



GODAWARI POWER & ISPAT

Godawari Power & Ispat Limited

Q1FY21
Earnings Presentation
August 2020

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Q1FY21: Resilient Performance despite Covid Led Disruptions

Consolidated Operational Highlights

- Production and Sales Volumes impacted due to Covid-19: 22-30% reduction across product categories except pellets, which increased QoQ and YoY
- Lower domestic demand mitigated by higher export sales; 95% of pellets production was exported
- Despite lower volumes & fall in prices of value added products. profitability remained unaffected largely due to higher pellet sales.
- Pellet production sharply increased in Ardent Steel despite Covid led disruptions
- Operations normalised and back to pre covid levels; current utilisation rate >90% across divisions
- Generation of solar power plant 8% higher

Consolidated Financial Highlights

- Revenues 10% lower QoQ due to lower production & sales of value added products. Revenue also impacted by lower realisation in value added products.
- Active management of product mix helped reduce the financial impact: EBITDA just lower by just 10% YoY & up 4% QoQ.
- EBITDA margins improved to 22% from 19% QoQ
- PAT up by 47% at INR 504 Mn
- Interest cost reduced by 6% QoQ in Q1FY21 on account of debt repayments done in FY20
- Debt repaid of INR 900 Mn as of July 20 in excess of the schedule repayment of INR 718 Mn for FY21
- Net Debt reduced to INR 14,500 Mn as on July'20 from INR 15,400 Mn as on March'20
- Credit rating of the company is BBB+ (currently under review, expected to improve further)

Financial & Operational Impact of COVID-19

Operational Impact

- Manufacturing operations were temporarily shut in steel business from 24th March to 9th April steps were taken to restart the operations
- Plants reached to near normal capacity by 3rd week of May 2020
- Solar business continued to operate without any disruption during lockdown.

Financial Impact

- Profitability of Q4 FY20 affected on account of fall in production & sales
- Profitability of Q1 FY21 affected on account of lower production & sales due to lockdown. Operations are now back to pre covid levels.

Liquidity

- Sufficient liquidity in place to meet its obligation for smooth operations
- The company had opted for moratorium on principal & interest payment on term loan & cash credit on standalone basis for the period of March to May 2020 to maintain enough liquidity for business operations and has already repaid the deferred amount for the period of March to May 2020 to lenders. The Company has not sought further deferment from June to August 2020. The Company already prepaid term debt instalments up to Dec, 2020.
- Subsidiary companies did not opt for any moratorium & continues to make regular payment of their debt obligations
- Solar power subsidiary have prepaid its entire FY21 principal dues.
- The company with subsidiaries have been making pre-payment of its debt obligations since last 2 year

Future Impact

- Fall in interest rate will result in reduction of finance cost.
- However, other market factors owing to pandemic may impact profitability.

Clear Strategic Priorities

Leverage Portfolio Flexibility to maximise profits

- Frequent adjustments to product mix, depending on demand environment, to maximise sales & margins
- Focus on increasing high grade (67%+ Fe) pellet production; to be utilized for exports & for captive consumption in making higher quality steel billet.
- Increase in volumes of value added products with commissioning of rolling mill

Debottlenecking with marginal Capex

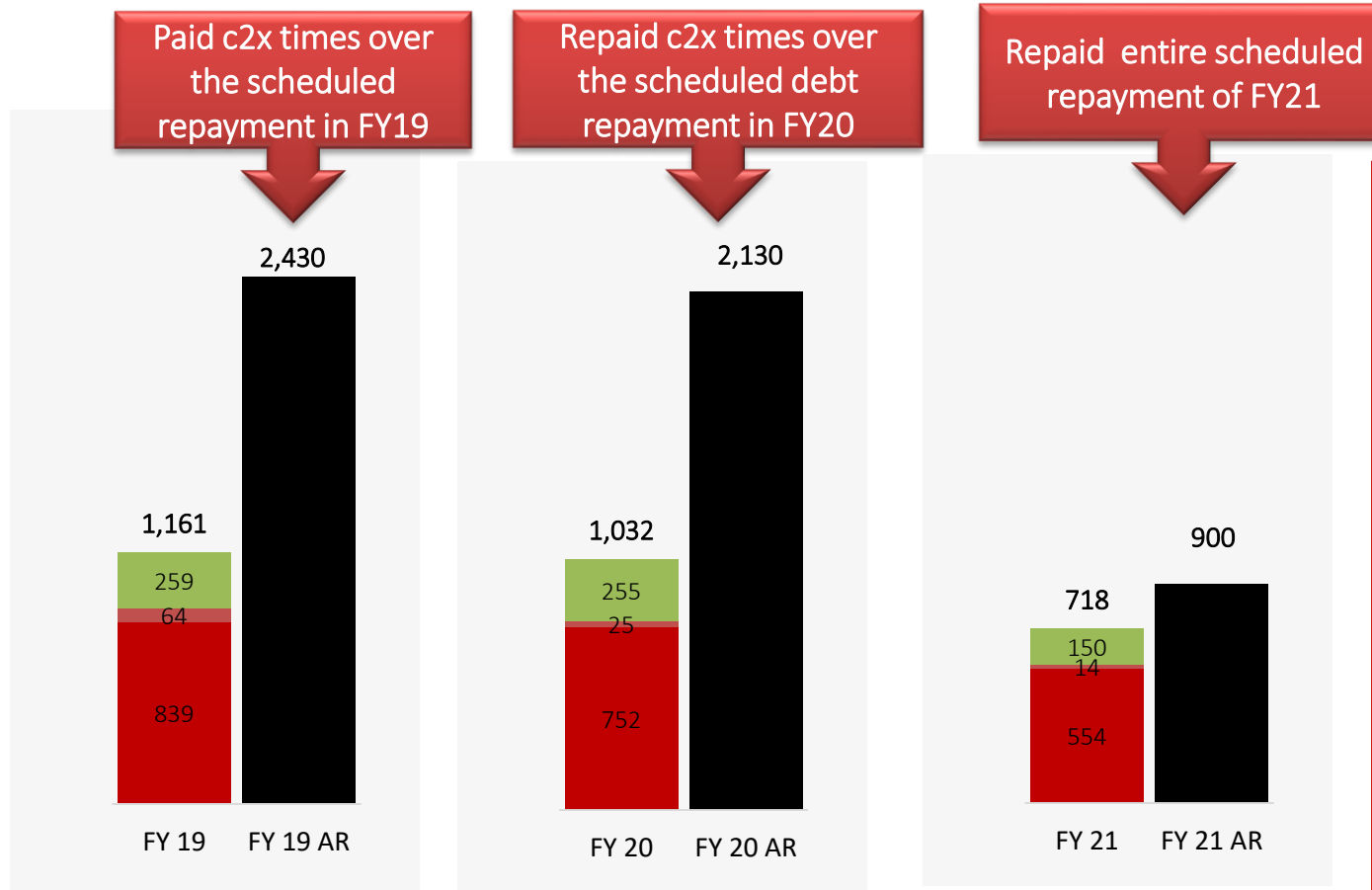
- No Major capex planned during the year
- Debottlenecking in solar power plant to improve heat storage and extend operations by ~30 - 60 mins per day
- Further efforts are being made to increase the production capacity across value chain through de-bottle necking with nominal capex.

Balance Sheet Improving

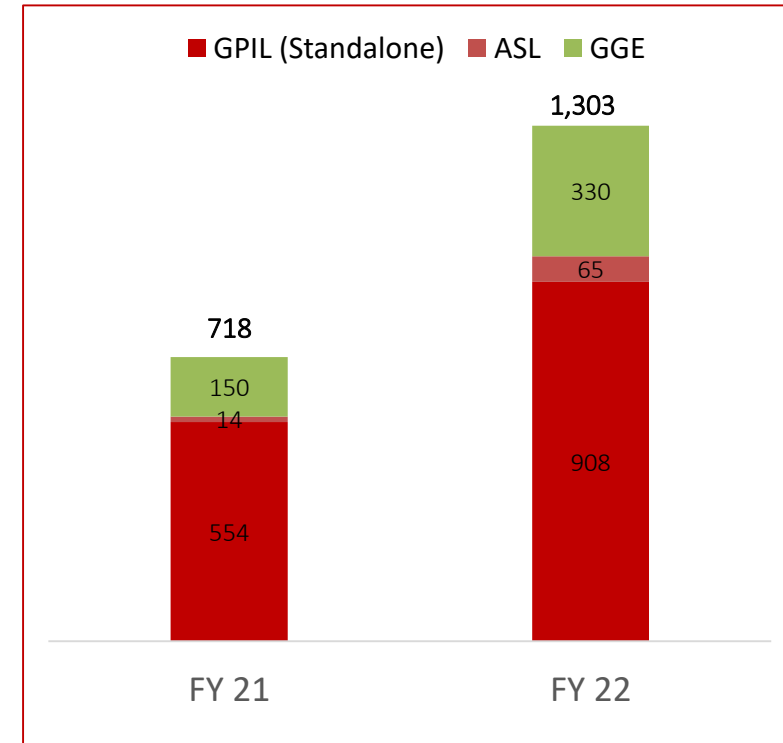
- Incrementally Higher FCFs for deleveraging
- Free cash flow from operation to be utilized towards deleveraging, aiming to become a long-term debt free company.

Incremental Cash Flows Utilised for De-Leveraging

All figures in INR MN



Debt Repayment Schedule



Despite an uncertain environment; the company is focused on repaying higher than the scheduled payments

Q1FY21 Production Summary

Production (in MT)	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Iron ore Mining	3,21,807	4,51,875	-29%	4,48,914	-28%	16,57,629	15,47,384	7%
Iron ore Pellets - GPIL	4,64,150	4,41,000	5%	4,76,700	-3%	19,99,150	19,33,250	3%
Iron Ore Pellets - ASL	1,85,149	1,70,446	9%	1,32,905	39%	6,87,360	5,72,673	20%
Sponge Iron	76,396	1,15,840	-34%	1,22,268	-38%	4,94,955	4,60,008	8%
Steel Billets	56,510	97,070	-42%	76,465	-26%	3,44,610	2,98,418	15%
M.S. Rounds	38,486	39,456	-2%	46,914	-18%	1,83,187	1,82,088	1%
H.B. Wires	17,618	25,510	-31%	33,052	-47%	1,30,807	1,34,558	-3%
Silico Manganese	2,360	2,814	-16%	3,402	-31%	10,517	10,536	0%
Pre- Fab Galvanized	5,263	5,004	5%	11,049	-52%	30,477	34,162	-11%
Captive Power-GPIL (in cr)	7.0	10.0	-30%	11.4	-39%	43.8	44.0	-1%
GGEL - Solar Power (in cr)	3.4	2.3	46%	3.1	8%	9.1	8.5	7%

Q1FY21 Sales Volume Summary

Sales Volume (in MT)	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Pellet - GPIL - Domestic	18,751	1,27,863	-85%	1,86,132	-90%	6,39,219	10,91,133	-41%
Pellet - GPIL - Export	3,61,550	1,61,326	124%	1,39,691	159%	7,23,077	3,61,416	100%
Pellet - ASL	1,80,166	2,04,255	-12%	1,28,483	40%	7,42,332	5,60,832	32%
Sponge Iron	8,284	14,683	-44%	36,955	-78%	1,31,419	1,40,218	-6%
Steel Billets	21,333	58,011	-63%	33,669	-37%	1,63,381	1,21,632	34%
M.S. Round	22,733	19,805	15%	24,438	-7%	80,297	79,099	2%
H.B. Wire	20,939	25,488	-18%	33,802	-38%	1,29,015	1,34,558	-4%
Silico Manganese	1,836	1,337	37%	2,823	-35%	7,210	7,664	-6%
Pre-Fab Galvanized	5,269.0	7,070.0	-25%	7,610.0	-31%	31,858.0	26,240.0	21%

Q1FY21 Realisation Summary

Realisation	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Iron Ore Pellet - GPIL*	6,124	6,402	-4%	6,353	-4%	6,259	6,568	-5%
Iron Ore Pellet - ASL	5,643	5,646	0%	5,621	0%	5,600	6,051	-7%
Sponge Iron	15,100	19,165	-21%	17,898	-16%	16,897	19,736	-14%
Steel Billets	27,999	29,730	-6%	30,943	-10%	28,590	33,072	-14%
M.S. Round	32,714	32,579	0%	37,008	-12%	33,327	38,741	-14%
H.B. Wire	33,395	35,100	-5%	39,310	-15%	35,182	40,667	-13%
Silico Manganese	61,915	63,184	-2%	65,870	-6%	63,898	67,612	-5%
Pre-Fab Galvanized	56,062	58,871	-5%	64,023	-12%	58,616	72,073	-19%
GGEL (in Cr)	12.2	12.2	0%	12.2	0%	12.2	12.2	0%

* Ex-plant realisation (excluding export freight & expenses).

GPII Consolidated - Profit & Loss

Particulars (in Mn)	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Net Sales	7,113	7,873	-10%	8,342	-15%	32,885	33,216	-1%
Total Expenses	5,535	6,345	-13%	6,593	-16%	26,643	25,323	5%
Other Income	11	5	132%	13	-16%	47	59	-21%
EBITDA	1,588	1,533	4%	1,762	-10%	6,289	7,952	-21%
EBITDA Margin (%)	22.3%	19.5%		21.1%		19.1%	23.9%	
Depreciation	356	352	1%	334	7%	1,369	1,329	3%
Finance Costs	466	497	-6%	558	-16%	2,119	2,526	-16%
PBT	766	684	12%	870	-12%	2,801	4,097	-32%
Exceptional Item	-	103	-	-	-	103	-	-
Tax	262	239	10%	301	-13%	954	1,529	-38%
PAT	504	342	47%	569	-12%	1,744	2,568	-32%
EPS (INR)	13.19	9.47	39%	15.44	-15%	47.33	71.55	-34%

GPII Standalone - Profit & Loss

Particulars (in Mn)	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Net Sales	5,740	6,467	-11%	7,279	-21%	27,740	28,753	-4%
Total Expenses	4,776	5,414	-12%	6,006	-20%	23,340	22,556	3%
Other Income	9	3	176%	11	-19%	29	30	-3%
EBITDA	972	1,056	-8%	1,283	-24%	4,429	6,226	-29%
EBITDA Margin (%)	16.9%	16.3%		17.6%		16.0%	21.7%	
Depreciation	243	222	9%	228	6%	916	905	1%
Finance Costs	338	354	-5%	405	-17%	1,537	1,821	-16%
PBT	392	480	-18%	650	-40%	1,976	3,500	-44%
Tax	145	210	-31%	245	-41%	762	1,367	-44%
PAT	246	270	-9%	405	-39%	1,214	2,133	-43%
EPS (INR)	6.99	7.65	-9%	11.50	-39%	35.30	60.52	-42%

Ardent Steel Limited Standalone - Profit & Loss

Particulars (in Mn)	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Net Sales	1,020	1,157	-12%	734	39%	4,171	3,540	18%
Total Expenses	721	902	-20%	558	29%	3,165	2,628	20%
Other Income	0	6	-98%	0	0%	7	3	119%
EBITDA	300	261	15%	176	71%	1,013	915	11%
EBITDA Margin (%)	29.4%	22.5%		23.9%		24.3%	25.9%	
Depreciation	41	54	-24%	32	27%	157	120	31%
Finance Costs	23	34	-32%	40	-42%	135	179	-25%
PBT	236	173	36%	104	128%	721	617	17%
Tax	81	45	83%	27	-	194	176	10%
PAT	154	128	20%	77	100%	527	441	19%
EBITDA Per Ton	1,649	1,277	29%	1,367	21%	1,365	1,632	-16%

Godawari Green Energy Limited - Profit & Loss

Particulars (in Mn)	Q1FY21	Q4FY20	QoQ (%)	Q1FY20	YoY (%)	FY20	FY19	YoY (%)
Net Sales	367	256	43%	341	8%	1,003	928	8%
Total Expenses	52	40	30%	39	34%	163	143	14%
EBITDA	315	216	46%	302	4%	840	786	7%
EBITDA Margin (%)	86%	84%		89%		84%	85%	
Other Income	2	-	-	2	-	8	26	-67%
Depreciation	72	76	-4%	93	-22%	296	304	-3%
Finance Costs	107	110	-2%	114	-6%	455	532	-15%
Exceptional Items	-	103	-	-	-	103	-	
PBT	137	-72	-	96	-	-5	-24	-80%
Tax	36	-19	-	25	-	-3	-14	-81%
PAT	101	-53	-	71	-	-2	-10	-80%

International & Domestic Tailwinds

International Market

- Iron ore prices have climbed from a low of US\$ 80/t seen in April'20 to US\$ 120/t, almost touching two year high. Iron ore prices remained well supported despite global players returning to production and maintaining their guidance. Demand from China continues to remain strong.
- Pellet prices have been tracking higher iron ore prices and have remained strong at US\$129/t CIF China.
- GPIL export contract booked till September 2020.

Domestic Market

- Indian iron ore cost curve is likely to bump up in short to medium term as the winning bid premium on recently held auction in Odisha has been between 90%-150% of IBM iron ore prices.
- Domestic Pellet demand & prices are on rise due to shortage of iron ore.
- Indian demand is making comeback, domestic steel prices which had gone to a large discount to import parity have returned to import parity.

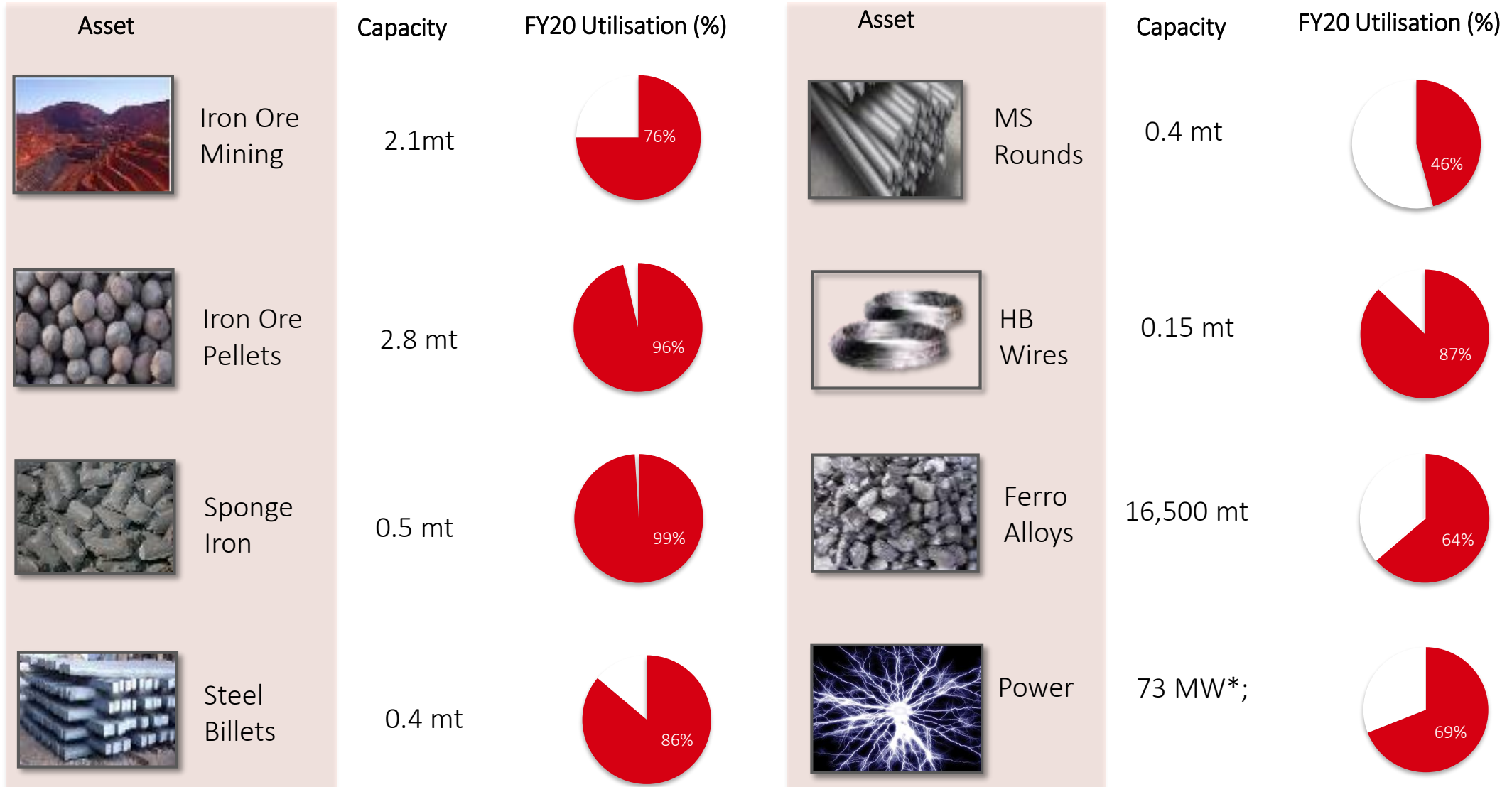


GODAWARI POWER & ISPAT

Godawari Power & Ispat Limited

INVESTOR PRESENTATION

Integrated Asset Portfolio; Unique Presence Across Steel Value Chain



mt: Million tonnes
 * excluding 50 MW of solar power

GPII – Focused on Generating Shareholder Value



Clear Strategy

Focus on **Integrated Steel Value Chain**

No unrelated diversification;
Non-core assets to be divested



Portfolio Optimisation

Increasing value addition by **enhancing captive power** availability

Supply Chain optimisation through **rolling mill expansion (brownfield)**



Improving Financials

FY20 **Revenue Flat YoY**
EBITDA Margin: 19%

FY20 ROE: 12%
Net Debt/Equity: 1.1x
Int. Coverage: 2x



Balance Sheet De-Leveraging

Net Debt to equity Reduced to 1.1x from 3x in 2017; **Target <1x**

Credit Rating Updated to Investment Grade **BBB+**
(currently under review, expected to improve further)

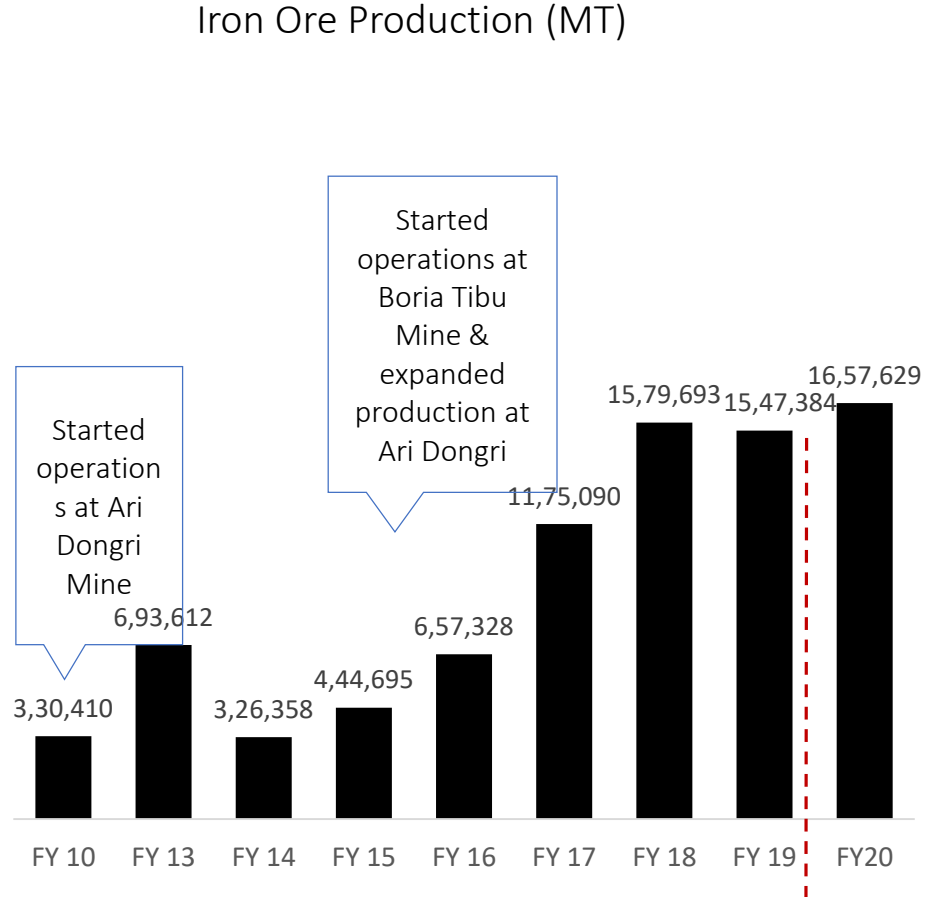
FY20 Return & Liquidity Ratios

	Unit	Standalone	Ardent	GGEL	Consolidated
RoE	%	11%	32%	0%	12%
RoCE	%	15%	33%	7%	15%
BVPS	INR	340	-	-	426
Net Debt to EBITDA	x	2.68	0.75	5.51	2.65
Net Debt to Equity	x	0.99	0.40	1.67	1.11
Interest Coverage	x	2.88	7.51	1.64	2.97

Increased Captive Consumption Provides Significant Margin Expansion

Significant captive mining capacity aid in lowering costs & improving margins

Iron Ore Production (MT)



Captive Mining

- Increased captive mining to aid in lowering cost and improving margins.

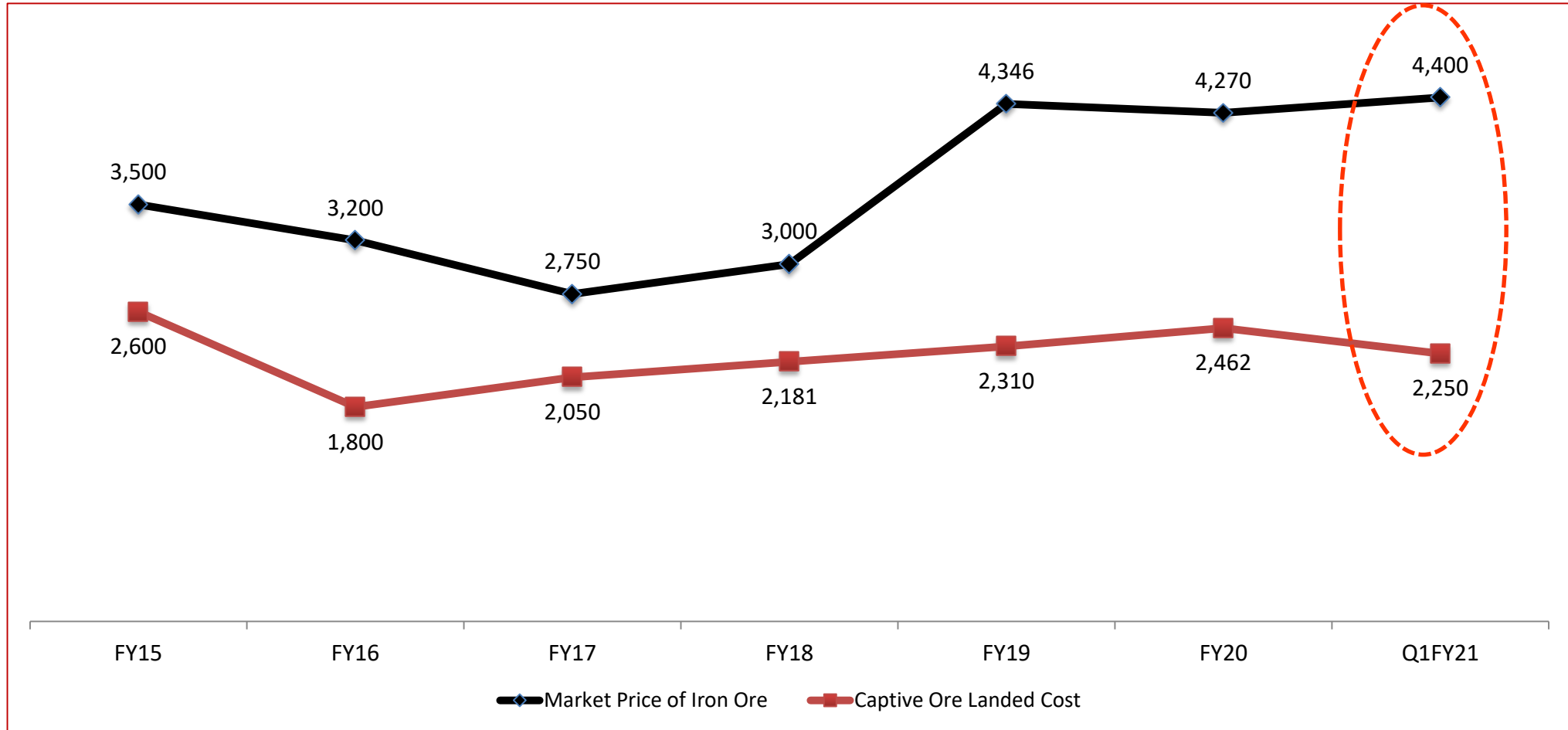
Power

- In-plant power generation capacity of 73 MW
- 42 MW captive energy from waste heat recovery + 11 MW from coal thermal plant + 20 MW biomass power capacity
- Additional 25 MW from Jagdamba Power

Water

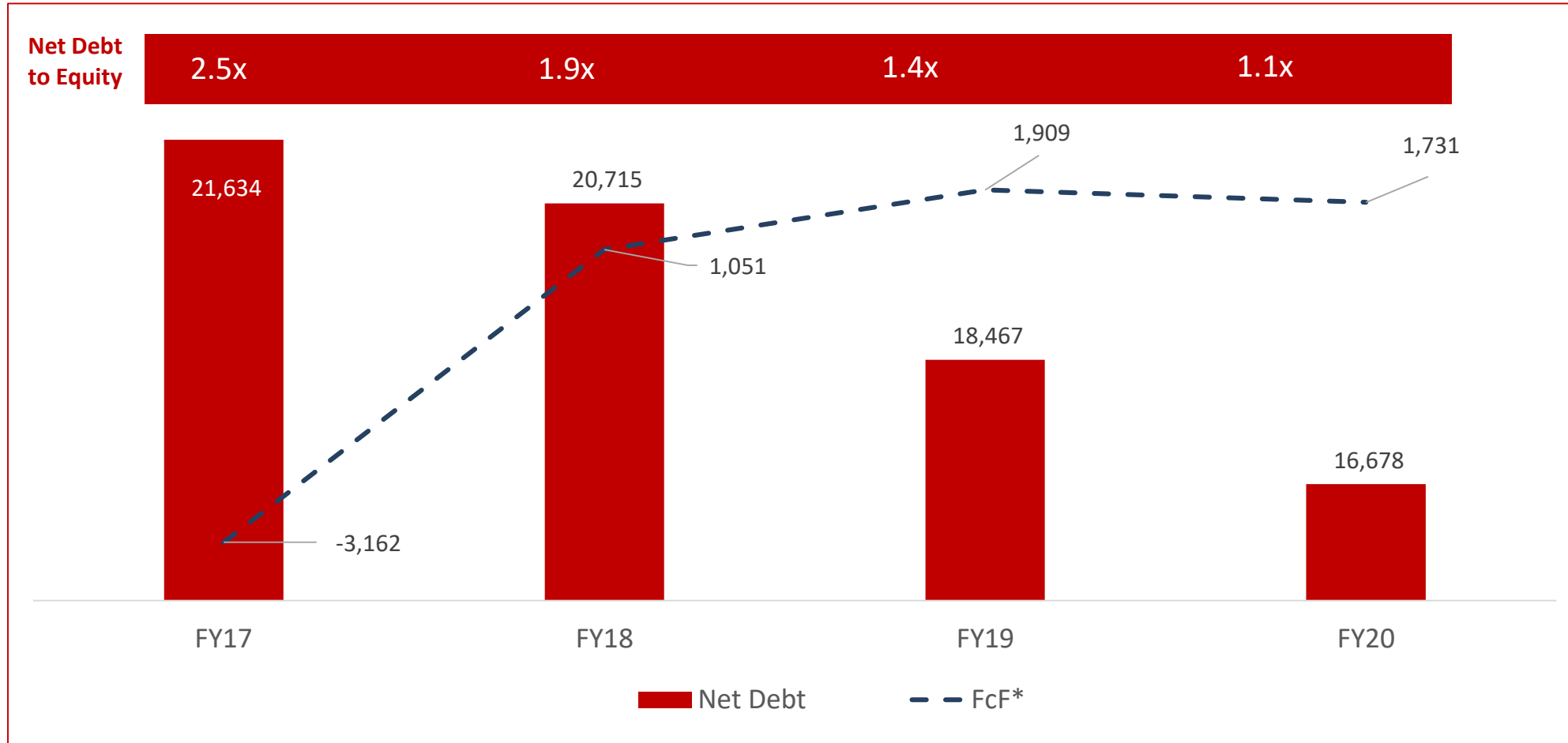
- Agreement with Chhattisgarh Ispat Bhoomi Ltd to draw 10,000 KL of water/day

Captive Mining Leading To Huge Raw Material Costs Saving



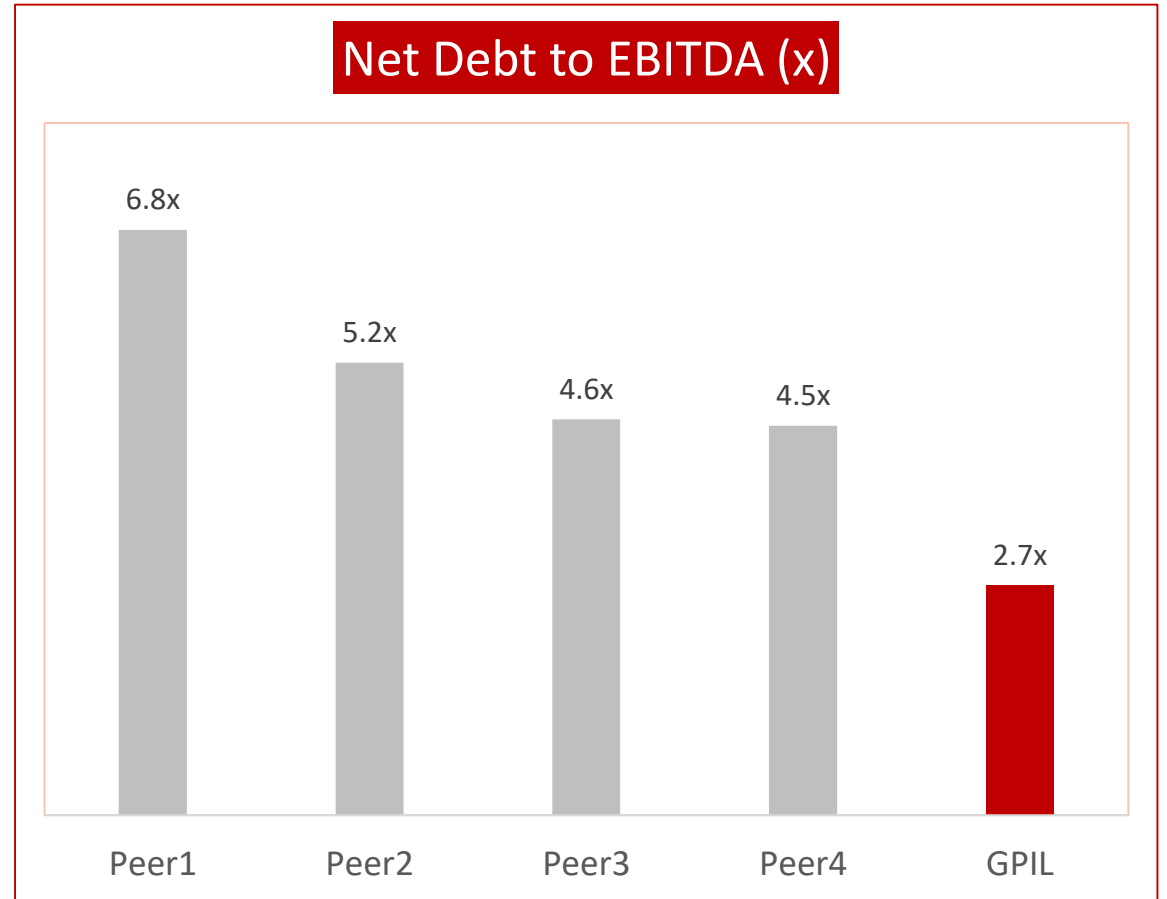
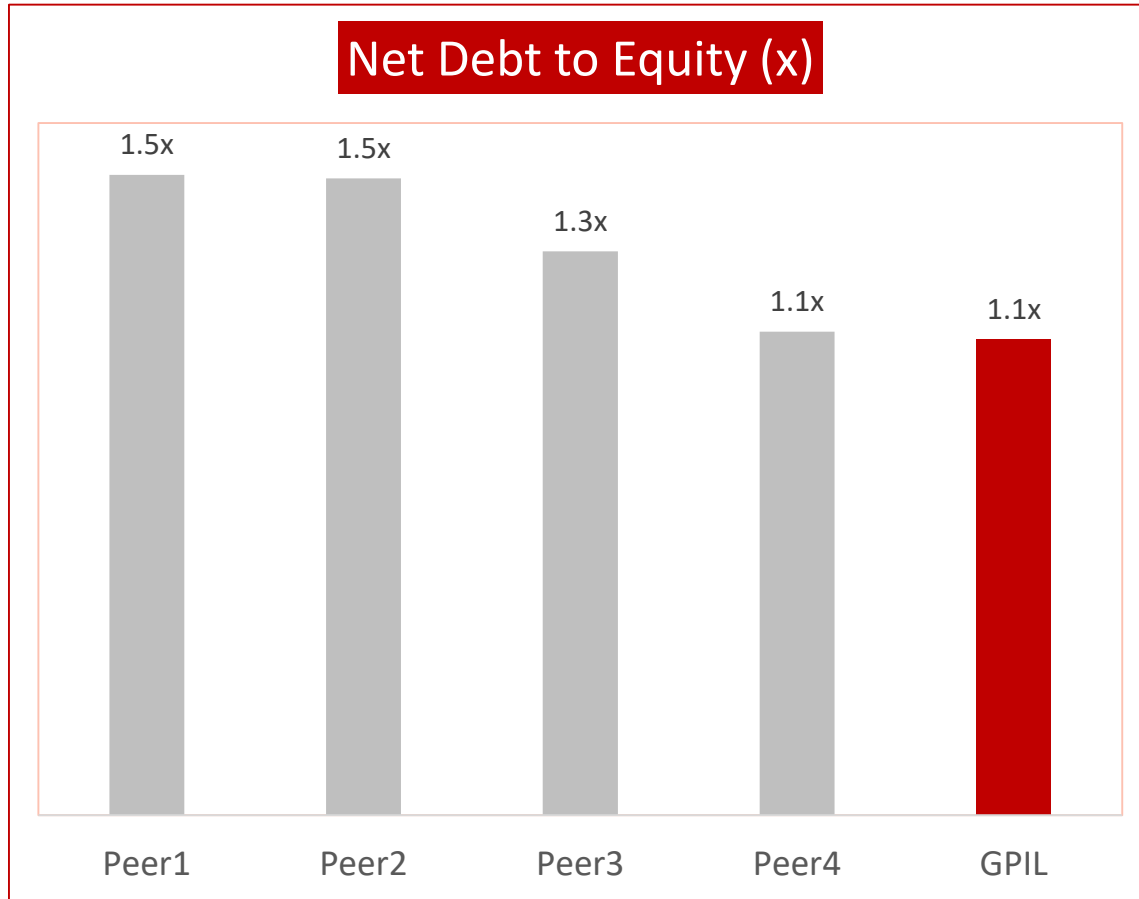
Focussed on Value Creation: Net Debt Reducing & FCF increasing

All figures in INR MN



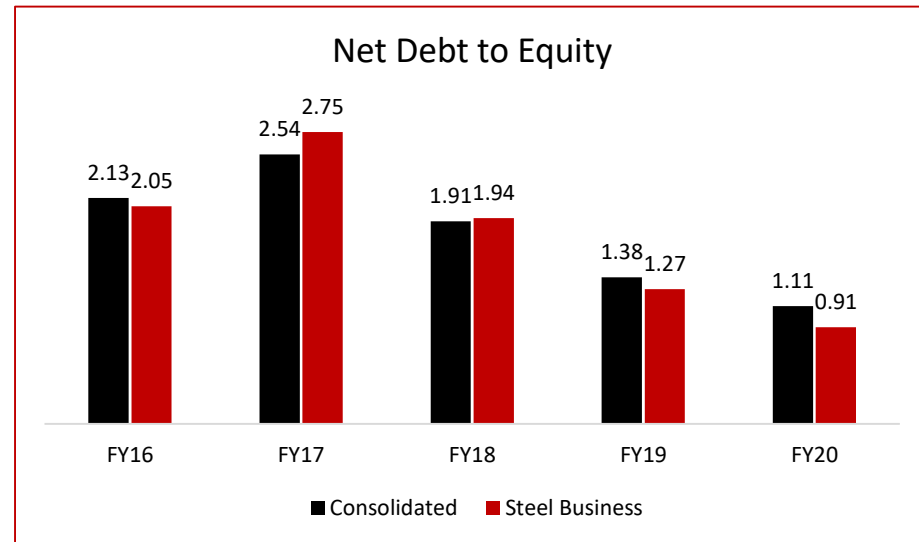
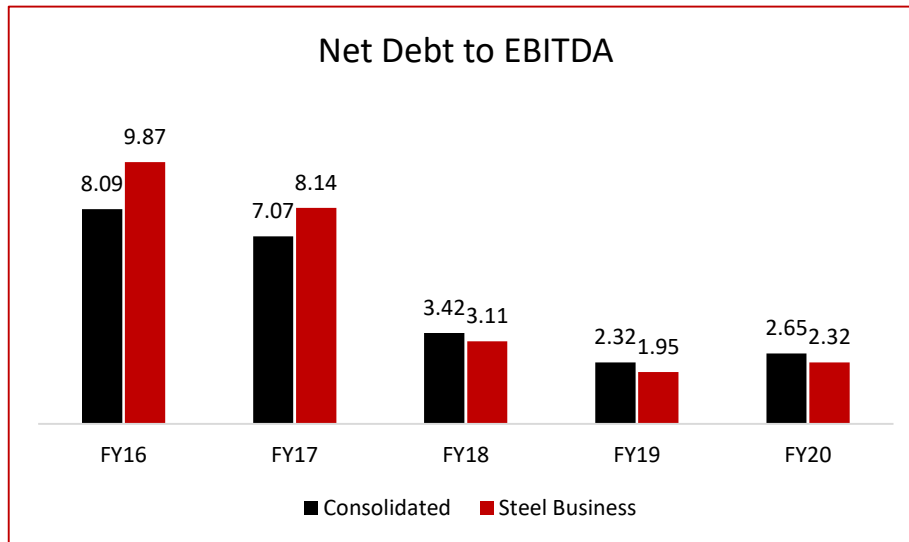
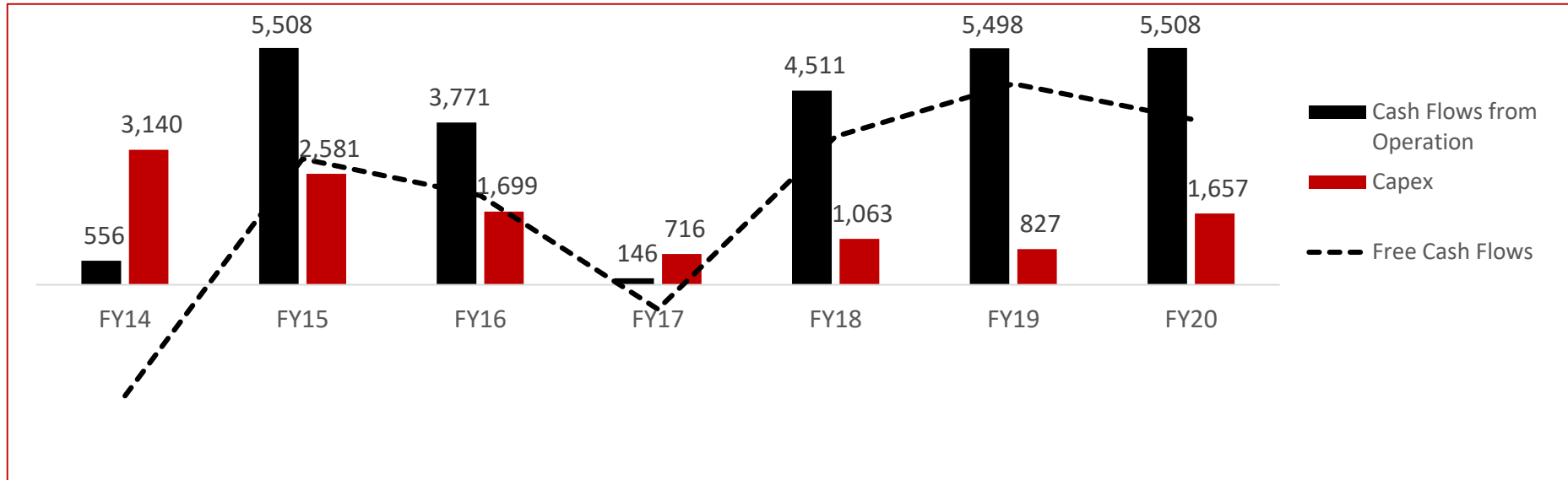
*FcF = Free Cashflow from operation – capex - interest cost

Balance Sheet Stronger compared to Large Cap Steel Companies

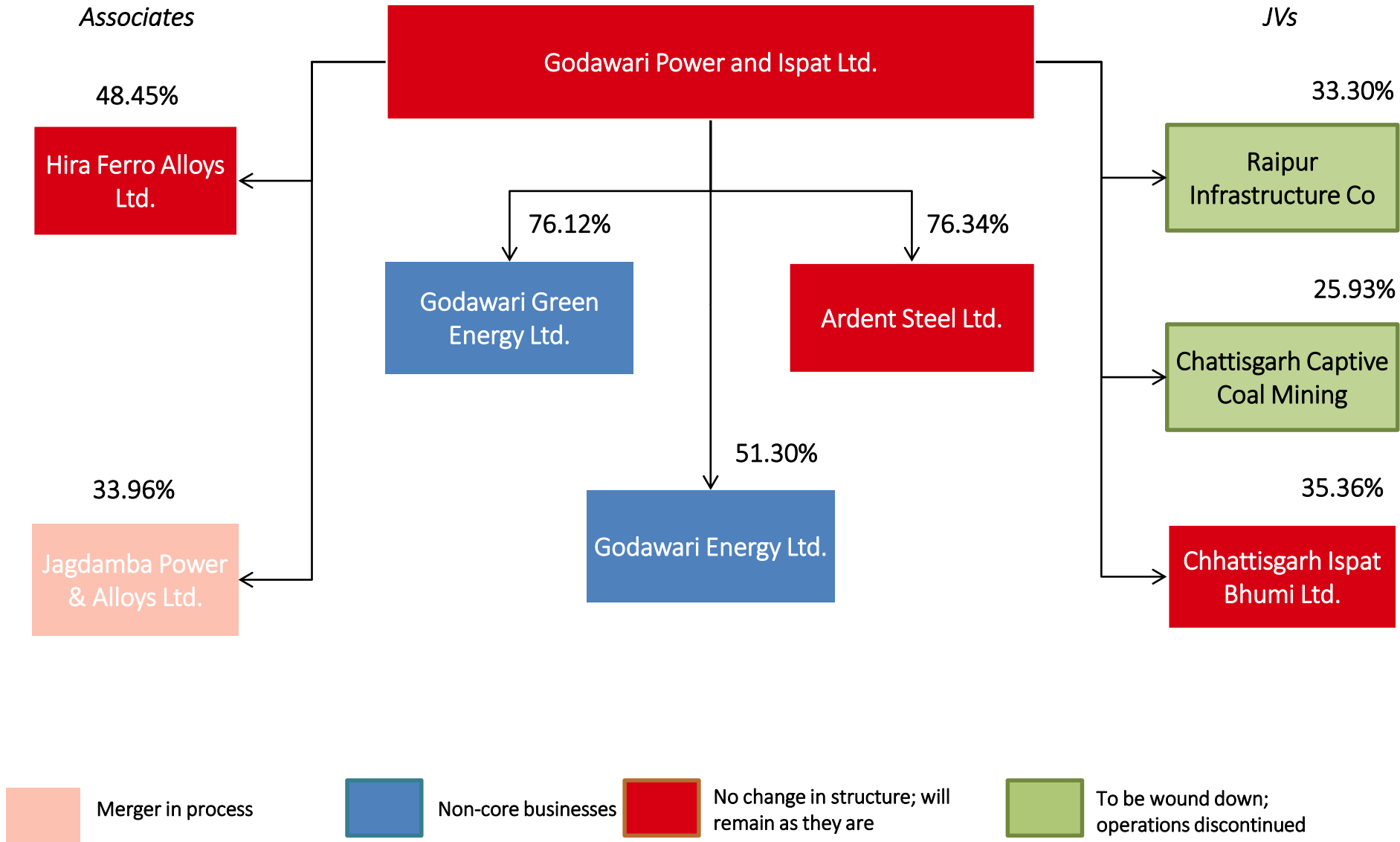


* Peers- Large cap steel companies

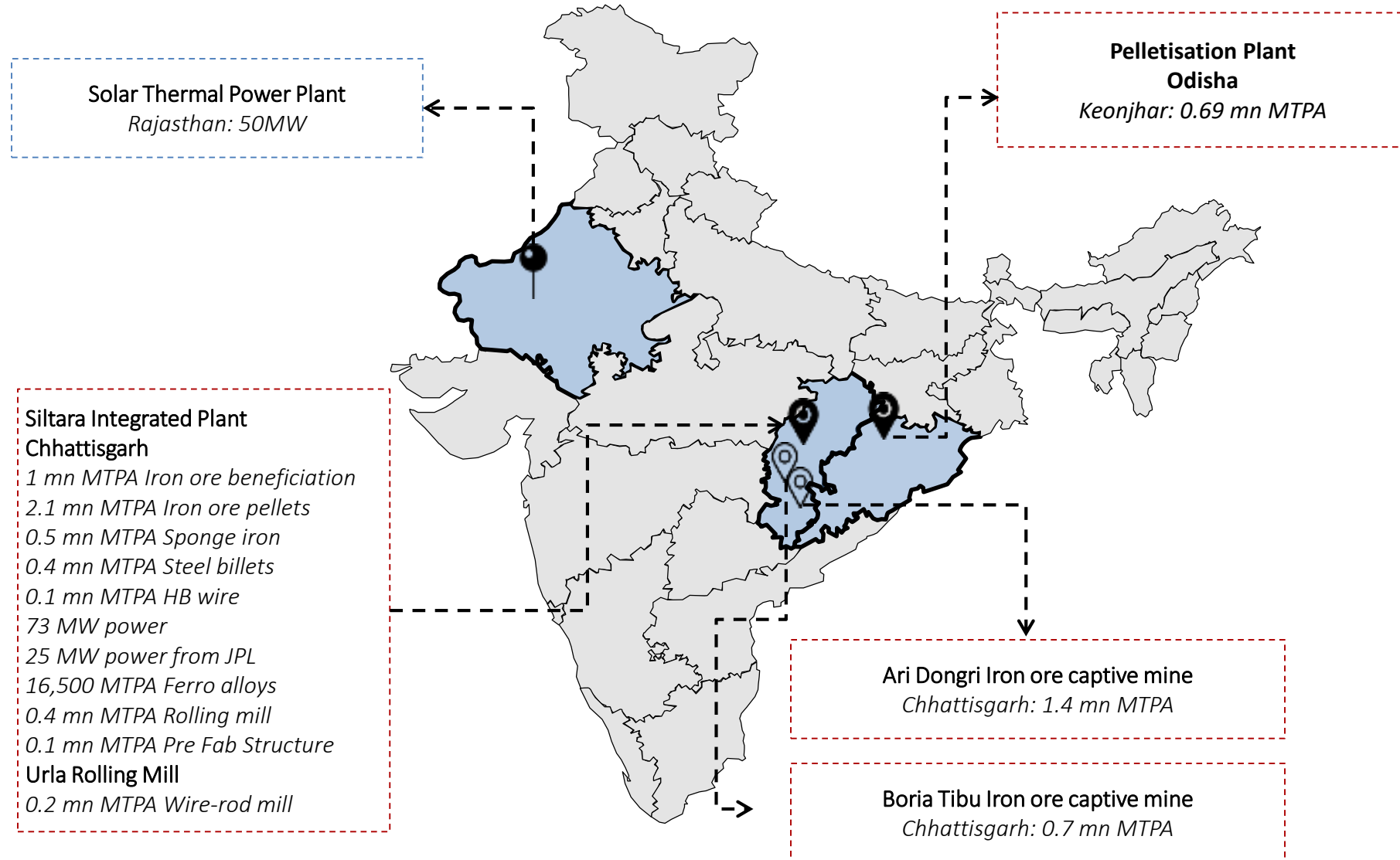
Improving Liquidity Ratios



Group Structure

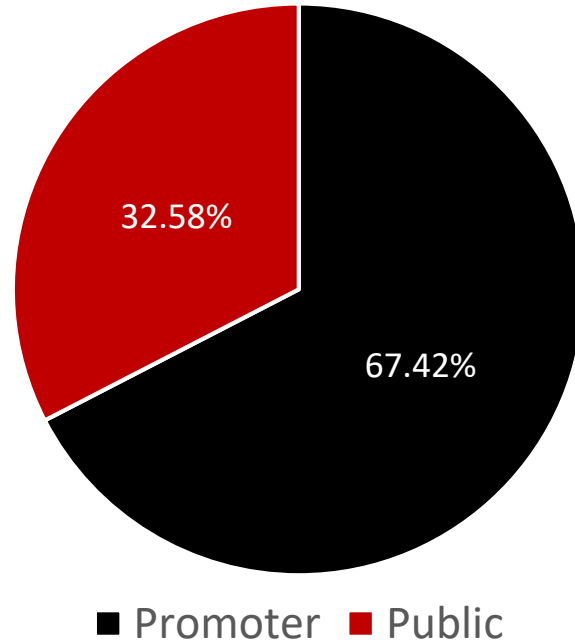


Large Portfolio of Long-life Assets



Shareholding Pattern as on June 2020

Shareholding Pattern



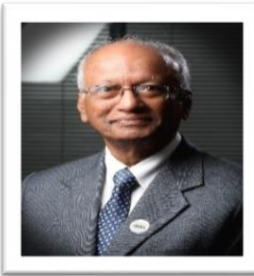
Break up of Shareholding Pattern

Shareholding	% of Total Sh.
Institution	0.54%
Non Institution	31.96%
Total	32.50%

Promoter Shareholding	% of Total Sh.
Pledge*	32.51%
Total	67.50%

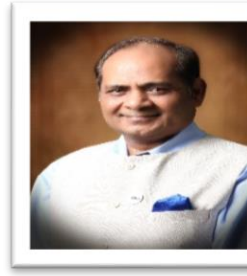
** Pledged with lenders as an additional collateral for working capital & long term loans taken by the company and is not on a mark to market basis. Thus there are no margin calls on account of fluctuations in stock price. The pledge has been with the banks for more than 10 years. Promoters has not availed any loan against the pledge of shares.*

Board of Directors



Mr Biswajit Choudhary (Chairman & Independent Director)

5 decades of experience in Engineering, Banking & Finance; Mechanical Engineering from IIT, Kharagpur



**Mr BL Agarwal
Managing Director**

- 1st generation entrepreneur with almost 4 decades of experience; Graduated as an electronic; started GPIL



Mr. Dinesh Agrawal (Executive Director)

2+ decades of association with GPIL; 2nd generation entrepreneur; Electrical Engineer; Overseeing setting up of captive power plant



Mr Abhishek Agarwal (Executive Director)

2nd generation entrepreneur; Masters in International Business from Leeds University, Started pellet plant in GPIL



Mr. Vinod Pillai (Executive Director)

2 decades of experience in Sales, Administration, Liaison & Logistics; Commerce graduate; plays vital role in commissioning of new projects of Hira Group of Industries



Mr. Siddharth Agrawal (Non-Executive Director)

Managing Director of subsidiary Godawari Green Energy Limited ; MBA with over 10 years of experience in various competencies

Board of Directors



Mr. Dinesh Gandhi
(Non-Executive Director)

3 decades of experience in
Accounts, Finance & Project
Financing; Chartered Accountant



Mr. Shashi Kumar (Independent
Director)

4+ decades of experience; B.Sc. In
Mining Engineering; Advisor to
NTPC, IFFCO & Chhattisgarh Power
Ltd



Mr. B N Ojha (Independent Director)
Bachelor of Electrical Engineering
from BIT Sindari with over 4
decades of experience; Member of
Export Committee, Department of
Atomic Energy, Govt of India



Ms. Bhavna G. Desai (Woman
Independent Director)

Over 2 decades of capital market
experience; Bachelor of Commerce
from University of Mumbai

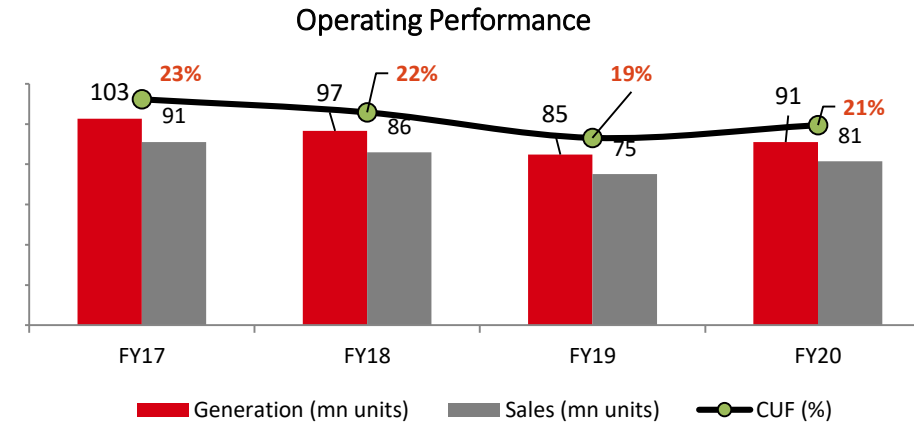


Mr. Harishankar Khandelwal
(Independent Director)

Almost 3 decades of experience in
corporate planning & strategy,
financial analysis, budgeting etc
Chartered accountant by profession

Subsidiary | Godawari Green Energy

- Facility located in village Naukh, Jaisalmer, Rajasthan
- GGEL has been set up to implement project awarded under Jawaharlal Nehru National Solar Mission, Phase I of Govt. of India
- The first plant to be commissioned in India & is operational since FY14
- Take-off arrangement under fixed price PPA with NTPC Vidyut Vyapar Nigam (NVVN) for 25 years at 12.20 per unit of power supplied
- Project debt structured under 5-25 scheme for infrastructure project thereby giving a repayment tenor of 15 years, beginning from September 2016
- Operating cash-flow of solar plant is self sufficient to meet its debt obligation, without resorting to GPIL standalone cash-flow.
- **GGEL paid its entire term loan commitment for FY21**

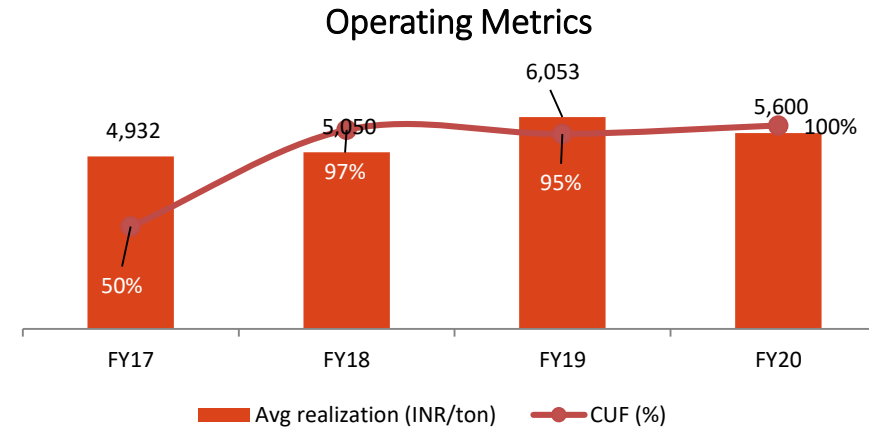


Summary Historical financials

Particulars (INR mn)	FY17	FY18	FY19	FY20
Net Sales	1,113	1,066	928	1003
EBITDA	1,025	899	762	840
EBITDA Margin (%)	92%	84%	82%	84%
Depreciation	308	311	304	296
Finance Costs	624	580	532	455
PAT	65	6	-10	-2
PAT Margin (%)	5.8%	0.6%	-	-

Subsidiary | Ardent Steel

- The company has a total production capacity of 0.69 mn MTPA pellet which located in Phuljhar, Keonjhar, Odisha
- The plant uses iron ore from the merchant mines in Barbil, located in the Keonjhar district
- The debt has also been restructured by the lenders for a for a tenor of 14 years starting FY17
- FY 20 – INR 340 mn has been repaid in current year against scheduled repayment of INR 25 mn. Reducing the term debt to 750 mn from 1,090 mn.
- Target to become Net Debt free company in FY21

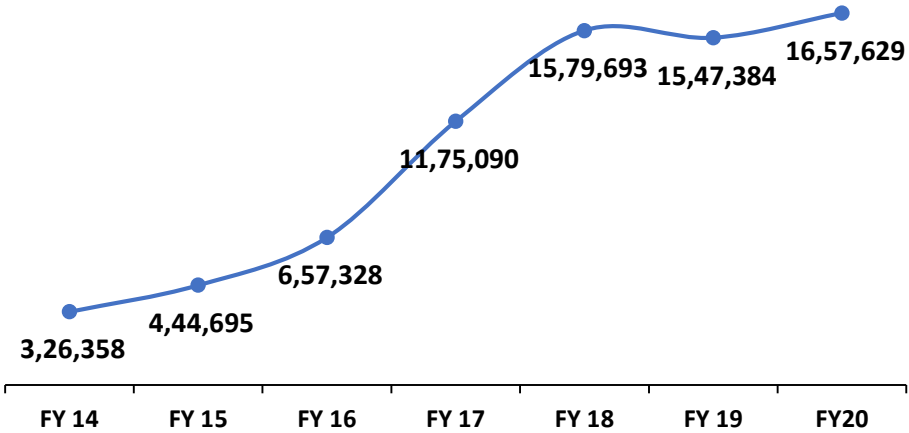


Summary Historical financials

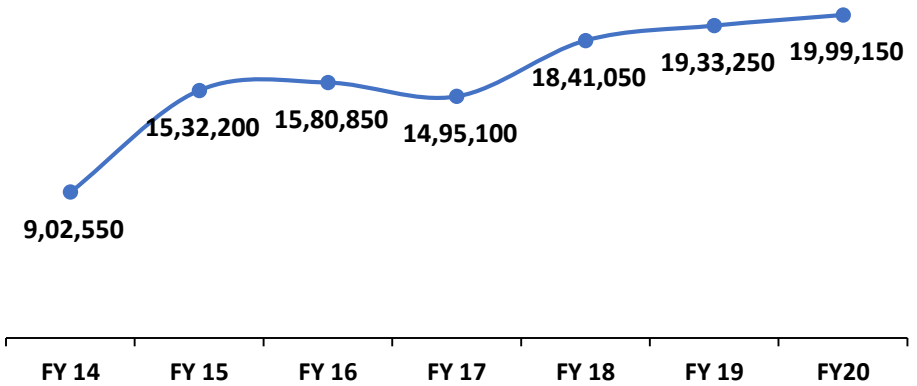
Particulars (INR mn)	FY17	FY18	FY19	FY20
Net Sales	1,471	2,966	3,540	4,171
EBITDA	280	764	915	1,013
EBITDA Margin (%)	19%	26%	26%	24%
Depreciation	111	112	120	157
Finance Costs	216	223	179	137
PAT	(32)	282	441	527
PAT Margin (%)	(2.2%)	9.5%	12%	13%

GPII Standalone – Past Operational Performance at a Glance...

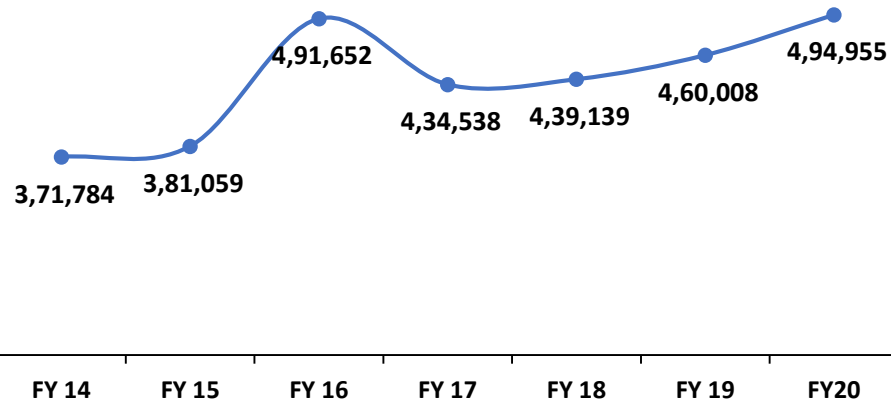
Trend of Iron Ore Mining (mt)



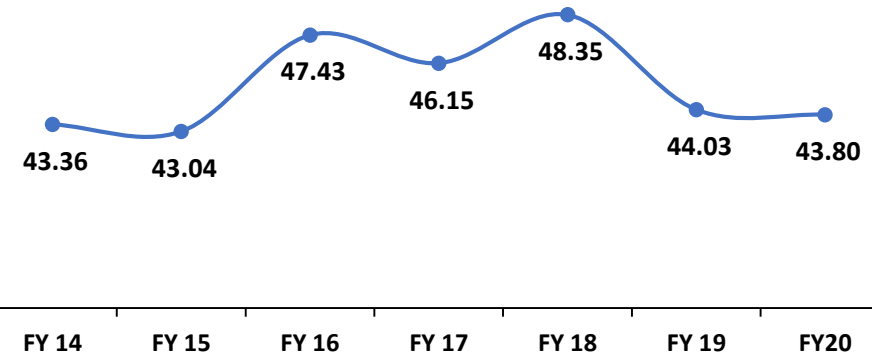
Trend of Pellets Production (mt)



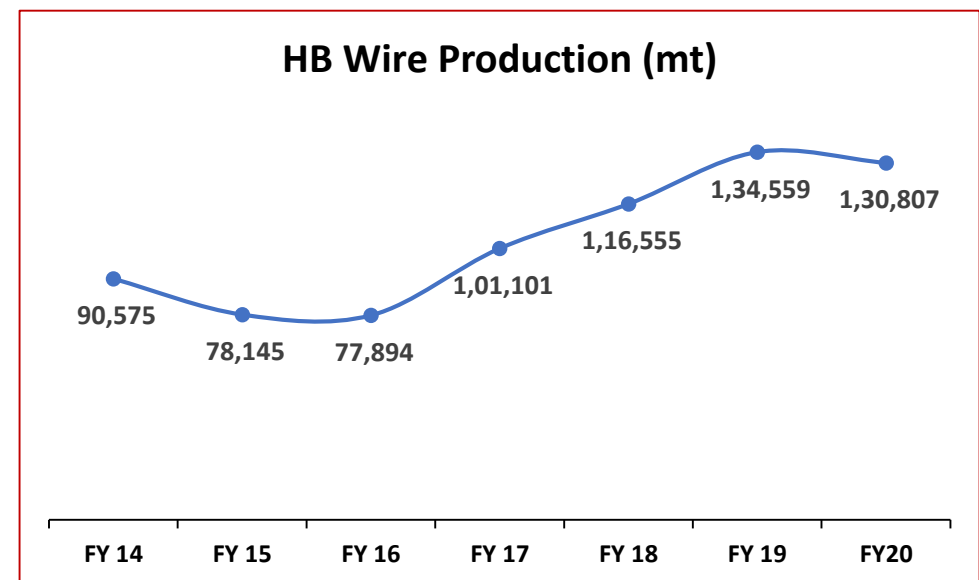
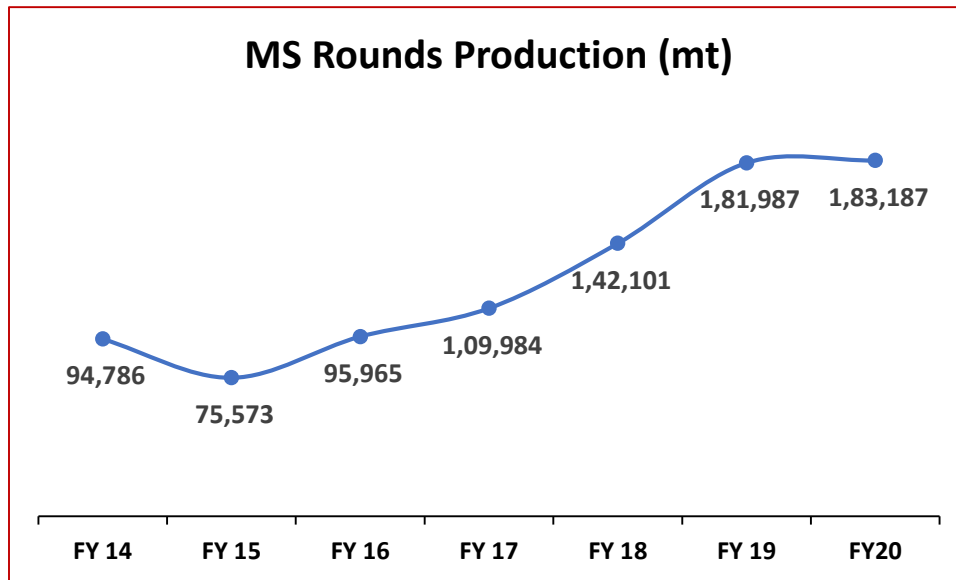
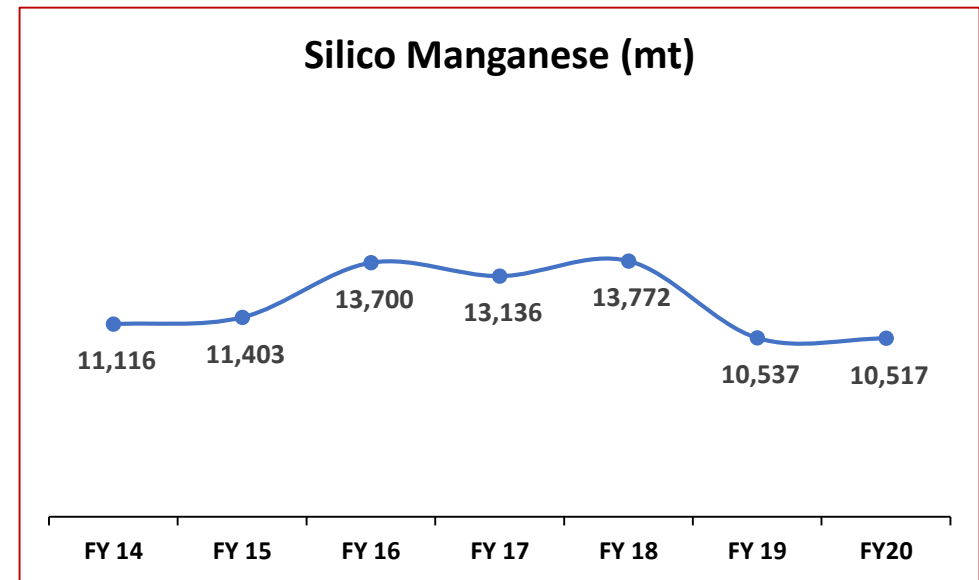
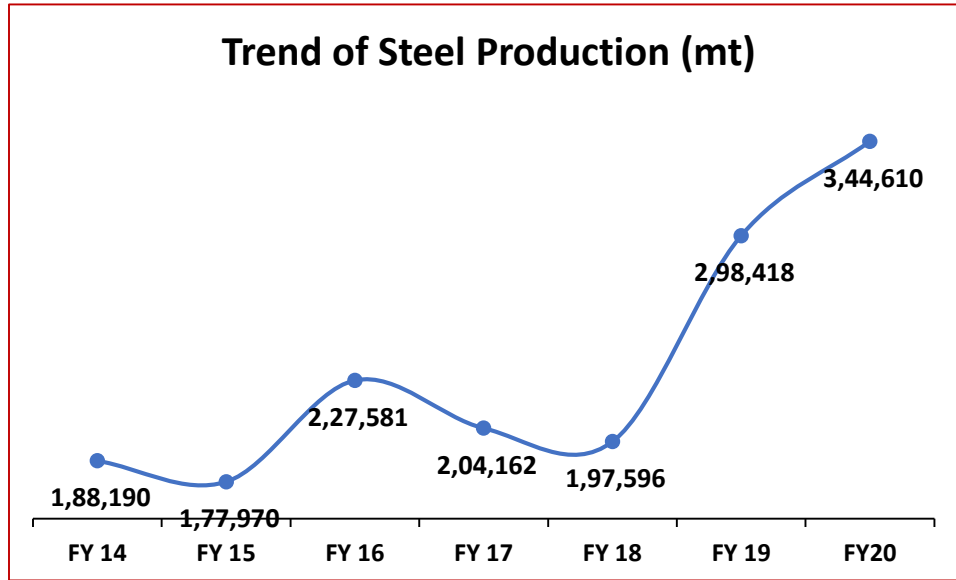
Trend of Sponge Iron Production (mt)



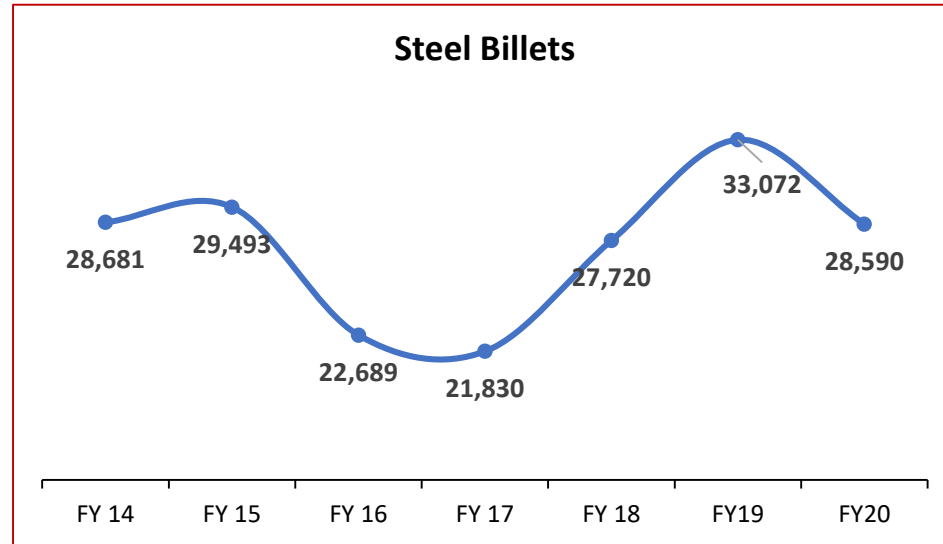
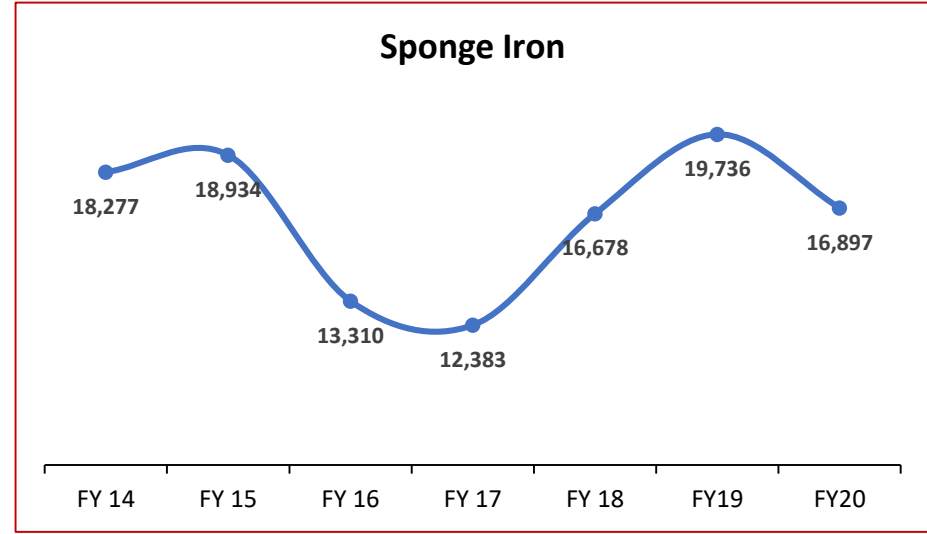
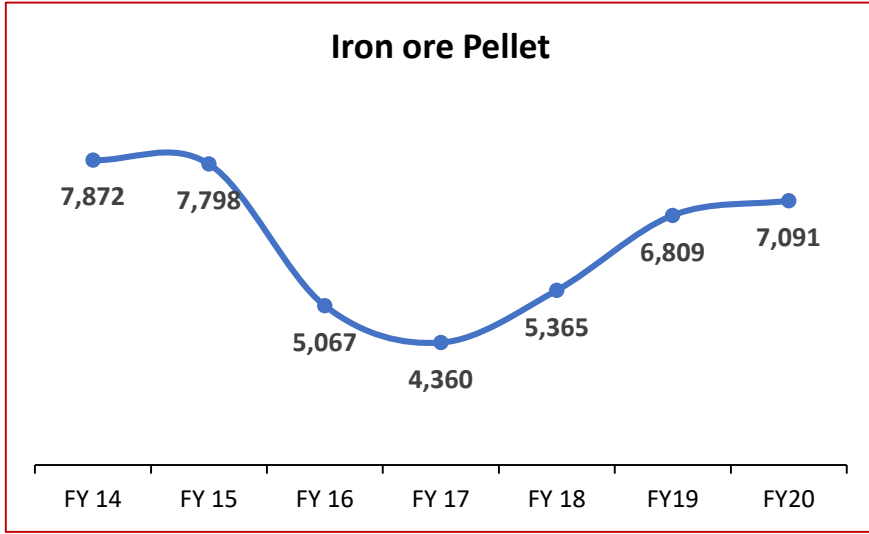
Trend of Captive Power Generation (kwh in cr)



GPII Standalone – Past Operational Performance at a Glance...

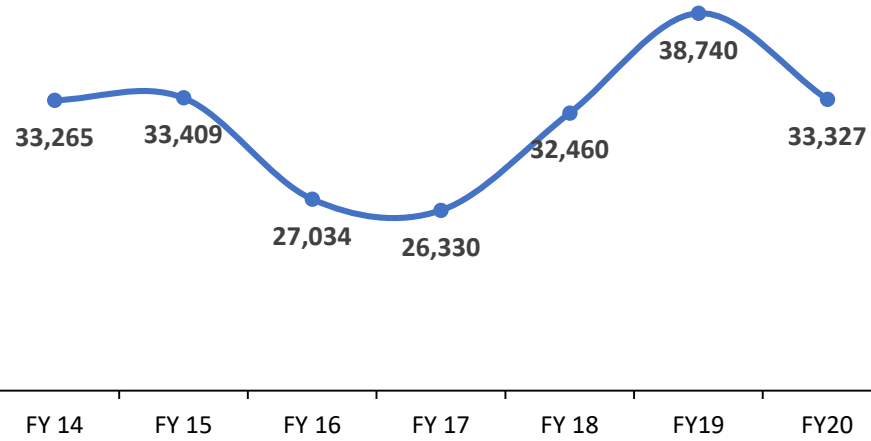


Past Sales Realisations

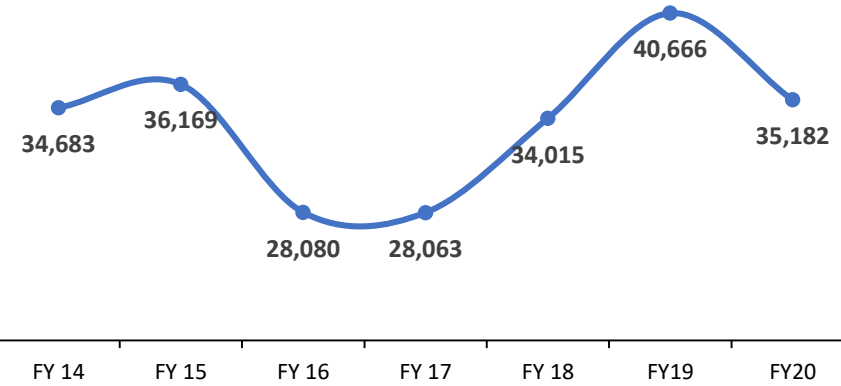


Past Sales Realisations

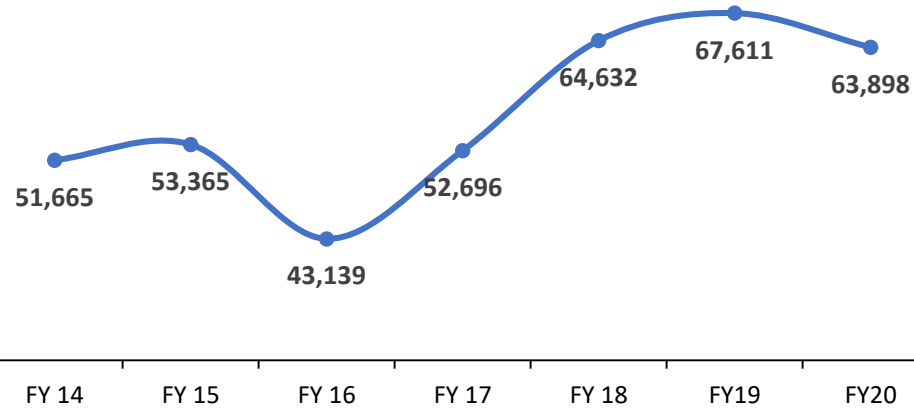
M.S. Round



H.B. Wire



Silico Manganese



GPII Consolidated – Historical Profit & Loss

Particulars (in Million)	FY20	FY19	FY18	FY17
Net Sales	32,885	33,216	25,274	19,941
Total Expenses	26,643	25,323	19,305	17,033
Other Income	47	58	87	153
EBITDA	6,289	7,952	6,056	3,061
EBITDA Margin (%)	19%	24%	23%	15%
Depreciation	1,369	1,329	1,318	1,201
Finance Costs	2,119	2,526	2,633	2,592
PBT	2,801	4,097	2,104	-729
Tax	954	1,529	-64	7
PAT	1,744	2,607	2,147	-736

GPII Consolidated – Historical Balance Sheet

Particulars (INR mn)	FY20	FY19	FY18	FY17
Net Worth	15,026	13,364	10,837	8,503
Non-Controlling Interest	1,773	1,672	1,604	1,533
Debt				
Long Term Debt	14,645	16,431	18,730	19,799
Short Term Debt	1,604	1,393	1,344	1,955
Other Long Term Liabilities	605	127	103	82
Current liabilities				
Accounts Payable	1,783	2,030	1,611	1,247
Other Current Liabilities (including current maturities of LT Debt)	1,153	1,766	1,892	948
Total Liabilities and Equity	34,815	35,111	34,517	32,532
Non Current Assets				
Net Fixed Assets	21,646	21,332	21,377	22,221
Other Long Term Assets	2,463	3,930	5,059	3,733
Current Assets				
Inventory	5,574	6,164	4,323	3,044
Accounts Receivable	1,768	1,669	1,558	1,136
Loans and Advances and Other Current Assets	1,700	1,628	1,678	1,889
Cash and Cash Equivalents (Including bank balances)	290	389	522	511
Total Application of Funds	34,815	35,111	34,517	32,532

Thank you

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