% subsidiary Company M/s. Godawari Green Energy Limited (GGEL). We executed a Long Term Power Purchase Agreement with NTPC Vidyut Vyapar Nigam Limited (NVTN), nodal agency appointed under the JNNSM Scheme, for a 25-year period and the power will be supplied at Rs.12.20/KW (fixed tariff). The plant is expected to be operational by May, 2013, which shall further add to our operating revenues on a consolidated basis.

Social integration

Our social initiatives focus on safety, health, safe drinking water, education, environment, community development and water conservation. Moreover, we deploy and train workers from the vicinity of plants, enhancing community employability. We shall continue to implement policies to deepen social integration in future.

Way forward

Our two pellet plants and mining operations will be the key value drivers of GPIL in the coming years. We believe our policies will help us achieve a four-fold growth in gross sales, with significantly higher margins by 2014 (TBD). We look forward to your encouragement and support for our future endeavours.

Warm Regards

B. L. Agrawal



With increasing environmental concerns and depleting fossil fuel reserves, we think the way ahead is green energy. India has a definite advantage in solar energy, which can be suitably leveraged to fulfil the enormous energy demand in the country.



Committed to shared prosperity



We prioritise our social initiatives with the same focus and urgency with which we execute business strategies. We call this an agenda for shared prosperity, so that communities in which we operate can participate in the benefits of our success.

Welfare

- 15,000 plantations were done in 2010-11, inside and outside the premises of GPIL, and nearby villages of Tada and Siltara; plantation of (5 kms) done near Radiant Public School, Champaran Road, Raipur and various other plantations have been carried out.
- Construction of water tanks, digging bore wells, carrying out repairs on streets and roads.
- Deepening of ponds in the areas where mining is carried out. Besides, the education, health, safety, water and environmental issues are taken care of.
- Temples were constructed and even renovated for the communities residing there.
- Various welfare initiatives are also carried out annually.
- Village development programmes are held in association with NABARD.
- Donations were made for Tsunami and Bihar flood relief fund and for Chief Minister's Relief fund.

Health

- Started mobile vans for villages (ambulance facility with a doctor on board).
- Conducted health camps for the local people to educate them on various health issues.
- Arranged catering facility for patients, attendants, doctors and staff; distributed utensils and bed sheets to the patients undergoing cataract operation, organised by District Collector at Medical College and Ayurvedic College, Raipur; a total of 1,124 patients were operated at this camp.

- Organised health camps — blood donation, eye check-up, haemoglobin and general check-up, bdm (bone mineral density) test (for osteoporosis), diabetes detection, lung function test by spirometer — at GPIL for workers and employees: the camps comprised.
- Assisted MGM eye Hospital in Raipur.

Education

- Adoption of ITI (Industrial Training Institute) Hathbandh under Public Private Partnership scheme of Govt. of India.
- Construction of building for 'AAKANKSHA'— a school for mentally handicapped children.
- Financial aid to "UDAAN" Yojna of Raipur District Collector. "Udaan" Yojna is education for poor children of primitive tribes like—Karma, Baiga and Bhujia.
- Sponsorship for National Moot Court Competition 2010 to Hidayatullah National Law University.

Safety

- Safety meetings are held every month; past performances are reviewed and future targets are set.
- In-plant safety patrolling is conducted to ensure that no suspicious activity takes place and also the safety of the workers is not compromised. For this purpose, we have a circuit detecting system, which upon fault detection brings it to a halt to prevent further problems.
- In case of installation of a new plant, all safety measures are to be integrated with the existing policies.

BOD profile

Mr. G.B. Desai

Chairman-Independent Director

- Aged 83 years.
- Three decades of dealing experience in the field of capital markets.
- Ex-President of Bombay Stock Exchange.

Mr. B.L. Agrawal

Managing Director

- An Electronic Engineer, he is a first generation entrepreneur.
- While his family concentrated on its traditional trading business, it was his entrepreneurial spirit that laid the foundation of GPIL and the entry of the Agrawal family into the metals business.
- Chairman of All India Sponge Iron Manufacturers Association (SIMA).
- Former Chairman of Confederation of Indian Industries, Chhattisgarh Chapter.

Mr. Dinesh Agrawal

Executive Director-Projects

- Associated with GPIL for over nine years.
- Electrical Engineer and has been associated with the Company's steel rolling units and electrical installation of all the projects of the group.
- Oversees the setting up of the captive power plant.

Mr. Siddharth Agrawal

Non-Executive Director

- Son of Mr. B.L. Agrawal, looks after the Solar Thermal Power Project.
- Experience in the Steel Industry with expertise in Sponge Iron, Steel Melting and Power generation.

Mr. Dinesh Gandhi

Director-Finance

- A Chartered Accountant and Company Secretary by qualification.
- Brings to the table his two decades of experience in the areas of accounts, finance, project planning and financing.
- Dynamic financial analyst, his competence strategically directs the Company.

Shri Vinod Pillai

Executive Director

- Aged 41, a commerce graduate with high energy and enthusiasm.
- Serves on the Board of M/s Hira Cement Limited.
- Associated with the Hira Group of Industries since 1989.
- He has rich experience in Sales, Administration, Liaising and Logistics.

Mr. Shashi Kumar

Independent Director

- Aged 64 years, 41 years of rich experience.
- A B.Sc. (Hons.) graduated in Mining Engineering from the Indian School of Mines, Dhanbad.
- Ex-Chairman of Coal India Limited.

Mr. Biswajit Choudhuri

Independent Director

- B.Tech (Hons), FICWA, aged 69 years
- Has over 48 years of experience in Engineering, Banking, Finance and Management.
- Graduated as a Mechanical Engineer from IIT, Kharagpur in 1963; Fellow Member of ICWAI and the Indian Institute of Banking and Finance.
- Ex-CMD, United Bank of India.

Mr. B.N. Ojha

Independent Director

- Aged 67 years.
- A Bachelor of Electrical Engineering from BIT Sindari.
- Associated with NTPC, Nuclear Power Corporation of India Limited, Regional Electricity Boards, Northern Coal Fields Limited and Damodar Valley Corporation, Bhilai Electric Supply Limited and NSPCL.
- Ex-Executive Director of NTPC.

Directors' Report

To the members,

Your Directors have pleasure in presenting 12th Annual Report on the business & operations of the Company together with the Standalone and Consolidated Audited Statement of Financial Accounts for the year ended March 31, 2011.

Financial Results

Particulars	Rs. in Crores			
	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Gross Sales	1028.57	832.39	1232.06	886.80
Less: Excise duty & taxes	96.49	55.96	116.00	64.42
Net Sales Turnover	932.08	776.43	1116.05	822.38
Other Income	5.67	3.01	15.45	4.00
Total Revenue	937.75	779.44	1131.50	826.38
Profit before Interest, Depreciation and Taxation (EBIDTA)	196.36	125.63	247.79	134.51
Interest	60.25	32.04	73.10	33.72
Depreciation	46.83	31.62	55.42	34.15
Profit Before Taxation (PBT)	89.28	61.97	119.27	66.45
Taxation (including Deferred Tax)	18.01	10.57	19.82	10.62
Profit after Taxation (PAT)	71.27	51.40	99.45	56.03
Less: Minority Interest	-	-	14.00	-
Share of Profits of Associates	-	-	0.41	1.22
Transfer on Amalgamation	9.60	-	4.18	-
Profit brought forward from previous year	210.30	177.11	228.92	189.63
Amount Available for Appropriations	291.17	228.51	310.62	246.85
Appropriations				
Proposed Dividend on Equity Shares	7.94	7.01	8.51	6.74
Corporate Dividend Tax	1.32	1.19	1.51	1.19
Transfer to General Reserves	10.00	10.00	11.50	10.00
Transfer to Debenture Redemption Reserve	5.25	-	5.25	-
Total	24.51	18.20	26.78	17.93
Amount carried to Balance Sheet	266.66	210.30	283.84	228.92

The Hon'ble High Court of Chhattisgarh approved & confirmed the Scheme of Amalgamation of M/s RR Ispat Ltd (RRIL) and M/s Hira Industries Ltd (HIL) with your company during the year under review. The appointment date of the aforesaid Scheme of Amalgamation was April 1, 2010. Consequent upon the Scheme of Amalgamation

Merger of R.R. Ispat Ltd and Hira Industries Limited

The Hon'ble High Court of Chhattisgarh approved & confirmed the Scheme of Amalgamation of M/s RR Ispat Ltd (RRIL) and M/s Hira Industries Ltd (HIL) with your company during the year under review. The appointment date of the aforesaid Scheme of Amalgamation was April 1, 2010. Consequent upon the Scheme of Amalgamation becoming effective the financial statement of accounts presented herewith have been prepared after giving due effect of the aforesaid Scheme of Amalgamation and therefore the results to that extent are not comparable with the results of the previous year. Further pursuant to the said Scheme of Amalgamation 23,32,750 equity shares of erstwhile RRIL owned by your company have been cancelled and 11,25,000 equity shares of your company held by erstwhile RRIL have been transferred to a trust created in the name of GPIL Beneficiary Trust for the sole benefit of the Company. Your Company has allotted 36,86,440 equity shares of Rs.10/- each fully paid to the shareholders of erstwhile HIL and the same have been listed with BSE & NSE.

Consequent upon the aforesaid merger, M/s Hira Ferro Alloys Ltd. (HFAL), a company listed on BSE, MPSE, DSE & MSE and engaged in the business of manufacture of ferro alloys & captive power generation has become the subsidiary of your Company since the aggregate of the shareholding of your company together with the shares hitherto held by merged entities namely RRIL and HIL exceeded 51% of the total share capital of HFAL with effect from March 30, 2011 resulting in HFAL becoming subsidiary of your Company.

Review of Performance

During the fiscal 2011, your company has reported gross revenue of Rs.1028.57 crores as against Rs.832.39 crores in last fiscal, registering a growth of 24%. Your Company has earned Profit before tax of Rs.89.28

crores during the year under review as against Rs.61.97 crores during the previous year and net profit of Rs.71.27 crores as against Rs.51.40 crores during the previous year registering a growth of 38.66%. The silent features of the performance of your Company during the year under review are as under:

- Gross sales revenue up by 24% and turnover crosses over Rs.1,000 Crores
- The Iron Ore Mines achieved production volumes up by 58% to 330410 MT.
- The pelletisation plant got established in second half of the year resulting into substantial improvement in performance and production volumes.

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

Dividend

The Board of Directors of your Company has recommended payment of dividend @ of Rs.2.50 per equity share, subject to the approval of shareholders in the Annual General Meeting (AGM), on the enhanced Equity Share capital of the Company. The total outflow of funds on account of Dividend including dividend tax will be Rs.9.26 crores. 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. August 22, 2011 fixed for the payment of dividend.

Expansion & Future Plans

Pellet Plant:

Your Company has successfully commissioned a pellet plant at the existing plant location at Raipur, Chhattisgarh with an installed capacity of 600000 TPA during Feb, 2010 and subsequently during the previous year the operations have been stabilised and the plant has reached an operating level of about 90% during the H2FY11. Your Company has also set up another Pellet Plant with an installed capacity of 600000 TPA in Keonjhar District in Orissa through a subsidiary Company M/s Ardent Steel Ltd, which has also started production during the year under review and has reached CUF of 50%. The project is expected to be commissioned in Q2FY12.

Looking at the success of above pellet plants and further growth potential in use of pellet in manufacturing of steel, the board of directors of your Company have decided to set up another pellet plant with an estimated investment of Rs 350 crores in Chhattisgarh. The plant is expected to source the iron ore fines from the exiting captive iron ore mines in Chhattisgarh and also partial procurement from the mines in Orissa. The project is expected to become operational in next 2 years.

Power Plant:

Your Company believes in the sustainable growth through environment protection and accordingly your Company has taken various initiatives towards generation of electricity through renewable energy sources. Your Company is already operating 42MW of power generation capacity through waste heat recovery process. The 20 MW Bio Mass (Rice husk based) has been commissioned in October 2010 and started commercial operation during the year under review.

Your Company has during previous year taken a major initiative towards generation of power through renewable energy sources by venturing into setting up a 50 MW solar thermal power plant under Jawaharlal Nehru Solar Mission of Government of India. Your Company was one of the seven successful bidders under a competitive bidding by Ministry of New & Renewable Energy (MNRE), Government of India, through NTPC Vidyut Vyapar Nigam Limited and your Company has been selected to set up a 50MW Solar Thermal Power Plant in Rajasthan. Your Company is setting up aforesaid solar power project at cost of Rs 800 crores approx, through a SPV Company M/s Godawari Green Energy Ltd (GGEL), which is a wholly owned subsidiary of your Company. The project is proposed to be funded through debt equity ratio of 70:30.

Finance

In order to meet the funds requirement for normal capital expenditure, margin for working capital and general corporate purposes, during the year under review your Company has issued 1250, 12% Secured Redeemable Non-Convertible Debentures of Rs.10 lacs each aggregating to an amount of Rs.125.00 crores. The door to door tenure of debentures is 6 years and debentures are listed on BSE.

Fixed Deposits

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

Subsidiary Companies

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

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

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

Joint Venture Companies

Your Company has made investments in two other special purpose joint venture Companies, namely Chhattisgarh Captive Coal Mining Limited (CCMCL) 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.23.49 crore (previous year Rs.4.41 crore) towards import of capital goods, raw materials, components and traveling expenses etc. The Company has earned Rs.0.67 crore in foreign currency from sale of Voluntary Emission Reduction Credits (VER Credits) during the year.

Particulars Of Employees

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

Directors

Shri Dinesh Agrawal and Shri Vinod Pillai, Non-Executive Directors on the Board of the Company have been appointed as Whole Time Directors with effect from June 1, 2011. Shri Dinesh Agrawal was the Managing Director and Shri Vinod Pillai was a senior executive of erstwhile M/s R. R. Ispat Ltd. which has since merged with your Company.

Shri Siddharth Agrawal has resigned as Whole Time Director of the Company with effect from August 6, 2011. However, he will continue to be on the Board of the Company as a Non-Executive Director.

Shri O.P. Agrawal, Vice Chairman of the Company and Shri N.P. Agrawal, Non Executive Director of the company have resigned from the directorship of the company with effect from August 6, 2011 due to their personal reasons. The Board places on record its deep sense of appreciation for the services rendered and guidance given by the said directors during their tenure of office.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri G. B. Desai and Shri Vinod Pillai, 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:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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;
- 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
- That your Directors have prepared the annual accounts on a going concern basis.

Conservation of Energy and Technology Absorption

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

Auditors

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

Auditor's Report

There are no qualifying remarks in the Auditor's Report on the Accounts of the company for the financial year 2010-11 and hence does not require any clarification.

Acknowledgements

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

For and on behalf of the Board of Directors

Date: August 6, 2011

Chairman

Place: Raipur

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. Replacement of Pressure Filter in Iron Ore Pellet Plant.
- b. Use of Iron Ore Pellets instead of Iron Ore in Sponge Iron.

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

- c. Installation of VFD drives for root blower fan of kiln burner system and kiln structure cooling fan foreside for cooling of kiln structure in Pellet Plant and Sponge Iron Division.
- d. Replacement of CT Fan blade with Energy efficient blade in Steel Melting Shop and Power Division.
- e. Modification of WHRB Ash handling system in Power Division.

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. Productivity and quality of the filter cake shall be improved and energy consumption shall be reduced by 3 units per ton of filter cake produced.
- b. Combined effect of the modification mentioned in c, d and e of (B) above shall result into a saving of 1467190 kwh of power annually.

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

Power and Fuel Consumption and Consumption per Unit of Production

I Power and Fuel Consumption

Particulars	Units/Mts in crore		Total Amount. Rs. In crore		Average Amount per Unit/ MT	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Electricity (Units)						
a. Purchased	19.94	NIL	NIL	NIL	NIL	NIL
b. Own generation	NIL	14.18	NIL	NIL	NIL	NIL
Coal and Coke (MTS)	0.05	0.06	155.30	178.32	2999.07	2744

II Consumption Per Unit of Production (Per MT)

Particulars	Production		Consumption Of Fuel		Average Consumption	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Power						
Sponge Iron (MTs)	279441	285833	23764340	29347934	85	103
Steel Billets (MTs)	85252	56477	80369120	55142090	943	976
Pellet	354561	48305	22179770	3730250	63	77
H.B. Wires	61681	72545	6964800	7951921	112	110
Power (Units)	318211068	332438426	34212320	33910877	0.10	0.10
Coke and Coal						
Sponge Iron (MTs)	279441	285833	411088	496883	1.47	1.74
Power (Units)	318211068	332438426	70775	157320	0.22	0.47 (Kgs.)

Technology Absorption:

Research and Development (R & D)

Research and Development:

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

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

Future plan of action: Nothing specific

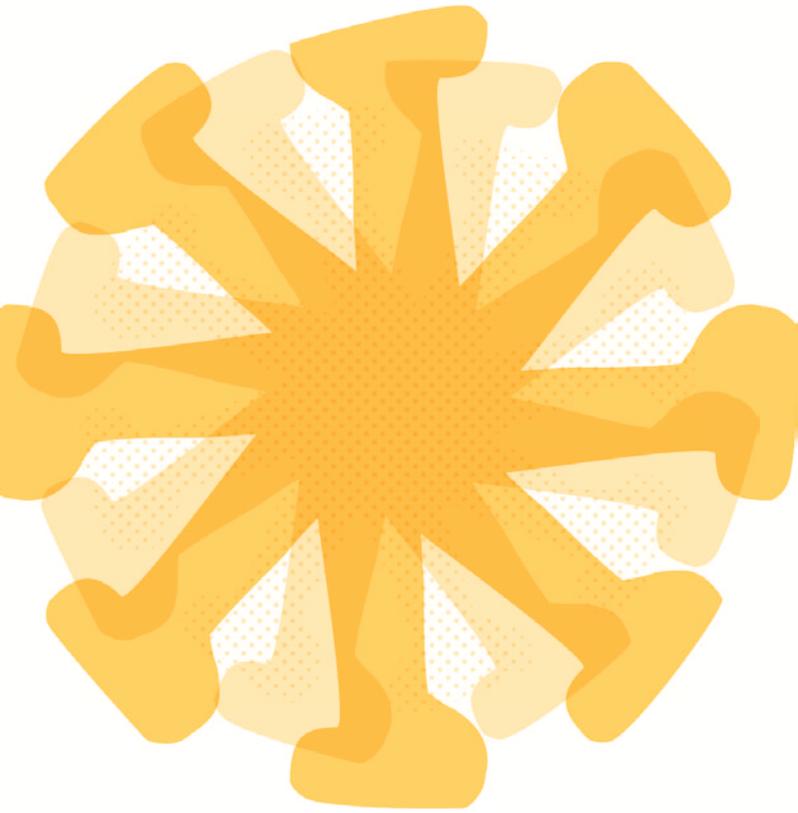
Expenditure on R & D: None.

For and on behalf of the Board of Directors

Date: August 6, 2011

Chairman

Place: Raipur



Management Discussion and Analysis

Godawari Power and Ispat Limited is an integrated steel producer with operations ranging in mining, manufacturing and sale of pellets; sponge iron; and finished steel products with captive power generation. Our production facilities are currently located at Siltara Industrial Area, Raipur, Chhattisgarh.

Review of Industry Scenario and Developments

Steel Industry Scenario

The Indian steel industry is one of the major drivers of the overall economic growth of the country. Factors, including global acquisitions by Indian steel giants, advanced technology, improving energy scenario, and accessibility of raw materials elevated the industry to the next level. Further, the flourishing construction, manufacturing, automobile and engineering industries stimulate growth of the industry.

Snapshot of Indian Steel Industry

- The top three players within the industry contributed to 38% of the total production.
- Fifth largest global steel producer in 2010-11, with an estimated crude steel production of 63 MT in 2010-11.
- Largest Direct Reducing Iron (DRI) producer, with a total DRI production of more than 21 million tonnes (MT).
- Crude steel production was 51.57 MT during April-December, 2010 (five year CAGR of 8.4%).
- Steel export touched 6.35 MT, posting a growth of 17.3% in the current fiscal, whereas import stood at 5.36 MT, growing by 2.8% in 2010.
- Domestic consumption of steel stood at 44.28 MT, showing a 10.3% growth during April 2010 to January 2011, as compared to the same period of the previous fiscal.
- India's per capita steel consumption in 2010-11 was 55 kg, which is considered to be much lower when compared to other developing and developed nations.

Demand Drivers

Construction and Infrastructure

The 11th Five Year Plan allocated US\$ 514 billion for the core infrastructure sector (including power, roads, highways, railways, ports, airports, mining and irrigation), a major consumer of steel. Considering the positive growth prospects of the Indian economy, the Government of India has further targeted an investment of \$1 trillion for the country's

infrastructure development in the 12th Five-Year Plan (Source: Planning Commission of India) with private sector investment expected to contribute almost 50%.

Capital Goods

The industrialisation drive and demand from the various infrastructure sectors will result in the capital goods sector witnessing a significant increase in tonnage and market share generating additional steel demand from this space.

Auto and Auto Components

India is the fifth largest manufacturer of commercial vehicles and the second largest manufacturer of two-wheelers. The expected production of 4.9 million passenger and commercial vehicles and 36.5 million two and three wheelers by 2016 will spearhead the demand growth of steel.

The entry of international automobile manufacturers into the Indian market, combined with the launch of low-cost passenger cars from various manufacturers will also boost requirement for steel.

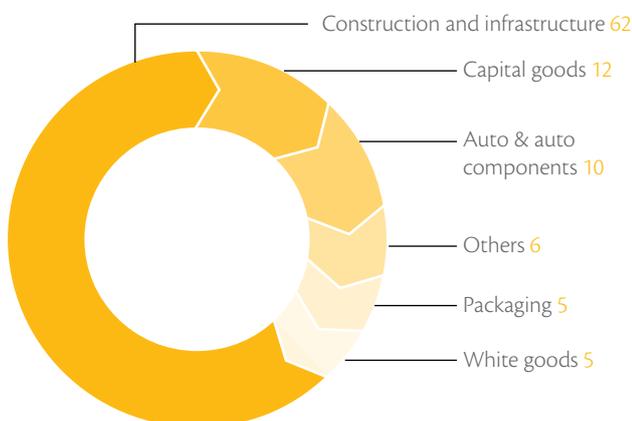
Expanding Base of Oil and Gas sector

Expansions in the Indian Oil & Gas sector will be ensued by the need for pipelines. Moreover, with the increasing requirement for refineries, the demand for steel shall continue to augment.

Defense Sector

In 2009, the defense forces had placed a bumper demand with automobile makers, because of their need for vehicles for the next two years. The demand could not be met at that time as the automobile sector was suffering from low demand generation due to recession. With a revival in the economy, automobile manufacturers have now begun to respond to the demand. Thus the next few years will see continuously rising demand for steel.

Sectors Driving the Steel Demand in India (%)



Source: E&Y

Ease of Raw Material Availability

- India has adequate reserves of iron ore; the National Minerals Development Corporation (NMDC) has further plans to expand its iron ore production capacity to 50 MT per annum by 2014-15
- The total coal production of the country is on a steady increase. Metallurgical coal, the key raw material for production of steel, accounts for 17% of the country's total coal reserves
- The strong workforce of India (about 40% of the country's working population constituting labour) and availability of cheap labour further helps the industry to grow

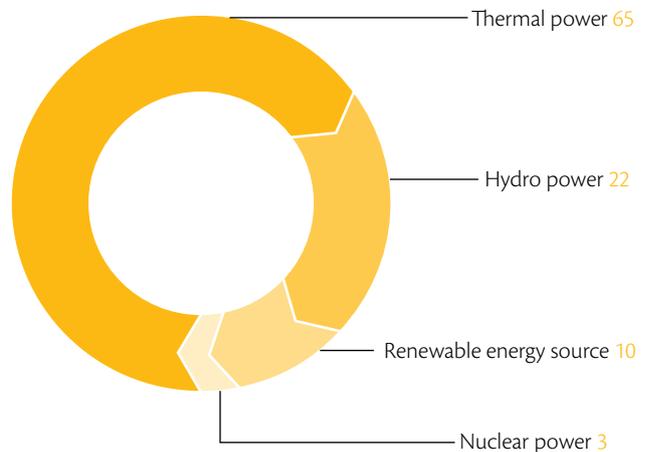
Power Sector Scenario

The power industry in India expands in proportion with the country's economic growth. Thermal power is the main source of power in India followed by hydel power and renewable energy. The nuclear power sector in India is still at a nascent stage, but has immense potential to fulfill the growing energy demand of the country.

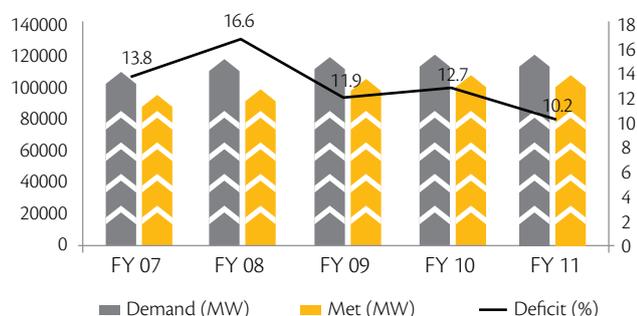
Snapshot of Indian Power Industry

- India stands sixth globally in terms of power generation, with a total installed capacity of around 1,76,990.40 mega watt (MW).
- The power sector has been recognised by the Government as key infrastructure to sustain economic growth of the nation.
- The Central and State governments together own and operate over 85% of the installed power capacity in India.
- Recent reforms in the power sector have led to increased participation from the private sector.

Contribution of different power sources (as on March 31, 2011) (%)



Demand – Supply gap in Indian Power Sector



(Source: Annual Report FY 2010-11, Ministry of power)

*Up to December

Opportunities

- By 2030, the total demand for electricity is expected to cross 950,000 MW; the Government of India has introduced the 'Power for all by 2012' plan, by adding installed power of 78,000 MW by 2012.
- Government initiatives like the Ultra Mega Power Projects (UMPP), Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGVY) and Accelerated Rural Electrification Programme are expected to further fuel energy production.
- 100% Foreign Direct Investment is allowed for generation and transmission of energy produced in hydel, coal/lignite-based thermal plants, oil-based thermal plants and gas-based thermal plants; and non-conventional energy resources.
- Approval of income tax holiday for a block of 10 years in the first 15 years of operation and waiver of capital goods import duties on mega power projects (above 1,000 MW generation capacity) by the Government.
- According to the Ministry of Power, the scope of investment in the Indian power sector stands at US\$ 300 billion.
- India's per capita electricity consumption is still one of the lowest across the globe. The per capita consumption is expected to be 1000 MW by the end of 2012, compared to 733 MW in 2009-10.

The Indian Government announced the National Action Plan on Climate Change (NAPCC) through the Ministry of New & Renewable Energy (MNRE) on June 30, 2008 with a vision to make India's economic development energy more efficient. The plan included utilisation of solar energy as one of its core eight missions. As a result, Jawaharlal Nehru National Solar Mission (JNNSM) was launched to achieve a Solar Power Capacity addition of 20 GW by 2022 (to be implemented in three phases).

Analysis and Discussions on Financial Performance

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

Review of Financial performance

i) Production and Sales

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

Production

Divisions/ Products	Production (MTs) FY 2011	Production (MTs) FY 2010	% Growth
Iron Ore Mining	522561	330410	58.15
Pellets	354561	48305	634.00
Sponge Iron	279441	285833	(2.23)
Steel Billets	85252	56477	50.95
MS Rounds in coils, CTD Bars	68297	-	NA
HB Wire	77122	72545	6.31
Ferro Alloys	5727	1691	238.68
Power MW/ KWH in lacs	3182.11	3324.38	(4.28)

The Company started production of iron ore pellets from February 2010. After overcoming the teething problems, the production in the pellet plant stabilised in October 2010 and thereafter it has been operating at above 90% plant capacity. With the availability of iron ore pellets as raw material for the sponge iron plant, the operations in the sponge iron plant also improved during the H2FY11. The same is not reflected in overall production volumes for FY11 in view of lower production volumes in H1FY11 due to prevailing market conditions. During the year, the Company resumed production of steel billets, earlier discontinued due to merchant sale of power. During the previous year, rates for the sale of merchant power substantially decreased due to prevailing market conditions and resistance from SEBs to buy electricity at higher rates, despite higher demand for power. The Company has reduced sale of merchant power due to the lower tariff and has restarted the manufacture of steel billets, now the core activity of the Company. The finished steel market remained subdued during the year with lack of demand resulting into lower production volumes in the Rolling Mills (Wire Rods) and Wire Drawing divisions of the Company. In view of the reduction in prices of merchant power sale, the Company has reduced the generation of power resulting into lower production volumes.

Sales

Divisions/Products	FY 2011		FY 2010		% Growth	
	Sales (MTs)	Net Sales	Sales	Net Sales	Quantity	Value
	Quantity	(Rs.in crores)	(MTs) Quantity	(Rs.in crores)		
Iron Ore Mining	NIL	NIL	NIL	NIL	NA	NA
Pellets	79736	66.84	8473	5.17	841.06	11982.84
Sponge Iron	184039	336.44	239636	341.44	(23.20)	(1.46)
Steel Billets	41950	124.18	55836	135.76	(24.86)	(8.53)
MS Rounds in coils, CTD Bars	36420	124.02	-	-	NA	NA
HB Wire	76966	265.05	71682	221.04	7.37	19.91
Ferro Alloys	5069	29.74	1168	6.72	333.99	342.56
By Products	NA	40.20	NA	27.14	NA	48.12
Power MW/KWH in lacs	1187.53	42.10	1906.48	95.12	(37.71)	(55.74)
Total		1028.57		832.39		23.57

In fiscal 2011, your Company recorded gross revenue of Rs.1,029 crores as against Rs.832 crores during previous year, registering growth of 24% as compared to last fiscal. The increase in gross revenue was mainly on account of the sale of pellets, merger of the rolling business and resumption in the production of steel billets, coupled with improved realisations, especially in the second half of the year. The increased production of iron ore from captive mines and improvement in production of pellets also contributed significantly to the Company's profitability.

ii) Raw Material Cost

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

Items	FY11			FY10			% increase/(decrease) in price
	Qty in MTs	Amount	Average	Qty in	Amount	Average	
		Rs. In crores	Price Rs.	MTs	Rs. In crores	Price Rs.	
Iron Ore	536515	109.82	2047	583053	160.88	2759	(25.80)
Coal & Coke	517824	155.29	2999	649926	178.31	2744	9.29
Pig Iron/Scrap	18163	40.35	22217	15607	28.15	18040	23.15
MS Round in coils	46119	136.58	29615	73974	192.18	25980	13.99
Manganese Ore	14878	7.33	4929	4725	2.59	5486	(10.20)
Steel Billets	31980	75.04	23466	-	-	-	-
Rice Husk	81501	16.88	2071	-	-	-	-
Others	-	19.05	-	-	4.89	-	-
Total		560.37			567.03		

iii) Operating and Other Expenses

The Company's operating and other expenses have gone up from 9.92% of the net sales to 18.79% mainly due to commencement of operations in the pellet plant, resulting in additional expenditure like fuel consumption etc. in operation of the pellet plant.

iv) Employee Cost

The employee cost during the year increased by 69.55% to Rs.29.40 crores from Rs.17.34 crores due to annual increment in salaries and recruitment of additional employees to meet increased requirement in the pellet plant and mining divisions. The overall employee cost increased to 3.15 % of the sales as compared to 2.23% during the previous year.

v) Operating Margins (EBIDTA)

Operating margins i.e. earning before interest, depreciation and taxes increased to 21.07% as compared to 16.18 % of net sales during the year, mainly on account of decrease in raw material cost due to higher iron ore mining from captive mines and cost savings on account of their use in sponge iron division.

vi) Interest and Financial Charges

Total expenses towards interest cost and bank charges during the year increased from Rs.32.04 crores to Rs.60.25 crores. This rise in expense was mainly due to the consequent higher interest cost upon commissioning of the pellet plant and increase in borrowings of the Company to meet fund requirements for investments in the Company's ongoing projects and normal capital expenditure. Cost of funds also increased during the year due to inflationary pressure on the economy and the subsequent increase in rate of interest by banks.

vii) Depreciation

Depreciation on fixed assets has gone up due to full-year operations of the iron ore pellet plant, which started production during the previous financial year. The Company has applied the straight line method of depreciation as per rates prescribed under the Companies Act, 1956.

viii) Profit Before Tax

The Company has achieved a net profit before tax, and extraordinary items, of Rs.89.28 crore, which is 9.58% of net sales as against Rs.61.97 crore, which was 7.98% of net sales during the previous year.

ix) Provision for taxation

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

x) Appropriation

The Company has transferred Rs.10.00 crore (previous year Rs.10 crore) to the General Reserve and Rs.5.25 crores (previous year NIL) to the Debenture Redemption Reserve during the year.

xi) Provision for Dividend and Dividend Tax

The Board of Directors of the Company has recommended a final dividend of 25% (Rs.2.50 per share) for the year ended March 31, 2011, subject to approval of the shareholders. Further provision for dividend distribution tax of Rs.1.32 crore has been made. The total outgo of funds on account of dividend payment including corporate tax on dividend for the year is Rs.9.26 crores.

xii) Fixed Assets

(Rs. in crores)				
Particulars	FY11	FY10	Change	Change%
Gross Block	856.24	690.67	165.57	23.97
Less	170.50	110.10	60.40	54.86
Depreciation				
Net Block	685.74	580.57	105.17	18.11
Capital WIP & Pre-OP Exp	36.86	60.17	(23.31)	(38.74)
Net Fixed Assets	722.60	640.74	81.86	12.78

The Company has, during the year, incurred additional capital expenditure of Rs.166.57 crores towards mining, pellet production and implementation of the 20 MW power plant commissioned during the year.

xiii) Inventories

The overall value of inventory of raw materials increased to Rs.96.31 crore as on March 31, 2011 as compared Rs.82.08 crore as on March 31, 2010 due to the price increase of raw materials towards the end of the financial year. The average level of holding of raw material stood at 2.06 months of consumption as compared to a level of 1.73 months during the previous year.

xiv) Sundry Debtors

The average number days sales outstanding for the FY 11 are 21 days as compared to 17 days in FY 10 due to higher realisation period in case of sale of steel billets and sponge iron. However, the increase in debtors is within the normal limits.

xv) Loans and Advances

Loans and advances as on March 31, 2011 stood at Rs.60.65 crores, an increase of 28.35%, as compared to March 31, 2010, which is mainly due to the advances paid to raw material and equipment suppliers to ensure regular supplies. The advances are normal in the ordinary course of business of the Company and as per industry practices.

xvi) Current Liabilities

Overall current liabilities decreased from Rs.78 crores to Rs.66 crores due to decrease in advances from customers and creditors for capital goods and the decrease in acceptances.

xvii) Secured and Unsecured Loans

At the end of the year, secured long-term loans totalled Rs.467.41 crores, including Debentures of Rs.125 crores, against Rs.277.92 crores in FY 2010. The Company's unsecured loans amount to Rs.36.45 crore (Previous Year NIL) as on the Balance Sheet date.

xviii) Key Financial Indicators:

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

Particulars	FY11	FY10
EBDITA to Net sales (%)	21.07	16.18
Profit after Tax to sales (%)	7.65	6.62
Earnings Per Share	22.44	18.31
Net Worth Per Share (Rs)	176.07	170.88
Current Ratio	4.16	2.64
Debt Equity Ratio	0.84:1	0.58:1

Internal Control System and Their Adequacy

Our monthly information system is the 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, utilisation of fiscal resources, and compliance with laws for optimum utilisation of resources and achieve better efficiencies. The Company is equipped with adequate internal control system.

Material Developments in Human Resources/Industrial Relations

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

Risk Management

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

Change in the Political Situation

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

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

Change in the Economic Situation

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

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

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

Fluctuation in prices of Raw Material & Fuel

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

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

Changes in Selling Prices

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

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

Credit, Interest and Exchange Fluctuation Risk

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

The level of existing rupee debt as on March 31, 2011 is Rs.290.49 crores and foreign currency term loans of US\$ 11.66 million, out of which 10 million is un-hedged. Hence, change in interest rates may have significant impact on the financial results.

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

Miscellaneous risks

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

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

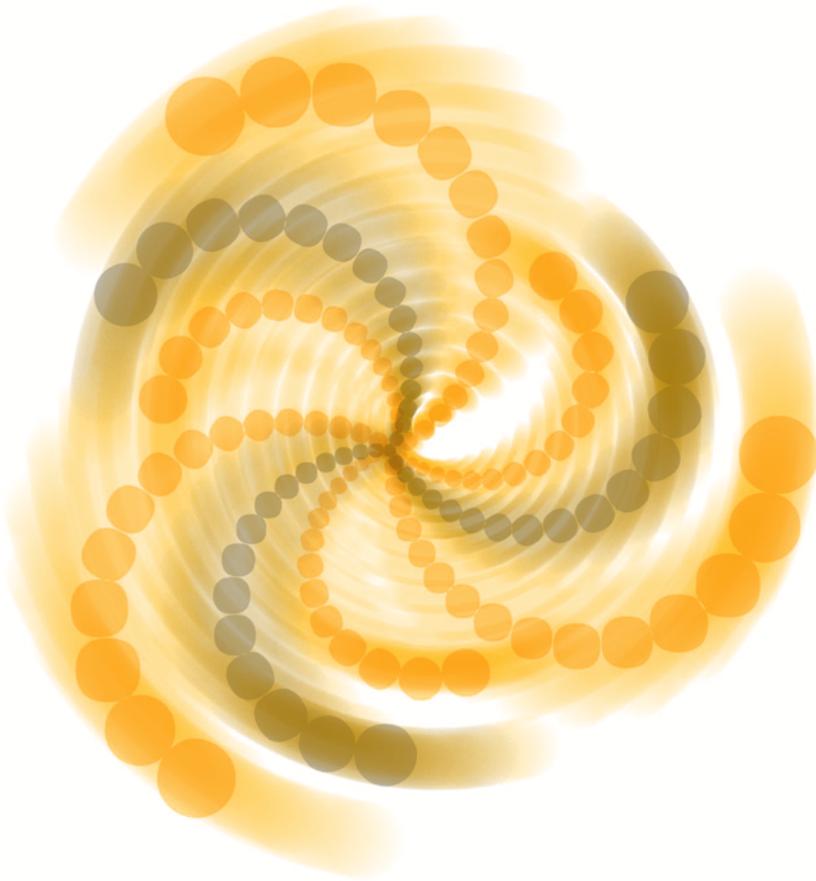
Cautionary Statement

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

For and on behalf of the Board of Directors

Place: Raipur
Date: August 6, 2011

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

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

2.1 The names and categories of the Directors on the Board and also the number of Directorships and Committee Memberships held by them during 2010-11 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	04	Absent	02
Mr. O.P. Agrawal*	Vice Chairman Non-Executive	06	03	Absent	Nil
Mr. B.L. Agrawal	Managing Director - Executive	09	03	Absent	03
Mr. N.P. Agrawal*	Non-Executive	10	03	Absent	01
Mr. Dinesh Agrawal	Executive	11	03	Present	01
Mr. Dinesh Gandhi	Executive	03	05	Absent	01
Mr. Sidharth Agrawal	Executive	09	04	Present	Nil
Mr. B. Choudhuri	Independent	09	05	Present	08
Mr. Shashi Kumar	Independent	04	03	Absent	01
Mr. B. N. Ojha	Independent	04	05	Absent	03
Mr. Vinod Pillai	Executive	01	04	Present	Nil

* Resigned from the directorship of the company w.e.f. August 6, 2011.

** Other Directorship excludes Directorship in Private Limited Companies.

Changes in the composition of Directors during the year:

Shri Dinesh Agrawal and Shri Vinod Pillai, Non-Executive Directors on the Board of the Company have been appointed as Whole Time Directors of the Company with effect from June 1, 2011 consequent upon merger of R.R. Ispat Limited with the company.

Shri O. P. Agrawal and Shri N. P. Agrawal have resigned from the directorship of the Company with effect from August 6, 2011.

Shri Siddharth Agrawal has resigned as Whole Time Director of the Company with effect from August 6, 2011. However, he will continue to be on the Board of the Company as a Non-Executive Director.

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

2.2 Number of Board Meetings held:

During the year 2010-11, the Board met 05 times and agenda papers were circulated well in advance of each meeting to the Board of Directors. In order to ensure fruitful deliberations at the meetings, the Board of Directors of your company is provided with all relevant information on various matters related to the working of the company. The dates on which Meetings of the Board of Directors were held and the number of Directors present in each meeting are given in Table below:

S. No.	Date of Meeting	No. of Directors Present
1	May 30, 2010	10
2	August 03, 2010	09
3	October 29, 2010	07
4	December 29, 2010	05
5	February 04, 2011	11

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 Four times during the year 2010-11 and the attendance of the members at these meetings was as follows:

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

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

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

Subsidiary Companies

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

During the year under review, your Company acquired 100% of the equity of M/s Godawari Green Energy Limited for setting up of 50 MW Solar Thermal Power Project in the State of Rajasthan, which is in the initial stage.

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

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

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

Disclosure:

Basis of related party transaction

A statement, in summary form, of all the transactions entered into with the related parties in the ordinary course of business, details of material individual transactions with related parties are placed before the audit committee for the review. There are no material transactions with related parties, which require separate disclosure. A comprehensive list of transactions entered into with the related parties as required by the Accounting Standards (AS) 18 issued by the Institute of Chartered Accountants of India is given at note No.8 of schedule 21 to the accounts in the Annual Report.

Disclosure of accounting treatment

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

Risk Management

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

Proceeds from public issues, right issues, preferential issues etc

Your Company has not made any public issue, right issue, preferential issue etc. of equity shares during the financial year 2010-11. The company, however, issued 1250, Secured Redeemable Non Convertible Debentures of Rs.10,00,000 each aggregating to Rs.125 Crores, the proceeds of which have been utilized for general corporate purposes, normal capital expenditure and for meeting long term working capital requirements of the company.

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

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

4. Remuneration Committee

The 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.15,000 for attending each Board meeting and Rs.5000 for attending each Committee Meeting. The company has paid a remuneration of Rs.30.00 lacs to Mr. B.L. Agrawal, Managing Director, Rs.21.00 lacs to Mr. Siddharth Agrawal, Executive Director, Rs.27.00 lacs to Mr. Dinesh Agrawal as Managing Director of erstwhile M/s R. R. Ispat Limited and Rs.18.00 lacs to Mr. Dinesh Gandhi, Director (Finance) of the company during the financial year 2010-11.

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 reappointment at the ensuing Annual General Meeting to be held on September 30, 2011 are given as under:

A	Name	Shri G. B. Desai	Shri Vinod Pillai
B	Brief resume		
	i) Age	83 years	42 Years
	ii) Qualification	Diploma in Accounts & Secretarial Practice	B. Com.
	iii) Experience in Specific Functional area	More than 30 years	More than 20 years
	iv) date of Appointment on the Board of the company	June 20, 2006	July 28, 2009
C	Nature of expertise in specific functional areas	He has over three decades of experience in the field of capital markets. He is the ex-president of the Bombay Stock Exchange Limited.	He has vast experience in purchase, sales, liasioning, administration and logistics management.
D	Name(s) of other Public Limited Companies in which Directorships held	1. Hira Ferro Alloys Limited 2. Axis Capital Market India Limited	Hira Cement Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	Chairman – Shareholders Grievance Committee & Member of Audit Committee & Remuneration Committee	NIL
F	No. of Shares of Rs 10/- each held by the Directors	100000	NIL
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	No Relationship with Directors	No Relationship with Directors

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:

Sl No.	Name	Designation
1.	Mr. G. B. Desai	Chairman (Independent Non-Executive Director)
2.	Mr. Dinesh Agrawal	Member (Executive Director)
3.	Mr. Dinesh Gandhi	Member (Executive Director)

Other information to Shareholders:

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

Year	Date	Time	Venue
2007-2008	September 23, 2008	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)
2008-2009	September 22, 2009	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)
2009-2010	September 25, 2010	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)

No Special Resolution was passed in any of the above Meetings.

Postal Ballot

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

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

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

Date of Declaration of Results: July 2, 2011.

Type of Resolution: Special

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

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

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

Procedure for postal ballot:

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

General Information

1. Annual General Meeting

Date	September 30, 2011
Time	3.00 pm.
Venue:	Regd Office of the Company at Godawari Power & Ispat Ltd, Plot No. 428/2, Phase – I, Industrial Area, Siltara – Dist., Raipur (C.G.) - 493111

2. Financial Calendar (2011-2012) (tentative) :

Board Meeting (for Financial Result)-

Quarter ending on June 30, 2011 : On or before August 14, 2011

Half-year ending on September 30, 2011 : On or before November 15, 2011

Quarter ending on December 31, 2011 : On or before February 15, 2012

Year ending on March 31, 2012 : May, 2012

3. Date of Book Closure : August 22, 2011 to August 30, 2011.

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 Bombay Stock Exchange,

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

7. Market Price Data



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

Month	NSE		BSE	
	High	Low	High	Low
April, 2010	319.90	255.15	319.80	257.00
May, 2010	291.00	204.00	291.95	201.15
June, 2010	242.80	194.00	242.00	194.15
July, 2010	257.00	215.65	256.00	218.35
August, 2010	252.90	205.75	252.40	206.95
September, 2010	224.90	206.15	225.45	206.05
October, 2010	225.00	199.75	224.95	199.00
November, 2010	224.15	168.00	224.00	169.00
December, 2010	215.50	165.20	214.90	170.65
January, 2011	209.80	162.20	209.35	162.10
February, 2011	197.20	155.05	196.30	157.00
March, 2011	184.70	163.95	184.00	165.10

9. **Registrar and Transfer Agent** : M/s. Link Intime India Pvt. Limited
 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 March 31, 2011

Category (Shares)	Shareholders		Shares Held	
	Number	% to Total	Number	% to Total
Up to 5000	26652	93.3095	2712199	8.5407
5001 – 10000	945	3.3085	754854	2.377
10001- 20000	443	1.5510	680471	2.1428
20001 – 30000	157	0.5497	404658	1.2743
30001 – 40000	74	0.2591	262539	0.8267
40001 – 50000	78	0.2731	370855	1.1678
50001 – 100000	88	0.3081	650888	2.0496
100001 and above	126	0.4411	25919783	81.6211
Total	28563	100	31756247	100

Shareholding Pattern as on March 31, 2011

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters (including person acting in concert)	2,02,39,092	63.73
2	Institutional Investors i.e. MFs, FIs, banks etc	31,92,345	10.06
3	Bodies Corporate	17,98,543	5.66
4	NRIs/ OCBs	2,94,225	0.93
5	General Public	61,47,057	19.35
6	Clearing Member / Trust	84,985	0.27
	Total	3,17,56,247	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	Dinesh Agrawal
Siddharth Agrawal	Narayan Prasad Agrawal
Hanuman Prasad Agrawal	Kanika Agrawal
Rashmi Agrawal	Sarita Agrawal
Godawari Devi Agrawal	Master Prakhar Agrawal
Kumar Agrawal	Madhu Agrawal
Vinay Agrawal	Reena Agrawal
Nancy Agrawal	Abhishek Agrawal
Master Pranav Agrawal	Alok Ferro Alloys Limited
Ardent Steel Limited	Godawari Clinkers and Cement Limited
Godawari Energy Limited	Godawari Green Energy Limited
Godawari Mines and Minerals Limited	Godawari Natural Resources Limited
Godawari Integrated Steels (I) Limited	Godawari Seamless Tubes Limited
Hira Cement Limited	Hira Energy Limited
Hira Ferro Alloys Limited	Hira Power and Steels Limited
Hira Steels Limited	Jagdamba Power and Alloys Limited
Krishna Global Minerals Limited	Hira Infra-Tek Limited
SAG International Limited	Sagar Energy and Steels Limited
Shourya Diamonds 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, 2011.

12. **Dematerialization of Shares** : The Company has entered into agreement with National Securities Depository Limited and Central Depository Services (India) Limited 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 Limited,

Hira Group, 606, Town Centre, Andheri Kurla Road,

Near Mittal Estate, Sakinaka, Andheri (East), Mumbai – 400059

Tel No: +91 22 28592621/22/23 Fax No: +91 22 28592851

e-mail: investors@gpilindia.in

14. **Green Initiative in the Corporate Governance**

The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies after considering sections 2,4,5 and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode, issued a Circular NO. 18/2011 dated April 29, 2011 clarified that the company would be in compliance of sections 219(1) of the Companies Act, 1956, in case, a copy of Balance Sheet etc. is sent by electronic mail to its members subject to the fact that company has obtained:

- E-mail address of its members for sending the Notice with Balance Sheet, Profit & Loss Account, Auditor's Report, Director's Report, and Explanatory Statement etc. through e-mail, after giving an advance opportunity to the member to register his e-mail address and changes therein from time to time with the company or with the concerned depository.
- Company's website display full text of these documents well in advance prior to mandatory period and issue advertisement in prominent newspapers in both vernacular and English stating that the copies of aforesaid documents are available in the website and for inspection at the Registered Office of the company during office hours. Website must be designed in a way so that documents can be opened easily and quickly.
- In cases where any member(s) has not registered his e-mail address for receiving the Balance Sheet etc. through e-mail, the Balance Sheet etc. will be sent by other modes of services as provided under Section 53 of the Companies Act, 1956.
- In case any member(s) insist for physical copies of above documents, the same should be sent to him physically, by post free of cost.

In order to support the Government in its endeavor to Go Green, your company has decided to send the Annual Report for the Financial Year 2010-11 onwards through e-mail to all the shareholders subject to the above conditions.

CEO/CFO Certification

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

Report on Corporate Governance

This chapter, read together with the information given in the chapter titled Management Discussion and Analysis constitute compliance report on Corporate Governance during 2010-11.

For and on behalf of the Board of Directors

Place: Raipur
Date: August 6, 2011

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 2010-11 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 2010-11 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: August 6, 2011

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 March 31, 2011 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: August 6, 2011

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, 2011, 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 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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, 2011.
 - (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 Regn.No.002172C)

Chartered Accountants

O.P.Singhania

Partner

Membership No.:051909

Raipur, 22nd May,2011

Annexure

Re: Godawari Power & Ispat Limited

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

- (i) (a) The Company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records of the company, we are of the opinion that, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The company has granted unsecured loans to two companies covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved was Rs. 110.11 lacs and the year-end balance of the loan granted to a company was Rs. 11.88 lacs.
 - (b) In our opinion, the terms & conditions on which loans have been granted to the companies listed in the register maintained under section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the company.
 - (c) The receipt of the principal amount and interest wherever applicable was regular.
 - (d) There was no overdue amount of loans granted to companies listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) The company has taken unsecured loans from five companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year, maximum amount involved was Rs. 7047.28 lacs and the year end balance of the loan taken from companies was Rs. 3617.89 lacs.
 - (f) In our opinion, the terms & conditions on which loans have been taken from the companies listed in the register maintained under section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the company.
 - (g) The company was regular in repaying the amount as stipulated.
- (iv) In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information & explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) 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.

Annexure

- (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 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Year	Amount (Rs. In lacs)	Forum where dispute is pending
Service Tax	Disallowance of credit of service tax Paid on onward freight	2005-06	18.34	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Service Tax	Service Tax – Demand on GTO etc.	2004-05 to 2006-07	49.93	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Duty on Iron Ore Fines & Coal Fines	2008-09 to 2009-10	83.32	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Disallowance of Duty on Structural Items	2008-09 to 2009-10	142.43	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of cenvat credit	2007-08	11.12	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of cenvat credit	2008-09	7.59	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand on account of Cenvat on Input Services	2008-09	9.13	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Disallowance of Cenvat on Capital Goods	2008-09	16.69	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand of duty on account of Related Party transaction	2007-08 to 2008-09	63.81	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Central Excise Act	Demand of duty on account of Related Party transaction	2006-07 to 2007-08	47.72	Custom, Excise and Service Tax Appellate Tribunal, New Delhi.
Income Tax Act	Income Tax	A.Y. 2007-08	4.01	Commissioner of Income Tax (Appeals), Raipur
Income Tax Act	Income Tax	A.Y. 2008-09	25.25	Commissioner of Income Tax (Appeals), Raipur
C.G. Commercial Tax Act	Commercial Tax	2002-03	1.46	Deputy Commissioner, (Appl) Commercial Taxes, Raipur
Central Sales Tax	Demand of Central Sales Tax	2002-03	23.18	Deputy Commissioner, (Appl) Commercial Taxes, Raipur

Annexure

- (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(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) The company has created securities/charges in respect of secured debentures issued.
- (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 Regn.No.002172C)

Chartered Accountants

O.P.Singhania

Partner

Membership No.:051909

Raipur, 22nd May, 2011

Balance Sheet

as at 31st March, 2011

	Schedules	2011	2010
(Rs. in lacs)			
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	3,175.62	2,806.98
Reserves and surplus	2	52,736.82	45,158.78
		55,912.44	47,965.76
Loan Funds			
Secured Loans	3	60,778.30	39,149.89
Unsecured Loans	4	3,645.42	-
		64,423.72	39,149.89
TOTAL		120,336.16	87,115.65
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	85,623.90	69,067.49
Less : Accumulated Depreciation/amortisation		17,049.67	11,009.69
Net Block		68,574.23	58,057.80
Capital work-in-progress including capital advances		3,685.44	6,016.62
		72,259.67	64,074.42
Investments	6	21,209.27	7,154.16
Current Assets, Loans and Advances			
Inventories	7	22,872.89	15,863.79
Sundry debtors	8	5,402.52	3,583.82
Cash and bank balances	9	1,014.87	1,366.87
Loans and advances	10	6,065.24	4,725.55
		35,355.52	25,540.03
Less : Current Liabilities and Provisions			
Current Liabilities	11	6,603.49	7,793.12
Provisions	12	1,885.39	1,859.83
		8,488.88	9,652.96
Net Current Assets		26,866.64	15,887.07
Miscellaneous Expenditure (to the extent not written off or adjusted)		0.58	-
TOTAL		120,336.16	87,115.65
Notes to Accounts	21		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet.
As per our report of even date

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

Chartered Accountants

per **O P Singhania**

Partner

Membership No.051909

Place : Raipur

Date : 22.05.2011

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

B.L.Agrawal

Managing Director

Dinesh Gandhi

Director

G.B.Desai

Chairman

Y.C.Rao

Company Secretary

Profit & Loss Account

for the year ended 31st March, 2011

	Schedules	2011	2010
(Rs. in lacs)			
INCOME			
Turnover (Gross)	13	102,857.30	83,239.34
Less: Excise duty		8,961.35	5,596.38
Less: Sales Tax/VAT		688.25	-
Turnover (Net)		93,207.70	77,642.96
Other Income	14	567.48	301.47
Increase/(Decrease) in Stock in trade	15	3,385.64	1,085.98
TOTAL		97,160.82	79,030.41
EXPENDITURE			
Purchase of Trading Goods		1,037.57	328.91
Raw material consumed	16	56,037.31	56,703.47
Personnel expenses	17	2,939.58	1,733.76
Operating and other expenses	18	17,510.75	7,701.03
Depreciation/Amortisation		4,682.96	3,162.42
Financial expenses	19	6,024.59	3,203.91
TOTAL		88,232.76	72,833.49
Profit before tax		8,928.06	6,196.91
Provision for Current Tax		1,775.00	1,053.00
Tax related to earlier year		26.48	3.68
Total Tax Expense/income		1,801.48	1,056.68
Profit after tax		7,126.58	5,140.24
Transfer on Amalgamation (Refer Note No.5 of Schedule-21)		960.36	-
Balance brought forward from previous year		21,030.38	17,711.15
Profit available for appropriation		29,117.31	22,851.38
APPROPRIATIONS			
Transfer to General Reserve		1,000.00	1,000.00
Transfer to Debenture Redemption Reserve		525.00	-
Proposed dividend		793.91	701.75
Tax on dividend		131.86	119.26
Surplus carried to Balance Sheet		26,666.54	21,030.38
Earning Per Share	20		
Basic & Diluted EPS			
- Basic earning per share		22.44	18.31
- Diluted earning per share		22.44	18.31
Notes to Accounts	21		

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.
As per our report of even date

For **OP Singhania & CO.**
(Firm Reg. No.002172C)

Chartered Accountants

per **O P Singhania**

Partner

Membership No.051909

Place : Raipur

Date : 22.05.2011

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

B.L.Agrawal

Managing Director

G.B.Desai

Chairman

Dinesh Gandhi

Director

Y.C.Rao

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2011

	(Rs. in lacs)	
	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	8,928.06	6,196.91
ADJUSTMENTS FOR:		
Depreciation/amortisation	4,682.96	3,162.42
Provision for Gratuity	49.44	25.00
Provision for loss on derivative contracts	-	(102.62)
Deferred Revenue expenses written off	0.29	-
Provision for doubtful debts	5.29	-
Interest Charges	6,024.59	3,203.91
Interest Received	(78.84)	(49.06)
Dividend Received	(88.37)	(1.56)
(Profit)/Loss on sale of Fixed Assets	15.18	48.84
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	19,538.60	12,483.84
ADJUSTMENTS FOR:		
(Increase)/Decrease in Receivables and Advances	(704.73)	(1,259.26)
(Increase)/Decrease in Inventories	(5,303.40)	(2,382.78)
Increase/(Decrease) in Trade payables	(3,842.96)	2,237.71
CASH GENERATED FROM OPERATIONS	9,687.51	11,079.52
Direct Taxes Paid/Deducted at Source	(1,073.69)	(967.06)
NET CASH FROM OPERATING ACTIVITIES	A 8,613.82	10,112.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Expenditure	(8,547.16)	(12,175.92)
Proceeds from Sale of Fixed Assets	78.62	26.20
Interest received	78.84	49.06
Dividend Received	88.37	1.56
(Increase)/Decrease in Investments	(13,415.91)	(2,696.57)
NET CASH USED IN INVESTING ACTIVITIES	B (21,717.25)	(14,795.67)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Debenture issued	12,500.00	-
Proceeds/(Payment) of Long Term Borrowings from Banks	3,357.72	6,422.18
Proceeds/(Payment) of Short Term Borrowings from Banks	2,530.58	(435.59)
Proceeds/(Payment) of Other Borrowings	1,099.39	(13.01)
Dividend and tax thereon Paid	(821.01)	(821.01)
Interest Charges	(6,024.59)	(3,203.91)

Cash Flow Statement

for the year ended 31st March, 2011 (Contd.)

		(Rs. in lacs)	
		2011	2010
NET CASH USED IN FINANCING ACTIVITIES	C	12,642.10	1,948.66
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(461.33)	(2,734.55)
Cash and Cash Equivalents transfer on amalgamation		109.33	-
Cash and Cash Equivalents at the beginning of the year		1,366.87	4,101.42
Cash and Cash Equivalents at the end of the year		1,014.87	1,366.87
Components of cash and cash equivalents as at		2010	2009
		Rs.	Rs.
Cash in hand		33.43	3.80
With banks- on current account		240.93	377.74
- on deposit account		729.61	976.06
- on unpaid dividend account*		9.33	7.71
- on public issue refund account*		1.57	1.57
		1,014.87	1,366.87

Notes :

- Figures for the previous year have been regrouped/rearranged wherever found necessary.
- Interest charges excludes interest capitalised Rs. 37,830,918/- (previous year Rs. 47,034,169/-).
- *Balances held by the company which are not available for use by it.

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.
As per our report of even date

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

Chartered Accountants

per **O P Singhania**

Partner

Membership No.051909

Place : Raipur

Date : 22.05.2011

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

B.L.Agrawal

Managing Director

G.B.Desai

Chairman

Dinesh Gandhi

Director

Y.C.Rao

Company Secretary

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 1 : CAPITAL		
Authorised		
49,800,000 (35,000,000) equity shares of Rs. 10/- each	4,980.00	3,500.00
3,200,000 (0) Preference Shares of Rs. 10 each	320.00	-
	5,300.00	3,500.00
Issued		
31,756,247 (28,069,807) equity shares of Rs. 10/- each	3,175.62	2,806.98
Subscribed & Paid up		
31,756,247 (28,069,807) equity shares of Rs. 10/- each fully paid up	3,175.62	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.		
3,686,440 Equity Shares of Rs. 10/- each issued on amalgamation (Refer Note No.5 of Schedule-21)		

SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last account	32,400,000	-
Addition during the year	-	32,400,000
Transfer on Amalgamation (Refer Note No.5 of Schedule-21)	7,135,600	-
	39,535,600	32,400,000
Debenture Redemption Reserve		
Balance as per last account	-	-
Addition during the year	52,500,000	-
	52,500,000	-
Securities Premium		
Balance as per last account	1,630,440,356	1,630,440,356
Transfer on Amalgamation (Refer Note No.5 of Schedule-21)	33,765,000	-
	1,664,205,356	1,630,440,356
General Reserve		
Balance as per last account	750,000,000	650,000,000
Transfer on Amalgamation (Refer Note No.5 of Schedule-21)	787,218	-
Add: Transferred from Profit and Loss Account	100,000,000	100,000,000
	850,787,218	750,000,000
Profit and Loss Account	2,666,653,722	2,103,037,585
	5,273,681,896	4,515,877,941

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 3 : SECURED LOANS		
Debentures		
1250 - 12% Secured Redeemable Non -Convertible Debentures of Rs. 1,000,000/- each (redeemable in six equal half-yearly instalment commencing from January'2014)	12,500.00	-
Loans and advances from banks		
- Cash Credit Facilities (including FCNR Loans of Rs. Nil (PY.Rs. 250,000,000/-)	10,500.89	7,267.03
- Term Loans (including FCNR Loan of Rs. Nil (PY.Rs. 1,209,363,861/-)	29,049.32	21,855.35
- Short-term loans	2,523.89	4,013.15
- External Commercial Borrowings	5,191.23	5,936.97
- Buyers Credit Facility	922.43	-
Other Loans & Advances	90.54	77.39
	60,778.30	39,149.89

Security and terms & conditions for above loans:

- The working capital facilities including buyers credit facility from Banks are secured by first pari passu charge over entire current assets i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables of the Company and second charge over the other movable assets and immovable assets of the Company.
- The rupee term loans including ECB from banks and debentures 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.
- 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.
- The above credit facilities are also secured by personal guarantee of promoter directors of the Company & their relatives.
- 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.
- Other loans are secured by hypothecation of specific assets acquired under hire purchase finance from various banks.

	(Rs. in lacs)	
	2011	2010
SCHEDULE 4 : UNSECURED LOANS		
Loans & advances from subsidiaries	1,976.00	-
Other loans & advances from others	1,669.42	-
	3,645.42	-

Schedules to the Accounts

As at 31st March, 2011

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 01.04.2010	Additions during the year	Deductions/ sale during the year	Upto 31.03.2010	During the year	(Deductions)/ Adjustment During the year	Upto 31.3.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	743.68	428.00	-	-	-	-	-	1,171.68	743.68
Leasehold Land	65.39	4.89	-	4.92	0.70	0.47	6.09	64.19	60.47
Iron Ore Mines	1,001.18	753.55	-	47.98	73.59	-	121.57	1,633.15	953.19
Site & Land Development	894.84	85.86	-	-	-	-	-	980.70	894.84
Factory Shed & Building	5,541.79	1,716.92	5.70	505.62	211.68	140.75	858.05	6,394.96	5,036.17
Plant & Machinery	60,005.41	13,532.12	101.66	10,292.99	4,308.77	1,235.31	15,837.07	57,598.80	49,712.42
Furniture & Fixtures	2,006.4	43.36	17.05	39.65	13.86	(10.58)	42.93	184.02	160.99
Vehicles	371.77	189.56	85.20	98.19	47.31	(8.93)	136.57	339.56	273.58
Intangible	-	-	-	-	-	-	-	-	-
Computer Software	242.80	11.76	-	20.34	27.05	-	47.39	207.17	222.46
TOTAL	69,067.49	16,766.02	209.61	11,009.69	4,682.96	1,357.02	17,049.67	68,574.23	58,057.80
PREVIOUS YEAR	45,875.83	23,297.86	106.21	7,878.44	3,162.42	31.17	11,009.69	58,057.79	37,997.39
Capital Work in Progress & Preoperative expenses including capital advances	6,016.62	2,710.51	5,041.69	-	-	-	-	3,685.44	6,016.62
PREVIOUS YEAR	17,138.56	11,669.39	22,791.33	-	-	-	-	6,016.62	17,138.56

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 6 : 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
39,850 (10,000) equity shares of Rs. 10/- each in Chhattisgarh Power & Coal Benification Ltd	19.56	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
0 (52,000) equity shares of Rs. 10/- each in Hira Ferro Alloys Ltd	-	36.40
5,10,000 equity shares of Rs. 10/- each in Chhattisgarh Ispat Bhoomi Ltd	51.00	51.00
5,000 equity shares of Rs. 10/- each in Jagdamba Power & Alloys Ltd	0.50	-
B. Other than trade		
Unquoted, fully Paid up		
Shares		
14,000 (10,000) equity shares of Rs. 10/- each in Hira Energy Ltd	1.40	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
0 (250,000) units of Rs. 10/- each in Axis Equity Fund - Growth	-	25.00
C. In Subsidiary Companies		
Quoted, fully Paid up		
20,08,200 equity shares of Rs. 10/- each in Hira Ferro Alloys Ltd	2,363.74	-
Unquoted, fully Paid up		
0 (2,332,750) equity shares of Rs. 10/- each in R.R. Ispat Ltd	-	1,730.10
12,150,000 (0) equity shares of Rs. 10/- each in Godawari Green Energy Ltd.	12,105.00	-
11,800,000 (50,000) equity shares of Rs. 10/- each in Godawari Energy Ltd.	1,180.00	5.00
50,000 equity shares of Rs. 10/- each in Godawari Clinker & Cement Ltd.	5.00	5.00
75,00,000 (P.Y.49,55,700) equity shares of Rs. 10/- each in Ardent Steels Ltd.	4,425.00	2,898.42
50,000 (0) equity shares of Rs. 10/- each in Godawari Integrated Steels (I) Ltd.	5.00	-
50,000 equity shares of Rs. 10/- each in Krishna Global & Mineral Ltd.	5.00	5.00
D. In Trust		
GPIL Beneficiary Trust (Refer Note No.5 of Schedule-21)	22.50	-
Share Application Money (Pending allotement)	569.22	1,939.89
	21,209.27	7,154.16
Agreegate Amount of unquoted investments	18,276.31	5,214.26
Agreegate Market Value of quoted investments	6,140.07	-
* Out of 2240100 equity shares, 1600000 equity shares pledged with Bankers as security for credit facilities sanctioned to the company.		

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 7 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials and components	9,630.61	8,207.91
Stores and spares	2,725.80	1,611.01
Work-in-progress	174.71	222.14
Finished Goods and By-Products	10,120.44	5,822.73
Traded Goods	221.33	-
	22,872.89	15,863.79

SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured, Considered good otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	113.90	43.36
Considered doubtful	51.41	46.12
	165.31	89.48
Others	5,288.62	3,540.45
	5,453.93	3,629.94
Less: Provision for doubtful debts	51.41	46.12
	5,402.52	3,583.82

SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	33.43	3.80
Balances with Scheduled Banks	-	-
On current accounts	240.93	377.74
On deposits accounts*	729.61	976.06
On Unpaid dividend account	9.33	7.71
On Public Issue Refund account	1.57	1.57
	1,014.87	1,366.87

* Out of total Fixed Deposits, Rs. 729.61 lacs (previous year Rs. 976.06 lacs) are pledged with various banks for availing LC, Bank Guarantee, OD facilities, margin money and pledged with other Govt. Departments.

SCHEDULE 10 : LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	4,619.49	3,295.92
Balances with Custom, Excise etc.	624.92	423.87
Deposit with Govt. and others	360.39	217.41
Others	460.44	788.36
	6,065.24	4,725.55

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 11 : CURRENT LIABILITIES		
Acceptances	408.89	2,167.08
Sundry Creditors for goods, services & expenses	3,163.37	1,800.35
Advance from customers	896.35	1,272.69
Advance from Subsidiary companies	592.48	312.11
Creditors for capital goods	512.51	1,167.06
Investor Education and Protection Fund shall be credited by namely:		
(as and when due)	-	-
(a) Unclaimed dividend	9.33	7.71
(b) Unclaimed Public Issue Refund of application money	1.57	1.57
Interest accrued but not due on loans	90.19	101.51
Others	928.80	963.05
	6,603.49	7,793.12
Dues to Micro, Small & Enterprises included in sundry creditors (Refer Note No.15 of Schedule-21)	3.75	11.38
Due to other than Micro, Small & Medium Enterprises included in sundry creditors	3,159.62	1,178.97

SCHEDULE 12 : PROVISIONS		
Provision for taxation (net of advance payments)	845.73	133.85
Provision for gratuity	113.90	64.46
Provision for loss on derivative contracts	-	840.51
Proposed dividend	793.91	701.75
Tax on proposed dividend	131.85	119.26
	1,885.39	1,859.83

SCHEDULE 13 : GROSS TURNOVER		
Sale of Manufacturing Goods	97,343.02	73,344.69
Sale of Trading Goods	1,236.83	382.26
Sale of Electricity	4,210.28	9,512.38
Sale of Carbon Credit (VER)	67.19	-
	102,857.30	83,239.34

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 14 : OTHER INCOME		
Interest		
- Bank deposits (TDS Rs. 507717/- Previous year Rs. 976144/-)	49.28	47.24
- Others (TDS Rs. 254866/- Previous year Rs. 123504/-)	29.56	1.82
Job Work Income	273.83	1.53
Profit on sale of Investments	43.76	-
Dividend income	88.37	1.56
Miscellaneous Income	82.68	249.32
	567.48	301.47

SCHEDULE 15 : INCREASE/(DECREASE) IN STOCK IN TRADE		
Closing Stock		
- Work-in-progress	174.71	222.14
- Finished Goods & By-Products	10,120.44	5,822.73
- Traded Goods	221.33	-
	10,516.48	6,044.87
Opening Stock		
- Work-in-progress	222.14	96.95
- Finished Goods & By-Products	6,548.69	4,860.77
- Traded Goods	217.62	-
	6,988.45	4,957.72
Net Increase/(Decrease) in Stock in trade	3,528.03	1,087.15
Excise Duty on Stocks (Refer Note No.11 of Schedule-21)	(142.39)	(1.17)
	3,385.64	1,085.98

SCHEDULE 16 : RAW MATERIAL CONSUMED		
Opening Stock	8,720.68	7,721.94
Add: Purchases	56,947.24	57,189.43
	65,667.92	64,911.37
Less: Closing Stock	9,630.61	8,207.91
	56,037.31	56,703.47

SCHEDULE 17 : PERSONNEL EXPENSES		
Salaries, wages and bonus	2,465.06	1,441.58
Contribution to provident fund	95.29	55.31
Contribution to gratuity	43.93	32.08
Contribution to other funds	49.13	24.82
Workmen and staff welfare expenses	286.17	179.96
	2,939.58	1,733.76

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 18 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	4,942.06	2,223.23
Grid Parallel operation charges	25.37	124.31
Power & Fuel charges	5,252.65	894.86
Water Charges	282.64	166.15
Other manufacturing expenses	2,501.92	1,743.41
CDM Expenses	31.23	29.31
Rent	39.89	31.03
Rates and taxes		
- Sales tax	-	15.78
- Entry tax	380.70	478.23
- Excise duty	29.76	23.70
- Electricity duty cess	3.61	5.82
- Others	4.30	0.03
Insurance	41.77	21.53
Repairs and maintenance	-	-
- Plant and machinery	559.79	357.48
- Buildings	399.87	173.60
- Others	336.27	113.21
Rebate, shortage claims & other deductions	109.58	67.53
Commission	-	-
- Other than Sole selling agents	125.38	160.52
Provision for doubtful debts	5.29	-
Travelling and conveyance	316.41	169.03
Communication expenses	105.46	71.06
Printing and stationery	38.34	22.71
Legal and professional fees	194.04	90.62
Directors' sitting fees	2.05	3.95
Directors' remuneration	101.64	56.79
Frieght and forwarding charges	286.48	4.93
Security service charges	171.21	107.09
Loss on sale of fixed assets	15.18	48.84
Debenture issue expenses	323.93	-
Loss on Forex derivative transaction	146.07	-
Miscellaneous expenses	737.86	496.28
	17,510.75	7,701.03

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 19 : FINANCIAL EXPENSES		
Interest		
- on term loans	3,704.28	2,309.89
- on working capital	632.55	786.39
- on others	1,229.06	97.22
Bank charges	837.01	480.76
	6,402.90	3,674.26
Less: Interest capitalised	378.31	470.34
	6,024.59	3,203.91

SCHEDULE 20 : EARNING PER SHARE (EPS)		
Net profit as per profit and loss account	7,126.58	5,140.24
Net profit for calculation of basic EPS & Diluted EPS	7,126.58	5,140.24
Weighted average number of equity shares in calculating Basic EPS	317.56	280.70
Weighted average number of equity shares in calculating Diluted EPS	317.56	280.70
Basic & Diluted EPS		
- Basic earning per share	22.44	18.31
- Diluted earning per share	22.44	18.31

Schedules to the Accounts

As at 31st March, 2011

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 Iron Ore Pellets, Sponge Iron, Steel Billets, Wire Rods, H.B. Wire and Ferro Alloys.

2. Significant Accounting Policies

a) System of Accounting

- i) The financial statements are prepared under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii) The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- iii) The accounting policies have been consistently applied by the Company and except for the changes in accounting policies discussed below, are consistent with those used in the previous year.

b) Use of Estimates

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

c) Fixed Assets

- i) Fixed Assets are stated at acquisition cost less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses upto the date of commencement of commercial production and are net of CENVAT credit.
- ii) The various expenditure incurred during the construction stage and upto the date of commencement of commercial production for setting-up the relevant project-assets are grouped under the head "Pre-operative Expenditure" and allocated to related fixed assets on pro-rata basis upon completion of project and put to use.
- iii) Intangible assets are stated at cost of acquisition less accumulated amortisation.
- iv) Expenditure incurred on obtaining the mining lease and initial removal of over burden have been capitalised under Iron Ore Mines account.

d) Depreciation/Amortisation

- i) Depreciation is provided on Straight Line Method based on estimated useful life of the assets which is same as envisaged in schedule XIV of the Companies Act, 1956.
- ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
- iii) Free-hold land and site & land development cost are not depreciated/amortised. 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 iron ore mining are amortised over useful life of the mines or lease period whichever is shorter.

e) Investments

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

f) Inventories

- i) Inventories are valued at lower of cost and net realizable value, after providing for obsolescences, if any.

Schedules to the Accounts

As at 31st March, 2011

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

g) Excise Duty

- i) The Excise Duty in respect of closing inventory of finished goods is provided in books of account and included as part of inventory.
- ii) CENVAT Credit relating to raw materials/components are debited under current assets for availing credit against CENVAT and credited to respective materials/component account.

h) Revenue recognition

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

i) Sale of Products

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

ii) Interest

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

iii) Dividends

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

iv) Carbon Credits

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

i) Borrowing Cost

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

j) Contingent Liabilities

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

k) Taxes on Income

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

l) Foreign Currency Transactions

- i) Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing as on the date of transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominated 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.

Schedules to the Accounts

As at 31st March, 2011

- iv) All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing as on the date of the balance sheet, except in cases where these borrowings are covered by forward exchange contracts. Any increase or reduction in these liabilities are booked to revenue.
- v) In respect of transactions covered by Forward Foreign Exchange Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expenses over the life of the contract.

m) Derivatives Transactions

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

n) Retirement and other Employee Benefits

- i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Profit & Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.
- ii) Gratuity Liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Value of encashable leave are encashed during the year and charged to the Profit & Loss Account.
- iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o) Provisions

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

p) Impairment of Assets

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

q) Treatment of Share Issue Expenses

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

r) Cash and Cash equivalents

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

s) Segment Reporting Policies

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment Transfers :

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

Allocation of common costs:

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

Schedules to the Accounts

As at 31st March, 2011

Unallocated items :

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

t) **Earnings Per Share**

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

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

3. Contingent Liabilities and Capital Commitments are not provided for in respect of :-

- i) Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to Rs. 763 lacs (Previous Year Rs. 468 lacs.)
- ii) Corporate Guarantees issued in favour of bank aggregating to Rs. 4535 lacs (Previous Year Rs. 16675 lacs) in respect of financing facilities granted to other body corporate.
- iii) Disputed liability of Rs. 68.27 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. 348.43 lacs (Previous Year 495.44 lacs) on account of CENVAT against which the company has preferred an appeal.
- v) Disputed liability of Rs. 24.64 lacs (Previous Rs. 3.24 lacs) on account of Sales Tax against which the company has preferred an appeal.
- vi) Disputed liability of Rs. 29.26 lacs (Previous Year Nil) on account of Income Tax against which the company has preferred an appeal.
- vii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh Rs. 1212 lacs (Previous Year Rs. 1212 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.
- viii) Estimated amount of contracts remaining to be executed on capital accounts Rs. Nil (Previous Year Rs. 53.63 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. Amalgamation of erstwhile R.R. Ispat Limited and Hira Industries Limited with the company.

- i) Pursuant to the scheme of Amalgamation ("the scheme") as approved by the Hon'ble High Court of Chhattisgarh, by an order dated 9th March'2011 under section 394 of the Companies Act,1956, R.R. Ispat Limited ("RRIL"), a wholly owned subsidiary of the company and Hira Industries Limited ("HIL") ("the amalgamating companies"), have been amalgamated with the Company with effect from 1st April'2010.
- ii) The Amalgamated Company RRIL is engaged in the manufacturing of Wire Rods (MS Rounds) from Steel Billets & then drawing the wire rods into wires and HIL is engaged in the business of Iron ore crushing.
- iii) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14), "Accounting for Amalgamations". Pursuant to the Scheme, all the assets, liabilities and reserves of erstwhile RRIL & HIL, the amalgamating companies as at 1st April'2010 have been transferred at their book values after making adjustments for transactions with the company.
- iv) Pursuant to the Scheme, 2,332,750 number of equity shares of erstwhile RRIL owned by the company have been cancelled and 1,125,000 Equity Shares of the company held by erstwhile RRIL have been transferred to a trust namely GPIL Beneficiary Trust at their book value for the sole benefit of the company, as per the terms of the scheme.
- v) As provided in the Scheme, 3,686,440 number of equity shares of Rs. 10/- each fully paid up have been issued to the equity shareholders of erstwhile HIL in the ratio of 1 fully paid up equity share of the company for every 1.18 fully paid up shares of Rs. 10/- each held in HIL.

Schedules to the Accounts

As at 31st March, 2011

- vi) The difference between the amount of share capital of erstwhile HIL and the amount of fresh share capital issued by the company on amalgamation amounting Rs. 66.36 lacs has been credited to the Capital Reserve.
- vii) From the effective date the authorised share capital has been increased to Rs. 5300 lacs consisting of 49,800,000 Equity Shares of Rs. 10/- each and 3,200,000 Preference Shares of Rs. 10/- each.
- viii) In view of the above current year figures are not strictly comparable to those of the previous year.

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

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

	(Rs. in lacs)	
	2010-11	2009-10
As Auditor	12.90	8.50
As Advisor, or in any other capacity in respect of -		
- Taxation Matters	3.50	2.55
- Company Law Matters	0.00	4.00
In any other manner	0.43	1.50

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

i) Related Parties	
<p>a) Subsidiaries</p> <p>Godawari Green Energy Limited (Wholly owned)</p> <p>Godawari Energy Limited (Wholly owned)</p> <p>Godawari Clinkers & Cement Limited (Wholly owned)</p> <p>Krishna Global & Mineral Limited (Wholly owned)</p> <p>Godawari Integrated Steel Co. (I) Limited (Wholly owned)</p> <p>Ardent Steels Limited</p> <p>Hira Ferro Alloys Limited</p>	<p>d) Joint Ventures</p> <p>-- Raipur Infrastructure Company Ltd.</p> <p>-- Chhattisgarh Captive Coal Mining Ltd.</p>
<p>b) Associate</p> <p>Hira Steels Limited</p>	<p>e) Key Management Personnel</p> <p>-- Shri B.L.Agrawal</p> <p>-- Shri Siddharth Agrawal</p> <p>-- Shri Dinesh Agrawal</p>
<p>c) Other Related Enterprises where control exist</p> <p>-- Alok Ferro Alloys Ltd.</p> <p>-- Hira Cement Ltd.</p> <p>-- Jagdamba Power & Alloys Ltd.</p> <p>-- Chhattisgarh Power & Coal Benefication Ltd.</p> <p>-- Hira Global Ltd.</p> <p>-- Hira Power & Steel Ltd.</p>	<p>f) Relative of key management personnel</p> <p>-- Shri Abhishek Agrawal</p>

Schedules to the Accounts

As at 31st March, 2011

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

		2011	2010
a) Subsidiaries	Purchase of Materials	366.62	12539.28
	Sale of Materials	1,320.91	6438.65
	Interest Paid	90.94	0.00
	Dividend Received	60.25	0.00
	Job Work Income	3.16	0.00
	Sale of fixed assets	2.17	0.00
	Advance received	16,470.00	0.00
	Repayment of advance received	14,494.00	0.00
	Outstandings		
	Receivables	0.00	669.65
	Payables	2,568.48	312.11
	Guarantee & Collaterals	0.00	12500.00
	b) Associate	Purchase of Materials	1,788.68
Sale of Materials		9,170.14	7382.94
Outstandings			
c) Other Related Enterprises where control exist	Receivables	7.76	7.63
	Purchase of Materials	1,121.34	1381.96
	Sale of Materials	222.44	786.20
	Interest Paid	20.56	43.11
	Job Charges received	1.02	0.00
	Advance received	1,368.80	1000.00
	Repayment of advance received	1,368.80	1000.00
	Rent Paid	3.90	0.00
	Service Charges Paid	128.17	1501.66
	Outstandings		
Receivables	57.83	698.52	
Payables	158.83	79.02	
d) Joint Ventures	Service Charges Paid	55.92	202.85
	Outstandings		
	Payables	5.37	0.00
e) Key Management	Guarantee & Collaterals	4,175.00	4175.00
	Remuneration Paid	78.00	36.00
f) Relative of Key Management	Rent Paid	3.12	2.70
	Salary Paid	6.00	0.00

Schedules to the Accounts

As at 31st March, 2011

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

		(Rs. in lacs)	
		2011	2010
a)	Purchase of Materials:		
	R.R.Ispat Ltd.	-	12539.28
	Hira Ferro Alloys Ltd	366.62	587.74
	Hira Steels Ltd	1,788.68	3976.31
	Alok Ferro Alloys Ltd	328.75	47.65
	Chhattisgarh Power & Coal Benefication Ltd.	390.04	218.04
b)	Service Charges Paid:		
	Hira Industries Limited	-	923.69
	Chhattisgarh Power & Coal Benefication Limited	122.25	577.97
	Raipur Infrastructure Company Limited	55.92	202.85
	R.R.Ispat Ltd	-	6438.65
	Ardent Steel Ltd.	772.96	174.55
	Hira Ferro Alloys Ltd.	550.12	117.92
	Hira Steels Ltd	9,170.14	7382.94
d)	Interest Paid:		
	Hira Ferro Alloys Ltd	90.94	-
	Jagdamba Power & Alloys Ltd.	20.56	43.11
e)	Repayment of Advance received:		
	Jagdamba Power & Alloys Limited	1,368.80	1000.00
	Godawari Green Energy Limited	10,024.00	-
	Hira Ferro Alloys Ltd.	4,470.00	-
f)	Advance Received		
	Jagdamba Power & Alloys Limited	1,368.80	1000.00
	Godawari Green Energy Limited	12,000.00	-
	Hira Ferro Alloys Ltd.	4,470.00	-
g)	Rent Paid:		
	Shri Dinesh Agrawal	3.12	2.70
	Raipur Complex	3.90	0.00
h)	Remuneration Paid:		
	Shri B.L.Agrawal	30.00	21.00
	Shri Dinesh Agrawal	27.00	16.8
	Shri Siddharth Agrawal	21.00	10.35
i)	Salary Paid:		
	Sri Abhisekh Agrawal	6.00	-
j)	Guarantees & Collaterals		
	Ardent Steel Ltd.	-	12500.00
	Chhattisgarh Captive Coal Mining Ltd.	4,175.00	4175.00

Schedules to the Accounts

As at 31st March, 2011

9. Segment-wise Revenue Results :

Basis of preparation :

- Business segments of the company have been identified as distinguishable components that are engaged in a group of related product and that are subject to risks and returns different from other business segments. Accordingly Steel and Electricity have been identified as the business segments.
- The geographic segments identified as secondary segments are "Domestic Market" and "Export Market". Since there is no Export Market Revenue, the same has not been disclosed. The entire capital employed is within India.

Information about business Segments-Primary								(Rs. in lacs)	
Particulars	External Sales		Inter Segment Sales		Eliminations		Total		
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	
A) REVENUE									
Steel Segment	98579.84	73726.96	0.00	0.00	0.00	0.00	98579.84	73726.96	
Electricity Segment	4277.46	9512.38	6924.28	3395.41	(6924.28)	(3395.41)	4277.46	9512.38	
Total Segment Revenue	102857.30	83239.34	6924.28	3395.41	(6924.28)	(3395.41)	102857.30	83239.34	

	(Rs. in lacs)	
	2011	2010
B) RESULTS		
Segment Operational Profit		
Steel Segment	13011.58	3456.95
Electricity Segment	4959.49	7553.89
Total Segment Results	17971.07	11010.84
Un-allocated expenditure net off unallocated income	(3018.43)	(1610.03)
Operating Profit	14952.64	9400.81
Interest Expenses	(6024.59)	(3203.91)
Income-tax & Fringe Benefit Tax Paid/Provided	(1801.49)	(1056.67)
Net Profit	7126.56	5140.23

C) OTHER INFORMATION		
Segment Assets		
Steel Segment	95992.52	71730.59
Electricity Segment	32177.67	17226.84
Total Segment Assets	128170.19	88957.43
Un-allocable Assets	654.85	7811.18
Total Assets	128825.04	96768.61
Segment Liabilities and Provisions		
Steel Segment	49639.35	35118.05
Electricity Segment	18790.49	7576.97
Total Segment Liabilities & Provisions	68429.84	42695.02
Un-allocable Liabilities and Provisions	4482.76	6107.83
Total Liabilities and Provisions	72912.60	48802.85

Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
C) OTHER INFORMATION		
Capital Expenditure		
Steel Segment	6800.98	8444.07
Electricity Segment	1742.50	3799.87
Un-allocable Capital Expenditure	3.68	403.04
Total Capital Expenditure	8547.16	12646.98
Depreciation		
Steel Segment	3292.77	2005.58
Electricity Segment	1390.19	1156.84
Total Segment Depreciation	4682.96	3162.42

10. Interest in Joint Ventures:

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

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2011	Percentage of ownership interest as at 31st March, 2010
Chhattisgarh Captive Coal Mining Ltd.	India	25.93%	25.93%
Raipur Infrastructure Co.Ltd.	India	33.33%	33.33%

The Company's interests in these joint ventures are reported as Long Term Investments (Schedule-6) and stated at cost. However, the company's share of each of the assets, liabilities, income & expenses etc. (each without elimination of, the effect of the transactions between the company and the joint venture) related to its interests in these joint ventures, based on the unaudited financial information as certified by the directors of the joint ventures, are :

Particulars	(Rs. in lacs)	
	As at 31st March, 2011	As at 31st March, 2010
Fixed Assets(including Capital WIP & Pre-operative expenses)	645.43	642.29
Investment	85.43	72.4
Current Assets	255.23	234.06
Loan Fund	16.18	23.91
Current Liabilities	7.00	6.10
Revenue	41.75	152.80
Expenses	38.01	42.06
Other Matters		
Contingent Liabilities	1349.14	1325.02

11. In accordance with the explanation to the para 10 of AS-9 (as notified), differential excise duty on opening and closing stock of finished goods amounting to (Rs. 142.39 lacs) (Previous Year (Rs. 1.17 lacs)) has been adjusted from increase/(decrease) in stock in trade in Schedule -15.

12. Derivative Instruments and Un hedged Foreign Currency Exposure

- Nominal amount of derivative contracts entered into by the Company for Hedging Currency and Interest Rate Related Risks and outstanding as at 31st March, 2011, amount to Rs. Nil (Previous Year Rs. 2500.00 lacs).
- Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2011 amount to Rs. 5390.43 lacs (Previous Year Rs. 4490.00 lacs)

Schedules to the Accounts

As at 31st March, 2011

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

	(Rs. in lacs)	
	2010-11	2009-10
a) Hira Steels Limited	7.76	668.79
b) Hira Foundation	2.85	-
c) Hira Global Limited	47.91	-

14. 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, 2011

	(Rs. in lacs)	
	2010-11	2009-10
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March,2011		
Principal Amount	0.00	0.00
Interest	0.00	0.00
ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending 31st March,2011	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,2011	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.

15. 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.

Schedules to the Accounts

As at 31st March, 2011

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

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

	(Rs. in lacs)	
	(Gratuity)	(Gratuity)
	March 31, 2011	March 31, 2010
Current Service cost	27.56	15.33
Interest cost on benefit obligation	7.77	4.16
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	8.43	12.59
Past service cost	0.00	0.00
Actual return on plan assets	43.76	32.08

Balance Sheet

Details of provision for Gratuity

	(Rs. in lacs)	
	March 31, 2011	March 31, 2010
	Defined benefit obligation	113.90
Fair value of plan assets	0.00	0.00
	113.90	64.46
Less : Unrecognised past service cost	0.00	0.00
Plan liability	113.90	64.46

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

	(Rs. in lacs)	
	March 31, 2011	March 31, 2010
	Defined benefit obligation as at April 1, 2010	80.43
Interest cost	8.18	4.16
Current Service Cost	27.15	15.33
Benefits paid	(10.28)	(7.09)
Actuarial losses on obligation	8.42	12.60
Defined benefit obligation as at March 31, 2011	113.90	64.46

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 :

Discount Rate	8.00%	8.00%
Increase in Compensation cost	5.00%	5.00%
Rate of return on plan assets	0.00	0.00
Expected average remaining working lives of employee (years)	26.30	26.57

Schedules to the Accounts

As at 31st March, 2011

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.

	(Rs. in lacs)	
	March 31, 2011	March 31, 2010
Contribution to Defined Contribution Plans :		
Provident Fund	95.29	55.31

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

A) TURNOVER (EXCLUDING INTER DIVISIONAL TRANSFER)		(Rs. in lacs)			
	UNIT	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
Pellet	M.T.	79736	6683.99	8473	517.44
Sponge Iron	M.T.	184039	33644.24	239636	34144.08
Steel Billets*	M.T.	41950	12418.31	55836	13576.32
H.B.Wire	M.T.	76966	26505.10	71682	22104.32
M.S. Round in Coil**	M.T.	36420	12401.71	-	0.00
Ferro Alloys	M.T.	5069	2974.48	1168	672.40
Electricity	KWH	118752907	4210.27	190648000	9512.38
By-Products & Others		-	4019.20	-	2712.39
Total			102857.30		83239.34

* Sale of billet does not include 43300.620 MT amounting to Rs. 12789.87 lacs (P.Y. Nil) sold to amalgamated entities.

** Sale of M.S. Round in Coil does not include 16598.340 MT amounting to Rs. 5116.64 lacs (P.Y. Nil) sold to amalgamated entities.

B) OPENING STOCK		(Rs. in lacs)			
	UNIT	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
Steel Billets	M.T.	641	163.59	-	0.00
Sponge Iron	M.T.	2544	391.69	11042	1511.92
H.B.Wire	M.T.	1751	586.16	159	49.50
M.S. Round in Coil	M.T.	1248	404.43	-	0.00
Pellet	M.T.	4786	211.55	-	0.00
Ferro Alloys	M.T.	310	131.76	28	8.61
By-Products & Others		-	4588.36	-	3290.74
Work in Process		-	293.30	-	96.95
Traded Goods		-	217.62	-	0.00
Total			6988.45		4957.72

Schedules to the Accounts

As at 31st March, 2011

(Rs. in lacs)					
C) CLOSING STOCK	Unit	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
Steel Billets	M.T.	642	194.40	641	163.59
Sponge Iron	M.T.	8010	1466.23	2544	391.69
H.B.Wire	M.T.	1927	712.90	1111	335.78
M.S. Round in Coil	M.T.	1035	367.64	-	0.00
Pellet	M.T.	9018	631.64	4786	211.55
Ferro Alloys	M.T.	106	48.21	310	131.76
By-Products & Others		-	6699.42	-	4588.36
Work in Process		-	174.71	-	222.14
Traded Goods		-	221.33	-	0.00
Total			10516.48		6044.87

D) RAW MATERIAL CONSUMED (EXCLUDING OWN MANUFACTURED ITEM)	Unit	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
Iron Ore	M.T.	536515	10982.35	583053	16088.31
Coal	M.T.	517824	15529.94	649926	17831.69
Pig Iron & Scrap	M.T.	18163	4035.30	15607	2815.46
M.S. Round (in Coils)	M.T.	46119	13658.37	73974	19218.81
Manganese Ore	M.T.	14878	733.33	4275	259.24
Steel Billets	M.T.	31980	7504.33	-	0.00
Rice Husk	M.T.	81501	1688.17	-	0.00
Others		-	1905.52	-	489.96
Total			56037.31		56703.47

E) BREAKUP OF RAW MATERIAL CONSUMED	Current Year		Previous Year	
	%	Amount	%	Amount
Imported	0.00%	0.00	0.00%	0.00
Indigenous	100.00%	56037.31	100.00%	56703.47
	100.00%	56037.31	100.00%	56703.47

F) STORES CONSUMED	Current Year		Previous Year	
	%	Amount	%	Amount
Indigenous	88.22%	8,228.66	99.45%	3,101.04
Imported	11.78%	1,099.04	0.55%	17.04
	100.00%	9,327.70	100.00%	3,118.08

Schedules to the Accounts

As at 31st March, 2011

F) Value of import on CIF basis	Current Year		Previous Year	
	%	Amount	%	Amount
- Capital Goods		289.58		410.99
- Raw Material & Stores items		2028.08		17.04
H) Expenditure in Foreign Currency		30.90		13.32
I) Earning in Foreign Exchange		67.19		0.00

J) INSTALLED CAPACITIES AND PRODUCTION (P.A.)					
	Unit	Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year
Iron Ore Mining	M.T.	N.A.	N.A.	522,561	330,410
Pellet*	M.T.	600000	600000	354,561	48,305
Sponge Iron**	M.T.	495000	495000	279,441	285,833
Steel Billets	M.T.	400000	400000	85,252	56,477
M.S. Round in Coil, CTD Bar***	M.T.	100000	N.A.	68,297	-
H B Wire	M.T.	150000	120000	77,122	72,545
Ferro Alloys	M.T.	16500	16500	5,727	1,691
Electricity****	MW/ KWH	76.30	53.00	318,211,068	332,438,426
Oxygen Gas*****	CUM	1095000	1095000	1,111,313	1,018,178

* Includes 270593 MT (35046 MT) internally consumed.

** Includes 91234.50 MT (54695.53 MT) internally consumed.

*** Includes 329966 CUM (270186 CUM) internally consumed.

**** Includes 199461041 KWH (141790426 KWH) consumed auxillarily and by other divisions.

***** Includes 15597.02 MT internally consumed.

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

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

Chartered Accountants

per **O P Singhania**

Partner

Membership No.051909

Place : Raipur

Date : 22.05.2011

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

B.L.Agrawal

Managing Director

G.B.Desai

Chairman

Dinesh Gandhi

Director

Y.C.Rao

Company Secretary

Balance Sheet Abstract

and Company's General Business Profile

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

1. REGISTRATION DETAILS			
Registration No.	13756		
State Code	10		
Balance Sheet Date	31.03.2011		
2. CAPITAL RAISED DURING THE YEAR			(Rs. in thousands)
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS			(Rs. in thousands)
Total Liabilities	12882505	Total Assets	12882505
Sources of Funds			
Paid-up Capital	317562	Reserves & Surplus	5273682
Secured Loans	6077830	Unsecured Loans	364541.838
Application of Funds			
Net Fixed Assets	7225968	Investments	2120927
Net Current Assets	2686663	Miscellaneous Expenditure	58
		Accumulated Losses	NIL
4. PERFORMANCE OF THE COMPANY			(Rs. in thousands)
Turnover (Gross Receipts)	9716082	Total Expenditure	8823277
Profit/(Loss) before tax	892805	Profit/(Loss) after tax	712656
Earning per Share			
- Basic (Rs.)	22.44	- Diluted (Rs.)	22.44
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
Item Code No. (ITC Code)	72171000	Product Description	MS Bar & Rod

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

B.L.Agrawal
Managing Director

G.B.Desai
Chairman

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

Place : Raipur
Date : 22.05.2011

Financial Information of Subsidiary Companies

Sr. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover (Net)	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1.	Hira Ferro Alloys Limited	391.77	12009.83	21852.05	21852.05	1304.71*	14780.90	3040.15	610.50	2868.46	117.53
2.	Ardent Steel Limited	1000.00	4908.28	20710.00	20710.00	4.00#	3810.88	14.72	2.73	8.28	NIL
3.	Godawari Energy Limited	1180.00	NIL	5748.92	5748.92	NIL	NIL	NIL	NIL	NIL	NIL
4.	Godawari Green Energy Limited	1215.00	10891.42	18294.73	18294.73	NIL	263.79	1.82	0.40	1.42	NIL
5.	Godawari Clinkers and Cement Limited	5.00	NIL	5.10	5.10	NIL	0.17	(0.40)	NIL	(0.40)	NIL
6.	Krishna Global Minerals Limited	5.00	NIL	5.09	5.09	NIL	0.22	(0.92)	NIL	(0.92)	NIL
7.	Godawari Integrated Steels (India) Limited	5.00	NIL	7.08	7.08	NIL	NIL	(0.35)	NIL	(0.35)	NIL

* Details of Investments are as follows:

Particulars	(Rs. in lacs) Amount
Quoted (at cost) (fully paid up):	
264 Equity Shares of Rs.10/- each in Future Capital Holding Ltd.	2.02
555693 Equity Shares of Rs.10/- each in Sunflag Iron & Steel Co. Ltd.	73.60
Mutual Fund (at cost):	
50000 Units of Rs.10/- each in SBI Infrastructure Fund	5.00
250000 Units of Rs.10/- each in Axis Bank Infrastructure Fund	25.00
Trade	
Unquoted (at cost) (fully paid up):	
80100 Equity Shares of Rs.10/- each in Hira Cement Ltd.	16.01
2004 Equity Shares of Rs.10/- each in Active Chemical Pvt. Ltd.	2.72
1755000 Equity Shares of Rs.10/- each in Maruti Clean Coal & Power Ltd.	308.98
1330000 Equity Shares of Rs.10/- each in Earth Minerals Co. Ltd.	266.27
285000 Equity Shares of Rs.10/- each in Chhattisgarh Power & Coal Beneficiation Ltd.	185.86
10000 Equity Shares of Rs.10/- each in Hira Energy Ltd.	1.00
510 Equity Shares of Rs.10/- each in Vimla Infrastructure (I) Pvt. Ltd.	0.51
397000 Equity Shares of Rs.10/- each in Alok Ferro Alloys Limited	417.74
	1304.71

#Details of Investments are as follows:

S. No.	Particulars	Amount
A.	Trade (Unquoted Fully paid up Shares):	
	19,900 equity shares of Rs.10/- each in SAG International Limited	1.99
	Share Application Money (Pending for allotment)	2.01
		4.00

Auditors' Report

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, 2011, 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, 2011;
 - (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 Regn.No.002172C)

Chartered Accountants

O.P.Singhania

Partner

Membership No.:051909

Raipur, 22nd May, 2011

Consolidated Balance Sheet

as at 31st March, 2011

	Schedules	2011	2010
(Rs. in lacs)			
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	3,175.62	2,694.48
Reserves and surplus	2	57,317.10	47,130.95
		60,492.72	49,825.43
Loan Funds			
Secured Loans	3	80,573.79	51,207.99
Unsecured Loans	4	7,874.06	600.25
		88,447.85	51,808.24
Minorities Interest		7,637.59	1,014.48
Deferred Tax Liabilities (Net)		0.00	89.06
TOTAL		156,578.17	102,737.21
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		117,248.29	75,196.26
Less : Accumulated Depreciation		20,163.38	12,244.63
Net Block		97,084.91	62,951.63
Capital work-in-progress including capital advances		9,363.86	19,381.26
		106,448.77	82,332.88
Goodwill Arising on consolidation		0.00	454.99
Investments	6	2,200.29	1,174.11
Deferred Tax Assets (Net)		548.90	0.00
Current Assets, Loans and Advances			
Inventories	7	28,717.54	17,275.22
Sundry debtors	8	6,744.44	3,717.43
Cash and bank balances	9	13,626.02	1,962.12
Loans and advances	10	10,973.53	5,865.68
		60,061.53	28,820.45
Less : Current Liabilities and Provisions			
Liabilities	11	10,480.97	8,180.57
Provisions	12	2,208.46	1,873.94
		12,689.43	10,054.51
Net Current Assets		47,372.10	18,765.94
Miscellaneous Expenditure	13	8.11	9.29
(to the extent not written off or adjusted)			
TOTAL		156,578.17	102,737.21
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 Reg. No.002172C)

Chartered Accountants

per **O P Singhania**
Partner
Membership No.051909

Place : Raipur
Date : 22.05.2011

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

B.L.Agrawal
Managing Director

G.B.Desai
Chairman

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

Consolidated Profit & Loss Account

for the year ended 31st March, 2011

	Schedules	2011	2010
(Rs. in lacs)			
INCOME			
Turnover (Gross)	14	123,205.74	88,680.36
Less: VAT/Sales Tax		1,130.38	416.90
Less: Excise duty		10,469.89	6,025.11
Turnover (Net)		111,605.47	82,238.35
Other Income	15	1,545.06	399.84
Increase/(Decrease) in Stock in trade	16	3,322.26	1,567.50
TOTAL		116,472.79	84,205.69
EXPENDITURE			
Purchase of Trading Goods		1,037.58	328.91
Raw material consumed	17	66,109.90	59,270.24
Personnel expenses	18	3,547.26	1,905.72
Operating and other expenses	19	20,998.82	9,248.76
Depreciation		5,542.24	3,415.16
Financial expenses	20	7,310.43	3,372.38
TOTAL		104,546.23	77,541.17
Profit before tax		11,926.56	6,664.52
Provision for Current Tax		2,389.94	1,144.26
Tax related to earlier year		26.19	7.85
Deferred Tax Adjustment (Net)		(434.93)	(90.18)
Total Tax Expense/income		1,981.20	1,061.93
Profit after tax		9,945.36	5,602.59
Add : Share in profit in associate Company		41.74	121.84
Less : Minorities Interest		1,400.17	-
Less : Unrealised profit		-	1.78
Net Profit		8,586.93	5,722.65
Balance brought forward from previous year		22,892.41	18,962.64
Less : Adjustment on amalgamation		417.78	-
Profit available for appropriation		31,061.56	24,685.29
APPROPRIATIONS			
Transfer to General Reserve		1,150.00	1,000.00
Transfer to Debenture Redemption Reserve		525.00	-
Proposed dividend		851.19	673.62
Tax on dividend		151.38	119.26
Surplus carried to Balance Sheet		28,383.99	22,892.41
Earning Per Share	21		
- Basic earning per share		27.04	21.25
- Diluted earning per share		27.04	21.25
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 **OP Singhania & CO.**
(Firm Reg. No.002172C)

Chartered Accountants

per **O P Singhania**
Partner
Membership No.051909

Place : Raipur
Date : 22.05.2011

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

B.L.Agrawal
Managing Director

G.B.Desai
Chairman

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2011

	(Rs. in lacs)	
	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	11,926.56	6,662.74
ADJUSTMENTS FOR:		
Depreciation/amortisation	5,542.24	3,415.16
Misc. Expenses Written off (Net)	1.75	0.36
Provision for Gratuity	83.28	28.52
Provision for loss on derivative contracts	-	(102.62)
Provision for doubtful debts	5.29	-
Interest Charges	7,310.43	3,372.38
Interest Received	(512.68)	(51.85)
Dividend Received	(30.91)	(13.38)
(Profit)/Loss on sale of Investments	(623.65)	-
(Profit)/Loss on sale of Fixed Assets	12.10	48.84
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	23,714.41	13,360.16
ADJUSTMENTS FOR:		
(Increase)/Decrease in Receivables and Advances	(7,215.59)	(1,774.58)
(Increase)/Decrease in Inventories	(11,160.55)	(2,784.22)
Increase/(Decrease) in Trade payables	994.86	2,301.21
CASH GENERATED FROM OPERATIONS	6,333.13	11,102.57
Direct Taxes Paid/Deducted at Source	(1,887.06)	(1,025.80)
NET CASH FROM OPERATING ACTIVITIES	4,446.08	10,076.76
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Expenditure	(24,678.02)	(25,015.05)
Proceeds from Sale of Fixed Assets	96.39	26.20
Interest received	512.68	51.85
Dividend Received	30.91	13.38
Proceeds from Sale of Investments	912.75	-
(Increase)/Decrease in Investments	(984.44)	(46.50)
NET CASH USED IN INVESTING ACTIVITIES	(24,109.73)	(24,970.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Payment) of Long Term Borrowings from Banks	25,289.60	11,554.78
Proceeds/(Payment) of Short Term Borrowings from Banks	3,686.36	4,194.76
Proceeds/(Payment) of Other Borrowings	5,308.58	574.23
Minorities Interest	5,222.94	347.89
Preliminary Expenses	(0.57)	(1.22)
Dividend and tax thereon Paid	(958.51)	(821.01)
Interest Charges	(7,310.43)	(3,372.38)

Consolidated Cash Flow Statement

for the year ended 31st March, 2011 (Contd.)

		(Rs. in lacs)	
		2011	2010
C. CASH FLOW FROM FINANCING ACTIVITIES (CONTD.)			
NET CASH USED IN FINANCING ACTIVITIES		31,237.96	12,477.05
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		11,574.31	(2,416.30)
Cash and Cash Equivalents transfer on amalgamation		89.59	-
Cash and Cash Equivalents at the beginning of the year		1,962.12	4,378.42
Cash and Cash Equivalents at the end of the year		13,626.02	1,962.12
Components of cash and cash equivalents as at		2011	2010
		Rs.	Rs.
Cash in hand		5,809,933	1,659,739
DD in hand		-	238,700
Stamp in hand		123,110	-
With banks- on current account		62,620,556	74,692,202
- on deposit account		1,292,523,329	118,693,483
- on unpaid dividend account*		1,368,528	770,991
- on public issue refund account*		156,817	156,817
		1,362,602,273	196,211,932

Notes :

- Figures for the previous year have been regrouped/rearranged wherever found necessary.
- Interest charges excludes interest capitalised Rs. 37,830,918/- (previous year Rs. 47,034,169/-).
- *Balances held by the company which are not available for use by it.

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.
As per our report of even date

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

Chartered Accountants

per O P Singhania

Partner
Membership No.051909

Place : Raipur

Date : 22.05.2011

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

B.L.Agrawal

Managing Director

G.B.Desai

Chairman

Dinesh Gandhi

Director

Y.C.Rao

Company Secretary

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 1 : CAPITAL		
Authorised		
223,350,000 (Previous year: 57,300,000) equity shares of Rs. 10/- each	22,335.00	5,730.00
3200000 (Previous Year 3200000) Preference Shares of Rs. 10/- each	320.00	320.00
Issued		
31818547 (26,944,807) equity shares of Rs. 10/- each	3,181.85	2,694.48
Subscribed & Paid up		
31756247 (26,944,807) equity shares of Rs. 10/- each fully paid	3,175.62	2,694.48

SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last account	324.00	-
Transfer on amalgamation	71.36	324.00
Addition on consolidation	2,593.17	
	2,987.53	324.00
Debenture Redemption Reserve		
Balance as per last account	-	-
Addition during the year	525.00	-
	525.00	-
Securities Premium		
Balance as per last account	16,294.89	16,294.89
Transfer on amalgamation	337.65	-
Adjustment on consolidation	9.52	-
	16,643.05	16,294.89
General Reserve		
Balance as per last account	7,500.00	6,500.00
Add: Transferred from Profit and Loss Account	1,150.00	1,000.00
Transfer on amalgamation	7.87	-
	8,657.87	7,500.00
Profit and Loss Account	28,383.99	22,892.41
Share in Reserves of Associate Company		
Capital Reserve:		
As per last Balance Sheet	119.65	119.65
	119.65	119.65
	57,317.10	47,130.95

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 3 : SECURED LOANS		
Debentures		
1250- 12% secured Redeemable Non-Convertible Deb.	12,500.00	-
Loans and advances from banks		
- Cash Credit Facilities	14,847.77	8,217.64
- Term Loans	44,421.92	30,711.25
- Short-term loans	2,523.89	4,513.15
- Foreign Currency Buyers Credit facility	922.43	1,701.84
- External Commercial Borrowings	5,191.23	5,936.97
Interest Accrued & Due	47.50	-
Other Loans & Advances	119.05	127.14
	80,573.79	51,207.99

SCHEDULE 4 : UNSECURED LOANS		
Other loans and advances		
- From Others	7,836.11	600.25
- Sales Tax Deferment scheme	37.95	-
	7,874.06	600.25

Consolidated Schedules to the Accounts

As at 31st March, 2011

SCHEDULE 5 : FIXED ASSETS

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 01.04.2010	Additions during the year	Deductions/ sale during the year	Upto 31.03.2010	During the year	(Deductions)/ Adjustment During the year	Upto 31.3.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	1,625.00	1,196.96	1.43	-	-	-	-	2,820.53	1,625.00
Leasehold Land	137.14	4.89	-	4.92	0.71	0.47	6.09	135.94	132.23
Iron Ore Mines	1,001.18	753.55	-	47.97	73.59	-	121.56	1,633.16	953.20
Site & Land Development	1,072.59	182.44	-	-	-	-	-	1,255.03	1,072.59
Factory Shed & Building	6,569.36	3,765.15	5.70	663.52	262.09	140.75	1,066.36	9,262.45	5,905.84
Plant & Machinery	70,796.97	28,805.77	11,649	12,295.99	5,089.07	1,233.74	18,618.80	80,867.45	58,500.98
Furniture & Fixtures	296.13	77.94	17.04	53.99	20.63	(10.58)	64.04	292.99	242.14
Vehicles	602.47	302.12	85.20	170.82	71.56	(8.93)	233.45	585.93	431.64
Intangible	-	-	-	-	-	-	-	-	-
Computer Software	249.52	34.98	-	23.03	30.04	-	53.07	231.43	226.49
TOTAL	82,350.36	35,123.79	225.86	13,260.25	5,547.69	1,355.44	20,163.38	97,084.91	69,090.12
PREVIOUS YEAR	49,533.07	25,785.53	122.34	8,870.18	3,415.16	40.71	12,244.63	40,662.89	40,402.87
Capital Work in Progress & Preoperative expenses including capital advances	18,980.43	12,997.35	22,613.92	-	-	-	-	9,363.86	18,980.43
PREVIOUS YEAR	20,151.74	23,804.19	24,574.67	-	-	-	-	19,381.26	20,151.74

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 6 : INVESTMENTS		
Long Term Investment (At cost)		
A. Trade		
In Associates		
Equity Shares Unquoted	689.79	648.05
In other Companies		
Equity Shares Unquoted	1,272.64	385.76
B. Other than trade		
In other Companies		
Equity Shares Quoted	75.61	-
Equity Shares Unquoted	75.96	67.76
In Mutual Funds Units	50.00	45.00
In Trust	22.50	-
Share Application Money (Pending allotment)	13.79	27.54
	2,200.29	1,174.11

SCHEDULE 7 : INVENTORIES		
Raw materials and components	13,010.70	8,583.22
Stores and spares	3,489.80	1,926.69
Work-in-progress	721.05	222.14
Finished Goods and By-Products	11,274.66	6,543.18
Trading Goods	221.33	-
	28,717.54	17,275.22

SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured, Considered good otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	566.67	389.49
Considered doubtful	51.41	46.12
	618.08	435.61
Others	6,177.77	3,327.94
	6,795.85	3,763.55
Less: Provision for doubtful debts	51.41	46.12
	6,744.44	3,717.43

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	58.10	16.60
DD in hand	-	2.39
Stamp in hand	1.23	-
Balances with Scheduled Banks		
On current accounts	626.21	746.87
On deposits accounts.	12,925.23	1,186.93
On Unpaid dividend account	13.68	7.71
On Public Issue Refund account	1.57	1.57
Balances with Non-Scheduled Bank on current account	-	0.05
	13,626.02	1,962.12

SCHEDULE 10 : LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	5,788.25	3,852.83
Balances with Custom, Excise etc.	1,157.68	851.85
Deposits others	597.27	339.81
Loan to body corporate	2,944.33	-
Others	486.00	821.19
	10,973.53	5,865.68

SCHEDULE 11 : LIABILITIES		
Acceptances	408.89	2,167.08
Sundry Creditors	6,188.04	2,323.59
Advance from customers	1,135.60	1,288.11
Creditors for capital goods	1,086.48	1,211.56
Investor Education and Protection Fund shall be credited by namely (As & when due)		
Unclaimed Dividend	13.69	7.71
Unclaimed Public issue refund of application money	1.57	1.57
Interest accrued but not due on loans	127.53	102.36
Others	1,519.17	1,078.59
	10,480.97	8,180.57

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 12 : PROVISIONS		
Provision for taxation (net of advance payments)	983.95	134.01
Provision for gratuity	161.69	78.41
Provision for loss on derivative contracts	-	840.51
Proposed dividend	911.44	701.75
Tax on proposed dividend	151.38	119.26
	2,208.46	1,873.94

SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Balance as per last account	9.29	8.43
Add: Addition on consolidation	0.57	1.22
Less: Written off during the year	1.75	0.36
	8.11	9.29

SCHEDULE 14 : GROSS TURNOVER		
Sale of Manufacturing Goods	115,248.54	78,711.05
Sale of Trading Goods	1,236.82	382.26
Sale of Electricity	6,653.19	9,587.05
Sale of VER	67.19	-
	123,205.74	88,680.36

SCHEDULE 15 : OTHER INCOME		
Interest		
Bank deposits	324.10	47.56
Others	188.58	4.29
Job Work Income	256.14	-
Profit on sale of investments	623.65	-
Dividend income	30.91	13.38
Miscellaneous Income	121.68	334.61
	1,545.06	399.84

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 16 : INCREASE/(DECREASE) IN STOCK IN TRADE		
Closing Stock		
- Work-in-progress	721.05	222.14
- Finished Goods & By-Products	11,274.66	6,543.18
- Traded Goods	221.33	-
	12,217.04	6,765.31
Opening Stock		
- Work-in-progress	355.51	96.95
- Finished Goods & By-Products	8,179.79	5,046.00
- Traded Goods	217.62	-
	8,752.92	5,142.96
	3,464.12	1,622.35
Excise Duty on Stocks	(141.86)	(54.86)
	3,322.26	1,567.50

SCHEDULE 17 : RAW MATERIAL CONSUMED		
Opening Stock	10,580.27	8,425.10
Add: Purchases	68,540.33	59,428.36
	79,120.60	67,853.46
Less: Closing Stock	13,010.70	8,583.22
	66,109.90	59,270.24

SCHEDULE 18 : PERSONNEL EXPENSES		
Salaries, wages and bonus	3,016.93	1,591.64
Contribution to provident fund	119.64	64.17
Contribution to gratuity	62.64	38.38
Contribution to other funds	58.68	28.00
Workmen and staff welfare expenses	289.37	183.53
	3,547.26	1,905.72

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 19 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	5,355.27	2,561.68
Grid Parallel Operation Charges	25.37	124.31
Power & fuel charges	7,143.48	1,828.78
Water Charges	282.64	166.15
Other manufacturing expenses	2,773.05	1,763.63
CDM Expenses	31.23	29.31
Rent	41.88	32.35
Rates and taxes		
- Sales tax	-	15.78
- Entry tax	380.70	487.72
- Excise duty	29.76	23.70
- Electricity duty cess	3.61	5.82
- Others	11.27	0.25
Insurance	55.16	23.31
Repairs and maintenance		
- Plant and machinery	756.69	400.55
- Buildings	433.47	193.94
- Others	356.00	116.46
Rebate, shortage claims & other deductions	109.58	67.53
Commission		
- Other than Sole selling agents	152.32	170.90
Provision for doubtful debts	5.29	-
Travelling and conveyance	412.21	183.80
Communication costs	116.14	77.85
Printing and stationery	47.03	26.87
Legal and professional fees	262.08	102.50
Directors' sitting fees	2.05	3.95
Directors' remuneration	146.04	80.79
Frieght and forwarding charges	427.91	5.41
Security service charges	182.88	107.09
(Profit)/Loss on sale of fixed assets	12.10	48.84
Loss on Forex derivative transaction	146.07	-
Debenture Issue Expenses	323.93	
Miscellaneous expenditure written off	973.61	599.53
	20,998.82	9,248.76

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
SCHEDULE 20 : FINANCIAL EXPENSES		
Interest		
- on term loans	5,482.15	2,403.18
- on working capital	844.55	589.49
- on others	1,196.06	375.51
Bank charges	1,113.93	485.62
	8,636.69	3,853.80
Less: Interest capitalised	1,326.26	481.42
	7,310.43	3,372.38

	(Rs.)	
SCHEDULE 21 : EARNING PER SHARE (EPS)		
Net profit as per profit and loss account	858,693,816	572,621,340
Net profit available for Equity shareholders	858,693,816	572,621,340
Weighted average number of equity shares in calculating basic EPS	31,756,247	26,944,807
Weighted average number of equity shares in calculating Diluted EPS	31,756,247	26,944,807
Earning Per Share		
- Basic earning per share	27.04	21.25
- Diluted earning per share	27.04	21.25

Consolidated Schedules to the Accounts

As at 31st March, 2011

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

- a) The Financial Statements of the parent company and its subsidiaries companies have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. Further in accordance with AS-27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India, the group has accounted for its proportionate share of interest in joint ventures by the proportionate consolidation method.
- b) In case of associate where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.
- c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is 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.

Consolidated Schedules to the Accounts

As at 31st March, 2011

B. Notes on Accounts to Consolidated Balance Sheet and Profit & Loss Account

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest
Hira Ferro Alloys Limited	India	51.26%
Godawari Energy Limited	India	100.00%
Godawari Green Energy Limited	India	100.00%
Godawari Clinkers & Cement Limited	India	100.00%
Krishna Global & Minerals Limited	India	100.00%
Godawari Integrated Steel (India) 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, 2011 are given below:

Particulars of Balance Sheet items	(Rs. in lacs)	
	As at 31st March, 2011	As at 31st March, 2010
Fixed Assets(including Capital WIP & Pre-operative expenses)	645.19	642.29
Current Assets	255.09	234.06
Loan Fund	10.04	23.91
Current Liabilities	6.98	6.10
Particulars of Profit & Loss Account items	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Income from operation	41.68	110.44
Particulars of Cash Flow Statement items		
Profit/(Loss) for the year	3.75	73.35
Changes in working capital	(20.15)	178.78
Changes in investing activities	(2.90)	(248.81)
Changes in financing activities	(13.87)	(107.31)

Consolidated Schedules to the Accounts

As at 31st March, 2011

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 subsidiaries 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 :-**
 - i) Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to Rs. 960.03 lacs (Previous Year Rs. 571.60 lacs.)
 - ii) Disputed liability of Rs. 68.27 lacs (Previous Year Rs. 20.74 lacs) on account of Service Tax, Central Excise Duty Rs. 448.58 lacs (Previous Year Rs. 721.26 lacs), Sales Tax Rs. 52.15 lacs (Previous Year Rs. 38.72 lacs) and Income tax Rs. 61.54 lacs (previous year Rs. 4.01) against which the company has preferred appeal before higher authorities.
 - iii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh Rs. 1212 lacs (Previous Year Rs. 1212 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.
 - iv) Corporate Guarantees issued in favour of bank aggregating to Rs. 5185 lacs (Previous Year Rs. 16675 lacs) in respect of financing facilities granted to other body corporate.
 - v) Estimated amount of contracts remaining to be executed on capital accounts Rs. Nil (Previous Year Rs. 53.63 lacs).
7. **Amalgamation of erstwhile R.R. Ispat Limited and Hira Industries Limited with parent company.**
 - i) Pursuant to the scheme of Amalgamation ("the scheme") as approved by the Hon'ble High Court of Chhattisgarh, by an order dated 9th March'2011 under section 394 of the Companies Act,1956, R.R. Ispat Limited ("RRIL"), a wholly owned subsidiary of the company and Hira Industries Limited ("HIL") ("the amalgamating companies"), have been amalgamated with the Parent Company with effect from 1st April'2010.
 - ii) The Amalgamated Company RRIL is engaged in the manufacturing of Wire Rods (MS Rounds) from Steel Billets & then drawing the wire rods into wires and HIL is engaged in the business of Iron ore crushing.
 - iii) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14), "Accounting for Amalgamations". Pursuant to the Scheme, all the assets, liabilities and reserves of erstwhile RRIL & HIL, the amalgamating companies as at 1st April'2010 have been transferred at their book values after making adjustments for transactions with the company.
 - iv) Pursuant to the Scheme, 2,332,750 number of equity shares of erstwhile RRIL owned by the company have been cancelled and 1,125,000 Equity Shares of the company held by erstwhile RRIL have been transferred to a trust namely GPIL Beneficiary Trust at their book value for the sole benefit of the company, as per the terms of the scheme.
 - v) As provided in the Scheme, 3,686,440 number of equity shares of Rs. 10/- each fully paid up have been issued to the equity shareholders of erstwhile HIL in the ratio of 1 fully paid up equity share of the company for every 1.18 fully paid up shares of Rs. 10/- each held in HIL.
 - vi) The difference between the amount of share capital of erstwhile HIL and the amount of fresh share capital issued by the company on amalgamation amounting Rs. 66.36 lacs has been credited to the Capital Reserve.
 - vii) From the effective date the authorised share capital has been increased to Rs. 5300 lacs consisting of 49,800,000 Equity Shares of Rs. 10/- each and 3,200,000 Preference Shares of Rs. 10/- each.
 - viii) In view of the above current year figures are not strictly comparable to those of the previous year.

Consolidated Schedules to the Accounts

As at 31st March, 2011

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	(Rs. in lacs)		
	Balance carried As at 1st April, 2010	Arising during the year	Balance carried As at 31st March, 2011
Deferred Tax Liabilities			
- Timing difference between book and tax depreciation	503.38	877.45	1380.83
	503.38	877.45	1380.83
Deferred Tax Assets			
- Provision for bonus, gratuity and others	11.62	6.37	17.99
- On account of MAT Credit to be carried forward	605.73	490.62	1096.35
- On account of carry-forward losses as per income-tax	0.00	815.38	815.38
	617.34	1312.38	1929.72
Net Deferred Tax Assets/(Liabilities)	113.97	434.93	548.90

9. 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, 2011, amount to Rs. Nil (Previous Year Rs. 2500.00 lacs).
- b) Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2011 amount to Rs. 5390.43 lacs (Previous Year Rs. 4490.00 lacs)
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>i) Related Parties</i>	
a) Associates	c) Joint Ventures
-- Hira Steels Ltd.	-- Raipur Infrastructure Company Ltd.
b) Other Related Enterprises	-- Chhattisgarh Captive Coal Mining Ltd.
-- Hira Ferro Alloys Ltd.	d) Key Management Personnel
-- Alok Ferro Alloys Ltd.	-- Shri B.L.Agrawal
-- Hira Industries Ltd.	-- Shri Dinesh Agrawal
-- Shree Hira Exim Ltd.	-- Shri Siddarth Agrawal
-- Jagdamba Power & Alloys Ltd.	e) Relative of Key Management Personnel
-- Hira Power & Steel Ltd.	-- Shri Abhishek Agrawal
-- Chhattisgarh Power & Coal Benefication Ltd.	
-- Raipur Complex	
-- Hira Power & Steel Ltd.	

Consolidated Schedules to the Accounts

As at 31st March, 2011

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

		2011	2010
a) Associate	Purchase of Materials	1788.68	3996.36
	Sale of Materials	9170.14	7434.68
	Outstandings		
c) Other Related Enterprises	Receivables	7.76	7.63
	Purchase of Materials	1992.80	1404.16
	Sale of Materials	939.13	786.20
	Rent Paid	3.90	1.32
	Interest Paid	28.91	43.11
	Job Charges received	1.02	0.00
	Power Purchases	0.00	219.35
	Service Charges Paid	128.17	1501.66
	Loan received	2900.72	1000.00
	Repayment of Loans	3969.26	1000.00
	Loans given	1092.42	85.00
	Loans given received back	1167.46	101.34
	Outstandings		
	Receivables	1003.29	1047.75
	Payables	262.03	79.02
d) Joint Ventures	Service Charges Paid	55.92	202.85
	Outstandings		
	Payables	5.37	0.00
	Guarantee & Collaterals	4175.00	4175.00
e) Key Management	Remuneration Paid	122.40	60.00
	Rent Paid	3.12	3.00
	Interest Paid	15.39	0.00
	Loan received	1227.90	0.00
	Repayment of Loans	1241.74	0.00
f) Relative of Key Management	Salary Paid	6.00	0.00

11. Segment-wise Revenue Results :

Basis of preparation :

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

Particulars	External Sales		Inter Segment Sales		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
	A) REVENUE							
Steel Segment	116485.37	79093.31	0.00	0.00	0.00	0.00	116485.37	79093.31
Electricity Segment	6720.37	9587.05	10771.21	3395.41	(10771.21)	(3395.41)	6720.37	9587.05
Total Segment Revenue	123205.74	88680.36	10771.21	3395.41	(10771.21)	(3395.41)	123205.74	88680.36

Consolidated Schedules to the Accounts

As at 31st March, 2011

	(Rs. in lacs)	
	2011	2010
B) RESULTS		
Segment Operational Profit		
Steel Segment	14109.04	4079.12
Electricity Segment	7270.84	7597.32
Total Segment Results	21379.88	11676.44
Un-allocated expenditure net off unallocated income	(2142.90)	(1639.54)
Operating Profit	19236.98	10036.90
Interest Expenses	(7310.43)	(3372.38)
Income-tax Paid/Provided	(2416.13)	(1152.11)
Deferred Tax Adjustment (Net)	434.93	90.18
Net Profit	9945.36	5602.59

C) OTHER INFORMATION		
NET CAPITAL EMPLOYED		
Steel Segment	38206.52	39449.91
Electricity Segment	32090.91	13368.23
Total	70297.43	52818.14
Un-allocable Capital employed	(2724.11)	(3367.93)
Total Capital Employed	67573.32	49450.21
Depreciation		
Steel Segment	4147.66	2227.26
Electricity Segment	1394.58	1187.90
Total	5542.24	3415.16

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

Chartered Accountants

per O P Singhania
Partner
Membership No.051909

Place : Raipur
Date : 22.05.2011

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

B.L.Agrawal
Managing Director

G.B.Desai
Chairman

Dinesh Gandhi
Director

Y.C.Rao
Company Secretary

Corporate information

Board of Directors

Mr. G. B. Desai
Chairman

Mr. O.P. Agrawal
Vice Chairman (Upto 06.08.2011)

Mr. B.L. Agrawal
Managing Director

Mr. N.P. Agrawal
*Non Executive Director
(Upto 06.08.2011)*

Mr. Dinesh Agrawal
Executive Director

Mr. Siddharth Agrawal
Non Executive Director

Mr. Dinesh Gandhi
Executive Director – Finance

Mr. Vinod Pillai
Executive Director

Mr. Shashi Kumar
Independent Director

Mr. B. Choudhuri
Independent Director

Mr. B. N. Ojha
Independent Director

Company Secretary

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

Auditors

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

Bankers

Canara Bank
Bank of Baroda
Axis Bank Limited
State Bank of India
IDBI Bank Limited
Yes Bank Limited
Vijaya Bank
Oriental Bank of Commerce

Registered Office

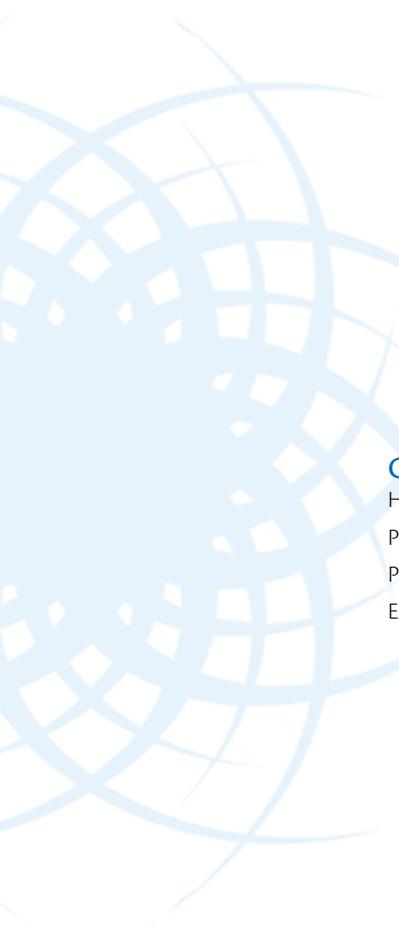
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Corporate Office

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