
Godawari Power plans 1 billion CAPEX for 2009-10

Thursday, 02 Jul, 2009

According to Mr Dinesh Gandhi finance director of Godawari Power & Ispat Limited, the company plans INR 850 million to INR 1 billion capital expenditure in 2009-10.

However, the proposed capital expenditure will be used to finance its upcoming pellet plant and expand capacity at its power plant in Chattisgarh. It has cash balance of INR 350 million and consolidated debt of INR 3.55 billion on its books as on Mar 31st. The average cost of borrowing was pegged at 10.5% during last financial year.

Agencies quoted Mr Gandhi saying that Godawari Power & Ispat have started mining iron ore at Ari Dongri mines and was currently mining 1,000 tonne per day. The steel maker has also received approval from ministry of environment and forest to use 110 hectares of forest land for iron ore mining in Boria Tibbu village in Chattisgarh.

Mr Gandhi said Godawari Power & Ispat will commence mining activities in Boria Tibbu from October. The iron ore mines at Ari Dongri and Boria Tibbu have a combined capacity of 1.20 million tonne of iron ore per annum.

Mr BL Agrawal MD of Godawari Power & Ispat said it also plans a power plant in Raigarh and was currently in the process of land acquisition. We have started buying land. We are in the process of getting necessary approvals. We will decide on the investment in the power plant once we get the approvals.

Mr Agrawal said the company expects average realization from its power business at INR 6 per unit to INR 7 per unit April to June. Realization fell to INR 2 per unit in the first week of June. But last 10 to 15 days we are selling at INR 8.0 per unit to INR 9.5 per unit. In April to May the average realization was INR 6 per unit to INR 7 per unit, which will also be the average realization for the quarter.

(Sourced from www.commodityonline.com)

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