



GODAWARI POWER & ISPAT

ANNUAL REPORT
2013-14

Forward looking statement

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

We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Company Information

BOARD OF DIRECTORS

Mr. B. Choudhuri	Chairman (Independent Director)
Mr. B.L. Agrawal	Managing Director
Mr. Abhishek Agrawal	Executive Director
Mr. Dinesh Agrawal	Executive Director
Mr. Vinod Pillai	Executive Director
Mr. Siddharth Agrawal	Non Executive Director (Upto 08.11.2013)
Mr. Dinesh Gandhi	Non Executive Director
Mr. Shashi Kumar	Independent Director
Mr. B. N. Ojha	Independent Director
Mr. Harishankar Khandelwal	Independent Director
Ms. Bhavna G. Desai	Independent Director (w.e.f. 09.08.2014)

CFO

Mr. Sanjay Bothra Chief Financial Officer

COMPANY SECRETARY

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

AUDITORS

M/s. O.P. Singhania & Co.
Chartered Accountants, Raipur (C.G.)

BANKERS

Canara Bank	State Bank of India
Bank of Baroda	Axis Bank Ltd.
IDBI Bank Ltd	Indian Overseas Bank

SECURITY /DEBENTURE TRUSTEE:

Axis Trustee Services Limited

REGISTERED OFFICE & WORKS:

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

CORPORATE OFFICE

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

MUMBAI OFFICE

A-401, Lotus Corporate Park (Graham Firth Company),
Jay Coach Signal, Off Western Express Highway,
Goregaon (East), Mumbai - 400 063, India.
Tel: +91 - 22 - 40767466 / 40767474 / 40767433
Fax: +91 - 22 - 40767440

Managing Director's Message

Dear Share Owners,

2013-14 has been a challenging year for the Indian economy as a whole & domestic steel industry in particular. The country faced multiple challenges of currency depreciation, rising current account deficit and above all policy paralysis which resulted in meagre GDP growth of 5% and nominal steel consumption growth of 0.60%.

In the global arena, China which accounts for about 50% of the annual steel manufacturing capacity globally has widening demand supply gap which send tremors to the industry across the globe. On the domestic front, with virtually no demand from infrastructure sector, demand in long products segment nosedived & prices remaining subdued all through the year. On top of that, the pressure of imports took the toll on domestic manufacturing sector. Further, the problem was exaggerated by iron ore mining bans in Karnataka & Orissa and de-allocation of coal mines across the sector were a major setback for the industry.

Even in the backdrop of such challenging environment, we have gone ahead & successfully commissioned 1.2 MTPA Iron Ore Pellet plant in fiscal 13-14 taking the total capacity to 2.4 million tons per annum.. After the initial teething issues, the plant is well settled now and operating satisfactorily. All efforts are now being concentrated on reducing the production cost and improvement in operating efficiency, which when completed, will significantly improve the operating margins.

FY 2013 -14 was another year of record setting for us, as we have another first in our feather – successful commissioning of India's first 50 MWe Solar thermal power project in Jaisalmer, Rajasthan. Being the first of its kind; the project was a big learning curve for the team. Despite several challenges, the whole team worked very hard to ensure timely completion of the project and build state-of-the-art facilities in such a difficult terrain. In the first year of operation itself, the project has won many accolades.

In the midst of difficult market conditions, the company has achieved a turnover of Rs 2350 crore for the year as compared to 2663 crore in preceding financial year and earned operating profit of Rs 362.79 crore as against Rs 345.71 crore during previous year. On account of higher interest and depreciation cost for newly commissioned capacities, the company registered lower net profit after tax of Rs 58 crore as against Rs 148 crore in the last fiscal. The Board of Directors have recommended a dividend of Rs 2.50 per share for the year.

Outlook

Although the global economic situation was on the path to recovery in fiscal 13-14, after a massive meltdown in the past couple of years, the domestic policy paralysis led to demand slowdown in infrastructure space. With a stable government in place at the Centre, we look forward to policy initiatives in the core infrastructure space viz. streamlining approval process for acquisition of land for greenfield & brownfield expansions, iron ore mining, coal mining, environmental issues etc. A clear industrial policy with special emphasis on manufacturing and infrastructure growth will be the key for revival of demand & investment in the sector. Thus the policy guidelines have to be re-framed with a long term objective and in view of the impending infrastructure & industrial growth in the country. A quicker decision making is essential to regain the momentum & confidence of the industry.

With the worst of slowdown behind us, we are very optimistic and confident of the new initiatives from the Central Government for long term sustainable growth of the country & its people.

Although total insulation from the cyclical movements of the steel industry is difficult, we continue to focus on captive mining, back ward integration and continued innovations across the product range to bring down cost of manufacturing and thereby insulating ourselves from the market disruptions. We are also committed to make our best contribution towards India's long term growth story.

It gives me immense pleasure to inform you that your Company has recently started development activities in Boria Tibu iron ore mines allotted to the Company and mining operations in full swing are expected to be started from Q3FY15. Your Company has also initiated process for expansion in capacity of existing Ari Dongri mines from 0.7 million tons to 1.20 million tons, for which forest approval has been received and environmental approval is in process. We are hopeful of getting the approval during the current year, which only will lead to increase in mining production and reduce the input cost and dependence on market for purchase of iron ore.

Before I conclude, I would like to convey my gratitude to all at GPIL, lenders, shareholders and other stakeholders for your trust and faith reposed in us in our journey so far and look forward to your unstinted support as we move along.

With best wishes,
Sincerely,

B. L. Agrawal
Managing Director

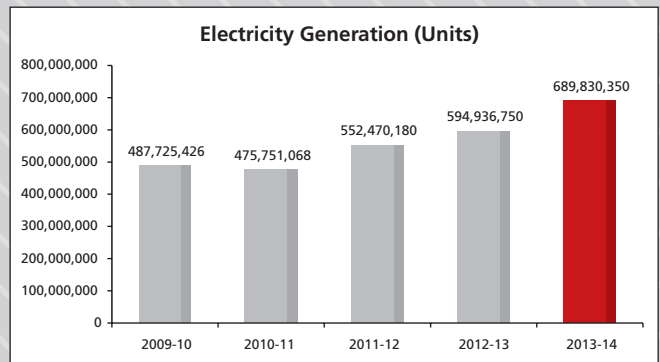
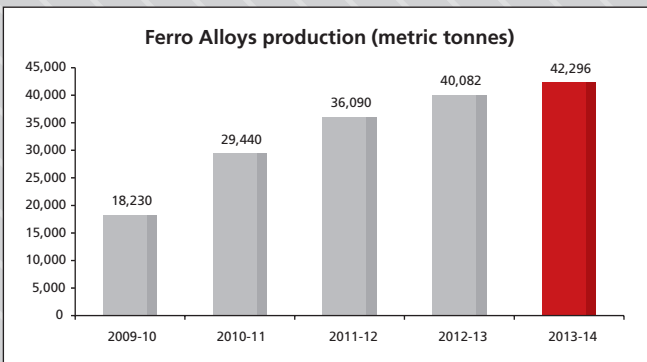
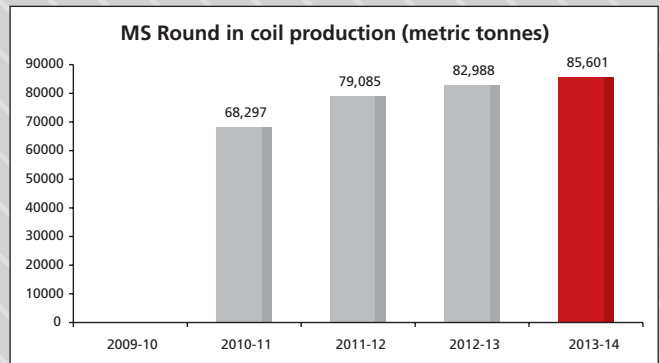
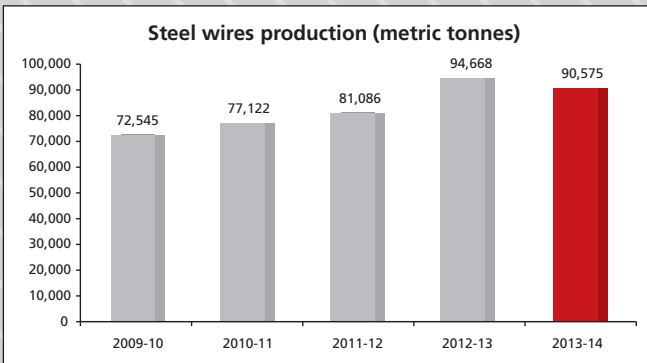
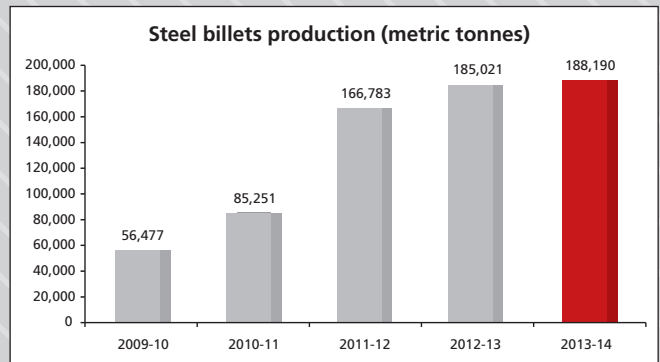
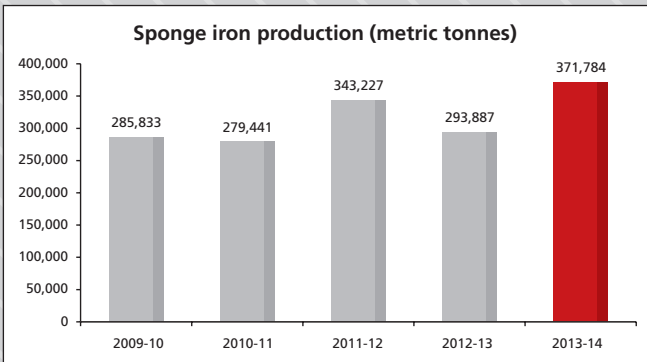
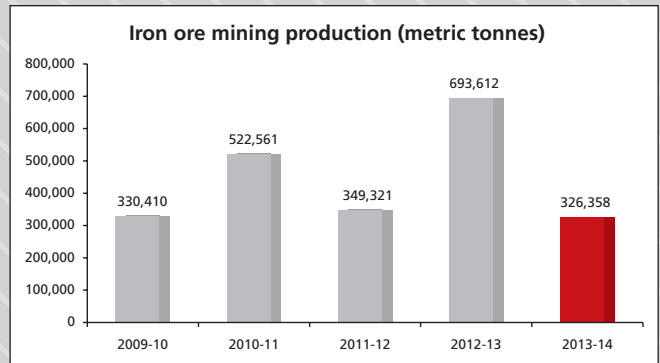
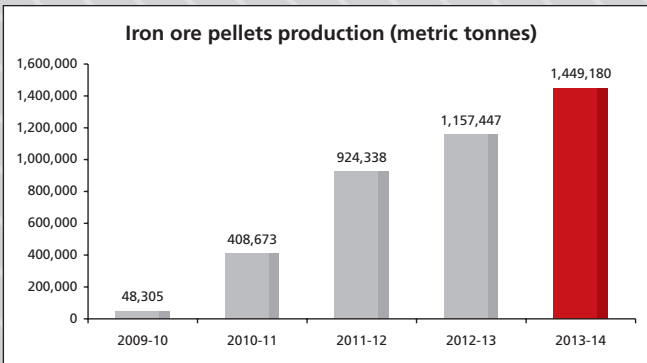
Our Business at a Glance

Segment	Capacity	Description and End Use
Captive Iron Ore Mining	1,400,000 TPA	The Company is operating two Iron Ore mines. Ari Dongri mine is operating since 2010 and Boria Tibu has recently started development activities. The entire output from mines is for captive consumption.
Iron Ore Pellets	2,400,000 TPA	<p>The Company is operating two pellet plants at Raipur with combined Capacity of 1.80 million tons (out of this 1.20 million tons capacity is commissioned in July, 2013) and one pellet plant in subsidiary Company in Orissa (GPIL share 75%) with capacity of 0.60 million tons.</p> <p>Pellet is primarily used in manufacturing of Sponge iron and Pig Iron and is substitute of iron ore for making sponge iron or pig iron.</p> <p>Partially consumed for captive requirement in sponge iron and surplus quantity is sold in markets.</p> <p>In FY14 this division contributed 33% (₹ 77,421 Lacs) in to GPIL's consolidated topline.</p>
Sponge Iron	495,000 TPA	<p>Sponge Iron is primarily used for manufacture of steel as a raw material and as a substitute for steel scrap.</p> <p>Surplus sponge iron, after captive use in steel billets production, is sold in the open market. Currently our billets capacity is inadequate to consume all of sponge iron.</p> <p>In fiscal 2014, this division contributed around 16.6% (₹ 38,965 Lacs) to GPIL's Consolidated topline.</p>
Steel Billets	400,000 TPA	<p>Steel billets are primarily used for manufacturing of wire rods (from which steel wires are made), TMT Bars, angles, channels, beams, etc.</p> <p>A portion of GPIL's steel billets production is captively consumed in rolling mill and remaining quantity is sold in open market.</p> <p>In fiscal 2014, this division contributed around 13.7% (₹ 32,116 Lacs) to GPIL's consolidated topline.</p>
Steel Wires	150,000 TPA	<p>Steel wires find application in the infrastructure sector, mainly in construction, railways, power transmission, etc.</p> <p>GPIL makes mild steel wires through cold drawing process using steel wire rod.</p> <p>This division contributed around 15.2% (₹ 35,695 Lacs) to GPIL's consolidated topline in FY14.</p>
Ferro Alloys	76,500 TPA	<p>Ferro Alloys such as silico manganese, ferro manganese, etc., are used as additives in making steel along with sponge iron, scrap, etc. Out of the total capacity 60,500 TPA is in subsidiary Company (GPIL share 51%).</p> <p>Surplus production in ferro alloys is sold in the open market.</p> <p>This division contributed 9.6% (₹ 22,578 Lacs) to GPIL's consolidated topline in FY14.</p>

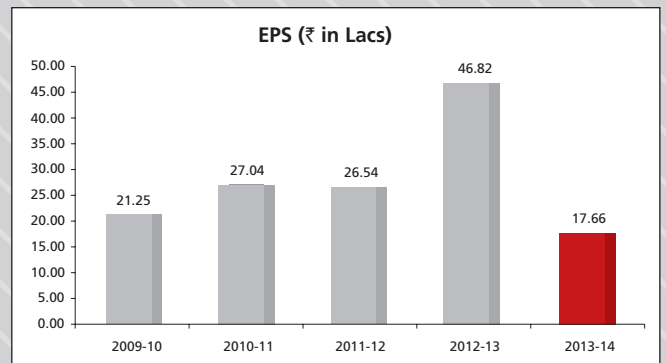
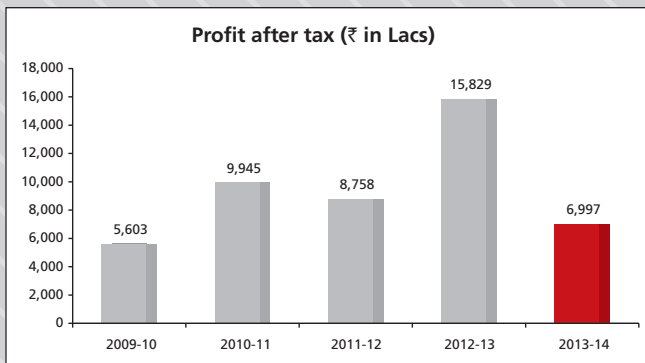
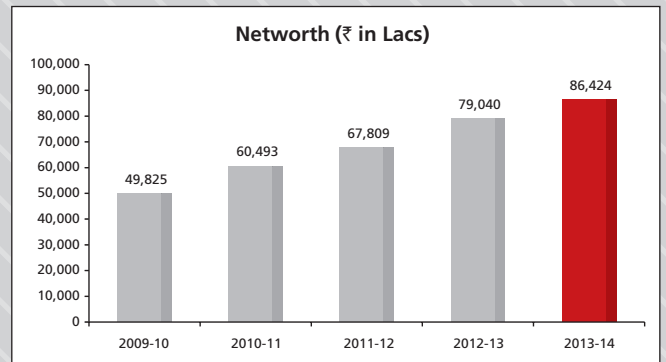
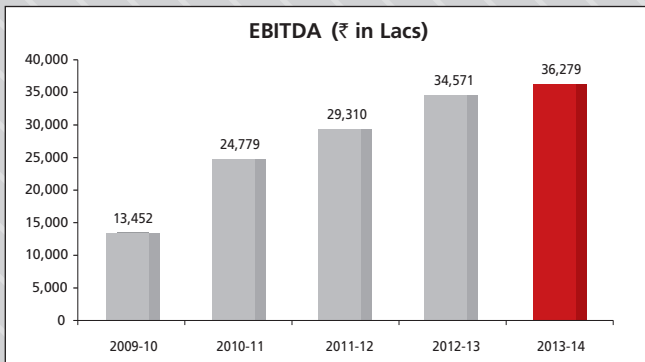
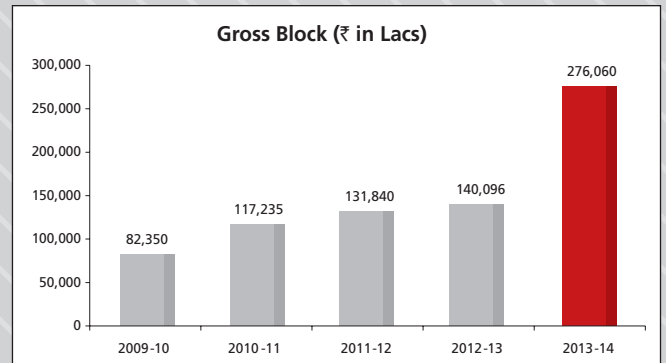
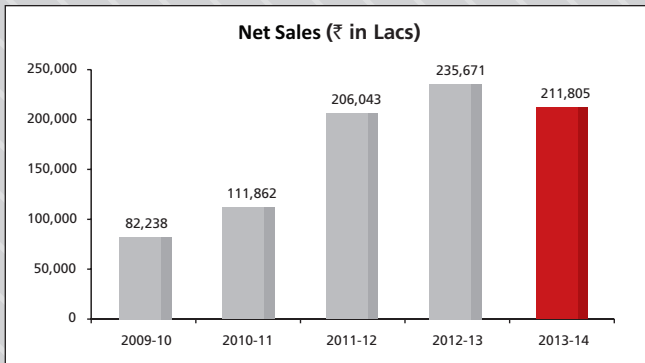
Segment	Capacity	Description and End Use
MS Round in Coil	100,000 TPA	The Company is manufacturing Wire Rods and TMT Bars. This division contributed around 5.2% (₹ 12,438 Lacs) to GPIL's consolidated topline in FY14.
Power Generation	154.30 MW	<p>The Company is operating following power plants:</p> <p>Captive Power:</p> <ul style="list-style-type: none"> Waste Heat Recovery – 42 MW. Bio Mass (Rice Husk) – 20 MW Thermal (Coal Based) – 31 MW <p>Merchant/IPP:</p> <ul style="list-style-type: none"> Solar Thermal (CSP) – 50 MW Bio Mass (Rice Husk) – 8 MW Wind Mills – 3.3 MW Total – 154.30 MW <p>Electricity is one of the main inputs and one of the major cost components in the steel manufacturing process. Most of the Electricity generated by GPIL from captive power plant is consumed captively. However, surplus captive power is sold to state grid.</p> <p>The Company is operating green power capacity which is completely sold through long term PPA. The Company has 25 year PPA with NTPC Vidyut Vypaar Nigam Ltd. for sale of its Solar Thermal power @₹ 12.20 per unit. The Company has distinction of setting up the first Solar Thermal Power plant in India within record time of 24 months out pacing 6 other leading Companies participating in Jawaharlal Nehru National Solar Mission of Government of India. The project has started commercial operation from October, 2013. This division contributed 3.7% (₹ 8,616 Lacs) to GPIL's consolidated topline in FY14.</p> <p>GPIL generates power through waste heat gases from sponge iron kiln, which qualifies for carbon credit under Kyoto protocol. GPIL is the first Company globally to get the carbon credits for waste heat recovery power generation.</p>
Oxygen Gas	1.1 million CUM per annum	<p>Oxygen gas is one of the important inputs required during the steel manufacturing process.</p> <p>Most of the oxygen produced from our gas plant is used captively while the surplus is sold.</p>

Note: A large part of GPIL's capacities were commissioned recently, viz., Iron Ore Pelletisation (1.20 million ton capacity) in July, 2013 and Solar Thermal power (50 MW) in October, 2013, which have gone into full production (after stabilizing production processes) during current financial year, i.e., FY15. The company has recently started operations at its Boria Tibu Iron Ore Mines and the commercial production from these mines are expected from October, 2014.

Operational Highlights (Consolidated)



Financial Highlights (Consolidated)



Financial Performance

(Consolidated)

	2013-14	2012-13	2011-12	2010-11	2009-10
INCOME STATEMENT					
SALES (GROSS)	234986.89	266345.41	229087.95	123461.89	88680.36
OTHER INCOME	1554.73	1478.37	1133.13	1288.92	399.84
GROSS SALES & OTHER INCOME	236541.62	267823.78	230221.08	124750.81	89080.20
NET SALES	211805.37	235671.26	206043.30	111861.62	82238.35
NET SALES & OTHER INCOME	213360.10	237149.63	207176.43	113150.54	82638.19
OPERATING PROFIT (EBITDA)	36279.36	34570.53	29310.11	24779.24	13452.06
PROFIT AFTER TAX (PAT)	6997.28	15829.02	8758.15	9945.37	5602.59
CASH PROFIT	17546.09	22920.89	15524.87	15487.61	9017.75
BALANCE SHEET					
NET BLOCK	232775.85	107000.48	105036.42	97074.78	62951.63
SHARE CAPITAL	3275.62	3275.62	3175.62	3175.62	2694.48
NET WORTH	86423.75	79039.65	67809.18	60492.72	49825.43
LONG TERM BORROWING (INCLUDING CURRENT MATURITIES)	168874.28	125237.40	71761.96	62270.15	38350.06
SIGNIFICANT RATIOS					
OPERATING PROFIT TO NET SALES (%)	17.13	14.67	14.23	22.15	16.36
NET PROFIT TO NET SALES (%)	3.30	6.72	4.25	8.89	6.81
LONG TERM DEBT TO EQUITY RATIO	1.95	1.58	1.06	1.03	0.77
RETURN ON CAPITAL EMPLOYED (%)	1.99	5.08	4.36	5.88	4.97
RETURN ON NET WORTH (%)	8.10	20.03	12.92	16.44	11.24
PER EQUITY SHARES					
BOOK VALUE(₹)	263.84	241.30	213.47	190.49	184.92
EPS	17.66	46.82	26.54	27.04	21.25

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 15th Annual Report on the business & operations of the Company together with the Stand-alone and Consolidated Audited Financial Statements for the year ended 31st March 2014.

FINANCIAL RESULTS

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Gross Sales	1725.47	2141.79	2349.87	2663.45
Less: Excise duty.....	184.55	230.16	231.82	306.74
Net Sales Turnover	1540.92	1911.63	2118.05	2356.71
Operating expenses	1329.01	1670.70	1770.81	2025.79
Operating Profit	211.91	240.93	347.24	330.93
Other Income.....	24.49	9.70	15.55	14.78
Total Revenue	1565.41	1921.33	2133.60	2371.49
Profit before Interest, Depreciation, Tax and Amortization (EBIDTA)	236.40	250.63	362.79	345.71
Finance Costs.....	114.51	92.39	165.01	121.06
Depreciation and amortization expenses.....	66.68	52.27	105.49	70.92
Profit Before Taxation (PBT)	55.21	105.97	92.29	153.73
Taxation (including Deferred Tax).....	(0.73)	(18.17)	22.32	(4.56)
Profit after Taxation (PAT)	55.94	124.14	69.97	158.29
Less: Minority Interest.....	--	--	10.94	9.48
Less: Share of Loss of associate company.....	--	--	1.19	--
Profit brought forward from previous year.....	316.78	300.71	357.30	318.16
Less: Adjustment of deferred tax as per transitional provision.....	--	52.93	--	52.93
Amount available for Appropriations	372.72	371.92	415.14	414.04
Appropriations				
Proposed Final Dividend on Equity Shares.....	3.28	8.19	7.28	8.19
Interim Equity Dividend.....	4.91	--	4.91	--
Corporate Dividend Tax.....	--	1.29	2.91	1.39
Transfer to General Reserves.....	6.00	15.00	22.50	16.50
Transfer to Debenture Redemption Reserve.....	--	30.66	--	30.66
Total	14.19	55.14	37.60	56.74
Net Surplus	358.53	316.78	377.54	357.30

REVIEW OF PERFORMANCE

The financial year 2013-14 was a yet another challenging year due to continued slowdown in Indian Economy and fall in Industrial production and infrastructure growth on account of high inflation, higher fiscal deficit, current account deficit and policy paralysis. Off late, Government of India recognized the problems and has taken certain initiatives to improve the situation and results of the same have started reflecting in headline indicators. The impacts of the same on corporate performance are expected to be felt from the current financial year onwards. In the backdrop of the slowdown in Industrial and infrastructure growth, on account of general slowdown in

Indian economy, the demand growth of Steel was just 0.60%. Due to fall in demand growth and increase in production capacity of large steel players, the prices of finished steel and intermediate products dropped substantially impacting the performance of small & medium enterprises in the sector. The prices of finished steel fell by about 12-15% across product categories including intermediate products without meaningful reduction in input cost.

Stand-alone Operations:

The performance of your Company during the year under review remained satisfactory under the prevailing circumstances

GODAWARI POWER & ISPAT LIMITED

and overall slowdown in demand growth coupled with increase production volumes. The highlights of the financial performance for the year are as under:

- a) Net Sales Revenue decreased by 19.39% to ₹ 1540.92 crores from ₹ 1911.63 crores recorded in previous year. The fall in net sales was on account of fall in selling prices to the extent of about 15% as compared to last year due to decrease in demand and increase in production volumes of large Integrated Steel Producers which put the downward pressure on finished steel prices.
- b) Operating Profit margin improved to 13.04 % from 12.60% achieved in previous year despite fall in selling prices of finished products. The improvement in margins was on account of higher contribution from increased production volumes of Pellets and sponge iron.
- c) PBT decreased to ₹ 55.21 crores from ₹ 105.97 crores. The fall in PBT was on account of higher interest & depreciation cost on account of capitalization of new pellet plant.

Consolidated Operations:

- a) Net sales revenue during the FY 2013-14 decreased to ₹ 2118.05 crores from ₹ 2356.71 crores recorded in previous year. The reduction in net sales was on account of fall in sales realization despite overall increase in production volumes of Iron Ore Pellets.
- b) EBIDTA Margins increased by 4.94% to ₹ 362.79 crores from ₹ 345.71 crores during previous year, recording healthy operating margin of 17.13% on account of higher operating profit recorded by M/s Ardent Steel Limited and contribution from solar power subsidiary.
- c) PBT decreased to ₹ 92.29 crores from ₹ 153.73 crores. The consolidated PBT also fell on account of higher interest & depreciation cost because of commissioning of new pellet plant and Solar Power plant during the year under review.

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

EXPANSION/NEW PROJECTS

Pellet Plant:

Your Directors are pleased to inform that the new pellet plant for expansion of pellet manufacturing capacity by 1.20 MTPA has been successfully commissioned in July, 2013 and started commercial operations from September, 2013, seven months ahead of scheduled date of commencement of commercial operations. The new pellet plant has been fully stabilized and is operating satisfactorily. The Company has invested ₹ 424.82 crores towards implementation of said pellet plant. The pellet capacity of the Company has thus increased to 1.80 million tons per annum on stand-alone basis and 2.40 million tons

per annum on consolidated basis including pellet capacity in subsidiary Company.

Expansion cum balancing Plan in Steel Melting (SMS) and Rolling Capacity:

Your Company is presently operating a steel melting capacity of 4,00,000 MT and Rolling Mill Capacity of 1,00,000 MT per annum. Your Company has undertaken an expansion cum modernization and balancing plan for improvement in capacity utilization in Steel Melting Shop (SMS) and enhancing capacity of Rolling Mill by setting up a new rolling mill with installed capacity of 3,00,000 TPA. The Company proposes to set up certain balancing equipment in SMS to improve the operating efficiency, capacity utilization and product range. Your Company also proposes to set up a new rolling mill to enhance the steel rolling mill capacity to 4,00,000 TPA matching the Steel melting shop in order to produce value added products to improve the operating margins. The cost of expansion project is envisaged to be around ₹ 200 crores and is expected to be completed by September, 2015. The project shall be funded by internal accruals from existing operations and raising of fresh debt. The overall debt gearing will remain at existing level in view of repayment of existing debt.

Solar Power Plant:

Your Company has achieved distinction of being the first Company in India to set up 50 MW Solar Thermal Power plant within record time. The solar power plant taken up by your Company under Jawaharlal Nehru National Solar Mission of Government of India has been successfully commissioned on 19th June, 2013, within the stipulated time and ahead of all other 6 similar projects awarded by the Government. The project has been set up under an SPV namely Godawari Green Energy Limited, a 100% subsidiary of your Company. The operations of solar power project have been stabilized and the plant is now operating smoothly. The SPV has invested ₹ 875 crores for setting up the said project which has been funded through debt & equity. The subsidiary Company has raised a debt of ₹ 625 crores from Banks for part funding the project and your Company has contributed equity capital of ₹ 194 Crores by subscribing to the equity capital of SPV by ₹ 145 crores and additionally contributed ₹ 49 crores by way of 9% Optionally Convertible Cumulative Preference Shares (OCCPS) and the balance amount of ₹ 56 crores has been raised by private placement of 9% OCCPS to a Strategic Investor. Each OCCPS shall be convertible into one equity share of ₹ 10/- each at a premium of ₹ 90/- per share any time after one year from the date of COD at the discretion of investor. On fully diluted basis the equity of your Company shall be 77.60%.

Mining Projects:

Ari Dongri Iron Ore mines:

The Company has mined 3,26,358 tonnes of iron ore from its

Ari Dongri iron ore mines during the financial year as compared to 6,93,358 tonnes during the previous year. Your Company is in process of enhancing the capacity of Ari Dongri Iron Ore mines from 7,00,000 TPA to 12,00,000 TPA, for which Stage I forest approval from MoEF has been obtained and Environmental approval is awaited. The Company is pursuing the matter and is hopeful of getting the approval in a couple of months.

Boria Tibu Iron Ore mines:

The Company has started mine development cum mining activities at Boria Tibu Iron Ore mines in Chhattisgarh and the developmental activities are expected to be completed by September, 2014. The regular mining operations are expected to be started from October, 2014.

Coal Mines:

Your Company was allotted coal mines in Chhattisgarh by Ministry of Coal, with reserves of 243 million tons in consortium with four other companies. Your Company has taken effective steps for development of the mines as per regulatory requirement and was awaiting forest approval. In the meantime, the Ministry of Coal, has de-allocated the coal mines. In order to protect its interest, the Company has obtained the status quo order from Hon'ble High Court of Delhi and the matter is currently subjudice.

DIVIDEND RECOMMENDED

In view of satisfactory performance, the Board of Directors of your Company declared and paid interim dividend @15% (i.e. ₹ 1.50 per equity share of ₹ 10/- each) to the shareholders in March, 2014. In addition to the above, your Directors have pleasure in recommending payment of final dividend @ 10% i.e. Re.1.00 per equity share for the year under review, thereby taking the total dividend payment to 25% i.e. ₹ 2.50 per share (previous year 25% i.e. ₹ 2.50 per share) which is 14.64% of the net profit of the Company during the year. The total outflow of funds on account of payment of dividend will be ₹ 8.19 crore as compared to ₹ 9.48 crore during the previous year including dividend tax. No dividend tax is payable during the current financial year in view of the dividend tax paid by the subsidiary Company. Upon approval, the dividend shall be paid to all those shareholders whose names appear in the register of members as on the record date i.e. 19th September, 2014 fixed for payment of dividend.

FINANCIAL SUMMARY:

During the year, your Company has raised funds of ₹ 318.45 crores by way of Term Loans/Corporate Loans to augment the funds requirement for normal capital expenditure and long term working capital requirement. Your Company has further refinanced high cost debt of ₹ 50 crores. Your Company is continuously making efforts to bring down the cost of funding. The Company has been able maintain a comfortable long term debt equity ratio of 1.17:1 (previous year 1.12:1) as on 31st

March, 2014 on stand-alone basis. The Company is regular in making payment of instalment of term loan and interest on loans including debentures.

Your Company is further looking to refinance the high cost debt during the current year including the debt in subsidiary Company to bring down cost of funding.

TRANSFER TO RESERVES

The Company has transferred ₹ 6.00 crores to General Reserve from the surplus balance in the statement of Profit and loss account.

REDEMPTION OF DEBENTURES AND REVERSAL OF DEBENTURE REDEMPTION RESERVE:

During the financial year the Company has redeemed 500 Nos. of Series-A 12% Redeemable Non-Convertible Debentures of ₹ 10 lacs each and transferred ₹ 17.91 crores from Debenture Redemption Reserve to General Reserve.

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 read with Rule 5 of Companies (Particulars of Employees) Rules, 1975. Hence, the particulars as required under said Rules are not applicable.

DIRECTORS

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Bhavna G. Desai was appointed as an Additional Director w.e.f. 9th August, 2014 and she shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing Ms. Bhavna G. Desai for appointment as an Independent Director. The appointment of Ms. Bhavna G. Desai as Independent Director on the Board of Company shall fulfill the requirements of section 149(1) of the Companies Act, 2013 regarding appointment of a Woman Director on the Board of the Company.

During the year under review Shri Siddharth Agrawal resigned from the Directorship of the Company with effect from 09.11.2013 to enable himself to concentrate in the operations of the subsidiary Company's 50 MW Solar Thermal Power Plant. The Board places on record deep sense of appreciation for the services rendered by the resigning Director.

Shri Dinesh Gandhi resigned as Whole Time Director of the Company with effect from 09.11.2013 to join the Board of the Company's subsidiary M/s Godawari Green Energy Limited as Executive Director & CFO. However he continues to remain on the Board of the Company as a Non-executive Director.

In accordance with the provisions of section 152(6)(c) of the Companies Act, 2013 and the Company's Articles of Association, Shri Abhishek Agrawal and Shri Vinod Pillai,

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Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Moreover pursuant to the provisions of SEBI Circular dated 17.04.2014 and pursuant to the provisions of Section 149 of the Companies Act, 2013, Shri Biswajit Choudhuri, Shri Shashi Kumar, Shri B.N. Ojha and Shri Harishankar Khandelwal, Independent Directors of the Company shall be reappointed for a period of 5 years for a term up to the conclusion of the Annual General Meeting of the Company in the calendar year 2019. The Company has received requisite notices in writing from a member proposing Shri Biswajit Choudhuri, Shri Shashi Kumar, Shri B.N. Ojha and Shri Harishankar Khandelwal for appointment as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors based on the representation received from the operating management and CFO of the Company, confirm:

- 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 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.

REAPPOINTMENT OF AUDITORS

M/s O.P. Singhania and Co., Chartered Accountants, 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 141 (3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment and also satisfies the criteria as mentioned under Section 141 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 2013-14 and hence does not require any clarification.

BORROWING IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES:

As per the provisions of clause (c) of sub-section (1) of Section 180 of the Companies Act, 2013, the shareholders of the Company through postal Ballot held on 03rd January, 2014 have passed the Special Resolution empowering the Board of Directors of the Company to borrow any sum or sums of money in excess of the aggregate of the paid up share capital and free reserves of the Company not exceeding the limit of ₹ 1500 crores.

Similarly, as per the provisions of clause (a) of sub-section (1) of Section 180 of the Companies Act, 2013, the shareholders of the Company through postal Ballot held on 03rd January, 2014 have passed the Special Resolution empowering the Board of Directors of the Company to create charge / mortgage / hypothecation on all or any of the the movable / immovable properties of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND CSR COMMITTEE

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on 15th March, 2014 have constituted Corporate Social Responsibility (CSR) Committee consisting of three Directors out of which one Director is an Independent Director.

The Composition of CSR Committee is as under:

S. No.	Name of Chairman / Member	Category	Designation
1	Mr. Shashi Kumar	Member (Chairman)	Independent Director
2	Mr. Abhishek Agrawal	Member	Executive Director
3	Mr. Vinod Pillai	Member	Executive Director

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities

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.

RISK MANAGEMENT POLICY

Overview

GPIL is committed to managing risk to ensure its business objectives are achieved and to optimise the value of the Company and meet the expectations of its stakeholders. Risk oversight and management is an organisation-wide priority, in which all officers and employees of GPIL participate.

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.

The Company analyses the risk well before in advance & take necessary steps towards deviation if any occurs between the budgeted output & the actual output.

The Company also made a Risk Management Committee in which company evaluates the risk & discuss in details the necessary actions to be taken to protect the assets of the Company and maximize the profits. The company last held its Risk Management committee meeting on 28.05.2013

SUBSIDIARY COMPANIES:

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

The Ministry of Corporate Affairs vide General Circular dated 8th February, 2011 have granted a general exemption for the non-applicability of Section 212 of the Companies Act, 1956 upon fulfillment of certain conditions and the Company has complied with all the conditions provided therein. The annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders/investors seeking such information from the Company, at any point of time. The accounts of the subsidiary Companies are also available for inspection at the registered office of the Company and that of subsidiary companies respectively. The Company shall also furnish hard copy of details of accounts of subsidiaries to any shareholder on demand.

A statement containing the salient features of the Financial Statements of the Subsidiaries of the Company is provided in the Annual Report.

JOINT VENTURE COMPANIES:

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

CCCML is still in the project stage. The Coal blocks allotted to the Company, has been de-allocated by Ministry of Coal and based on the petition filed by the Subsidiary Company, the Hon'ble High Court of Delhi has granted order for maintaining status quo. Your Company has so far invested a sum of ₹ 5.94 crores towards development of coal block in CCCML. Pending final decision of High Court, the Company has not made any provision for loss of the investment of the Company in CCCML.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as 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 Board of Directors) Rules, 1988, are provided in Annexure I to this Report.

COST AUDIT

The Central Government has approved the appointment of the M/s Sanat Joshi & Associates as cost auditors for conducting Cost Audit for the financial year 2013-14 for Steel Division of the Company. The due date for filing the Cost Audit Report for the financial year ended 31st March, 2014 is 30th September, 2014. The Company is in process of Complying with the requirement.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 28, 2013 (date of last Annual General Meeting) on the Company's website (www.godawaripowerispat.com), as also on the Ministry of Corporate Affairs' website.

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors

Place: Raipur

Date: 09.08.2014

Chairman

ANNEXURE-I 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 BOARDS'S REPORT

A. Energy Conservation measures taken:-

1. Improvement in process monitoring and optimization of process parameters by reduction in Carbon / Fe and Specific Air.
2. Transfer Chute modification for controlling loss of heat and material.
3. Installation of D.P Valves done for eliminating of spillages and wastages.
4. S.S. bellow for air leakage arrest in all SAF ducts.
5. Pneumatic cylinder installation for kiln sealing to arrest fugitive emissions and loss of heat.
6. C.B Trolley installation to eliminate CB pipe failure production loss and quality deviations in Sponge iron.
7. Installation of Screw compressor with a 90 KW motor by replacing 110KW Lobe compressor for Coal injection system.
8. Replacement of ID Fan of WHRB-2 (02 Nos.).
9. Replacement of ID&FD Fan of AFBC-1 (04 Nos.).
10. The Pellet plant oil consumption has reduced by replacing with the Producer Gas.
11. Changed the charge mix by increasing the Lump Mn. ore in the charge burden and increased the coke % in the ration of Coke-Coal ratio.

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

1. Installation of 8 nos of D.P. valves for four kilns with investment of ₹ 37 Lacs.
2. Cost of S.S. Bellows ₹ 7 Lacs.
3. Cost of Pneumatic cylinders is ₹ 27 Lacs.
4. Installation of ID Fan and FD fan worth ₹ 1.45 cr.
5. Investment in all Gasifiers ₹ 20 Cr.
6. Fume Extraction System will be installed at a cost of ₹ 1.3 Cr to increase the Manganese recovery

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

1. Sp. Coal Consumption in DRI reduced from 1.67 to 1.35 (19% reduction)
2. Yield increased by 5-7%.
3. Productivity increased by 20%.
4. Availability increased to 99%.
5. Quality improved and maintained.
6. Help us in reducing auxiliary power consumption with R.O.I of 3-4 years.
7. This is helping us in reduction of specific oil consumption as well as cost reduction.
8. Specific power consumption gone down by 10% as compared to previous years.

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

I. Power and Fuel Consumption

Particulars	2013-14	2012-13
Electricity		
1. Purchased		
Total units Consumed	0.00	0.00
(No. of units (KWA) in Lacs)		
Amount (₹ In crores)	0.00	0.00
Average Rate Per Unit (₹)	0.00	0.00
2. Own Generation of Electricity	43.36	33.30
Coal and Coke		
Quantity (M.T.) in lacs	6.98	5.66
Total Cost (₹ In crores).....	205.70	192.77
Average Rate Per M.T. (₹).....	2948.06	3406.00

II. Consumption Per Unit of Production

Particulars	2013-14	2012-13
Electricity		
1. Sponge Iron		
Production (MT).....	371784	293887
Consumption Units.....	34155340	26424500
Average Consumption Per MT.....	92	90
Production (MT).....	188190	185021
Consumption Units.....	183483465	179263400
Average Consumption Per Unit.....	975	969
3. Iron Ore Pellets		
Production (Nos).....	902550	619620
Consumption.....	56542535	2785910
Average Consumption Per Unit.....	63	45
4. H.B.Wires		
Production (Nos).....	73546	80750
Consumption Units.....	6598705	6914460
Average Consumption Per Unit.....	90	86
5. Power		
Generation (Units).....	433631650	397877950
Consumption (Units).....	47256900	43642660
Average Consumption Per Unit.....	0.11	0.11
Coal and Coke		
1. Sponge Iron		
Production (MT).....	371784	293887
Consumption (MT).....	570183	510113
Average Consumption Per MT.....	1.53	1.74
2. Power		
Production (Units).....	433631650	397877950
Consumption (MT).....	92250.850	82652.840
Average Consumption Per Unit.....	0.23Kg	0.21Kg

A. TECHNOLOGY ABSORPTION:

Research and Development (R&D):

- Specific Area in which R&D carried out by the Company: **Not applicable**
- Benefits derived as a result of the above R&D: **Not applicable**
- Future plan of action: **Nothing specific**
- Expenditure on R&D: **None**

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, your Company has used foreign currency of ₹ 161.81 crores (previous year ₹ 219.67 crores) towards import of capital goods, raw materials, components, travelling expenses, Interest on External Commercial Borrowings etc. The Company has earned ₹ 1.57 crores (previous year ₹ 2.57 crores) in foreign currency from sale of goods on FOB value during the year.

For and on behalf of Board of Directors

Place: Raipur

Date: 09.08.2014

Chairman

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY

Global gross domestic product (GDP) grew 3.0% in 2013 against 3.2% in 2012. The growth was more robust in the second half of the year 2013, but the pick up was uneven. While the recovery was more broad based in the advanced economies, it was mixed in the emerging markets as emerging economies experienced external and localised vulnerabilities and market turmoil. (Source: IMF).

Outlook for 2014:

On the brighter side of things, global economies are estimated to grow at an average rate of 3.6% in 2014 compared to 3% in 2013 as the structural policies across emerging nations like China and India will bolster the investment climate (Source: IMF).

Global GDP growth (%)

	2012	2013	2014 (p)
World	3.2	3.0	3.6
Advanced economies	1.4	1.3	2.2
United States	2.8	1.9	2.8
Euro Area	(0.7)	(0.5)	1.2
Japan	1.4	1.5	1.4
United Kingdom	0.3	1.8	2.9
Emerging Markets and Developing Economies	5.0	4.7	4.9

[Source: IMF, April 2014]

INDIAN ECONOMY

India's economic growth decelerated for the third year in succession, declining from 5% in 2012-13 to 4.7% in 2013-14, the slowest growth in a decade. India's industrial output declined 1%, led mainly by a sharp contraction in the manufacturing, mining and capital goods sectors (proxies for investment activity). The issues constraining industrial production growth were low investment on account of high interest rates, depreciating rupee, inflation and policy slowdown.

STEEL INDUSTRY SCENARIO

India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during 2013-14. Steel production in India recorded a growth rate of 3.9 per cent in March 2014 over March 2013. The cumulative growth during April-March, 2013 -14 stood at 4.2 per cent over the corresponding period of the previous year.

Steel contributes to nearly two per cent of the gross domestic product (GDP) and employs over 500,000 people. The total market value of the Indian steel sector stood at US\$ 57.8 billion

in 2011 and is expected to touch US\$ 95.3 billion by 2016. The infrastructure sector is India's largest steel consumer, thereby attracting investments from several global players. Owing to this connection with core infrastructure segments of the economy, the steel industry is of high priority right now. Also, steel demand is derived from other sectors like automobiles, consumer durables and infrastructure; therefore, its fortune is dependent on the growth of these user industries.

The liberalisation of the industrial policy and other government initiatives have given a definite impetus for entry, participation and growth of the private sector in the steel industry. Allowing foreign direct investment (FDI) has been a positive step since India is heavily dependent on foreign technologies. These foreign technologies generally add life to the plant and production units, which ultimately lead to the country's economic growth.

Market Size

India's real consumption of total finished steel grew by 0.6 per cent year-on-year in April-March 2013-14 to 73.93 million tonnes (MT), according to Joint Plant Committee (JPC), Ministry of Steel. Construction sector accounts for around 60 per cent of the country's total steel demand while the automobile industry consumes 15 per cent.

India became net steel exporter in 2013-14 and is likely to maintain the momentum in 2014-15 as producers are looking to dock more overseas shipment to tide over subdued domestic consumption. Total steel exports by India during 2013-14 stood at 5.59 MT, as against imports of 5.44 MT. During the period, Steel Authority of India (SAIL) clocked a 30 per cent growth in exports and aims to more than double the shipments to 1 MT in 2014-15. Rashtriya Ispat Nigam Ltd (RINL), which exported 1 lakh tonne steel last fiscal, aims to treble that in the current fiscal.

Iron ore export from India has showed a 253 per cent increase during the period October-December 2013, at 3.75 MT as against 1.06 MT in the corresponding period of the previous year, on the back of the opening of new mines in Chhattisgarh, Madhya Pradesh and Rajasthan, as per the Federation of Indian Mineral Industries (FIMI).

Government Initiatives

The Government of India has allowed 100 per cent FDI through the automatic route in the Indian steel sector. It has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process.

In order to provide thrust on research and development (R&D), the Ministry of Steel is encouraging R&D activities both in public and private steel sectors, by providing financial assistance from Steel Development Fund (SDF) and Plan Scheme of the Central

Government. Under the SDF scheme, 82 R&D projects have been approved with total project cost of ₹ 677 crore (US\$ 111.92 million) wherein SDF assistance is ₹ 370 crore (US\$ 61.17 million). Under the Plan Scheme, eight projects were approved with a total cost of ₹ 123.27 crore (US\$ 20.38 million) wherein Government assistance is ₹ 87.28 crore (US\$ 14.43 million).

To encourage beneficiation and pelletisation of iron ore fines in the country, basic customs duty on the plants and equipment required for initial setting up or substantial expansion of iron ore pellets plants and iron ore beneficiation plants has been reduced from 7.5 per cent to 2.5 per cent. Import of critical raw materials for steel industry, such as coking coal, non-coking coal and scrap are subject to zero or very low levels of custom duty.

Road Ahead

The future of the Indian steel industry is bright. The government plans to increase infrastructure spending from the current 5 per cent GDP to 10 per cent by 2017, and the country is committed to investing US\$ 1 trillion in infrastructure during the 12th Five-Year plan. "Taking 15 per cent as steel component in the total investment, then it can generate additional demand worth US\$ 75 billion of steel in the next few years or US\$ 15 billion worth of additional demand a year or in terms of quantity, an additional demand of 18.75 Million Tons per annum," as per Mr C S Verma, Chairman, SAIL.

With urban population increasing globally, there is a greater need for steel to build public-transport infrastructure. Emerging economies will also continue to be a major driver of demand as these necessitate a huge amount of steel for urbanisation and industrialisation. The sector is expected to see an investment to the tune of about ₹ 2 trillion (US\$ 33.06 billion) in the coming years, as per domestic giant, Tata Steel.

POWER SECTOR SCENARIO

The electricity sector in India had an installed capacity of 248.510 GW as of end May 2014. India became the world's third largest producer of electricity in the year 2013 with 4.8% global share in electricity generation surpassing Japan and Russia. Captive power plants have an additional 39.375 GW capacity. Non Renewable Power Plants constitute 87.55% of the installed capacity, and Renewable Power Plants constitute the remaining 12.45% of total installed Capacity. India generated around 967 TWh (967,150.32 GWh) of electricity (excluding electricity generated from renewable and captive power plants) during the 2013-14 fiscal. The total annual generation of electricity from all types of sources was 1102.9 TeraWatt-hours (TWh) in 2013.

In terms of fuel, coal-fired plants account for 59% of India's installed electricity capacity, compared to South Africa's 92%; China's 77%; and Australia's 76%. After coal, renewable hydropower accounts for 17%, renewable energy for 12% and natural gas for about 9%.

In December 2011, over 300 million Indian citizens had no access to frequent electricity. Over one third of India's rural population lacked electricity, as did 6% of the urban population. Of those who did have access to electricity in India, the supply was intermittent and unreliable. In 2010, blackouts and power shedding interrupted irrigation and manufacturing across the country.

The per capita average annual domestic electricity consumption in India in 2009 was 96 kWh in rural areas and 288 kWh in urban areas for those with access to electricity, in contrast to the worldwide per capita annual average of 2600 kWh and 6200 kWh in the European Union. India's total domestic, agricultural and industrial per capita energy consumption estimate vary depending on the source. Two sources place it between 400 to 700 kWh in 2008-2009. As of January 2012, one report found the per capita total consumption in India to be 778 kWh.

India currently suffers from a major shortage of electricity generation capacity, even though it is the world's fourth largest energy consumer after United States, China and Russia.

The International Energy Agency estimates India will add between 600 GW to 1200 GW of additional new power generation capacity before 2050. This added new capacity is equivalent to the 740 GW of total power generation capacity of European Union (EU-27) in 2005. The technologies and fuel sources India adopts, as it adds this electricity generation capacity, may make significant impact to global resource usage and environmental issues.

India's electricity sector is amongst the world's most active players in renewable energy utilization, especially wind energy. As of December 2013, India had an installed capacity of about 29.5 GW of renewal technologies-based electricity, exceeding the total installed electricity capacity in Austria by all technologies.

According to some ambitious estimates, India has 10,600 MW of potential in the geothermal provinces but it still needs to be exploited.

India's network technical losses is 23.65% in 2013, compared to world average of less than 15%. The Government has pegged the national T&D losses at around 24% for the year 2011 & has set a target of reducing them to 17.1% by 2017 & to 14.1% by 2022. A high proportion of non-technical losses are caused by illegal tapping of lines, and faulty electric meters that underestimate actual consumption also contribute to reduced payment collection. A case study in Kerala estimated that replacing faulty meters could reduce distribution losses from 34% to 29%.

Key implementation challenges for India's electricity sector include new project management and execution, ensuring availability of fuel quantities and qualities, lack of initiative to develop large coal and natural gas resources present in India, land acquisition, environmental clearances at state and central government level, and training of skilled manpower to prevent talent shortages for operating latest technology plants

GODAWARI POWER & ISPAT LIMITED

ANALYSIS AND DISCUSSIONS ON FINANCIAL PERFORMANCE

Review of operating & financial performance - standalone

The performance of your Company during the year under review remained satisfactory under the prevailing circumstances and overall slowdown in demand growth coupled. The operating & financial performance of the Company during the year under review is discussed below:

I) Production and sales

Production

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

Products/ Division	Production in FY2014 (In MT)	Production in FY2013 (In MT)	Year on year growth
Iron ore mining	326,358	693,612	-113%
Iron ore pellets	902,550	619,620	31%
Sponge iron	371,784	293,887	21%
Steel billets	188,190	185,021	2%
MS rounds	85,601	82,988	3%
HB wire.....	90,575	94,668	-5%
Ferro alloys	11,116	9,434	15%
Power (Units in crore).....	43.79	40.50	8%

Iron Ore Mining:

The iron ore mining operations of the Company substantially decreased during the year under review due to certain operating limitations on account of mine development, as the Company is under process of expansion of mine capacity from existing 0.7 million tons to 1.20 tons per annum. The approval for expansion in capacity is under process and expected to be received during the current financial year.

Iron Ore Pelletisation:

The Company has during the year commissioned 1.20 million tons pellet plant in June, 2014 taking the installed capacity to 1.80 million tons per annum. The expansion project started commercial operations from Sept, 2014 which has fully stabilised. The pellet production during the year increased 31% yoy on account of additional production from new pellet plant. The Company during the year had taken shut down of 0.6 million pellet for a period of one quarter for preventive maintenance, which impacted the production of pellets. The expanded capacity is now fully operational and the pellet production is expected to increase significantly during the current year.

Sponge Iron:

The operating efficiency in sponge iron division improved considerably during the year after the initiatives taken by the Company during previous year. The overall production

volumes increased 21% yoy. The coal consumption per ton of sponge iron also decreased to 1.53 as against 1.74 tons in previous year as a result of higher volume and steps taken for energy conservation. The Company is making further efforts to improve the operating efficiency going forward.

Finished Steel & Rolled Products:

The operations in the steel melting, rolling and wire drawing divisions performed in line with previous year. In order to improve the operating efficiency, capacity utilisation in Steel Melting shop and increase the portfolio of value added products to improve the operating margin, the Company is taking up modernization cum balancing and expansion project at an investment of ₹ 200 crores approx. The Project is expected to be completed by Sept, 2015. Post the capex plan the capacity of steel melting and rolling mill shall enhance to 400000 tons per annum.

Ferro Alloys:

The Company is making silico manganese, used in steel making. The production of ferro alloys increased 15% yoy.

Captive Power:

The Company is operating 73MW of captive power generation capacity out of which 42MW is waste heat recovery, 11 MW thermal coal based and 20 MW bio mass power. The overall production volumes increased by 8%.

NET SALES/INCOME FROM OPERATIONS:

Product	FY 2014			FY 2013		
	Sales (MTs) quantity	Net sales (₹ in crore)	Sales Realisation (Per Ton)	Sales quantity (MTs)	Net sales (₹ in crore)	Sales Realisation (Per Ton)
Iron ore pellets.....	426947	335.15	8835	305,447	276.81	9,062
Sponge iron.....	189744	346.78	18276	138,229	287.11	20,771
Steel billets.....	155367	285.83	28717	184,646	587.84	31,836
MS rounds.....	27840	69.65	33778	68,947	243.08	35,256
HB wire.....	91017	315.69	34685	93,254	358.01	38,391
Ferro alloys.....	9565	49.42	51670	9,246	49.34	53,365
Power (Units in crore).....	5.93	10.76	1.81	7.23	20.56	2.68
Others.....		127.64			88.88	
Total.....		1540.92			1911.63	

In fiscal 2013, your Company recorded net revenue of ₹ 1540.92 crores against ₹ 1,911.63 crores during the previous year, registering de-growth of 19.39% on year on year basis. The decrease in net revenues was primarily on account of the decrease in the realizations of finished products by 8 to 10% due to subdued market condition and overall slowdown in demand despite increase in production volumes of pellets and sponge iron. The fall in sales volumes of steel billets and rolled products was on account of change in practice for inter-unit sale of goods.

II) RAW MATERIAL CONSUMPTION

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

Items	FY2014			FY2013		
	QTY	Rate Per Ton	Amount (₹ crore)	QTY	Rate Per Ton	Amount (₹ crore)
Iron ore and fines.....	1108751	2751	304.98	908,367	2,897	263.17
Coal.....	673327	3055	205.70	566,033	3,406	192.77
Pig iron /Scrap.....	45521	24385	111.00	41,830	25,765	107.77
MS round.....	75042	32649	222.48	82,323	35,330	290.85
Manganese ore.....	26418	7584	20.03	26,988	5,845	15.77
Steel billets.....	70292	28781	41.97	102,408	30,547	312.83
Rice husk.....	180026	2220	39.97	171,351	2,668	45.72
Others.....			25.31			77.67
Total.....			971.44			1,306.55

Iron ore and fines

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

Coal

There are different types and grades of coal used in the Company i.e. imported coal, steam coal, ROM coal and washed coal. During FY 14, the Company strategically used a higher quantity of ROM coal which was available at a lower cost compared to wash coal which was used in FY 13. International prices of imported coal have also reduced during the year, resulting in lower costs of coal

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in FY 14 as compared to FY 13. The consumption of coal per ton of sponge iron also reduced to 1.53 as against 1.74 tons in the previous year.

The Company's captive coal mines, allocated in consortium with other companies, has been de-allocated by Ministry of Coal, in view of non-receipt of environmental approval and delay in commencement of operations. The Company has obtained status quo order from the Hon'ble High Court. The matter is subjudice.

Pig iron/Scrap

During the year, the production of steel billets increased by 2%, resulting in a higher consumption of pig iron and scrap.

MS round and manganese ore:

Consequent to an increase in the production of HB wires and ferro alloys, consumption of both MS rounds and manganese ore were higher in FY 14.

Rice husk

In FY 14, power generation from biomass-based power unit was higher, which resulted in a higher consumption of rice husk.

III) OPERATING AND OTHER EXPENSES

The Company's operating and other expenses increased to ₹ 298.43 crore as against ₹ 277.35 crore due to an increase in the cost of stores and consumables, fuel and other expenses. The increase in operating cost is on account of higher production volumes across divisions. However the operating expenses as percentage of net sales increased by 4.86%.

IV) EMPLOYEE COST

The employee cost during the year increased by 27.31% to ₹ 55.75 crore compared to ₹ 43.79 crore in the previous year due to the annual increment in salaries and the recruitment of additional employees to meet increased requirements in the pellet plant and Gasifier. The overall employee cost increased to 3.62 % of the sales compared to 2.29% during the previous year for the above reason coupled with reduction in the sales turnover.

V) OPERATING MARGINS (EBIDTA)

Despite adverse market conditions and fall in iron ore production from captive mines, the operating margins i.e. earning before interest, depreciation and taxes increased to 15.34% compared to 13.11 % of net sales during the previous year due to cost reduction initiatives (installation of coal gasifier etc) taken by the Company and increase in volumes of iron ore pellets.

VI) INTEREST AND FINANCIAL CHARGES

Total expenses towards interest and bank charges increased from ₹ 92.39 crore in 2012-13 to ₹ 114.51 crore in 2013-14. The increase in finance cost was mainly due to capitalisation of new 1.20 million pellet plant consequent upon commencement of commercial production.

VII) DEPRECIATION

Depreciation on fixed assets increased due to capitalisation of pellet plant and other normal capex projects. The Company applied the straight line method of depreciation as per rates prescribed under the Companies Act, 1956.

VIII) PROFIT BEFORE TAX (PBT)

The Company has achieved a net profit before tax (PBT), and extraordinary items, of ₹ 55.21 crore, as against ₹ 105.96 crore. The PBT margins fell to 3.58% as against 5.54% previous year due to higher interest and depreciation cost.

IX) PROVISION FOR TAXATION

The provision for taxation has been made as per provision of Income Tax Act.

X) PROFIT AFTER TAX (PAT)

The Company achieved net profit after tax of ₹ 55.94 crores as against ₹ 124.14 crores during previous year.

XI) APPROPRIATION

The Company transferred ₹ 6 crore (previous year ₹ 15.00 crore) to the general reserve out of surplus balance in the statement of profit and loss and ₹ 17.91 crores out of debenture redemption reserve since the debentures(A series) have been redeemed to the tune of ₹ 50.00 crores during the year under review.

XII) PROVISION FOR DIVIDEND AND DIVIDEND TAX

The Board of Directors of your Company declared and paid interim dividend @15% (i.e. ₹ 1.50 per equity share of ₹ 10/- each) to the shareholders in March, 2014. In addition to the above, the Board of Directors recommended a final dividend @ 10% i.e. Re.1.00 per equity share for the year ended March 31, 2014, subject to approval of the shareholders in addition to the interim dividend. No provision for dividend distribution tax has been made since the dividend distribution tax paid by the subsidiary Company shall be adjusted towards the dividend distribution tax liability of the Company. The total outgo of funds on account of dividend payment for the year, was ₹ 8.19 crore.

FINANCIAL POSITION:

XIII) FIXED ASSETS

₹ in crores

Particulars	FY14	FY13	Change	Change %
Gross block.....	1,575.98	955.74	620.24	64.90
Less depreciation	328.01	264.74	63.27	23.90
Net block	1,247.97	690.73	557.24	80.67
Capital WIP and pre-op expenses	65.18	412.39	(347.21)	(84.19)
Net fixed assets.....	1,313.15	1,103.12	210.03	19.04

The Company, during the year, incurred an additional capital expenditure of ₹ 275.30 crore for setting up its 1.2 million tonnes per annum iron ore pellet plant and other normal capital expenditure. The gross block and depreciation has increased due to capitalisation of new pellet plant and other items of normal capital expenditure.

Implementation status of 1.2 MTPA pellet plant project

Your Directors are pleased to inform that the new pellet plant for expansion in pellet manufacturing capacity by 1.20 MTPA has been successfully commissioned in July, 2013 and started commercial operations from September, 2013, seven months ahead of scheduled date of commencement of commercial operations. The new pellet plant has been fully stabilized and operating satisfactorily. The pellet capacity of the Company has thus

increased to 1.8 million tons per annum on standalone basis and 2.4 million tons per annum on consolidated basis including pellet capacity in subsidiary Company.

XIV) INVENTORIES

The overall value of inventory of raw materials increased to ₹ 165.30 crore as on March 31, 2014 as compared to ₹ 160.92 crore as on March 31, 2013. The average level of holding of raw material stood at 62 days of consumption as compared to a level of 45 days during the previous year. Raw Material inventory marginally increased due to increase in the inventory of iron ores, fines and manganese ore.

XV) SUNDRY DEBTORS

The average number debtors outstanding for FY 14 were 17 days of sales outstanding as compared to 18 days in FY 13. The overall recovery of receivable has remained satisfactory despite slowdown in demand.

XVI) SHORT-TERM LOANS AND ADVANCES

Loans and advances as on 31st March 2014 stood at ₹ 248.68 crores, as against ₹ 242.52 crores on 31st March 2013, which was mainly due to advances paid for raw materials, MAT credit entitlement and increased balances with statutory authorities i.e. excise, custom, service tax, royalty and VAT. Details of loans and advances were as follows:

Particulars	FY 14	FY 13
Loans and advances to subsidiary companies	11.77	22.63
Advances for RM and others.....	113.32	91.71
Balance with statutory authorities	65.38	80.46
MAT credit entitlement	55.36	46.53
Prepaid expenses	2.39	1.17
Advance Tax.....	0.46	-
Total	248.68	242.52

XVII) OTHER CURRENT LIABILITIES

Overall current liabilities increased from ₹ 309.89 crore to ₹ 342.68 crore mainly due to an increase in trade creditors, LC utilisation and buyer's credit for imported raw materials and increase in liability for term loan repayable during the next one year. Details of current liabilities were as follows:

₹ crore

Particulars	FY 14	FY 13
Trade payables including acceptances and buyers credit	191.10	176.09
Amount payable to subsidiaries.....	3.59	-
Advances from customers	2.08	3.50
Creditors for capital goods	6.25	2.90
Current maturities of long-term borrowings.....	115.98	97.88
Others	23.68	29.51
Total	342.68	309.88

XVIII) SECURED AND UNSECURED LOANS

At the end of the year, secured long-term loans (including non-convertible debentures) totalled ₹ 777.67 crore, against ₹ 707.68 crore in FY 2013. The increase in secured loans was mainly due to funding for the new project i.e. 1.2 MTPA capacity pellet plant via an ECB loan.

XIX) DEFERRED TAX LIABILITIES

The deferred tax liability as on 31/03/2014 stood at ₹ 57.70 crores as against ₹ 58.26 crores as on 31/03/2013.

XX) KEY FINANCIAL INDICATORS:

The key financial ratios of the Company are given below:

Particulars	FY14	FY13
EBDITA to net sales (%).....	15.34	13.11
Profit after tax to sales (%).....	3.63	6.49
Earning per share (Basic)	17.08	39.05
Earning per share (Diluted).....	17.08	36.77
Networth per share.....	233.34	214.79
Current ratio.....	0.99:1	1.22:1
Debt-equity ratio.....	1.10:1	1.07:1

CONSOLIDATED FINANCIAL STATEMENTS

Financial performance

The consolidated financial results of the Company included results from the operations of subsidiary companies i.e. Ardent Steel Ltd, Hira Ferro Alloys Ltd, Godawari Green Energy Limited, Godawari Integrated Steels (India) Limited and other subsidiaries. The Company achieved net sales of ₹ 2,118.05 crore during the year under review as compared to ₹ 2,356.71 crore during the previous year and EBITDA of ₹ 362.79 crore as compared to ₹ 342.71 crore during previous year. The EBITDA Margins improved to 17.13% as compared to 14.54% during previous year, resulting in a growth of 4.94% backed by improvement in operations of the subsidiary company M/s Ardent Steel Ltd. The operations of Hira Ferro Alloys Ltd remained subdued due to overall deceleration in demand for ferro alloys in the domestic and the international markets. The consolidated net profit of the Company after minority interest declined to ₹ 57.84 crore as compared to ₹ 148.81 crore in the previous year due to higher depreciation and interest cost upon commissioning of new pellet plant and 50MW solar thermal power plant.

Financial position

The consolidated debt of the Company during the year increased in view of the debt raised for setting up the 1.20 million pellet plant by holding Company and 50MW solar thermal power plant by the subsidiary company Godawari Green Energy Ltd in the Jaisalmer district of Rajasthan. Both the projects have been commissioned during the year. The overall consolidated debt-equity ratio of the Company remains at comfortable level at 1.95:1. The Company honoured all its commitments towards the timely payment of interest and debt repayment. The overall consolidated financial position of the Company continued to remain healthy.

RISK MANAGEMENT

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

business and competitors and respond flexibly in the understanding and management of risks.

Economy risk

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

Risk mitigation:

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

Industry/Demand risk

The Company may be affected by the competitive action within the steel sector and demand in industry down turn.

Risk mitigation:

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

Technology risk

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

Risk mitigation:

The Company invested in the latest technologies, which enables it to manufacture quality products

After completion of a project, the Company adapts the technology and builds in-house capabilities for further expansion. It also has a facility for the critical components for the existing units to lower plant downtime and control its operations better.

It has also introduced the latest technology in the solar thermal power plant, which will lower the operating expenditure for the Company.

Input risk

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

Risk mitigation:

The Company's integrated business model which makes it possible for the end product of one business to be positioned as the raw material of another, creating a self-feeding ecosystem within minimal inventory, costing and logistic issues. The Company has also secured captive iron ore mines, in order to protect the input cost for its main raw material i.e. iron ore.

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

Project management risk

Delay in project completion could lead to cost overrun.

Risk mitigation:

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

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This is the Company's project management track record: The Company has successfully commissioned its 1.20 MTPA iron ore Pelletisation plant 7 months ahead of scheduled date of commencement of commercial operations. The Company's 50 MW solar thermal power plant also achieved distinction of being the first company in India within record time much ahead of 6 other similar projects awarded by the government

Location risk

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

Risk management:

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

The Company's pellet plant in Orissa is also located at rich belt of Iron Ore in Keonjhar Dist, near to principal raw material i.e. iron ore fines. The railways siding is located at about 3 KM away from plant for transport of pellet, making it an attractive location for such project.

Similarly the Company's 50 MW Solar Thermal Power Plant is located in Jaisalmer district in Rajasthan having highest DNI (Solar Resource) in India, which an ideal location for a solar power plant.

CARING FOR SOCIETY

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

CSR COMMITMENT

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

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

Education initiatives

1. The Company runs two ITIs in Hathbandh and Korba under a PPP scheme with the provision of selective recruitment by the Company following the completion of the vocational training course.
2. The Company runs a school (Akansha) for specially-abled students.
3. The Company provided teachers to village schools in the hinterland of its manufacturing premises.
4. The Company created a special scholarship programme for meritorious students from underprivileged families.
5. Conducted E-Sanskar Computer Training for tribal students.
6. Extended Financial Support to UDDAN, a Scheme of State Government for education of Tribal Girls.
7. Adopted additional teachers of Government Primary and Middle Schools.
8. Celebrated Republic Day and Independence Day in School and distributed wrist watches to the meritorious students.
9. Organised workshop for farmers at Jharantola village near mines.

Health initiatives

1. During the year under review, the Company conducted health and eye check-up camps; as well as diabetes and blood donation camps.
2. Distributed free medicine in the villages proximate to its manufacturing units and mines.
3. Operating First Aid Health Centre in the mining area.
4. Creating awareness of health, safety and environment.
5. Extended financial assistance to poor people of villages for cancer and other treatments.

Drinking water projects

1. Undertook safe drinking water projects for villages near its plants and mines.
2. Undertook projects in water harvesting, bore well construction, water tanks and pond deepening.
3. Established submersible water pumps, borewells, overhead tanks and pipelines in government primary and middle schools in villages.
4. Constructed overhead tank of 30,000 ltrs capacity in village Kachhe.

5. Water tankers were engaged in Piyau Hut and villages during summer season
6. Financial assistance was given for construction of water tank at village Dhaneli.
7. Constructed Borewell at Shiv Temple at Gudhiyari for providing safe drinking water.
8. Deepening and cleaning of Ponds in villages.

Infrastructure development

1. Constructed By-pass road of village Kachhe.
2. Renovated School Buildings;
3. Constructed Stage for Cultural Programmes;
4. Construction and repairing of temple buildings in villages near plant and mines;
5. Construction of drains in village Kachhe and Tada;
6. Constructed First Floor of Barrack Building at village Kachhe;
7. Construction of CC Road in Tada Village;

Environment

1. Planted 9,924 saplings in its project area, 25,500 saplings on roadsides (covering 28 km) and 17,900 saplings in other places during 2013-14.
2. Established water sprinklers on roads for dust suppression in villages;

Sports & other community development activities:

1. Promoted sports activities;
2. Extended financial assistance for providing bicycles, sewing machines to the women of Dharsiwa Assembly Constituency;
3. Distributed Blankets and clothes to the Senior Citizens of village Charoda, Mandhar and Siltara in Diwali;
4. Celebrated women day, Navaratri, May Day and holi in villages
5. Extended financial assistance to State Level Weight Lifting Competition.

For and on behalf of Board of Directors

Place: Raipur

Date: 09.08.2014

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 all the Stakeholders. Therefore, the Company is trying its best to follow the Code of Corporate Governance.

2. BOARD OF DIRECTORS:

The Board of Directors has a combination of Executive and Non-Executive Directors. The Board comprises of four Whole-time Directors (the Managing Director and three Executive Directors) and six Non-executive Directors. The Chairman of the Board is an Independent Director. Five of the Non-executive Directors are Independent Directors including a Woman Director. Accordingly, the composition of the Board is in conformity with the Listing Agreement and the provisions of the Companies Act, 2013.

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 2013-14 in other Companies are as under:

Name of the Directors	Category of Directors	No. of other Directorship held***	No. of Board Meetings attended	Last AGM attended	No. of other Board committees member/ chairman **
Mr. B. Choudhuri	Chairman Non Executive Independent	07	06	Present	06
Mr. B. L. Agrawal	Managing Director - Executive	07	06	Present	01
Mr. Dinesh Agrawal	Executive	08	03	Absent	Nil
Mr. Abhishek Agrawal	Executive	03	05	Present	Nil
Mr. Vinod Pillai	Executive	04	05	Present	Nil
Mr. Dinesh Gandhi	Non-Executive	06	06	Present	02
Mr. Siddharth Agrawal*	Non-Executive	06	01	Present	01
Mr. Shashi Kumar	Independent	03	06	Present	Nil
Mr. B. N. Ojha	Independent	05	06	Present	03
Mr. Harishankar Khandelwal	Independent	04	03	Absent	Nil
Ms. Bhavna G. Desai#	Independent	Nil	N.A.	N.A.	Nil

* Resigned from the Directorship of the Company w.e.f. 09.11.2013

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

*** Includes Private Limited Companies also.

Appointed as Independent Director w.e.f. 09.08.2014

Changes in the composition of Directors during the year:

Shri Siddharth Agrawal has resigned from the Directorship of the Company with effect from November 09, 2013.

Shri Dinesh Gandhi has ceased to be Whole Time Director of the Company with effect from November 09, 2013. However he continues to be on the Board of the Company as Non-executive Director.

Ms. Bhavna G. Desai has been appointed as Additional Director on the Board of the Company with effect from August 09, 2014.

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

2.2 Number of Board Meetings held:

During the year 2013-14, the Board met 06 times and agenda papers were circulated well in advance of each meeting to the Board of Directors. In order to ensure fruitful deliberations at the meetings, the Board of Directors of your company is provided with all relevant information on various matters related to the working of the company. The dates on which Meetings of the Board of Directors were held and the number of Directors present in each meeting are given in Table 2 below:

S. No.	Date of Meeting	No. of Directors Present
1	28.05.2013	07
2	03.08.2013	10
3	28.09.2013	07
4	09.11.2013	07
5	08.02.2014	08
6	15.03.2014	08

Code of Conduct

The Board of Directors has formulated 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 Non-executive Director and two Independent Directors. The Committee's

Subsidiary Companies

The following Directors have also been appointed as Independent Directors on the Board of under mentioned Subsidiary Companies, as per details given below:

S. No.	Name of Subsidiary Company	Nature of Business	Name of Independent Director	Net Sales (₹ in crores)	Net Profit / (Loss) (₹ in crores)
1.	Ardent Steel Ltd.	Manufacturer of Iron Ore Pellets	Shri B.N. Ojha	367.69	38.50
2.	Hira Ferro Alloys Ltd.	Ferro Alloys	Shri Biswajit Choudhuri	212.76	2.71
3.	Godawari Green Energy Ltd.	Solar Power	Shri B.N. Ojha	39.56	(16.87)

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

composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Audit Committee comprises of following Directors:

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

The committee met Four times during the year 2013-14 and the attendance of the members at these meetings was as follows:

Name of the Chairman/ Member	Status	Meetings attended
1. Mr. Biswajit Choudhuri	Chairman (Independent Director)	04
2. Mr. B. N. Ojha	Member (Independent Director)	04
3. Mr. Dinesh Gandhi	Member (Non-Executive Director)	04

All the members of the Audit Committee are financially literate as required by Clause 49 of the Listing Agreement and Mr. Dinesh Gandhi and Mr. Biswajit Choudhuri are 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 177 of the Companies Act, 2013 and Listing Agreements with the Stock Exchanges as are in force/ applicable from time to time.

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

GODAWARI POWER & ISPAT LIMITED

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 and all the related party transactions have been entered into in the ordinary course of business and at arms length price. 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.32 of the accounts in the Annual Report.

Disclosure of accounting treatment

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

Risk Management

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

Proceeds from public issues, right issues, preferential issues etc

Your Company has not made any public issue, right issue, preferential issue etc. of equity shares during the financial year 2013-14.

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. NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to the requirements of section 178(1) of the Companies Act, 2013, the Board of Directors of the Company rechristened the "Remuneration Committee" as "Nomination and Remuneration Committee" at its meeting held on 24th May, 2014.

The Nomination and Remuneration Committee consists of one Non-executive Director and two Independent Directors. The detailed composition of the members of the said Committee at present is given below:

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

Details of Remuneration of Executive Directors for the financial year ended 31st March, 2014:

The details of the remuneration and commission paid to Executive Directors for the financial year ended 31st March, 2014 is given below:

Sl. No.	Name of Director	Designation	₹ in Lacs	
			Commission	Total Amount
1.	Shri B.L. Agrawal	Managing Director		94.00
2.	Shri Dinesh Agrawal	Executive Director		52.00
3.	Shri Abhishekh Agrawal	Executive Director		52.00
4.	Shri Dinesh Gandhi	Executive Director (Up to 09.11.2013)		36.20
5.	Shri Vinod Pillai	Executive Director		9.60

Details of Remuneration of Independent Directors for the financial year ended 31st March, 2014:

The non- executive directors are paid sitting fee of ₹ 15,000 for attending each Board meeting and ₹ 5,000 for attending each Committee Meeting. The details of the commission and sitting fee paid to Independent Directors for the financial year ended 31st March, 2014 is given below:

Sl. No.	Name of Director	Designation	₹ in Lacs		
			Commission	Sitting fee	Total
1.	Shri Biswajit Choudhuri	Chairman, Independent Director	3.00	1.15	4.15
2.	Shri Shashi Kumar	Independent Director	3.00	1.00	4.00
3.	Shri B.N. Ojha	Independent Director	3.00	1.30	4.30
4.	Shri Harishankar Khandelwal	Independent Director	3.00	0.50	3.50

Disclosure of material transactions

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

Insider Trading Disclosure:

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

Particulars of Directors seeking appointment / reappointment:

Particulars of Directors seeking appointment/reappointment at the ensuing Annual General Meeting to be held on 27th September, 2014 are given as under:

A	Name	1. Shri Abhishek Agrawal	2. Shri Vinod Pillai	3. Shri B. N. Ojha
B	Brief resume			
	i) Age	30 years	46 Years	69 Years
	ii) Qualification	B.E. (Electronics), MBA	B. Com.	B. E. (Electrical)
	iii) Experience in specific functional area	More than 4 years	More than 20 years	More than 40 years
	iv) Date of Appointment on the Board of the company	09.11.2011	28.07.2009	14.06.2008
C	Nature of expertise in specific functional areas	He joined the Company as CEO in October 2009 and was promoted as Executive Director in November 2011. He laid the foundation and then successful operation of Pellet Plant of the Company.	He has vast experience in purchase, sales, liasioning, administration and logistics management.	He has experience in Power sector. He has been associated with NTPC, Nuclear Power Corporation of India limited, Regional Electricity Boards, Northern Coal Field Ltd. And Diamond Valley Corporation.
D	Name(s) of other Public Limited Companies in which Directorships held	<ul style="list-style-type: none"> ▶ Godawari Integrated Steels (India) Limited 	<ul style="list-style-type: none"> ▶ Hira Cement Limited ▶ Chhattisgarh Ispat Bhumi Limited ▶ Krishna Global Minerals Limited 	<ul style="list-style-type: none"> ▶ Hira Ferro Alloys Limited ▶ Ardent Steel Limited ▶ Godawari Green Energy Limited ▶ Pragati Power Corporation Limited ▶ Indraprastha Power Generation Company Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	Member of Corporate Social Responsibility Committee	Member of Corporate Social Responsibility Committee	Chairman of Stakeholders Relationship Committee, Member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee
F	No. of Shares of ₹ 10/- each held by the Directors	817466	NIL	NIL
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act,1956)	Related to Mr. B. L. Agrawal and Mr. Dinesh Agrawal	No Relationship with Directors	No Relationship with Directors

GODAWARI POWER & ISPAT LIMITED

A	Name	4. Ms. Bhavna G. Desai	5. Biswajit Choudhuri	6. Shri Shashi Kumar
B	Brief resume			
	i) Age	51 Years	72 years	67 years
	ii) Qualification	B. Com.	B. Tech (Hons), Fellow Member of ICWAI and Indian Institute of Banking and Finance	B. Sc. (Hons)
	iii) Experience in specific functional area	More than 20 years	More than 45 years	More than 35 years
	iv) Date of Appointment on the Board of the company	09.08.2014	25.09.2007	25.09.2007
C	Nature of expertise in specific functional areas	She is a Bachelor in Commerce from Bombay University having over two decades of experience in shares and security market activities. She was associated as a partner with a firm M/s G. B. Desai which is engaged in the business of dealing with securities.	He has experience in Engineering, Banking and Finance Management. He has acted as Director and Member of various Boards and Councils. He is the Ex- CMD of United Bank of India.	He has experience in Mining industry. He is the Ex- Chairman of Coal India Limited.
D	Name(s) of other Public Limited Companies in which Directorships held	<ul style="list-style-type: none"> ▶ Godawari Green Energy Limited 	<ul style="list-style-type: none"> ▶ Hira Ferro Alloys Limited ▶ Aditya Birla Chemicals (India) Limited ▶ Hindustan Engineering & Industries Limited ▶ Ludlow Jute & Specialities Limited ▶ Maithan Alloys Limited ▶ Khaitan Electricals Limited 	None
E	Chairman/Member of the Committee of the Board of Directors of the Company	Member of Stakeholders Relationship Committee	Chairman of Audit Committee and Risk Management Committee	Chairman of Corporate Social Responsibility Committee and Nomination and Remuneration Committee, Member of Risk Management Committee
F	No. of Shares of ₹ 10/- each held by the Directors	577900	NIL	NIL
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	No Relationship with Directors	No Relationship with Directors	No Relationship with Directors

A	Name	7. Shri Harishankar Khandelwal
B	Brief resume	
	i) Age	51 years
	ii) Qualification	Chartered Accountant
	iii) Experience in specific functional area	More than 25 years
	iv) Date of Appointment on the Board of the company	11.08.2012
C	Nature of expertise in specific functional areas	A Practising Chartered Accountant, he has over 25 years of experience in Corporate Planning and Strategy, Financial Analysis, Accounts & Auditing, Taxation, Costing / Budgeting, Finance, Business Development, Administration and Liaisoning.
D	Name(s) of other Public Limited Companies in which Directorships held	▶ Swan Finance Limited
E	Chairman/Member of the Committee of the Board of Directors of the Company	None
F	No. of Shares of ₹ 10/- each held by the Directors	1000
G	Relationship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	No Relationship with Directors

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

Pursuant to the requirements of section 178(5) of the Companies Act, 2013, the Board of Directors of the Company rechristened the "Shareholders/Investors Grievance Committee" as "Stakeholders Relationship Committee" at their meeting held on 24th May, 2014.

The Stakeholders Relationship Committee has been reconstituted with effect from 09.08.2014 consisting of Three Directors. The detailed composition of the members of the Stakeholders Relationship Committee at present is given below:

1. Mr. B. N. Ojha : Chairman (Independent Non-Executive Director)
2. Ms. Bhavna G. Desai : Member (Independent Non-Executive Director)
3. Mr. Dinesh Gandhi : Member (Non-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
2010-2011	30.09.2011	03.00 p.m.	Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur (C.G.)
2011-2012	29.09.2012	12.30 p.m.	2nd Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur (C.G.)
2012-2013	28.09.2013	12.30 p.m.	2nd Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur (C.G.)

Special Resolution passed in previous three Annual General Meetings:

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

GODAWARI POWER & ISPAT LIMITED

- ii) During the year under review, the Company 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.

Ms. Deepti Jain, A.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 : 3rd January, 2014.

Type of Resolutions : Special

Particulars of resolution passed :

- a) 180(1)(c) of the Companies Act, 2013: Power to borrow any sum or sums of money in excess of paid up share capital and free reserves subject to maximum of ₹ 1500.00 crores:

Particulars	No. of Postal Ballots Forms	No. of Shares (₹ 10/-each)	% of Total Paid up Equity Capital
a) Total Postal Ballot Forms received	533	19628739	59.92
b) Less: Invalid Postal Ballot Forms	65	1921045	5.86
c) Net valid Postal Ballot Forms	468	17707694	54.06
d) Postal ballot Forms with Assent for Special Resolution as a percentage of net valid shares polled.	404	17672352	99.80
e) Postal ballot Forms with dissent for Special Resolution as a percentage of net valid shares polled.	64	35342	0.20

- b) Section 180(1)(a) of the Companies Act, 2013: Power to create/extend charge/mortgage/hypothecation on moveable and immovable properties of the Company both present and future subject to limit as may be specified U/S 180(1)(c) of the Companies Act, 2013:

Particulars	No. of Postal Ballots Forms	No. of Shares (₹ 10/-each)	% of Total Paid up Equity Capital
a) Total Postal Ballot Forms received	533	19628739	59.92
b) Less: Invalid Postal Ballot Forms	84	1924803	5.88
c) Net valid Postal Ballot Forms	449	17703936	54.04
d) Postal ballot Forms with Assent for Special Resolution as a percentage of net valid shares polled.	393	17671790	99.82
e) Postal ballot Forms with dissent for Special Resolution as a percentage of net valid shares polled.	56	32146	0.18

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

6. GENERAL INFORMATION:

1. Annual General Meeting:

Date : 27th September, 2014

Time : 12.30 pm.

Venue: Corporate Office of the Company at 2nd Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur (C.G.) - 492001

2. Financial Calendar (2014-2015) (tentative) :

Board Meeting (for Financial Result) -

Quarter ending on 30th June 2014 : On or before August 14, 2014

Half-year ending on 30th September 2014 : On or before November 14, 2014

Quarter ending on 31st December 2014 : On or before February 14, 2015

Year ending on 31st March 2015 : On or before May 30, 2015

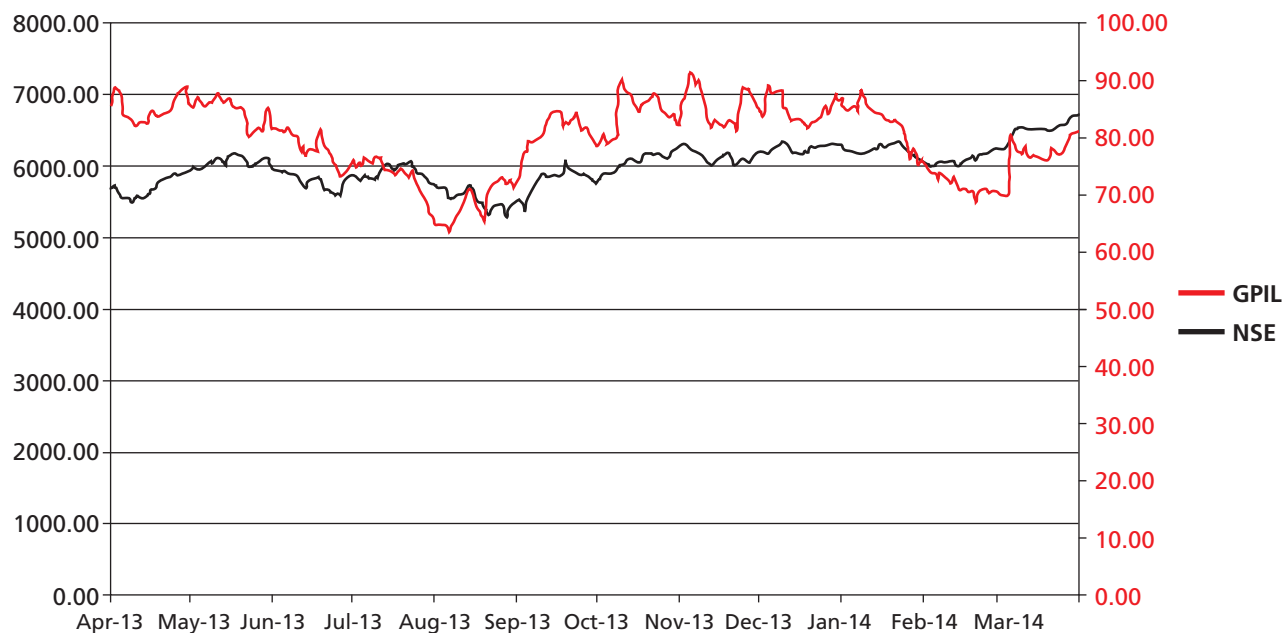
3. Date of Book Closure : 19th to 27th September, 2014.

4. Dividend Payment Date : Within 20 days of declaration

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

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

8. Market Price Data:



9. 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, 2013	94.00	81.20	91.85	81.25
May, 2013	90.00	79.05	88.50	80.00
June, 2013	85.05	72.85	85.45	72.20
July, 2013	77.75	64.45	78.00	64.50
August, 2013	74.50	62.00	76.95	61.50
September, 2013	87.15	69.50	86.85	69.15
October, 2013	92.90	77.00	94.85	78.20
November, 2013	94.90	80.05	94.50	80.40
December, 2013	92.75	80.10	92.50	81.00
January, 2014	91.80	74.60	91.95	74.50
February, 2014	84.80	67.80	76.50	67.00
March, 2014	83.90	69.45	86.00	68.10

10. Registrar and Transfer Agent : M/s. Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg,
 Bhandup, Mumbai 400 078
 Ph: 022-25963838 Fax: 022-25946969
 Email: isrl@linkintime.co.in
 Website: www.linkintime.co.in

11. 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.

12. Distribution of Shareholding as on 31.03.2014:

Shareholding of Nominal Value (₹)	Shareholders		Shares Held	
	Number	% to Total	Number	% to Total
Up to 5000	21,644	91.5296	23,35,551	7.1301
5001 - 10000	1021	4.3177	8,13,757	2.4843
10001- 20000	457	1.9326	6,93,344	2.1167
20001 - 30000	158	0.6682	4,03,128	1.2307
30001 - 40000	84	0.3552	3,00,656	0.9179
40001 - 50000	75	0.3172	3,53,758	1.0800
50001 - 100000	100	0.4229	7,21,427	2.2024
100001 and above	108	0.4567	2,71,34,626	82.8380
Total	23,647	100	3,27,56,247	100

Shareholding Pattern as on 31st March 2014:

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters (including person acting in concert)	2,12,55,853	64.89
2	Institutional Investors i.e. MFs, FIs, banks etc	21,47,840	6.56
3	Bodies Corporate	17,90,723	5.47
4	NRIs	2,35,452	0.72
5	General Public	72,11,773	22.02
6	Clearing Member / Trust	1,14,606	0.34
	Total	3,27,56,247	100.00

Equity Shares in the Suspense Account

As per Clause 5A of the Listing Agreement, the Company reports that 1,491 Equity Shares are lying in the suspense account as on March 31, 2014.

Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 1,05,968.00 to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2013 (date of last Annual General Meeting) on the Company's website (www.godawaripowerispat.com) and on the website of the Ministry of Corporate Affairs.

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

14. 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: godawaripowerispat.com

Corporate Office

First Floor, Hira Arcade, New Bus Stand, Pandri, Raipur - 492001, Chhattisgarh, India.

Tel: +91-771-4082000; Fax: +91-771-4082732, 4057601 email: corporate@hiragroup.com

Investors Relation Centre:

Godawari Power and Ispat Limited,

A-401, Lotus Corporate Park (Graham Firth Company),

Jay Coach Signal, Off Western Express Highway, Goregaon (East),

Mumbai - 400 063, India.

Tel: +91 - 22 - 40767466 / 40767474 / 40767433; Fax: +91 - 22 - 40767440

15. Green Initiative in the Corporate Governance:

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

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

In order to support the Government in its endeavor to Go Green, your company has decided to send the Annual Report for the Financial Year 2013-14 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 2013-14.

For and on behalf of the Board of Directors
Chairman

Place: Raipur
Date: 09.08.2014

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 2013-14 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 2013-14 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

Sanjay Bothra
Chief Financial Officer

Place: Raipur
Dated: 09.08.2014

AUDITORS' CERTIFICATE

(On Corporate Governance)

To
The Members of
Godawari Power and Ispat Limited
Raipur - Chhattisgarh

We have examined the compliance of conditions of Corporate Governance of M/s. Godawari Power and Ispat Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreements of the said Company, with the stock exchange(s).

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

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

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

For O.P. SINGHANIA & CO.
Chartered Accountants
Sanjay Singhania

Place: Raipur
Date:09.08.2014

Partner
(Membership No.076961)

To the Members of Godawari Power & Ispat Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Godawari Power & Ispat Limited ("the Company") which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dtd.13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dtd.13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

per Sanjay Singhania
Partner
Membership No.076961

Raipur, 24th May, 2014

ANNEXURE

Re: Godawari Power & Ispat Limited

Referred to in para 1 of Report on Other Legal and Regulatory Requirements of our report of even date,

- (i) (a) The Company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records of the company, we are of the opinion that, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The company has granted unsecured loans to two companies covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved was ₹ 2299.03 lacs and the year-end balance of the loan granted to a company was ₹ 484.29 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 not taken any secured or unsecured loans during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, therefore, the provisions of clause 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (iv) In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information & explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the company has not accepted deposits from public during the year, therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (vii) In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, wealth tax, service tax, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information & explanations given to us, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax,

service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Year	Amount (₹ In lacs)	Forum where dispute is pending
Service Tax	Disallowance of credit of Service Tax paid on outward freight	2005-06	18.34	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Duty on Iron Ore Fines & Coal Fines	2008-09 to 2009-10	83.32	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Disallowance of Duty on Structural items	2008-09 to 2009-10	129.43	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Demand on account of Cenvat credit	2007-08	11.12	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Demand of Duty on account of Related Party transaction	2007-08 to 2008-09	63.81	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Demand of Duty on account of Related Party transaction	2006-07 to 2007-08	47.72	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Demand on account of Cenvat credit on Coal	2010-11	58.68	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Demand of Duty on account of Cenvat credit on steel items	2011-12	2.19	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Service Tax	Demand on account of Suppression of value retention of Iron ore fines	2009-10 to 2010-11	151.98	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Service Tax	Demand on account of reimbursement of transportation charges & recovery of Incidental charges	2005-06 to 2006-07	107.92	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Custom Act, 1962	Demand interest & imposition of penalty for import of Bituminous Coal under the guise of Steam Coal	2012-13	10.00	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Income Tax Act, 1956	Income Tax demand in respect of disallowance made	A.Y. 2011-12	18.09	Commissioner of Income Tax (Appeals), Raipur
Income Tax Act, 1956	Disallowance made in respect of erstwhile R. R. Ispat Limited	A.Y. 2008-09	3.24	Commissioner of Income Tax (Appeals), Raipur
Income Tax Act, 1956	Penalty in respect of erstwhile Hira Industries Limited	A.Y. 2008-09	0.10	Commissioner of Income Tax (Appeals), Raipur
Income Tax Act, 1956	Disallowance made in respect of erstwhile Hira Industries Limited	A.Y. 2010-11	43.21	Commissioner of Income Tax (Appeals), Raipur
C.G. Commercial Tax Act	Commercial Tax	2002-03	0.89	Deputy Commissioner, (Appl) Commercial Taxes, Raipur
Central Sales Tax	Tax demand during extension of sales tax exemption not allowed	2007-08	14.07	Addl. Commissioner (Appl), Commercial Taxes, Raipur
C.G. Commercial Tax Act	Tax demand during extension of sales tax exemption not allowed	2007-08	320.31	Addl. Commissioner (Appl), Commercial Taxes, Raipur

- (x) The company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given corporate guarantees to the bank for loans taken by other company are not prima facie prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that, short-term funds have not been used for long term investment.
- (xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares during the year covered in the register maintained u/s.301 of the Companies Act,1956, therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order,2003 are not applicable to the company.
- (xix) According to the information and explanations given to us the company has not issued any debentures during the year, therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order,2003 are not applicable to the company.
- (xx) The company has not raised any money by public issue during the year, therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order,2003 are not applicable to the company.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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

per Sanjay Singhania
Partner
Membership No.076961

Raipur, 24th May, 2014

GODAWARI POWER & ISPAT LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

Particulars	Note No.	(₹ in lacs)	
		2014	2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	3,275.62	3,275.62
Reserves and surplus	4	73,156.81	67,081.86
Money received against share warrants		-	1,300.00
		76,432.43	71,657.48
Non-current liabilities			
Long-term borrowings	5	77,766.56	70,767.80
Deferred tax liabilities (net)	6	5,769.68	5,826.38
Other long-term liabilities	7	320.96	229.80
Long-term provisions	8	210.86	155.99
		84,068.06	76,979.97
Current liabilities			
Short-term borrowings	9	28,869.53	20,912.33
Trade payables	10	20,302.37	18,250.55
Other current liabilities	10	13,965.59	12,738.06
Short-term provisions	8	328.71	1,204.44
		63,466.20	53,105.38
TOTAL		223,966.69	201,742.83
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	11	122,447.68	67,192.05
Intangible assets	12	2,349.67	1,880.81
Capital work-in-progress		6,517.70	41,239.22
Non-current investments	13	28,888.59	25,256.24
Long-term loans and advances	14	448.73	449.05
Other non-current assets	15.2	886.00	762.46
		161,538.37	136,779.83
Current assets			
Inventories	16	28,414.32	27,286.29
Trade receivables	15.1	7,706.94	10,225.06
Cash & bank balances	17	1,439.51	3,199.26
Short-term loans and advances	14	24,867.55	24,252.39
		62,428.32	64,963.00
TOTAL		223,966.69	201,742.83
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statement
As per our report of even date
For **OPSinghania & CO.**
(ICAI Firm Reg. No.002172C)
Chartered Accountants

per **Sanjay Singhania**
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	(₹ in lacs)	
		2014	2013
INCOME			
Revenue from operations (gross)	18	172,547.11	214,178.81
Less: Excise duty.....		18,455.15	23,015.49
Revenue from operations (net)		154,091.96	191,163.33
Other Income.....	19	2,448.89	970.15
TOTAL REVENUE (I)		156,540.85	192,133.48
EXPENDITURE			
Cost of raw material and component consumed	20	97,144.28	130,655.34
Purchase of Traded Goods.....	21	396.76	739.95
(Increase)/decrease in inventories of finished goods			
work-in-progress and traded goods.....	21	(58.28)	3,561.31
Employees benefits expenses	22	5,574.83	4,379.40
Other Expenses	23	29,843.09	27,734.60
TOTAL REVENUE (II)		132,900.68	167,070.61
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		23,640.17	25,062.87
Depreciation and amortization expenses	24	6,668.34	5,227.28
Finance costs	25	11,450.83	9,239.26
Profit/(loss) before tax		5,521.00	10,596.34
Tax expenses			
Current tax		883.00	2,161.00
Deferred Tax		(56.70)	533.62
Mat Credit Entitlement		(882.07)	(4,653.53)
Income tax related to earlier year		(17.09)	141.53
Total tax expenses		(72.85)	(1,817.39)
Profit/(loss) for the year from continuing operations		5,593.85	12,413.72
Earnings per equity share [nominal value of share	26		
@ ₹ 10/- (31st March,2013" ₹ 10)			
Basic		17.08	39.05
Diluted		17.08	37.90
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statement
As per our report of even date
For **OPSinghania & CO.**
(ICAI Firm Reg. No.002172C)
Chartered Accountants

per **Sanjay Singhania**
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	(₹ in lacs)	
	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	5,521.00	10,596.34
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	6,668.34	5,227.28
Loss/(profit) on sale of fixed assets	17.88	(9.21)
Provision for gratuity	53.55	20.22
Amortisation of expenses	-	0.29
Interest Expenses	11,450.83	9,239.26
Interest Income	(1,099.72)	(762.19)
Dividend Income	(1,312.75)	(60.25)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.....	21,299.13	24,251.75
Movements in working capital :		
Increase/(decrease) in trade payables.....	2,051.83	8,495.54
Increase/(decrease) in other long-term liabilities.....	91.16	49.35
Increase/(decrease) in other current liabilities.....	(582.33)	1,482.24
Decrease/(increase) in trade receivables	2,518.12	(2,010.85)
Decrease/(increase) in inventories.....	(1,128.03)	(1,059.88)
Decrease/(increase) in long-term loans and advances.....	0.32	65.27
Decrease/(increase) in short-term loans and advances.....	312.48	(13,395.10)
Decrease/(increase) in other non-current assets	(123.54)	(103.83)
Cash generated from/(used in) operations.....	24,439.15	17,774.48
Direct taxes paid (net of refunds).....	(1,165.61)	(3,414.66)
Net Cash flow from/(used in) operating activities..... A	23,273.53	14,359.82
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets and CWIP	(27,854.41)	(34,483.94)
Proceeds from sale of fixed assets	165.23	251.43
Increase in non-current investments	(3,632.35)	(4,022.80)
Investments in bank deposits (having original maturity of more than three months)	1,579.93	784.23
Interest received.....	1,099.72	762.19
Dividends received	1,312.75	60.25
Net cash flow from/(used in) investing activities..... B	(27,329.14)	(36,648.65)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	(₹ in lacs)	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital including premium	-	1,300.00
Proceeds from issue of share warrant	-	1,300.00
Redemption of debenture	(5,000.00)	-
Proceeds from long-term borrowings	23,597.17	36,479.17
Repayment of long-term borrowings	(9,788.57)	(10,366.63)
Proceeds from short-term borrowings	7,957.20	6,809.09
Repayment of short-term borrowings	-	(3,001.01)
Interest paid	(11,450.83)	(9,239.26)
Dividends paid on equity shares	(1,310.25)	(793.91)
Tax on equity dividend paid	(128.93)	(128.79)
Net cash flow from/(used in) financing activities	3,875.79	22,358.66
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(179.81)	69.82
Cash and Cash Equivalents at the beginning of the year	1,146.69	1,076.87
Cash and Cash Equivalents at the end of the year	966.88	1,146.69
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash in hand	8.95	19.35
With banks - on current account	70.37	646.35
- on deposit account	862.99	467.92
- on unpaid dividend account*	24.56	11.51
- on public issue refund account*	-	1.57
	966.88	1,146.69

Notes :

- Interest charges excludes interest capitalised ₹ 1200.95 lacs (previous year ₹ 960.97 lacs).
- *The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of evendate
For **OPSinghania & CO.**
(ICAI Firm Reg. No.002172C)
Chartered Accountants

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

- i) The financial statements are prepared in accordance with the generally accepted accounting principles under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006, the provisions of Companies Act, 2013 (to the extent notified), the Companies Act, 1956 (to the extent applicable), and guidelines issued by the Securities and Exchange Board of India (SEBI).
- 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 are consistent with those used in the previous year.

2.1 Summary of significant accounting policies

a) Use of Estimates

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

b) Tangible Fixed Assets

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

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

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

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

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

c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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

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

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

d) Depreciation on tangible fixed assets and amortization of intangible assets

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

- ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
 - iii) Free-hold land and site & land development cost are not depreciated. Leasehold land is amortised annually on the basis of tenure of lease period.
 - iv) Expenditure incurred on iron ore mining are amortised over useful life of the mines or lease period whichever is shorter.
 - v) Intangible assets are amortized over technically useful life of the assets.
- e) Investments :**
- i) Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such is other than temporary, in the opinion of the management.
 - ii) Current Investments are stated at lower of cost/quoted fair value, computed categorywise.
- f) Inventories :**
- i) Inventories are valued at lower of cost and net realizable value, after providing for obsolescences, if any.
 - ii) Cost of Raw Materials and stores & spares, Finished Goods & Goods in Process are computed on Moving Weighted average basis.
 - iii) Cost of Finished Goods and Goods in Process includes direct materials, labour, conversion and proportion of manufacturing overheads incurred in bringing the inventories to their present location and condition.
 - iv) Proceeds in respect of sales/disposal of raw materials is credited to the raw material purchases.
- g) Excise Duty**
- i) The Excise Duty in respect of closing inventory of finished goods is provided in books of account and included as part of inventory.
 - ii) CENVAT Credit relating to raw materials/components are debited under current assets for availing credit against CENVAT and credited to respective materials/component account.
- h) Revenue recognition**
- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- i) Sale of Products**
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty and sales tax/VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.
 - ii) Interest**
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - iii) Dividends**
Dividend income is recognised when the company's right to receive payment is established by the reporting date.
 - iv) Carbon Credits**
Revenue is recognised when the company received certification of quantity of CERs/VERs from CDM Board.
 - v) Renewable Energy Certificates**
Revenue is recognised when the company received certification of quantity of Renewable Energy Certificates and on the basis of eligible claims made by the company.
- i) Borrowing Cost**
- Interest and other costs in connection with the borrowing of the funds to the extent related/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**
- Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the

company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

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

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

l) Foreign Currency Transactions

- i) Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing as on the date of transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominating in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values are determined.
- iii) Exchange differences

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

- 1 Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- 2 Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- 3 Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- 4 All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

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

m) Derivatives Transactions

The company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. It also uses interest rate swaps to hedge interest rate risk arising from variable rate loans. The company designates these forward contracts and

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

n) Retirement and other Employee Benefits

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

o) Provisions

Provisions are recognised, where the company has any legal or constructive obligation or where 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 Tangible and Intangible Assets

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

q) Treatment of Share Issue Expenses

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

r) Cash and Cash equivalents

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

s) Segment Reporting Policies

Identification of segments :

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

Inter segment Transfers :

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

Allocation of common costs:

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

Unallocated items :

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

t) Earnings Per Share

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

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

u) Measurement of EBITDA

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

GODAWARI POWER & ISPAT LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

3. SHARE CAPITAL

Particulars	(₹ in lacs)	
	2014	2013
Authorised		
49,800,000 (49,800,000) equity shares of ₹ 10/- each	4,980.00	4,980.00
3,200,000 (3,200,000) preference shares of ₹ 10/- each	320.00	320.00
	5,300.00	5,300.00
Issued, subscribed and fully paid-up		
32,756,247 (32,756,247) equity shares of ₹ 10/- each	3,275.62	3,275.62

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

Equity shares

Particulars	2014		2013	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the period.....	32756247	3,275.62	31756247	3,175.62
Issued during the period	-	-	1000000	100.00
Outstanding at the end of the period.....	32756247	3,275.62	32756247	3,275.62

b. Terms/rights attached to equity shares

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

During the year ended 31st March,2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.50 as Interim dividend (31st March,2013 : Nil) and ₹ 1.00 as proposed final equity dividend (31st March,2013 : ₹ 2.50 as proposed final equity dividend).

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

c. Details of shareholders holding more than 5% shares in the company:

Particulars	2014		2013	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹ 10/- each fully paid				
ICICI Prudential Discovery Fund	1911218	5.83	1911218	5.83
Hira Infra-tek Limited	1790652	5.47	1790652	5.47
Dinesh Agrawal	1846347	5.64	1846347	5.64
B.L. Agrawal	1731398	5.29	1731398	5.29
	7279615	22.22	7279615	22.22

4. RESERVES AND SURPLUS

Particulars	(₹ in lacs)	
	2014	2013
Capital Reserve		
Balance as per last financial statements.....	395.36	395.36
Addition during the year (refer note 30).....	1,300.00	-
	1,695.36	395.36
Debenture Redemption Reserve		
Balance as per last financial statements.....	5,666.00	2,600.00
Add: Amount transferred from surplus balance in the statement of profit and loss.....	-	3,066.00
Less: Transfer to General Reserve.....	1,791.00	-
	3,875.00	5,666.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

4. RESERVES AND SURPLUS (CONTD)

Particulars	(₹ in lacs)	
	2014	2013
Securities Premium Reserve		
Balance as per last financial statements.....	17,842.05	16,642.05
Addition during the year.....	-	1,200.00
	17,842.05	17,842.05
General Reserve		
Balance as per last financial statements.....	11,500.00	10,000.00
Add : Amount transferred from Debenture Redemption Reserve.....	1,791.00	-
Add : Amount transferred from surplus balance in the statement of profit and loss.....	600.00	1,500.00
	13,891.00	11,500.00
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements.....	31,678.45	30,071.33
Less : Adjustment of deferred tax as per transitional provision (refer note.29).....	-	5,292.76
Add : Profit for the year.....	5,593.85	12,413.72
Less : Appropriations.....		
Proposed final equity dividend (Amount per share ₹ 1.00 (31 March 2013: ₹ 2.50).....	327.56	818.91
Interim equity dividend (Amount per share ₹ 1.50).....	491.34	-
Tax on proposed/interim equity dividend.....	-	128.93
Transfer to debenture redemption reserve.....	-	3,066.00
Transfer to general reserve.....	600.00	1,500.00
Total appropriations.....	1,418.91	5,513.84
Net surplus in the statement of profit and loss.....	35,853.40	31,678.45
Total reserves and surplus.....	73,156.81	67,081.86

5. LONG-TERM BORROWINGS

Particulars	(₹ in lacs)			
	Non-current portion		Current maturities	
	2014	2013	2014	2013
Debentures				
750 (31 March,2013: 1250) A Series 12% Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each (secured).....	7,500.00	12,500.00	-	-
500 (31 March,2013: 500) B Series 12.75% Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each (secured).....	5,000.00	5,000.00	-	-
300 (31 March,2013: 300) C Series 12.90% Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each (secured).....	3,000.00	3,000.00	-	-
Term Loans				
Indian rupee loan from banks (secured).....	25,902.41	17,820.64	9,281.55	8,213.82
Foreign currency loan from banks (secured).....	35,898.50	31,894.74	2,130.00	1,357.25
Other loans and advances				
Other loans (secured).....	465.65	552.42	186.87	217.49
	77,766.56	70,767.80	11,598.41	9,788.57
The above amount includes				
Secured borrowings.....	77,766.56	70,767.80	11,598.41	9,788.57
Unsecured borrowings.....	-	-	-	-
Amount disclosed under the head.....				
"other current liabilities" (refer note 10).....			(11,598.41)	(9,788.57)
Net amount.....	77,766.56	70,767.80	-	-

Security and terms & conditions for above loans:

- 12% redeemable non-convertible debentures 'A' Series are redeemable in 4 half yearly installments commencing from 30th June,2015. The 'A' Series Debentures are secured by First Pari passu charge on the fixed assets of the Company both present & future and 2nd pari passu charge on the current assets of the Company both present & future.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

- b. Part of 12.75% redeemable non-convertible debentures 'B' Series (₹ 30 crores) are redeemable in a single Bullet repayment at the end of 7 years i.e. 30th September 2018 with a put & call option at the end of 5th year i.e. on 31st October,2016. The 'B' Series Debentures are secured by Pari passu first charge on the tangible fixed assets of the Company.
- c. Part of 12.75% redeemable non-convertible debentures 'B' Series (₹ 20 crores) are redeemable in a single Bullet repayment at the end of 7 years i.e.31st October,2018 with a put & call option at the end of 5th year i.e. on 31st October,2016. The 'B' Series Debentures are secured by Pari passu first charge on the tangible fixed assets of the Company.
- d. 12.90% redeemable non-convertible debentures 'C' Series are redeemable in 8 quarterly installments of ₹ 3.75 crores starting from 5th July 2015. The 'C' Series Debentures are secured by Pari passu first charge on the fixed assets of the Company & pari passu second charge on the current assets of the Company.
- e. The term loans (both rupee and foreign currency) aggregating to ₹ 732.12 Cr (Previous year ₹ 592.87 Cr) (including current maturities of ₹ 114.12 Cr (Previous year ₹ 95.71 Cr) classified as 'current liabilities' in note 10) are secured by a first pari passu charge over immovable and movable assets of the company, both present and future, subject to prior charge in favour of working capital bankers of the Company over the current assets i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables for securing working capital facilities availed from the banks. Maturity profile of term loans are as set out below :-

	Maturity Profile (₹ in Crores)				
	0-1 years	1-2 years	2-3 years	3-4 years	Beyond 4 years
Rupee Term Loans	92.82	70.63	76.89	53.23	151.09
Foreign Currency Term Loans	21.30	42.89	44.49	69.92	222.99

- f. The credit facilities mentioned in point 'e' are also secured by personal guarantee of promoter directors of the Company & their relatives and 2nd pari passu charge on the pledge of 25,00,000 equity shares of the company held by the promoters. Further, 2nd pari passu charge on pledge of 16,00,000 equity shares of Hira Steels Ltd. held as investments by the company which have been subsequently released on April 14.
- g. Other loans are secured by hypothecation and mortgage of specific assets from various banks.

6. DEFERRED TAX LIABILITIES

Particulars	(₹ in lacs)	
	2014	2013
Deferred Tax Liability		
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting	12,062.65	5,877.79
Deferred Tax Assets		
Provision for gratuity.....	72.06	51.41
Unabsorbed depreciation carry forward.....	6,220.90	-
Net deferred tax liabilities	5,769.68	5,826.38

7. OTHER LONG-TERM LIABILITIES

Particulars	(₹ in lacs)	
	2014	2013
Retention money payable.....	320.96	229.80
	320.96	229.80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

8. PROVISIONS

(₹ in lacs)

Particulars	Long-term		Short-term	
	2014	2013	2014	2013
Provision for employee benefits				
Provision for gratuity (refer note-38).....	210.86	155.99	1.15	2.47
	210.86	155.99	1.15	2.47
Other Provisions				
Provision for taxation (net of advance)			-	254.13
Proposed equity dividend			327.56	818.91
Provision for tax on proposed equity dividend			-	128.93
	-	-	327.56	1,201.97
	210.86	155.99	328.71	1,204.44

9. SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	2014	2013
Cash Credit facility from banks (secured).....	28,869.53	20,912.33
The above amount includes	28,869.53	20,912.33
Secured borrowings	28,869.53	20,912.33

Terms & Conditions of Secured Loans

- The cash credit facilities from Banks are secured by first pari passu charge over entire current assets i.e. stocks of raw materials, finished goods, stock in process, stores & consumables, trade receivables of the Company and second charge over the other movable assets and immovable assets of the Company.
- The above credit facilities are also secured by personal guarantee of promoter directors of the Company.
- The working capital facilities (including cash credit) are also secured in line with rupee term loans by pledge of 25,00,000 equity shares of the company held by the promoters. Further, 16,00,000 equity shares of Hira Steels Ltd. held as investments by the company were also pledged with bankers as security & have been subsequently released on April 14.

10. OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	2014	2013
Trade payables (including acceptances (refer note 37 for details of dues for micro and small enterprises).....	19,109.97	17,609.06
Amount payable to subsidiaries.....	358.60	-
Advances from Customer.....	208.48	350.72
Creditors for capital goods.....	625.33	290.77
Other liabilities		
Current maturities of long-term borrowings (secured) (refer note-5).....	11,598.41	9,788.57
Interest accrued but not due on borrowings.....	816.21	717.88
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend.....	24.56	11.51
Unclaimed Public Issue Refund of application money.....	-	1.57
Other Payable	1,526.40	2,218.55
	34,267.96	30,988.61

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

11. TANGIBLE ASSETS

(₹ in lacs)

Particulars	Freehold Land	Leasehold Land	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
Cost or valuation								
At 1 April 2012	2,322.38	70.28	1,225.44	7,912.52	75,245.40	238.95	587.05	87,602.02
Additions.....	901.80	-	136.73	1,907.19	3,301.52	23.87	158.82	6,429.93
Disposals.....	2.43	-	-	-	1,002.05	-	29.32	1,033.80
Other adjustments								
- Exchange differences	-	-	-	-	260.67	-	-	260.67
At 31 March, 2013	3,221.75	70.28	1,362.17	9,819.71	77,805.53	262.81	716.55	93,258.82
Additions.....	288.72	-	8.13	10,930.11	45,889.95	38.39	29.32	57,184.63
Disposals.....	-	-	-	106.46	392.98	0.64	24.57	524.65
Other adjustments								
- Exchange differences	-	-	-	-	3,583.85	-	-	3,583.85
- Borrowing costs	-	-	-	256.84	944.11	-	-	1,200.95
At 31 March, 2014	3,510.48	70.28	1,370.30	20,900.21	127,830.46	300.57	721.30	154,703.60
Depreciation								
At 1 April 2012	-	6.80	-	1,110.10	20,425.72	57.71	151.73	21,752.06
Charge for the year.....	-	0.71	-	268.79	4,759.44	15.96	61.38	5,106.28
Disposals/Adjustment.....	-	-	-	-	779.22	-	12.35	791.57
At 31 March, 2013	-	7.51	-	1,378.89	24,405.93	73.67	200.77	26,066.76
Charge for the year.....	-	0.71	-	474.39	5,968.23	18.24	69.13	6,530.69
Disposals.....	-	-	-	100.91	229.19	0.15	11.28	341.54
At 31 March, 2014	-	8.21	-	1,752.37	30,144.97	91.76	258.61	32,255.92
Net Block								
At 31 March, 2013	3,221.75	62.77	1,362.17	8,440.82	53,399.60	189.14	515.79	67,192.05
At 31 March, 2014	3,510.48	62.07	1,370.30	19,147.84	97,685.49	208.81	462.69	122,447.68

Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31st March, 2014 was ₹ 1200.95 lacs (31st March, 2013: ₹ 960.97 lacs). The company capitalized the borrowing cost in the capital work-in-progress (CWIP) ₹ 126.35 lacs (31st March, 2013: ₹ 960.97). The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital Work In Progress.

Exchange differences on long term foreign currency monetary items

Pursuant to the option granted by Caluse 46A of the AS-11 (as amended vide notification dt.29.12.2011), the Company during the year added ₹ 3583.85 lacs (31st March, 2013: ₹ 260.67 lacs) to the cost of assets, being the exchange differences of long term foreign currency monetary items relating to acquisition of assets. This amount is to be depreciated over the balance life of the assets.

12. INTANGIBLE ASSETS

(₹ in lacs)

Particulars	Computer software	Iron Ore Mines	Total
Gross Block			
At 1 April 2012	242.85	1,898.96	2,141.81
Purchase/additions.....	-	146.31	146.31
At 31 March, 2013	242.85	2,045.27	2,288.12
Purchase/additions.....	23.13	583.37	606.50
At 31 March, 2014	265.98	2,628.64	2,894.62
Amortization			
At 1 April 2012	74.66	211.65	286.31
Charge for the year.....	24.29	96.71	121.00
At 31 March, 2013	98.95	308.36	407.31
Charge for the year.....	25.63	112.02	137.65
At 31 March, 2014	124.58	420.38	544.95
Net Block			
At 31 March, 2013	143.90	1,736.91	1,880.81
At 31 March, 2014	141.41	2,208.26	2,349.67

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

13. NON-CURRENT INVESTMENTS

Particulars	(₹ in lacs)	
	2014	2013
Trade investments (valued at cost)		
Investment in subsidiaries		
Quoted equity instruments, fully Paid up.....		
10041000 equity shares of ₹ 10/- each in Hira Ferro Alloys Ltd.	2,363.74	2,363.74
Unquoted equity instruments, fully Paid up.....		
*14,545,000 (12,150,000) equity shares of ₹ 10/- each in Godawari Green Energy Ltd.....	14,500.00	12,105.00
11,800,000 equity shares of ₹ 10/- each in Godawari Energy Ltd.....	1,180.00	1,180.00
50,000 equity shares of ₹ 10/- each in Godawari Clinkers & Cement Ltd.....	5.00	5.00
75,00,000 equity shares of ₹ 10/- each in Ardent Steel Ltd.	4,425.00	4,425.00
50,000 equity shares of ₹ 10/- each in Godawari Integrated Steels (I) Ltd.....	5.00	5.00
50,000 equity shares of ₹ 10/- each in Krishna Global Minerals Ltd.....	5.00	5.00
Unquoted Preference instruments, fully Paid up.....		
4,90,000 (4,00,000) 9% Optionally Convertible Cumulative Preference Shares of.....	4,900.00	4,000.00
₹ 100/- each in Godawari Green Energy Ltd.		
Investment in joint ventures		
Investment in equity instruments, fully Paid up (unquoted).....		
130700 equity shares of ₹ 10/- each in Raipur Infrastructure Company Ltd.	210.70	210.70
457098 (430030) equity shares of ₹ 10/- each in Chhattisgarh Capitive Coal Mining Ltd.	631.38	594.03
Investment in associates		
Investment in equity instruments, fully Paid up (unquoted).....		
2,605,000 equity shares of ₹ 10/- each in Jagdamba Power & Alloys Ltd.....	260.50	-
Trade investments (valued at cost)		
Investment in equity instruments, fully Paid up (unquoted).....		
**2,240,100 equity shares of ₹ 10/- each in Hira Steels Limited.....	224.01	224.01
1,170,000 (5,70,000) equity shares of ₹ 10/- each in Chhattisgarh Ispat Bhoomi Ltd.....	91.80	61.80
14,000 equity shares of ₹ 10/- each in Hira Energy Ltd.....	1.40	1.40
10,000 equity shares of ₹ 10/- each in Shourya Diamonds Ltd.....	1.00	1.00
39,850 equity shares of ₹ 10/- each in Chhattisgarh Power & Coal Benification Ltd.....	19.56	19.56
0 (5,000) equity shares of ₹ 10/- each in Jagdamba Power & Alloys Ltd.....	-	0.50
Investment in mutual fund, fully Paid up (unquoted).....		
100,000 units of ₹ 10/- each in SBI Infrastructure Fund.....	10.00	10.00
100,000 units of ₹ 10/- each in SBI One India Growth Fund.....	10.00	10.00
20,000 units of ₹ 10/- each in Baroda Pioneer Mutual Fund.....	2.00	2.00
33264.902 (16100.467) units of Canara Bank - ROBECO Mutual Fund.....	20.00	10.00
Investment in Trust created on amalgamation.....		
GPIL Beneficiary Trust.....	22.50	22.50
	28,888.59	25,256.24
Aggregate Amount of quoted investments.....	2,363.74	2,363.74
Aggregate Market Value of quoted investments.....	2,108.61	1,506.15
Aggregate Amount of unquoted investments.....	26,502.35	22,870.00

Investment given as security

* Out of 14545000 equity shares, 1822500 equity shares pledged with Bankers as security for credit facilities sanctioned to the company and 6196500 equity shares pledged for the credit facilities sanctioned to subsidiary company

** Out of 2240100 equity shares, 1600000 equity shares pledged with Bankers as security for credit facilities sanctioned to the company which has been released by the Bankers subsequently on April 14.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

14. LOANS AND ADVANCES (unsecured, considered good)

Particulars	(₹ in lacs)			
	Non-current		Current	
	2014	2013	2014	2013
Loans and advances to subsidiary companies			1,177.21	2,263.12
Advances recoverable in cash or in kind			11,332.12	9,171.67
Other loans and advances.....				
Prepaid expenses.....			238.91	117.66
MAT Credit Entitlement.....			5,535.60	4,653.53
Advance Tax (Net of provision).....			45.57	-
Balance with statutory/govt. authorities.....			6,538.13	8,046.41
Security deposit with govt. & others	448.73	449.05	-	-
Total	448.73	449.05	24,867.55	24,252.39

15. TRADE RECEIVABLES AND OTHER ASSETS

		(₹ in lacs)	
15.1 TRADE RECEIVABLES		Current	
Particulars		2014	2013
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months.....			
from the date they are due for payment.....		785.24	179.53
Other receivables		6,921.70	10,045.53
Total		7,706.94	10,225.06
Trade receivables include:		Current	
Particulars		2014	2013
Dues from the Hira Ferro Alloys Ltd. (a subsidiary company)		-	2,085.80
		-	2,085.80

15.2 OTHER ASSETS		Non-current		Current	
Particulars	2014	2013	2014	2013	
Unsecured, considered good unless stated otherwise					
Non-current bank balances (refer note-17).....	886.00	762.46		-	
	886.00	762.46	-	-	

16. INVENTORIES (valued at lower of cost and net realizable value)

		(₹ in lacs)	
Particulars	2014	2013	
Raw Materials and components (refer note 20).....	16,530.18	16,092.34	
Work-in-progress (refer note 21).....	159.86	178.30	
Finished goods & by-products (refer note 21)	5,682.94	5,656.43	
Stock in transit.....	13.50	-	
Traded goods (refer note 21).....	168.61	118.41	
Stores & spares	5,859.23	5,240.82	
	28,414.32	27,286.29	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

17. CASH AND BANK BALANCES

Particulars	Non-current		Current	
	2014	2013	2014	2013
(₹ in lacs)				
Cash and cash equivalents				
Balances with banks:				
On current accounts			70.37	646.35
Deposits with original maturity of less than three months			862.99	467.92
Unpaid dividend account			24.56	11.51
Unpaid public issue refund account.....			-	1.57
Cash on hand			8.95	19.35
			966.88	1,146.69
Other bank balances				
Deposits with original maturity for more than 12 months	886.00	762.46		-
Deposits with original maturity for more than 3 months but less than 12 months.....			472.63	2,052.56
	886.00	762.46	472.63	2,052.56
Amount disclosed under non-current assets (note 15.2)	886.00	762.46	472.63	2,052.56
	-	-	1,439.51	3,199.26

Out of total Deposits, deposits of ₹ 2221.63 lacs (previous year ₹ 3282.95 lacs) are pledged with various banks for availing LC, Bank Guarantee, OD facilities, margin money and pledged with other Govt. Departments.

18. REVENUE FROM OPERATIONS

Particulars	2014	2013
(₹ in lacs)		
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products.....	168,232.37	209,728.64
Electricity	1,076.41	2,055.51
Traded Goods	342.81	991.62
Sale of services.....	1,968.28	114.45
Other operating revenue		
Carbon Credit sales (VER).....	-	32.16
Sale of REC Certificate	927.24	1,256.43
Revenue from operations (gross)	172,547.11	214,178.81
Less: Excise duty#.....	18,455.15	23,015.49
Revenue from operations (net)	154,091.96	191,163.33

Excise duty on sales amounting to ₹ 1845515160/- (31st March, 2013: ₹ 2301548662/-) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to (₹ 8655271/-) (31st March, 2013: (₹ 37776910/-)) has been considered as (income)/expense in note 23 of financial statements.

Details of products sold

Particulars	2014	2013
(₹ in lacs)		
Finished Goods and by-products Sold		
Pellet	37,720.21	31,102.42
Sponge Iron	38,964.74	32,259.67
Steel Billets	32,116.07	66,049.77
H.B.Wire	35,471.29	40,223.00
M.S.Round in Coil.....	12,186.19	27,307.46
Ferro Alloys.....	4,942.22	5,519.48
Electricity	1,076.41	2,055.51
By-Products & Others	7,758.87	8,571.30
Traded Goods Sold		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Details of products sold (contd)

		(₹ in lacs)	
Particulars	2014	2013	
Iron ore fines	-	403.33	
Scrap & other materials	342.81	572.43	
	170,578.82	214,064.37	
Details of services rendered			
Job Work & Other Services	1,968.28	114.45	
	1,968.28	114.45	

19. OTHER INCOME

		(₹ in lacs)	
Particulars	2014	2013	
Interest Income on			
Bank Deposits	192.71	299.42	
Others	907.01	462.77	
Dividend Income from Subsidiary Companies	1,312.75	60.25	
Profit on sale of fixed assets	-	9.21	
Other non-operating income (net of expenses directly attributable to such income)	36.42	138.51	
	2,448.89	970.15	

20. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

		(₹ in lacs)	
Particulars	2014	2013	
Inventory at the beginning of the year	16,092.34	11,927.89	
Add: purchases	97,582.12	134,819.79	
	113,674.45	146,747.68	
Less : Inventory at the end of the year	16,530.18	16,092.34	
Cost of raw material and components consumed	97,144.28	130,655.34	

Details of raw material and components consumed

Particulars	2014	2013	
Iron Ore & Fines	30,497.53	26,316.77	
Coal	20,569.59	19,276.82	
Pig Iron & Scrap	11,100.20	10,777.36	
M.S.Round (in Coils)	22,248.26	29,084.63	
Manganese Ore	2,003.45	1,577.47	
Steel Billets	4,196.62	31,282.91	
Rice Husk	3,997.10	4,572.06	
Others	2,531.53	7,767.32	
	97,144.28	130,655.34	

Details of Inventory

Particulars	2014	2013	
Raw Material and Components			
Iron Ore & Fines	13,785.18	7,775.36	
Coal	637.94	5,484.72	
Pig Iron & Scrap	193.39	824.53	
M.S.Round (in Coils)	381.75	340.26	
Manganese Ore	635.10	352.13	
Steel Billets	385.60	353.55	
Rice Husk	28.04	79.77	
Others	483.17	882.00	
	16,530.18	16,092.34	

21. (INCREASE)/DECREASE IN INVENTORIES

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	2014	2013	(₹ in lacs)
			(Increase)/ Decrease
			2014
Inventories at the end of the year			
Finished goods and by-products	5,682.94	5,656.43	(26.52)
Work-in-progress	159.86	178.30	18.44
Traded goods	168.61	118.41	(50.20)
	6,011.42	5,953.14	(58.28)
Inventories at the beginning of the year			2013
Finished goods and by-products	5,656.43	8,941.86	3,285.43
Work-in-progress	178.30	446.75	268.45
Traded goods	118.41	125.84	7.43
	5,953.14	9,514.44	3,561.31
Net (increase)/decrease in inventories	58.28	(3,561.31)	

Details of purchase of traded goods

Particulars	2014	2013
Iron ore fines	-	178.55
Scrap	117.34	561.40
Others	279.43	-
	396.76	739.95

Details of Inventories

Particulars	2014	2013
Traded goods		
Iron ore fines	-	117.99
Scrap & Others.....	168.61	0.42
	168.61	118.41
Work-in-progress		
Equipments.....	159.86	178.30
	159.86	178.30
Finished goods and by-products		
Pellet	822.92	1,222.80
Sponge Iron	883.74	1,021.35
Steel Billets	289.64	322.09
H. B. Wire	995.68	1,054.13
M. S. Round in Coil.....	147.86	258.41
Ferro Alloys.....	73.07	52.36
By-Products & Others	2,470.03	1,725.30
	5,682.94	5,656.43

22. EMPLOYEE BENEFITS EXPENSES

Particulars	2014	2013	(₹ in lacs)
Salaries, wages and bonus	4,797.17	3,686.98	
Contribution to provident and other fund	305.93	252.96	
Gratuity Expense (refer note-38)	82.09	29.73	
Workmen and staff welfare expenses.....	389.64	409.74	
	5,574.83	4,379.40	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

23. OTHER EXPENSES

Particulars	(₹ in lacs)	
	2014	2013
Consumption of stores and spares	6,390.25	8,861.75
(Increase)/decrease of excise duty on inventory.....	(86.55)	(377.77)
Grid Parallel operation charges.....	188.60	175.32
Power & Fuel	12,484.79	9,277.85
Water Charges.....	407.02	256.90
Other manufacturing expenses	4,262.29	4,293.72
CDM Expenses.....	21.53	34.45
Rent.....	44.81	85.34
Rates and taxes.....		
- Entry tax.....	197.70	135.87
- Excise duty.....	280.25	233.57
- Electricity duty cess.....	9.89	13.04
- Others	7.58	17.20
Insurance	19.70	69.41
Repairs and maintenance.....		
- Plant and machinery	864.01	767.53
- Buildings.....	559.13	555.75
- Others	228.40	264.27
Rebate, shortage claims & other deductions.....	347.04	166.99
Commission.....		
- Other than Sole selling agents	198.30	149.03
Bad debts written off.....	135.15	-
Travelling and conveyance.....	480.00	417.34
Communication expenses	119.39	96.16
Printing and stationery.....	61.05	58.13
Legal and professional fees	338.31	214.23
Directors' sitting fees	3.95	3.05
Directors' remuneration	246.21	304.04
Payment to Auditor (Refer details below)	15.85	17.00
Frieght and forwarding charges	88.22	94.87
Security service charges.....	219.73	260.33
Loss on sale of fixed assets (net).....	17.88	-
Loss on foreign exchange fluctuation	357.28	-
Debenture issue expenses	-	6.35
Corporate Social Responsibility.....	376.92	457.07
Miscellaneous expenses	958.43	825.79
	29,843.09	27,734.60
Payment to Auditor	2014	2013
As auditor :		
Audit fee	14.10	15.00
Tax Audit fee.....	1.00	1.00
In other capacity		
Taxation matters	0.75	0.75
Other services	-	0.25
	15.85	17.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

24. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	(₹ in lacs)	
	2014	2013
Depreciation on tangible assets.....	6,530.69	5,106.28
Amortization of intangible assets.....	137.65	121.00
	6,668.34	5,227.28

25. FINANCE COSTS

Particulars	(₹ in lacs)	
	2014	2013
Interest.....		
- on debentures.....	2,514.64	2,514.56
- on term loans.....	3,177.65	2,765.25
- on working capital.....	2,441.32	2,150.70
- on others.....	386.24	112.21
Exchange difference to the extent considered as an adjustment to borrowing costs.....	862.05	318.49
Bank charges.....	2,068.94	1,378.06
	11,450.83	9,239.26

26. EARNINGS PER SHARE (EPS)

Particulars	(₹ in lacs)	
	2014	2013
Net profit as per statement of profit and loss.....	5,593.85	12,413.72
Net profit for calculation of basic EPS & Diluted EPS.....	5,593.85	12,413.72
Weighted average number of equity shares in calculating Basic EPS.....	32,756,247	31,786,384
Weighted average number of equity shares in calculating Diluted EPS.....	32,756,247	32,756,247
Basic & Diluted EPS.....		
- Basic earning per share.....	17.08	39.05
- Diluted earning per share.....	17.08	37.90

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

- i) Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to ₹ 1249 lacs (Previous Year ₹ 1259 lacs).
- ii) Corporate Guarantees issued in favour of bank aggregating to ₹ 4647 lacs (Previous Year ₹ 4813 lacs) in respect of financing facilities granted to other body corporate.
- iii) Disputed liability of ₹ 278.24 lacs (Previous Year ₹ 18.80 lacs) on account of Service Tax against which the company has preferred an appeal.
- iv) Disputed liability of ₹ 396.27 lacs (Previous Year ₹ 405.78 lacs) on account of CENVAT against which the company has preferred an appeal.
- v) Disputed liability of ₹ 335.84 lacs (Previous ₹ 359.02 lacs) on account of Sales Tax against which the company has preferred an appeal.
- vi) Disputed liability of ₹ 64.64 lacs (Previous Year ₹ 46.55) on account of Income Tax against which the company has preferred an appeal.
- vii) Disputed liability of ₹ 10 lacs (Previous Year Nil) on account of Custom Duty against which the company has preferred an appeal.
- viii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh ₹ 2458.46 lacs (Previous Year ₹ 2393.88 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.
- ix) Disputed demand of ₹ 758 lacs (Previous Year ₹ 758 lacs) from Chhattisgarh State Power Distribution Company Limited relating to cross subsidy on power sold under open access during the financial year 2009-10. The company has contested the demand and obtained stay from CSERC and expect a favourable decision in favour of company.
- x) The mining department has levied royalty on Iron Ore mining on the basis of rates applicable for the highest grades of Iron Ore. The Company has, however provided royalty on the basis of rates applicable to different grades of Iron Ore. Pursuant to a writ petition filed by the company, the honorable high court of Chhattisgarh has upheld the company's contention and directed mining department to make fresh assessment of liability. However the mining department has filed review appeal before the double bench of honorable high court of Chhattisgarh against the order. Pending assessment, company has reversed excess royalty provision made in earlier years amounting to ₹ 971.52 lacs. Cumulative amount of excess royalty of ₹ 4204.77 lacs is shown as advance royalty and carried to Balance Sheet.
- xi) Estimated amount of contracts remaining to be executed on capital accounts ₹ 4137 lacs (Previous Year ₹ 5959 lacs).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

28. In the opinion of the Board, the value of realisation of long term and short term loans & advances and non-current and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.
29. During the previous year the company has recognized Deferred tax in accordance with the provisions of AS-22 and accordingly ₹ 5292.76 lacs adjusted with revenue reserves as per the transitional provisions of the accounting standard.
30. During the year the company has forfeited ₹ 1300 lacs on account of share warrants issued on 7th July,2012 for non exercising of right attached to the warrant by the warrant holders with in the stipulated time of 18 months. The forfeited amount has been transferred to capital reserve account.
31. No adjustment has been made by the company for the MAT Credit entitlement reduced by the Assessing Officer upto the completed Assessment year 2011-12, due to the major disallowances were related to the transfer price of Power to other units, as the basis of transfer pricing adopted by the company has already been accepted by the Hon'ble High Court of Chhattisgarh in Company's own cases of earlier years.
32. Information on Related Party as required by Accounting Standard-18, "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, are given below :

i) Related Parties

a) Subsidiaries

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

b) Associates

- Jagdamba Power & Alloys Ltd.

c) Other Related Enterprises where control exist

- Hira Cement Ltd.
 - Raipur Complex

d) Joint Ventures

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

e) Key Management Personnel

- Shri B.L.Agrawal
 - Shri Dinesh Agrawal
 - Shri Abhishek Agrawal
 - Shri Dinesh Gandhi (Till 9th November'2013)
 - Shri Vinod Pillai

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

	2014	2013
a) Subsidiaries		
Purchase of Materials.....	3,038.67	19,579.67
Sale of Materials	2,739.95	29,271.42
Sale of services.....	561.80	-
Interest Paid.....	246.86	86.30
Interest Received.....	624.41	384.47
Dividend Received.....	1,312.75	
Job Work Income.....	0.28	0.12
Sale of fixed assets.....	47.17	23.38
Purchase of fixed assets	115.65	-
Investment made	3,295.00	4,000.00
Advance received.....	7,602.17	3,410.00
Repayment of advance received.....	7,602.17	5,860.00
Advance given	7,331.71	5,718.00
Repayment received of advance given.....	8,403.53	4,015.00
Outstandings		
Receivables	1,178.58	4,354.45
Payables.....	358.60	2.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

		2014	2013
b) Associates	Equipment Hiring Charges	14.79	-
	Investment made	260.00	-
	Outstandings		
	Receivables	14.72	-
c) Other Related Enterprises where control exist	Purchase of Materials	542.44	511.55
	Sale of Materials	194.02	37.01
	Purchase of Fixed Assets	2.01	-
	Sale of Fixed Assets	3.17	-
	Interest Received	-	18.32
	Rent Paid	4.51	4.38
	Advance given	175.00	-
	Repayment of Advance given	50.00	-
	Outstandings		
	Payables	21.83	-
	Receivables	125.00	124.10
Guarantee & Collaterals	0.00	166.00	
d) Joint Ventures	Service Charges Paid	485.26	240.34
	Investment made	37.35	-
	Outstandings		
	Payables	90.73	-
	Receivables	-	9.67
	Guarantee & Collaterals	4,453.00	4453.00
e) Key Management Personnel	Remuneration Paid	177.00	147.00
	Salary Paid	-	-
	Commission Paid	70.00	140.00
	Rent Paid	-	3.12

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

		2013-14	2012-13
a) Purchase of Materials:	Hira Ferro Alloys Ltd	2,255.32	19,389.37
	Hira Cement Ltd	544.45	19,389.37
b) Service Charges Paid:	Raipur Infrastructure Company Limited	485.26	240.34
	Hira Cement Ltd.	87.09	-
	Jagdamba Power & Alloys Ltd.	14.79	-
c) Sale of Materials:	Hira Ferro Alloys Ltd.	2,732.94	28,876.01
	Hira Cement Ltd.	197.19	-

GODAWARI POWER & ISPAT LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	2013-14	2012-13
d) Interest Paid:		
Ardent Steel Limited	246.86	86.30
e) Interest received:		
Godawari Green Energy Limited.....	313.66	-
Godawari Energy Limited	306.57	384.47
f) Dividend received:		
Ardent Steel Limited	1,252.50	-
Hira Ferro Alloys Limited	60.25	60.25
g) Investment Made:		
Godawari Green Energy Limited.....	3,295.00	4,000.00
Jagdamba Power & Alloys Limited.....	260.00	-
h) Repayment of Advance received:		
Ardent Steel Limited	7,602.17	3,160.00
Godawari Green Energy Limited.....	-	2,700.00
i) Advance Received:		
Godawari Green Energy Limited.....	-	250.00
Ardent Steel Limited	7,602.17	3,160.00
j) Loan/Advance Given:		
Godawari Energy Limited	466.79	4,703.00
Godawari Green Energy Limited.....	6,864.91	1,015.00
k) Repayment receipt of Loan/Advance given:		
Ardent Steel Limited	-	200.00
Godawari Energy Limited	2,231.53	2,800.00
Godawari Green Energy Limited.....	6,172.00	1,015.00
l) Rent Paid:		
Shri Dinesh Agrawal.....	-	3.12
Raipur Complex	4.38	4.38
m) Remuneration Paid:		
Shri B. L.Agrawal	54.00	48.00
Shri Dinesh Agrawal.....	42.00	30.00
Shri Abhishek Agrawal.....	42.00	36.00
Shri Dinesh Gandhi	18.61	27.00
n) Commission Paid:		
Shri B. L. Agrawal	40.00	80.00
Shri Dinesh Agrawal.....	12.50	25.00
Shri Abhishek Agrawal.....	7.50	15.00
Shri Dinesh Gandhi	10.00	20.00
o) Guarantees & Collaterals		
Chhattisgarh Captive Coal Mining Ltd.....	4,453.00	4,453.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

33. 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

(₹ in lacs)

Particulars	External Sales		Inter Segment Sales		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
A) REVENUE								
Steel Segment.....	151767.28	187819.00	0.00	0.00	0.00	0.00	151767.28	187819.00
Electricity Segment.....	2003.35	3344.10	15647.46	13921.51	(15326.13)	(13921.51)	2324.68	3344.10
Total Segment Revenue.....	153770.63	191163.10	15647.46	13921.51	(15326.13)	(13921.51)	154091.96	191163.10

B) RESULTS	2013-14	2012-13
Segment Operational Profit.....		
Steel Segment.....	13596.00	17857.71
Electricity Segment.....	6478.04	5443.9
Total Segment Results	20074.04	23301.61
Un-allocated expenditure net off unallocated income.....	(3102.21)	(3466.01)
Operating Profit	16971.83	19835.6
Interest Expenses	(11450.83)	(9239.26)
Tax Expense	72.85	1817.39
Net Profit	5593.85	12413.73

C) OTHER INFORMATION	2013-14	2012-13
Segment Assets		
Steel Segment.....	183401.43	166798.36
Electricity Segment.....	39712.71	33578.72
Total Segment Assets.....	223114.14	200377.08
Un-allocable Assets.....	852.55	801.75
Total Assets.....	223966.69	201178.83
Segment Liabilities and Provisions		
Steel Segment.....	121120.28	107477.80
Electricity Segment.....	21756.51	16150.84
Total Segment Liabilities & Provisions.....	142876.79	123628.64
Un-allocable Liabilities and Provisions	4657.47	5793.16
Total Liabilities and Provisions.....	147534.26	129421.80
Capital Expenditure.....		
Steel Segment.....	57975.55	32431.4
Electricity Segment.....	1497.33	250.10
Un-allocable Capital Expenditure.....	3103.05	768.65
Total Capital Expenditure	62575.93	33450.15
Depreciation & Amortisation		
Steel Segment.....	5001.10	3597.51
Electricity Segment.....	1667.24	1629.77
Total Segment Depreciation & Amortisation	6668.34	5227.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

34. 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, 2014	Percentage of ownership interest as at 31st March, 2013
Chhattisgarh Captive Coal Mining Ltd.....	India	25.93%	25.93%
Raipur Infrastructure Co.Ltd.....	India	33.33%	33.33%

The Company's interests in these joint ventures are reported as Non-current Investments (Note-13) and stated at cost. However, the company's share of each of the assets, liabilities, income & expenses etc. (each without elimination of, the effect of the transactions between the company and the joint venture) related to its interests in these joint ventures, based on the unaudited financial information as certified by the directors of the joint ventures, are:

Particulars	(₹ in lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Non-Current Assets.....	1006.38	970.19
Current Assets.....	246.66	127.21
Non-Current Liabilities.....	6.52	6.19
Current Liabilities.....	37.91	11.86
Revenue.....	184.76	112.23
Expenses.....	31.47	23.09
Other Matters		
Contingent Liabilities.....	1349.14	1349.14

The captive coal blocks allocated to the company along with other partners through a Joint Venture company namely, Chhattisgarh Captive Coal Mining Company Ltd. (CCCML) has been de-allocated by Ministry of Coal vide their letter dated 17.02.2014. The company has contested the de-allocation of the coal block before the honorable High Court of Delhi. The High Court has ordered maintaining status quo till further directives.

35. DERIVATIVE AND UN HEDGED FOREIGN CURRENCY EXPOSURE

Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2014 amount to ₹ 38028.50 lacs (Previous Year ₹ 44360.67 lacs)

36. The 1.2 MTPA Iron Ore Pellet Plant set up by the company has started Commercial Operations w.e.f. 01.09.2013. The expenditure incurred during trail production including the cost of material, net of realizable value of pellets produced during trial period has been considered as preoperative expenses and capitalized in the respective heads of Fixed Assets.

37. 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, 2014.

Particulars	(₹ in lacs)	
	As at 31st March, 2014	As at 31st March, 2013
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2014		
Principal Amount.....	400.36	485.90
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, 2014.....	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, 2014.....	0.00	0.00
v) The amount of further interest remaining due and payable for the earlier years.....	0.00	0.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

38. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS :

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

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

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

(₹ in lacs)

Particulars	(Gratuity)	
	March 31, 2014	March 31, 2013
Current Service cost	35.74	28.20
Interest cost on benefit obligation	16.67	13.35
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	29.68	(11.82)
Past service cost	0.00	0.00
Actual return on plan assets	82.09	29.73

Balance Sheet

Details of provision for Gratuity

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Defined benefit obligation	212.01	158.46
Fair value of plan assets	0.00	0.00
	212.01	158.46
Less : Unrecognised past service cost	0.00	0.00
Plan liability	212.01	158.46

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

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Defined benefit obligation as at April 1, 2013	158.46	138.24
Interest cost	16.67	13.35
Current Service Cost	35.74	28.20
Benefits paid	(28.54)	(9.51)
Actuarial losses on obligation	29.68	(11.82)
Defined benefit obligation as at March 31, 2014	212.01	158.46

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.

GODAWARI POWER & ISPAT LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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

Particulars	March 31, 2014	March 31, 2013
Discount Rate	8.25%	8.00%
Increase in Compensation cost.....	5.00%	5.00%
Rate of return on plan assets.....	0.00	0.00
Expected average remaining working lives of employee (years).....	23.55	23.63

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

Contribution to Defined Contribution Plans:

(₹ in lacs)

Particulars	March 31, 2014	March 31, 2013
Provident Fund.....	206.18	178.20

39. DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENT

Loans and Advances in the nature of loans given to Subsidiaries

(₹ in lacs)

Name of the Subsidiary Company	Amount outstanding as at 31.03.2014	Maximum amount outstanding during the year	Investment by the lonee in the shares of the company
Godawari Energy Limited	484.29	2249.03	0.00
Godawari Green Energy Limited.....	692.91	3417.00	0.00

40. BREAKUP OF RAW MATERIAL CONSUMED

Particulars	2013-14		2012-13	
	%	₹ in Lacs	%	₹ in Lacs
Imported.....	7.75%	7531.03	13.92%	2,239.83
Indigenous.....	92.25%	89613.25	86.08%	13852.51
	100.00%	97144.28	100.00%	16092.34

41. STORES CONSUMED

Particulars	2013-14		2012-13	
	%	₹ in Lacs	%	₹ in Lacs
Imported.....	95.86%	6126.00	98.91%	8765.37
Indigenous.....	4.14%	264.25	1.09%	96.38
	100.00%	6390.25	100.00%	8861.75

42. VALUE OF IMPORT ON CIF BASIS

Particulars	2013-14	2012-13
- Capital Goods.....	12345.34	12650.57
- Raw Material & Stores items	1693.57	8291.67

43.

Particulars	2013-14	2012-13
Expenditure in Foreign Currency.....	2142.49	1025.13

44. EARNING IN FOREIGN EXCHANGE

Particulars	2013-14	2012-13
Sale of VER	0.00	32.16
Sale of goods on FOB Value	156.99	256.60

45. Previous year figures have been regrouped or rearranged wherever necessary.

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

per Sanjay Singhania
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

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
											(₹ in lacs)
1.	Hira Ferro Alloys Limited	1958.85	11168.96	24827.61	24827.61	1283.44*	21275.77	428.54	157.69	270.85	117.53
2.	Ardent Steel Limited	1000.00	9761.33	33846.84	33846.84	11.99#	36768.50	5954.81	2104.41	3850.40	2070.00
3.	Godawari Energy Limited	2300.00	560.00	7881.28	7881.28	NIL	NIL	NIL	NIL	NIL	NIL
4.	Godawari Green Energy Limited	11954.50	11567.18	86352.41	86352.41	NIL	3955.92	(1496.48)	NIL	(1496.48)	NIL
5.	Godawari Clinkers and Cement Limited	5.00	(1.13)	4.93	4.93	NIL	0.30	(0.15)	NIL	(0.15)	NIL
6.	Krishna Global Minerals Limited	5.00	(1.76)	3.31	3.31	NIL	0.13	(0.22)	NIL	(0.22)	NIL
7.	Godawari Integrated Steels (India) Limited	5.00	(0.67)	15.39	15.39	NIL	NIL	(0.11)	NIL	(0.11)	NIL

* Details of Investments are as follows:

Particulars	Total Amount
Non-Current Investments (Trade Investments – valued at cost):	
Unquoted equity instruments (fully paid up):	
80100 Equity Shares of ₹10/- each in Hira Cement Ltd.	16.01
1755000 Equity Shares of ₹10/- each in Maruti Clean Coal & Power Ltd.	308.98
1330000 Equity Shares of ₹10/- each in Earth Minerals Co. Ltd.	266.27
285000 Equity Shares of ₹10/- each in Chhattisgarh Power & Coal Beneficiation Ltd.	185.86
10000 Equity Shares of ₹10/- each in Hira Energy Ltd.	1.00
510 Equity Shares of ₹10/- each in Vimla Infrastructure (I) Pvt. Ltd.	0.51
3970000 Equity Shares of ₹10/- each in Alok Ferro Alloys Limited	417.74
2004 Equity Shares of ₹10/- each in Active Chemicals Pvt. Ltd.	2.72
Investment in Limited Liability Partnership Firm:	
Vinay Green Energy LLP (90% share in profit)	4.22
Kumar ECO Power LLP (90% share in profit)	4.23
	1207.54
Current Investments (Non-trade Investments):	
Investment in equity instruments (Quoted):	
264 Equity Shares of ₹10/- each in Capital First Ltd.	2.02
352893 Equity Shares of ₹10/- each in Sunflag Iron & Steel Co. Ltd.	43.88
Investment in mutual fund (Unquoted):	
50000 Units of ₹10/- each in SBI Infrastructure Fund (G)	5.00
250000 Units of ₹10/- each in Axis Bank Infrastructure Fund (G)	25.00
	75.9
GRAND TOTAL	1283.44
# Details of the Investments are as follows	
Non-Current Investments (Trade Investment):	
Unquoted Fully paid up Shares:	
19,900 equity shares of ₹10/- each in SAG International Limited	1.99
Unquoted Preference instruments, fully Paid up	
1,00,000 6% Preference Shares of ₹ 10/- each in Keonjhar Infrastructure Development Company Limited	10.00
	11.99

INDEPENDENT AUDITOR'S REPORT

TO

THE BOARD OF DIRECTORS OF

GODAWARI POWER & ISPAT LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Godawari Power & Ispat Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and financial cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dtd.13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Based on our audit and on consideration of unaudited financial statements of joint ventures and audited reports of subsidiaries and associate and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in case of the Consolidated Statement of Profit and Loss, of the consolidated results for the year ended on that date; and
- (c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

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

per Sanjay Singhania
Partner
Membership No.076961

Raipur, 24th May, 2014

GODAWARI POWER & ISPAT LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

Particulars	Note No.	(₹ in lacs)	
		2014	2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	3,275.62	3,275.62
Reserves and surplus	3	83,148.12	74,464.03
Money received against share warrants		-	1,300.00
		86,423.75	79,039.65
Minorities Interest		16,265.14	15,726.00
Non-current liabilities			
Long-term borrowings	4	150,384.93	112,165.77
Deferred tax liabilities (net)	5	8,287.95	7,743.21
Other long-term liabilities	6	320.96	229.80
Long-term provisions	7	334.69	239.63
		159,328.53	120,378.41
Current liabilities			
Short-term borrowings	8	39,488.07	43,150.05
Trade payables	9	25,978.76	34,457.53
Other current liabilities	9	22,800.16	17,410.54
Short-term provisions	7	1,084.50	1,470.57
		89,351.50	96,488.69
TOTAL.....		351,368.92	311,632.75
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	10	229,800.60	104,967.63
Intangible assets	11	2,975.25	2,032.85
Capital work-in-progress tangible assets		13,698.51	118,965.58
Capital work-in-progress Intangible assets		33.01	10.34
Non-current investments	12	4,966.65	1,664.31
Long-term loans and advances	13	8,925.79	1,025.29
Other non-current assets	14.2	2,291.99	1,007.73
		262,691.79	229,673.75
Current assets			
Current investments	15	111.46	115.90
Inventories	16	40,222.70	34,753.53
Trade receivables	14.1	10,185.68	10,670.55
Cash & bank balances	17	3,487.31	7,990.13
Short-term loans and advances	13	34,625.82	28,238.76
Other current assets	14.2	44.15	190.13
		88,677.13	81,959.01
TOTAL.....		351,368.92	311,632.75
Summary of significant accounting policies	1		

The accompanying notes are integral part of the financial statement
As per our report of even date
For **OPSinghania & CO.**
(ICAI Firm Reg. No.002172C)
Chartered Accountants

per **Sanjay Singhania**
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	(₹ in lacs)	
		2014	2013
INCOME			
Revenue from operations (gross)	18	234,986.89	266,345.41
Less: Excise duty		23,181.52	30,674.14
Revenue from operations (net)		211,805.37	235,671.26
Other Income.....	19	1,554.73	1,478.37
TOTAL REVENUE (I)		213,360.10	237,149.63
EXPENDITURE			
Cost of raw material and component consumed	20	123,386.08	145,599.69
Purchase of Traded Goods.....		987.59	3,676.18
(Increase/decrease in inventories of finished goods..... work-in-progress and traded goods.....)	21	(1,359.33)	2,655.20
Employees benefits expenses	22	7,986.13	6,137.03
Other Expenses	23	46,080.28	44,511.00
TOTAL REVENUE (II)		177,080.75	202,579.10
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		36,279.36	34,570.53
Depreciation and amortization expenses	24	10,548.81	7,091.87
Finance costs	25	16,501.16	12,106.09
Profit/(loss) before tax		9,229.38	15,372.57
Tax expenses			
Current tax		2,665.12	3,162.53
Deferred Tax		544.73	1,838.35
MAT Credit Entitlement		(967.81)	(5,610.75)
Income tax related to earlier year		(9.94)	153.43
Total tax expenses		2,232.10	(456.45)
Profit/(loss) for the year from continuing operations		6,997.28	15,829.02
Less: Minorities Interest.....		1,094.61	947.70
Less: Share of Loss of associate company		118.79	-
Net Profit for the year		5,783.88	14,881.31
Earnings per equity share [nominal value of share	26		
@ ₹ 10/- (31st March,2013" ₹ 10]			
Basic		17.66	46.82
Diluted		17.66	45.43
Summary of significant accounting policies	1		

The accompanying notes are integral part of the financial statement
As per our report of even date
For **OPSinghania & CO.**
(ICAI Firm Reg. No.002172C)
Chartered Accountants

per **Sanjay Singhania**
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

GODAWARI POWER & ISPAT LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	(₹ in lacs)	
	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	9,229.38	15,372.57
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	10,548.81	7,091.87
Amortization of expenses	1.56	1.85
Provision for gratuity	96.23	45.33
Net gain on sale of current investments	-	(13.10)
(Profit)/Loss on sale of fixed assets	(30.78)	(8.18)
Premium on forward exchange contract amortized	158.16	-
Share of Loss/(profit) of LLP	0.12	0.13
Interest Expenses	16,501.16	12,106.09
Interest Income	(1,231.14)	(1,259.93)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.....	35,273.52	33,336.65
Movements in working capital :		
Increase/(decrease) in trade payables	(8,478.77)	15,026.95
Increase/(decrease) in other current liabilities	(28.10)	1,909.50
Increase/(decrease) in other long-term liabilities	91.16	49.35
Decrease/(increase) in trade receivables	484.87	(1,076.98)
Decrease/(increase) in inventories	(5,469.18)	(140.69)
Decrease/(increase) in long-term loans and advances	(7,900.50)	(326.68)
Decrease/(increase) in short-term loans and advances	(5,649.12)	(12,234.47)
Decrease/(increase) in other current assets	145.38	(118.36)
Decrease/(increase) in other non-current assets	(22.22)	(3.45)
Cash generated from/(used in) operations	8,447.05	36,421.82
Direct taxes paid (net of refunds)	(2,890.11)	(4,366.23)
Net Cash flow from/(used in) operating activities A	5,556.94	32,055.59
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets including CWIP	(31,396.71)	(99,786.35)
Proceeds from sale of fixed assets	345.14	275.50
Proceeds from sale of current investments	-	25.59
(Increase)/decrease in long term investments	(310.43)	(25.41)
Investments in bank deposits (having original maturity of more than three months)	2,538.72	1.23
Interest received	1,231.14	1,259.93
Net cash flow from/(used in) investing activities..... B	(27,592.14)	(98,249.51)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	(₹ in lacs)	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital including premium.....	-	1,300.00
Proceeds from money received against share warrants	-	1,300.00
Proceeds/(Payment) of long-term borrowings	43,636.88	50,475.44
Proceeds/(Payment) of short-term borrowings	(3,661.98)	18,830.19
Interest paid.....	(16,501.16)	(12,106.09)
Minorities Interest	(426.15)	5,662.31
Dividends paid on equity shares	(1,427.78)	(911.44)
Tax on equity dividend paid.....	(285.71)	(147.86)
Net cash flow from/(used in) financing activities	21,334.10	64,402.55
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C).....	(701.10)	(1,791.36)
Cash and Cash Equivalents at the beginning of the year	3,209.58	5,000.94
Cash and Cash Equivalents at the end of the year.....	2,508.48	3,209.58
Components of cash and cash equivalents		
Cash in hand	36.21	44.16
Stamp in hand	1.23	1.23
With banks - on current account.....	976.92	2,178.89
- on deposit account	1,463.66	966.15
- on unpaid dividend account*	30.47	17.58
- on unpaid public issue refund account*	-	1.57
	2,508.48	3,209.58

Notes :

- Figures of previous year have been regrouped or rearranged wherever necessary.
- *The company can utilize these balances only toward settlement of the respective unpaid dividend and unpaid public issue amount.

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

per **Sanjay Singhania**
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO

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

(i) PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to the Godawari Power & Ispat Limited ("the Parent Company"), its Subsidiaries Companies viz., Hira Ferro Alloys Limited, Godawari Energy Limited, Godawari Green Energy Limited, Godawari Clinkers & Cement Limited, Krishna Global & Minerals Limited, Godawari Integrated Steel (India) Limited and Ardent Steel Limited and Joint Ventures Companies viz. Raipur Infrastructure Company Limited and Chhattisgarh Captive Coal Mining Limited and an associate Jagdamba Power & Alloys 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 subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
 - f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements except in case of subsidiaries where valuation of inventories has been made on the basis of FIFO and weighted average basis whereas moving weighted average has been used by parent company.
- (ii) Investments other than in subsidiaries and joint ventures have been accounted for as per Accounting Standard (AS) 13 on "Accounting for Investments".
- (iii) Other Significant Accounting Policies
- These are set-out under "Significant Accounting Policies" as given in the respective financial statements of the company and its subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

2. SHARE CAPITAL

Particulars	(₹ in lacs)	
	2014	2013
Authorised		
231350000 Equity shares of ₹ 10/- each	23,135.00	23,135.00
3,200,000 Preference Shares of ₹ 10 each	320.00	320.00
11,600,000 Preference Shares of ₹ 100/- each	11,600.00	11,600.00
	35,055.00	23,455.00
Issued		
32,756,247 (31,756,247) equity shares of ₹ 10/- each	3,275.62	3,275.62
Subscribed and fully paid-up		
32,756,247 (31,756,247) equity shares of ₹ 10/- each fully paid-up	3,275.62	3,275.62

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

Equity shares

Particulars	2014		2013	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the period.....	32756247	3,275.62	31756247	3,175.62
Issued during the period	-	-	1,000,000	100.00
Outstanding at the end of the period.....	32756247	3,275.62	32756247	3,275.62

b. Terms/rights attached to equity shares

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

During the year ended 31st March, 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.50 as Interim dividend (31st March, 2013 : Nil) and ₹ 1.00 as proposed final equity dividend (31st March, 2013 : ₹ 2.50 as proposed final equity dividend).

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

c. Details of shareholders holding more than 5% shares in the company:

Particulars	2014		2013	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹ 10/- each fully paid				
ICICI Prudential Discovery Fund	1911218	5.83	1911218	5.83
Hira Infra-tek Limited	1790652	5.47	1790652	5.47
Dinesh Agrawal	1846347	5.64	1846347	5.64
B. L. Agrawal	1731398	5.29	1731398	5.29
	7279615	22.22	7279615	22.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

3. RESERVES AND SURPLUS

Particulars	(₹ in lacs)	
	2014	2013
Capital Reserve		
Balance as per last financial statements.....	3,275.83	3,275.83
Addition during the year (refer note 33).....	1,300.00	-
	4,575.83	3,275.83
Debenture Redemption Reserve		
Balance as per last financial statements.....	5,666.00	2,600.00
Add: Amount transferred from surplus balance in the statement of profit and loss	-	3,066.00
Less: transfer to general reserve	1,791.00	-
Securities Premium Reserve		
Balance as per last financial statements.....	17,842.05	16,642.05
Addition during the year	-	1,200.00
	17,842.05	17,842.05
General Reserve		
Balance as per last financial statements.....	11,950.00	10,300.00
Add: Amount transferred from Debenture Redemption Reserve	1,791.00	-
Add: Amount transferred from surplus balance in the statement of profit and loss.....	2,250.00	1,650.00
	15,991.00	11,950.00
Share in Reserves of Associate Company		
Capital Reserve:		
As per last Balance Sheet	-	-
Add: on account of consolidation	3,110.20	-
	3,110.20	-
Surplus/(deficit) in the statement of profit and loss		
Balance brought forward from previous year.....	35,730.14	31,815.67
Less: Adjustment of deferred tax as per transitional provision	-	5,292.76
Add: Profit for the year	5,783.88	14,881.31
Profit available for appropriation	41,514.02	41,404.22
Less : Appropriations.....		
Interim equity dividend	491.34	-
Proposed final equity dividend	727.56	818.91
Tax on proposed equity dividend	291.08	139.17
Transfer to debenture redemption reserve	-	3,066.00
Transfer to general reserve	2,250.00	1,650.00
Total appropriations	3,759.99	5,674.08
Net surplus in the statement of profit and loss	37,754.04	35,730.14
Total reserves and surplus	83,148.12	74,464.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

4. LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	Non-current portion		Current maturities	
	2014	2013	2014	2013
Debentures				
750 (31st March,2013: 1250) A Series 12% Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each (secured)	7,500.00	12,500.00	-	-
500 (31st March,2013: 500) B Series 12.75% Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each (secured)	5,000.00	5,000.00	-	-
300 (31st March,2013: Nil) C Series 12.90% Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each (secured)	3,000.00	3,000.00		
Term Loans				
Indian rupee loan from banks (secured).....	95,622.01	59,076.27	16,208.84	11,434.71
Foreign currency loan from banks (secured)	38,742.97	31,894.74	1,993.25	1,357.25
Other loans and advances				
Other Loans (secured)	509.85	663.13	266.34	273.98
Deferred sales tax loan (unsecured)	10.11	31.63	20.92	5.69
	150,384.93	112,165.77	18,489.35	13,071.63
The above amount includes				
Secured borrowings	150,374.82	112,134.15	18,468.43	13,065.94
Unsecured borrowings	10.11	31.63	20.92	5.69
Amount disclosed under the head.....				
"other current liabilities" (note 9)			(18,489.35)	(13,071.63)
Net amount	150,384.93	112,165.77	-	-

5. DEFERRED TAX LIABILITIES

(₹ in lacs)

Particulars	2014	2013
Deferred Tax Liabilities		
Fixed Assets: Impact of differences between tax depreciation and depreciation / amortization charged for the financial reportings	14,750.34	8,118.08
Gross deferred tax liability	14,750.34	8,118.08
Deferred Tax Assets		
Provision for bonus, gratuity and others	116.19	87.11
On account of carry-forward losses as per income-tax.....	6,346.19	287.76
Gross deferred tax asset	6,462.38	374.87
Net deferred tax liability	8,287.95	7,743.21

6. OTHER LONG-TERM LIABILITIES

(₹ in lacs)

Particulars	2014	2013
Retention money payable.....	320.96	229.80
	320.96	229.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

7. PROVISIONS

Particulars	Long-term		Short-term	
	2014	2013	2014	2013
Provision for employee benefits				
Provision for gratuity (refer note 38).....	334.69	239.63	5.37	4.21
	334.69	239.63	5.37	4.21
Other Provisions				
Provision for taxation (net of advance)			146.09	381.01
Proposed equity dividend			845.09	936.44
Provision for tax on proposed equity dividend			87.95	148.91
	-	-	1,079.13	1,466.36
	334.69	239.63	1,084.50	1,470.57

8. SHORT-TERM BORROWINGS

Particulars	(₹ in lacs)	
	2014	2013
Cash Credit facility from banks (secured).....	34,954.42	27,983.43
Interest free loan and advances from others repayable on demand (unsecured).....	4,533.66	15,166.62
	39,488.07	43,150.05
The above amount includes		
Secured borrowings.....	34,954.42	27,983.43
Unsecured borrowings.....	4,533.66	15,166.62

9. OTHER CURRENT LIABILITIES

Particulars	(₹ in lacs)	
	2014	2013
Trade payables (including acceptances).....	24,854.73	32,489.81
Advance from Customer	341.28	1,156.87
Creditors for capital goods.....	782.75	810.85
Other liabilities		
Current maturities of long-term borrowings (secured) (refer note-4).....	18,489.35	13,071.63
Interest accrued but not due on borrowings	887.38	1,063.48
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	24.56	17.58
Unclaimed Public Issue Refund of application money	-	1.57
Other Payable	3,398.87	3,256.29
	48,778.92	51,868.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014
10. TANGIBLE ASSETS

(₹ in lacs)

Particulars	Freehold Land	Leasehold Land	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
Cost or valuation								
At 1 April 2012.....	4,261.85	329.80	6,477.86	11,485.78	105,453.79	448.59	990.08	129,447.75
Additions.....	922.42	7.83	200.80	2,441.53	5,063.49	39.00	243.41	8,918.48
Disposals.....	12.58	-	-	-	1,006.13	-	50.86	1,069.58
Other adjustments.....								-
- Exchange differences.....	-	-	-	-	260.67	-	-	260.67
At 31 March, 2013	5,171.69	337.63	6,678.66	13,927.31	1.10	487.59	1,182.62	137,557.33
Additions.....	316.31	-	14.05	12,641.64	107,356.37	369.90	71.93	120,770.20
Disposals.....	48.08	-	-	106.46	487.31	0.64	34.04	676.53
Other adjustments								-
- Exchange differences.....	-	-	-	-	6,595.34	-	-	6,595.34
- Borrowing costs.....	-	-	-	362.17	7,732.62	-	-	8,094.80
At 31 March, 2014	5,439.92	337.63	6,692.72	26,824.66	121,198.12	856.86	1,220.51	272,341.15
Depreciation								-
At 1 April 2012.....	-	6.80	-	1,411.81	24,678.73	89.49	278.41	26,465.24
Charge for the year.....	-	0.71	-	377.13	6,417.73	29.80	101.34	6,926.71
Disposals/Adjustment.....	-	-	-	-	780.04	-	22.21	802.25
At 31 March, 2013	-	7.51	-	1,788.95	30,316.42	119.29	357.54	32,589.70
Charge for the year.....	-	1.26	-	616.94	9,553.45	29.35	112.03	10,313.02
Disposals/Adjustment.....	-	(2.25)	-	100.91	248.40	0.15	14.96	362.17
At 31 March, 2014	-	11.02	-	2,304.97	39,621.47	148.49	454.60	42,540.55
Net Block.....								
At 31 March, 2013	5,171.69	330.13	6,678.66	12,138.36	(30,315.32)	368.31	825.08	104,967.63
At 31 March, 2014	5,439.92	326.62	6,692.72	24,519.69	81,576.65	708.37	765.91	229,800.60

a. Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31st March, 2014 was ₹ 8094.79 lacs (31st March, 2013: ₹ 960.97 lacs). The company capitalized the borrowing cost in the capital work-in-progress (CWIP). The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital Work In Progress.

b. Exchange differences on long term foreign currency monetary items

Pursuant to the option granted by Caluse 46A of the AS-11 (as amended vide notification dt. 29.12.2011), the Company during the year added ₹ 6595.34 lacs (31st March, 2013 ₹ 260.67 lacs) to the cost of assets, being the exchange differences of long term foreign currency monetary items relating to acquisition of assets. This is to be depreciated over the balance life of the assets.

c. During the year the depreciation of ₹ 258553/- (31st March,2013 : ₹ 2,19,488/-) has been capitalised and transferred to CWIP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

11. INTANGIBLE ASSETS

(₹ in lacs)

Particulars	Computer software	Goodwill	Right to use Land	Iron ore Mines	Know How	Total
Gross Block						
At 1 April 2012.....	272.79	216.83	3.67	1,898.96	-	2,392.25
Purchase.....	-	-	-	146.31	-	146.31
Internal development.....	-	-	-	-	-	-
At 31 March, 2013	272.79	216.83	3.67	2,045.27	-	2,538.56
Purchase.....	97.40	-	-	583.37	500.00	1,180.78
At 31 March, 2014	370.19	216.83	3.67	2,628.64	500.00	3,719.33
Amortization						
At 1 April, 2012.....	83.34	43.37	-	211.65	-	338.35
Charge for the year.....	27.28	43.37	-	96.71	-	167.36
At 31 March, 2013	110.61	86.73	-	308.36	-	505.70
Charge for the year.....	32.26	43.37	0.73	112.02	50.00	238.38
At 31 March, 2014	142.87	130.10	0.73	420.38	50.00	744.08
Net Block.....						
At 31 March, 2013	162.17	130.10	3.67	1,736.91	-	2,032.85
At 31 March, 2014	227.32	86.73	2.94	2,208.26	450.00	2,975.25

12. NON-CURRENT INVESTMENTS

(₹ in lacs)

Particulars	2014	2013
A. Trade		
In Associate Company		
Equity Shares Unquoted.....	3,252.91	-
In other Companies		
Equity Shares Unquoted.....	1,640.24	1,610.81
Preference shares unquoted.....	10.00	-
In Mutual Funds Units		
In Trust		
	42.00	32.00
	22.50	22.50
	4,966.65	1,664.31

13. LOANS AND ADVANCES (unsecured, considered good)

(₹ in lacs)

Particulars	Non-current		Current	
	2014	2013	2014	2013
Capital advances.....	7,899.13	3.75		
Loans and advances to Body Corporate & Others.....			512.54	-
Advances recoverable in cash or in kind.....	-	-	16,911.57	11,202.85
Other loans and advances.....				
Advance income-tax (net of provision).....			209.36	
Prepaid expenses.....			1,046.08	142.31
MAT Credit Entitlement.....			7,422.99	6,894.42
Balance with statutory/govt. authorities.....			8,521.87	9,998.05
Security deposit with govt. & others.....	1,026.66	1,021.54	1.41	1.14
Total.....	8,925.79	1,025.29	34,625.82	28,238.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

14. TRADE RECEIVABLES AND OTHER ASSETS

(₹ in lacs)

14.1 TRADE RECEIVABLES		Current	
Particulars	2014	2013	
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good.....	1,046.69	405.62	
Doubtful.....	-	-	
	1,046.69	405.62	
Provision for doubtful receivables.....	-	-	
Total (A)	1,046.69	405.62	
Other receivables			
Considered good.....	9,139.00	10,264.94	
Total (B)	9,139.00	10,264.94	
Total (A+B)	10,185.68	10,670.55	

14.2 OTHER ASSETS		Non-current		Current	
Particulars	2014	2013	2014	2013	
Unsecured, considered good unless stated otherwise.....					
Non-current bank balances (note-17).....	2,247.67	984.66	-	-	
Unamortized expenditure.....	2.38	3.35	0.96	1.56	
Others.....					
Interest accrued on fixed deposits.....	41.94	19.72	39.06	182.25	
others.....	-	-	4.12	6.32	
	2,291.99	1,007.73	44.15	190.13	

15. CURRENT INVESTMENTS

(₹ in lacs)

Particulars	2014	2013
Non Trade.....		
In other Companies.....		
Equity Shares Quoted.....	45.90	45.90
In Mutual Funds Units.....	65.56	70.00
	111.46	115.90

16. INVENTORIES (valued at lower of cost and net realizable value)

(₹ in lacs)

Particulars	2014	2013
Raw Materials and components.....	22,240.98	19,197.33
Work-in-progress.....	784.04	301.83
Finished goods & by-products.....	8,350.45	7,523.54
Stock in transit.....	13.50	-
Traded goods.....	168.61	118.41
Stores & spares.....	8,665.12	7,612.41
	40,222.70	34,753.53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

17. CASH AND BANK BALANCES

Particulars	(₹ in lacs)			
	Non-current		Current	
	2014	2013	2014	2013
Cash and cash equivalents				
Balances with banks:				
On current accounts			976.92	2,178.89
Deposits with original maturity of less than three months			1,463.66	966.15
Unpaid dividend account			30.47	17.58
Unpaid public issue refund account.....			-	1.57
Cash on hand			36.21	44.16
Stamp in hand			1.23	1.23
			2,508.48	3,209.58
Other bank balances				
Deposits with original maturity for more than 12 months	2,247.67	984.66	-	74.78
Deposits with original maturity for more than 3 months but less than 12 months.....			822.42	3,631.12
Margin money deposit.....			156.42	1,074.66
	2,247.67	984.66	978.84	4,780.55
Amount disclosed under non-current assets (note 14.2)	2,247.67	984.66		
	-	-	3,487.31	7,990.13

18. REVENUE FROM OPERATIONS

Particulars	(₹ in lacs)	
	2014	2013
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products.....	223,172.90	248,309.35
Electricity	7,866.27	4,192.53
Traded Goods.....	995.30	12,318.48
Sale of services.....	1,978.19	155.38
Other operating revenue		
Scrap sales	28.38	21.63
Carbon Credit sales (VER).....	-	32.16
Export Licence Sale	18.61	59.44
Renewable Energy Certificates (REC).....	927.24	1,256.43
Revenue from operations (gross)	234,986.89	266,345.41
Less: Excise duty#.....	23,181.52	30,674.14
Revenue from operations (net).....	211,805.37	235,671.26

Excise duty on sales amounting to ₹ 23181.52 lacs (31st March, 2013: ₹ 30674.14 lacs) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to (₹ 146.45 lacs) (31st March, 2013: ₹ 240.97 lacs) has been considered as (income)/expense in note 23 of financial statements.

19. OTHER INCOME

Particulars	(₹ in lacs)	
	2014	2013
Interest Income on		
Bank Deposits.....	404.57	635.18
Others	826.57	624.74
Net gain on sale of current investments	-	13.10
Net gain on sale of fixed assets	30.78	8.18
Other non-operating income (net of expenses directly attributable to such income)	292.82	197.17
	1,554.73	1,478.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

20. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	(₹ in lacs)	
	2014	2013
Inventory at the beginning of the year	19,197.33	17,530.64
Add: purchases	126,429.73	147,266.38
	145,627.06	164,797.02
Less : Inventory at the end of the year	22,240.98	19,197.33
Cost of raw material and components consumed	123,386.08	145,599.69

21. (INCREASE)/DECREASE IN INVENTORIES

Particulars	(₹ in lacs)		
	2014	2013	(Increase)/ Decrease
Inventories at the end of the year			2014
Finished goods and by-products	8,350.45	7,523.54	(826.91)
Work-in-progress	784.04	301.83	(482.21)
Traded goods	168.61	118.41	(50.20)
	9,303.11	7,943.78	(1,359.33)
Inventories at the beginning of the year			2013
Finished goods and by-products	7,523.54	9,827.49	2,303.95
Work-in-progress	301.83	645.65	343.82
Traded goods	118.41	125.84	7.43
	7,943.78	10,598.98	2,655.20
Net (increase)/decrease in inventories	(1,359.33)	2,655.20	

22. EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in lacs)	
	2014	2013
Salaries, wages and bonus	7,025.07	5,328.98
Contribution to provident and other fund	402.86	324.43
Gratuity Expense (refer note 38)	127.46	56.41
Workmen and staff welfare expenses	430.73	427.20
	7,986.13	6,137.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

23. OTHER EXPENSES

Particulars	(₹ in lacs)	
	2014	2013
Consumption of stores and spares	18,917.30	10,097.02
(Increase)/decrease of excise duty on inventory.....	(146.45)	(240.97)
Grid Parallel operation charges.....	188.60	175.32
Power & Fuel	8,406.03	20,252.66
Water Charges.....	415.40	264.40
Other manufacturing expenses	4,805.93	4,618.19
CDM Expenses.....	21.53	34.45
Rent.....	88.70	120.75
Rates and taxes.....		
- Entry tax.....	200.02	135.87
- Excise duty.....	280.25	233.57
- Electricity duty cess.....	9.89	13.04
- Others	119.27	124.64
Insurance	58.56	87.56
Repairs and maintenance		
- Plant and machinery	1,627.51	1,393.98
- Buildings.....	739.76	738.72
- Others	376.15	341.67
Rebate, shortage claims & other deductions.....	491.10	173.01
Commission.....		
- Other than Sole selling agents	382.64	305.97
Bad debts written off.....	135.15	-
Travelling and conveyance.....	627.10	527.85
Communication expenses	182.12	158.35
Printing and stationery.....	80.49	75.62
Legal and professional fees	476.19	300.30
Directors' sitting fees	5.13	3.93
Directors' remuneration	418.21	396.66
Payment to Auditors	26.71	23.23
Frieght and forwarding charges	4,194.03	1,840.01
Security service charges.....	351.42	369.88
Loss on sale of fixed assets (net).....	26.82	-
Debenture issue expenses	-	6.35
Foreign Exchange fluctuation (net).....	456.50	136.39
Premium on forward exchange contract amortized	158.16	-
Share of Loss of LLP	0.12	0.13
Renewal Purchase Obligation (RPO).....	184.48	136.71
Corporate Social Responsibility.....	379.52	457.07
Miscellaneous expenses	1,395.91	1,208.64
	46,080.28	44,511.00

24. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	(₹ in lacs)	
	2014	2013
Depreciation on tangible assets.....	10,310.43	6,924.51
Amortization of intangible assets	238.38	167.36
	10,548.81	7,091.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

25. FINANCE COSTS

Particulars	(₹ in lacs)	
	2014	2013
Interest		
- on debentures	2,514.64	2,514.56
- on term loans	7,197.89	4,804.97
- on working capital.....	2,957.05	2,791.31
- on others.....	601.98	214.74
Exchange difference due to the extent considered as an adjustment to borrowing cost	862.05	318.49
Bank charges	2,367.56	1,462.02
	16,501.16	12,106.09

26. EARNINGS PER SHARE (EPS)

Particulars	(₹ in lacs)	
	2014	2013
Net profit as per statement of profit and loss	5,783.88	14,881.31
Net profit for calculation of basic EPS & Diluted EPS	5,783.88	14,881.31
Weighted average number of equity shares in calculating Basic EPS	32,756,247	31,786,384
Weighted average number of equity shares in calculating Diluted EPS.....	32,756,247	32,756,247
Basic & Diluted EPS		
- Basic earning per share	17.66	46.82
- Diluted earning per share.....	17.66	45.43

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

Name of the Joint Venture	Country of incorporation	Proportion of ownership interest	
		2014	2013
Hira Ferro Alloys Limited	India	51.26%	51.26%
Godawari Energy Limited	India	51.30%	51.30%
Godawari Green Energy Limited.....	India	100.00%	100.00%
Godawari Clinkers & Cement Limited.....	India	100.00%	100.00%
Krishna Global & Minerals Limited.....	India	100.00%	100.00%
Godawari Integrated Steel (India) Limited.....	India	100.00%	100.00%
Ardent Steel Limited	India	75.00%	75.00%

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

Name of the Associate	Country of incorporation	Proportion of ownership interest	
		2014	2013
Jagdamba Power & Alloys Limited.....	India	26%	0.00%

29. JOINT VENTURE OPERATIONS

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

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest	
		2014	2013
Raipur Infrastructure Company Ltd.....	India	33.33%	33.33%
Chhattisgarh Captive Coal Mining Ltd.....	India	25.93%	25.93%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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, 2014 are given below:

		(₹ in lacs)	
Particulars of Balance Sheet items	As at 31st March, 2014	As at 31st March, 2013	
Non current assets	1006.38	970.19	
Current Assets	246.66	127.21	
Non-current Liabilities	6.52	6.19	
Current Liabilities	37.91	11.86	
Particulars of Statement of Profit & Loss items	For the year ended 31st March, 2014	For the year ended 31st March, 2013	
Income from operation	184.76	112.23	
Particulars of Cash Flow Statement items			
Profit/(Loss) for the year	45.79	45.79	
Changes in working capital	(93.40)	(24.83)	
Changes in investing activities	(36.19)	(27.15)	
Changes in financing activities	0.33	6.19	

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

31. 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.

32. 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 ₹ 1605 lacs (Previous Year ₹ 1504 lacs.)
- ii) Disputed liability of ₹ 278.24 lacs (Previous Year ₹ 18.80 lacs) on account of Service Tax, Central Excise Duty ₹ 562.08 lacs (Previous Year ₹ 411.53 lacs), Custom Duty ₹ 10.00 lacs (Previous Year ₹ Nil), Sales Tax ₹ 711.46 lacs (Previous Year ₹ 419.25 lacs) and Income tax ₹ 76.62 lacs (previous year ₹ 48.92) against which appeals have been preferred before higher authorities.
- iii) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh ₹ 3655.22 lacs (Previous Year ₹ 3428.51 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) Disputed demand of ₹ 758 lacs (Previous Year ₹ 758) from Chhattisgarh State Power Distribution Company Limited relating to cross subsidy on power sold under open access during the financial year 2009-10. The company has contested the demand and obtained stay from CSERC and expect a favourable decision in favour of parent company.
- v) Corporate Guarantees issued in favour of bank aggregating to ₹ 4647 lacs (Previous Year ₹ 109713 lacs) in respect of financing facilities granted to other body corporate.
- vi) Estimated amount of contracts remaining to be executed on capital accounts ₹ 4977 lacs (Previous Year ₹ 51313).
- vii) The mining department has levied royalty on Iron Ore mining on the basis of rates applicable for the highest grades of Iron Ore. The Company has, however provided royalty on the basis of rates applicable to different grades of Iron Ore. Pursuant to a writ petition filed by the company, the honorable high court of Chhattisgarh has upheld the company's contention and directed mining department to make fresh assessment of liability. However the mining department has filed review appeal before the double bench of honorable high court of Chhattisgarh against the order. Pending assessment, company has reversed excess royalty provision made in earlier years amounting to ₹ 971.52 lacs. Cumulative amount of excess royalty of ₹ 4204.77 lacs is shown as advance royalty and carried to Balance Sheet.

33. During the year the company has forfeited ₹ 1300 lacs on account of share warrants issued on 7th July, 2012 for non exercising of right attached to the warrant by the warrant holders within the stipulated time of 18 months. The forfeited amount has been transferred to capital reserve account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

34. No adjustment has been made by the company for the MAT Credit entitlement reduced by the Assessing Officer upto the completed Assessment year 2011-12, due to the major disallowances were related to the transfer price of Power to other units, as the basis of transfer pricing adopted by the company has already been accepted by the Hon'ble High Court of Chhattisgarh in Company's own cases of earlier years.

35. DERIVATIVE INSTRUMENTS AND UN HEDGED FOREIGN CURRENCY EXPOSURE

Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2014 amount to ₹ 64132.65lacs (Previous Year ₹ 67576.50 lacs)

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

i) Related Parties

a) Other Related Enterprises where control exist

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

b) Associate

- Jagdamba Power & Alloys Ltd.

d) Joint Ventures

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

e) Key Management Personnel

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

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

		2014	2013	
a) Associate	Equipment Hiring Charges	14.79	0.00	
	Investment made	260.00	0.00	
Outstandings				
	Receivables	14.72	0.00	
b) Other Related Enterprises	Purchase of Materials	542.44	630.67	
	Sale of Materials	194.02	37.01	
	Purchase of Capital goods.....	2.01	0.00	
	Rent Paid	4.51	4.38	
	Interest Paid	0.00	0.18	
	Interest Received	0.00	18.32	
	Advances given	175.00	0.00	
	Advances given received back	62.32	0.00	
	Outstandings			
		Receivables	130.34	129.44
	Payables.....	21.83	13.31	
	Guarantees & Collaterals.....	0.00	166.00	
c) Joint Ventures	Service Charges Paid	485.26	240.34	
	Investment made	37.35		
	Outstandings			
		Payables.....	90.73	0.00
		Receivables	0.00	9.67
	Guarantees & Collaterals.....	4453.00	4453.00	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	2014	2013
d) Key Management		
Remuneration Paid.....	378.71	228.48
Commission Paid	70.00	140.00
Rent Paid	0.00	3.12
Interest Paid.....	26.88	1.19
Loan received.....	897.00	200.10
Repayment of Loans	897.45	206.35
Outstandings		
Payables.....	0.00	0.45

37. 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

(₹ in lacs)

Particulars	External Sales		Inter Segment Sales		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
A) REVENUE								
Steel Segment.....	202690.07	230190.14	0.00	0.00	0.00	0.00	202690.07	230190.14
Electricity Segment.....	8793.96	5481.13	21722.29	19756.19	(21400.96)	(19756.19)	9115.29	5481.13
Total Segment Revenue.....	211484.04	235671.27	21722.29	19756.19	(21400.96)	(19756.19)	211805.37	235671.27

B) RESULTS	2014	2013
Segment Operational Profit.....		
Steel Segment.....	21052.04	24306.87
Electricity Segment.....	9516.97	6639.99
Total Segment Results	30569.00	30946.86
Un-allocated expenditure net off unallocated income.....	(4838.47)	(3468.19)
Operating Profit.....	25730.53	27478.67
Interest Expenses	(16501.16)	(12106.09)
Total Tax Expenses.....	(2232.10)	456.45
Net Profit	6997.27	15829.02

C) OTHER INFORMATION	2014	2013
NET CAPITAL EMPLOYED		
Steel Segment.....	60345.69	59781.90
Electricity Segment.....	44047.40	40791.40
Total	104393.09	100573.30
Un-allocable Capital employed.....	(1704.20)	(5937.74)
Total Capital Employed.....	102688.89	94635.56
Depreciation		
Steel Segment.....	6984.57	5448.53
Electricity Segment.....	3564.24	1643.34
Total	10548.81	7091.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

38. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS :

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

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

Statement of Profit and Loss

Particulars	(₹ in lacs)	
	March 31, 2014	March 31, 2013
Current Service cost	63.07	47.96
Interest cost on benefit obligation	26.24	19.90
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	38.16	-11.45
Past service cost	0.00	0.00
Actual return on plan assets	127.46	56.42

Balance Sheet

Particulars	(₹ in lacs)	
	March 31, 2014	March 31, 2013
Defined benefit obligation	340.05	243.84
Fair value of plan assets	0.00	0.00
	340.05	243.84
Less : Unrecognised past service cost	0.00	0.00
Plan liability	340.05	243.84

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

Particulars	(₹ in lacs)	
	March 31, 2014	March 31, 2013
Defined benefit obligation as at April 1, 2012	243.84	198.50
Interest cost	29.11	19.90
Current Service Cost	60.78	47.96
Benefits paid	(31.83)	(11.07)
Actuarial losses on obligation	38.16	(11.45)
Defined benefit obligation as at March 31, 2013	340.05	243.84

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 :

Particulars	(₹ in lacs)	
	March 31, 2014	March 31, 2013
Discount Rate	8.25%	8.00%
Increase in Compensation cost	5.00%	5.00%
Expected average remaining working lives of employee (years)	24.31	24.93

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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

Contribution to Defined Contribution Plans:

Particulars	(₹ in lacs)	
	March 31, 2014	March 31, 2013
Provident Fund.....	293.86	237.23

39. Previous year figures have been regrouped or rearranged wherever necessary.

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

per **Sanjay Singhania**
Partner
Membership No.076961

Place : Raipur
Date : 24.05.2014

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

B. L. Agrawal
Managing Director

Abhishek Agrawal
Whole Time Director

Y. C. Rao
Company Secretary

Sanjay Bothra
CFO



GODAWARI POWER & ISPAT

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

GODAWARI POWER AND ISPAT LIMITED

CIN: L27106CT1999PLCO13756

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