



Performing
Integrating
Expanding

Contents

01 ▶ 21

Corporate Profile

- 02 Performing with a strategy
- 04 Integrating for self-reliance
- 06 Expanding with foresight
- 10 GPIL at a glance
- 14 Details of the subsidiaries and associates
- 16 Managing Director's review
- 18 Corporate social responsibility
- 20 BOD profile

Forward looking statement

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

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

22 ▶ 45

Board and Management Reports

- 22 Directors' report
- 28 Management discussion and analysis
- 34 Corporate governance report

46 ▶ 98

Financial Statements

- 46 Standalone
- 79 Consolidated

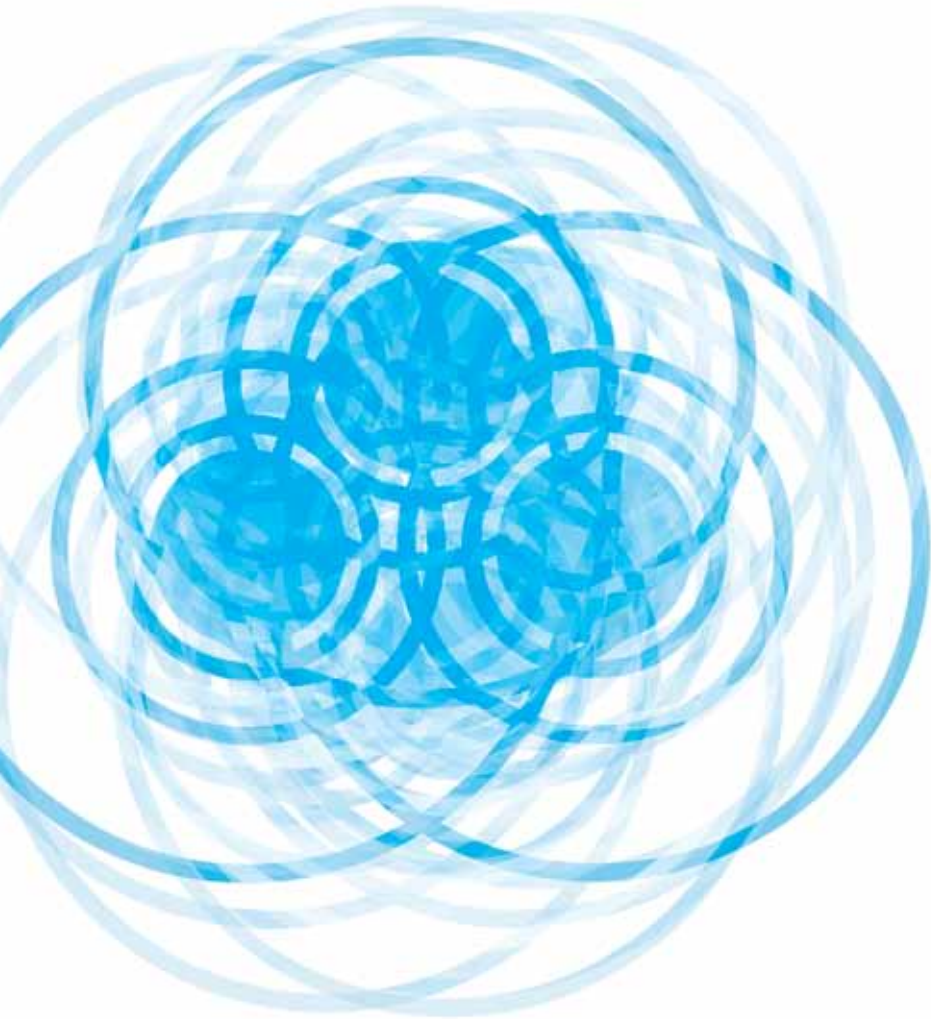
GPIL's story is a journey towards resilience.

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

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

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





Performing with a strategy

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

Financials*



Turnover

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



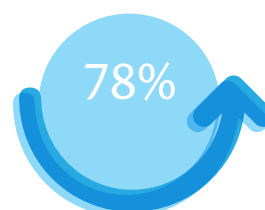
EBIDTA

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



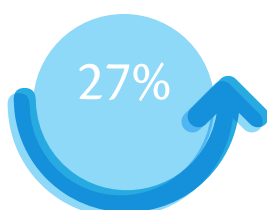
PBT

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



PAT

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



EPS

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



EBIDTA margin

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



PAT margin

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

* Based on the consolidated financial results

Operational



Pellet production

Over 2009-10



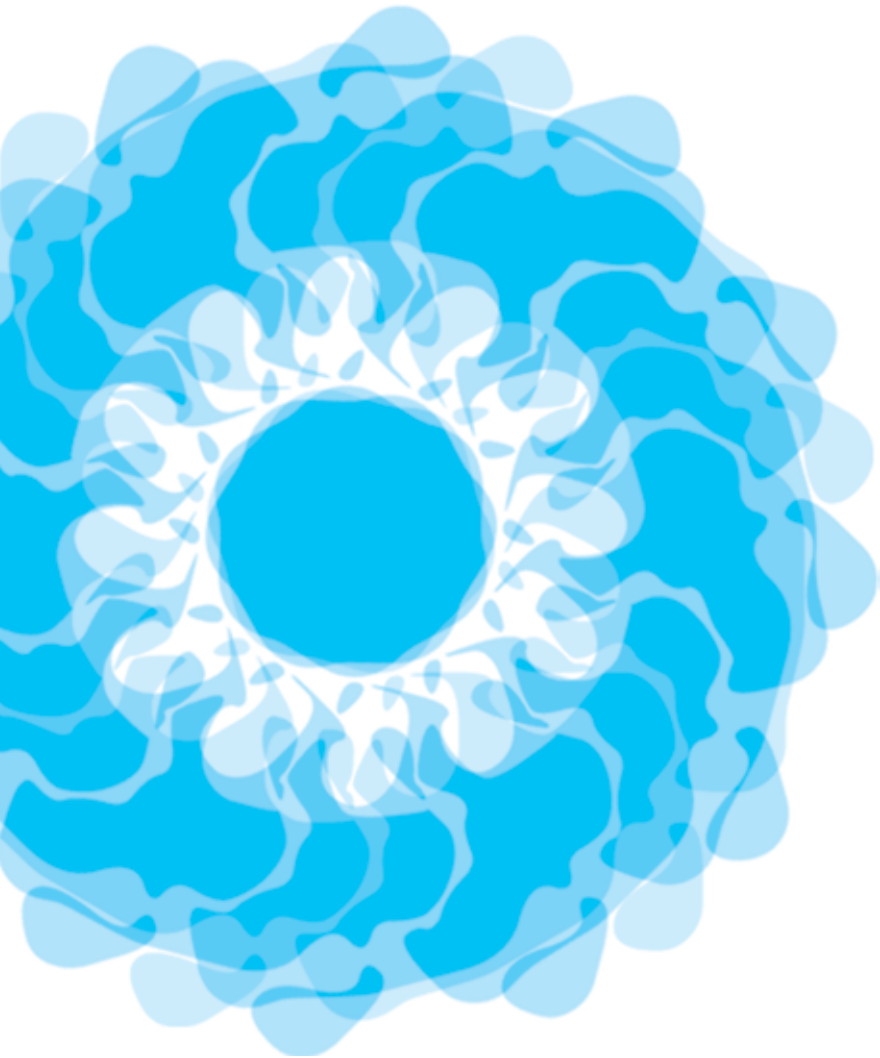
Billet production

Over 2009-10



Billet production

iron ore extracted at Ari Dongri



Integrating for self-reliance

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

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

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

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

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

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

Status of the mining operations

Mines/Plants

Status

Iron ore mines

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

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

Dallirajhara mine Received prospecting license

Coal mines

Environment and forest clearance awaited

Manufacturing value chain

Captive Iron Ore + Coal + Captive Power



Pellets



DRI



Billets



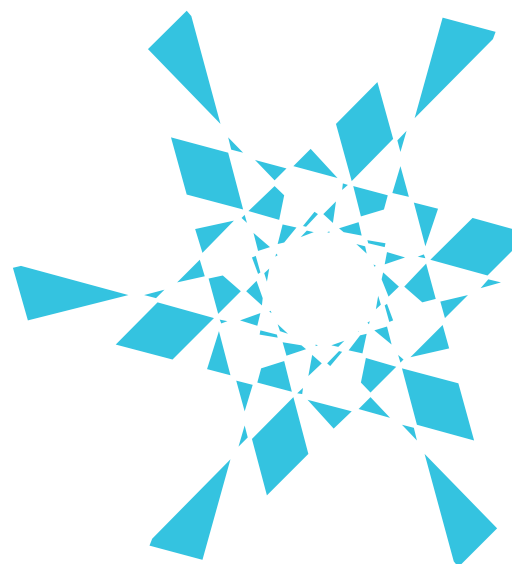
Wire Rods



Wire



Expanding with foresight



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

Expansions in steel business

GPIL signed MoUs with the Government of Chhattisgarh to undertake:

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

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

Expansions in power business

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

GPIL's foray into solar power

Rationale

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



Jawaharlal Nehru National Solar Mission

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

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

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

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

Phase III- 2017-2022: 20,000 MW

Project features

Project site

Naukh village in Jaisalmer district, Rajasthan.

Proximity

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

Location

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