



GODAWARI POWER & ISPAT

Godawari Power & Ispat Limited

Q3FY21

Earnings Presentation

January 2021

Disclaimer

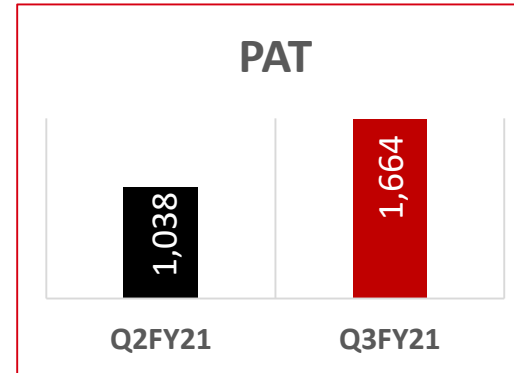
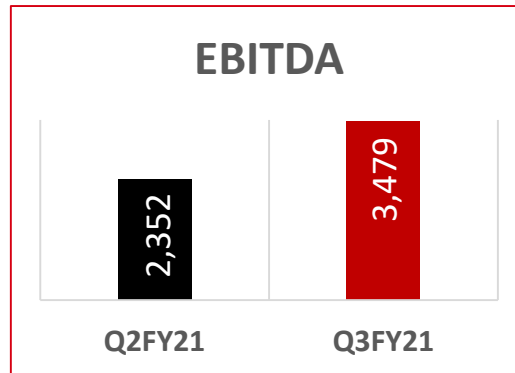
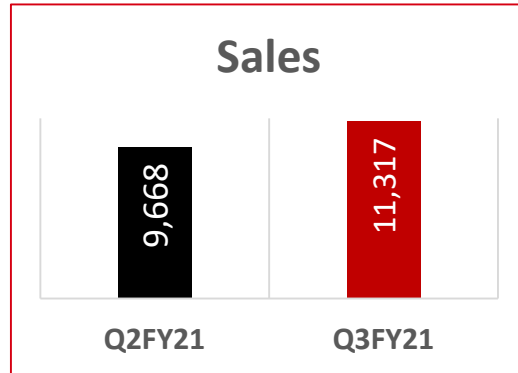
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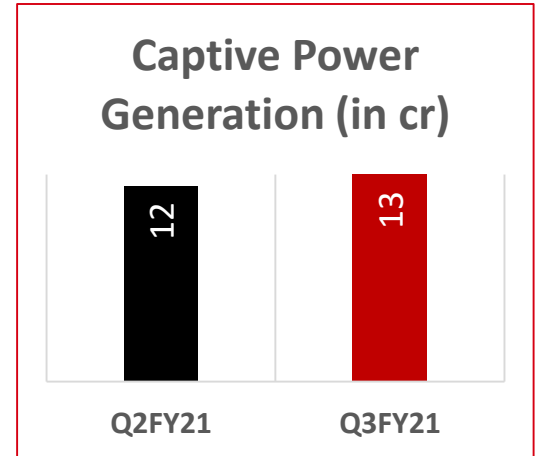
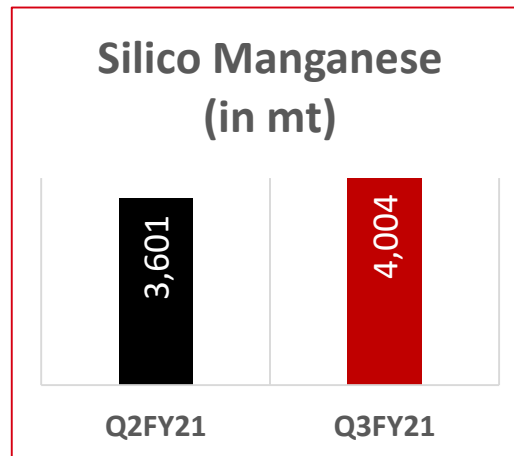
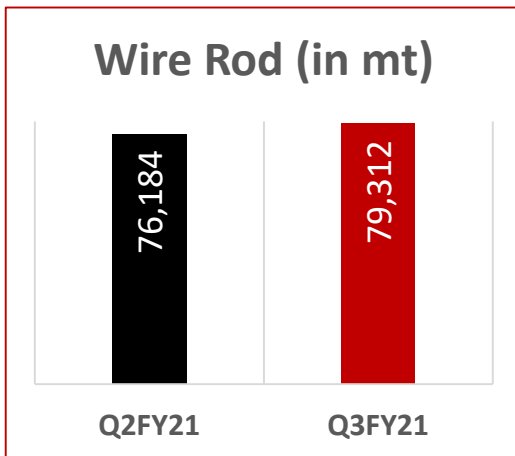
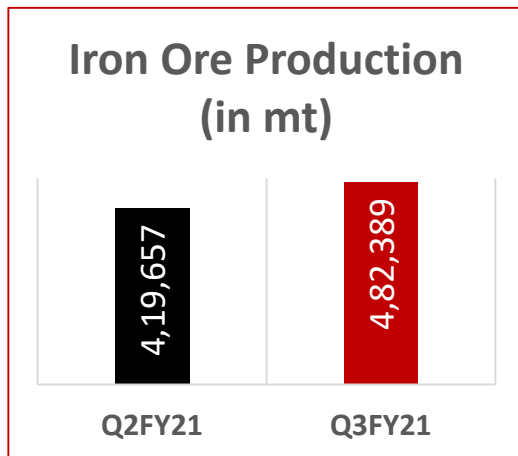
Highest ever Financial & Operating Performance; Debt down to long term sustainable level

Highest Ever Financial Performance (in Mn)



Credit Rating
A/STABLE
(by CRISIL)
(Standalone)

Highest Ever Quarterly Production (in MT)



Key Developments in Q3FY21

De-Leveraging –

- Long Term debt reduced by **43%** to INR 873 cr as on 30th January 2021
- Net Debt down to sustainable levels. Net Debt to Equity targeted to remain below 0.5x
- Repaid **INR 667 cr of long-term debt** YTFY21 against last full year repayment of INR 213 cr
- Interest cost reduced **16%** QoQ & **30%** YoY in Q3FY21 to INR **36 cr**
- Cost of borrowing reduced to average **9%** against 11% earlier.

Maiden Dividend post Restructuring

- Declared an interim dividend of **INR 5/share** - First dividend in last 5 years

Ardent Steel ("ASL"):

- Transaction completed; Ceases to be subsidiary from **27th December 2020**
- ASL became JV company with GPIL having 37.85% stake.
- Stake sale from partial disinvestment of Equity Shares resulted an Exceptional Income of **INR 63 Crores** in GPIL.

Strategic Update and Future Roadmap

Strategic Update

Future Roadmap

GPIL Standalone

- Best quarterly financial performance driven by strong operating performance
- Repaid INR 548 cr of LT debt till Jan 21 against last full year of INR 142 cr
- Debt brought down to considerably lower level

- MOU signed with Chhattisgarh government
- Moving up the value chain through internal accruals in a phased manner over 4-5 yrs
- Natural transition to integrated steel business
- Leverage portfolio flexibility to maximise profits

Ardent Steel

- Strategic tie up provided raw material sourcing strength
- ASL would be continue as an JV with GPIL having 37.85% stake
- Became long term debt free in this quarter

- Further strengthen raw material security
- Improve operational efficiency and look for growth opportunity
- Maximise dividend to GPIL

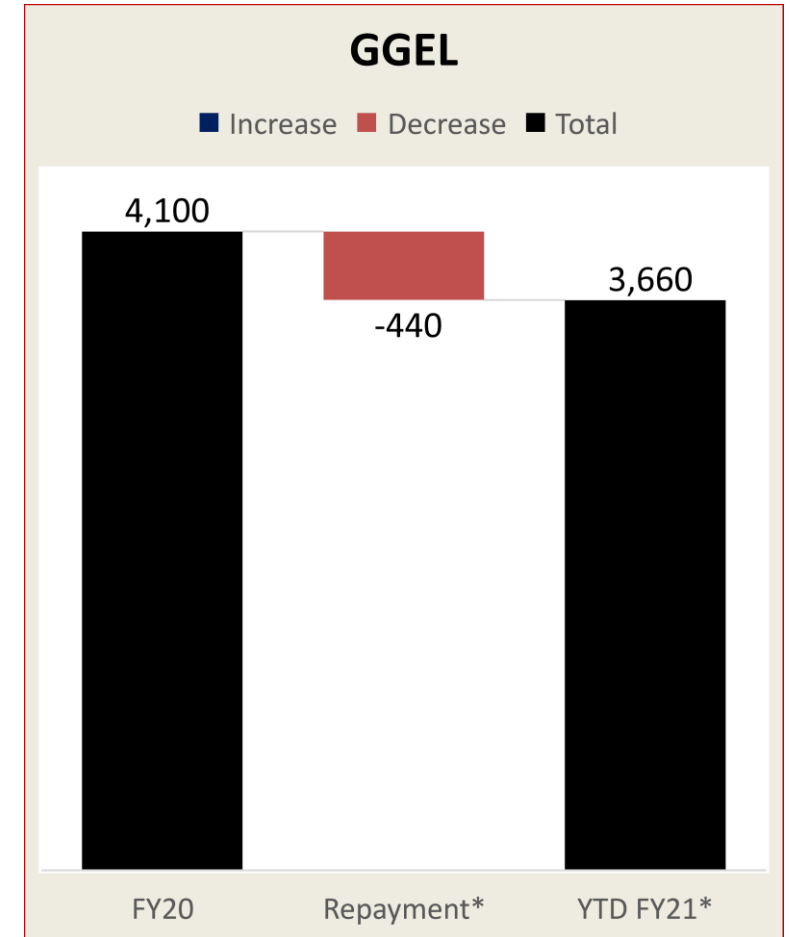
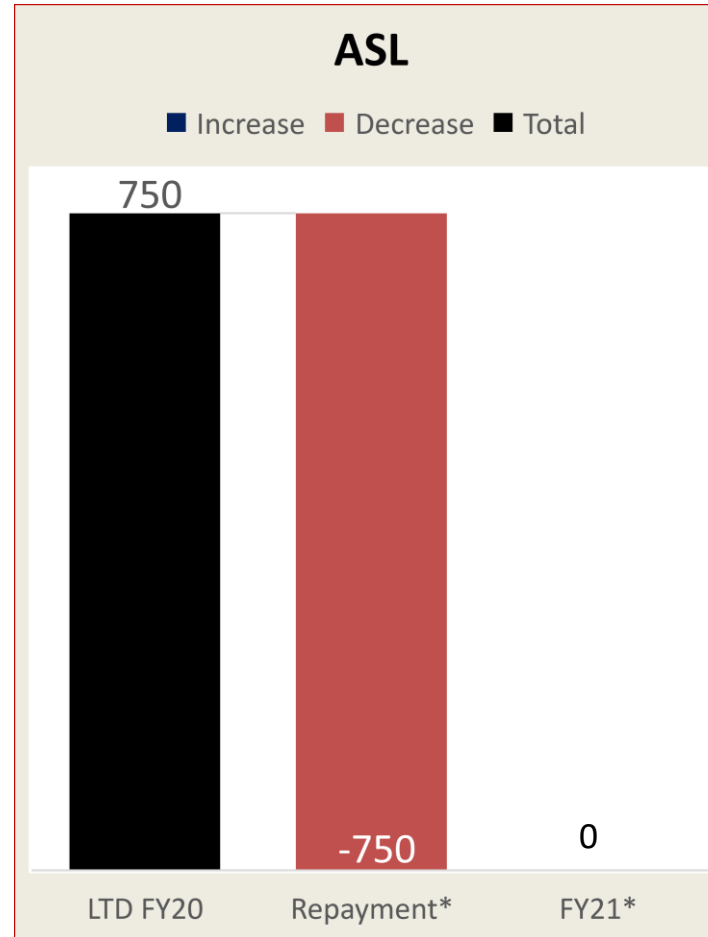
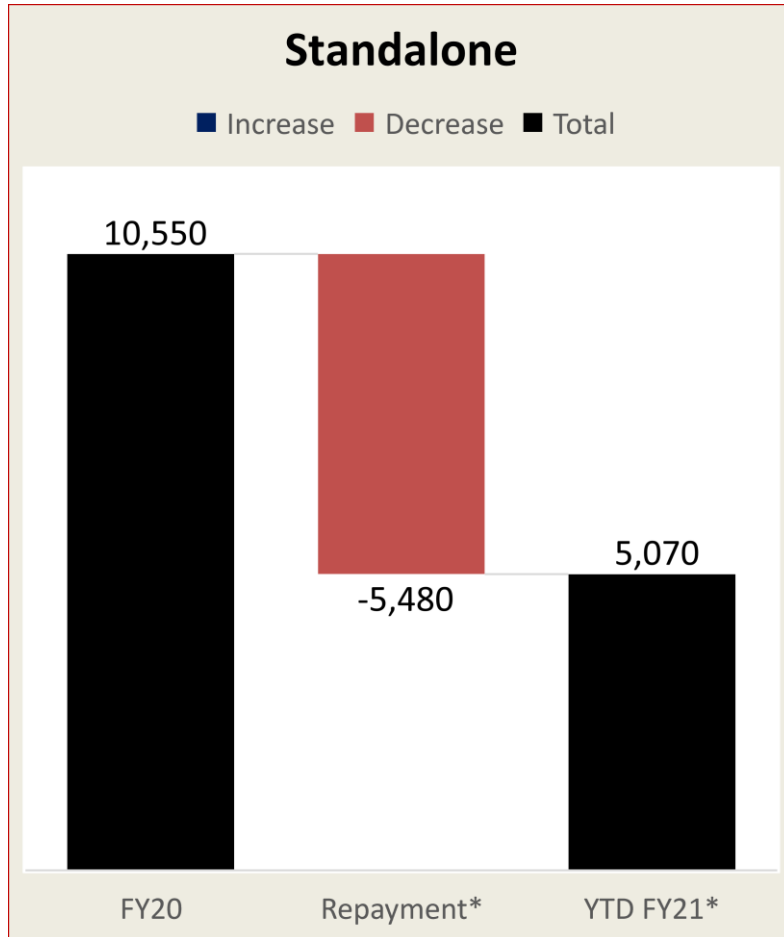
Godawari Green

- Debottlenecking to improve heat storage and extend operations by ~30 -60 mins per day
- Repayments done till Dec 21

- Continue to service own debt
- Continues to explore options to monetise the stake

Balance Sheet Strengthening

Repaid INR 6.7 Billion as on January in FY21; Long term debt reduced by 43%



Q3FY21 Production Summary

Production (in MT)	Q3FY21	Q2FY21	QoQ (%)	Q3FY20	YoY (%)	9MFY21	9MFY20	FY20
Iron ore Mining	4,82,389	4,19,657	15%	4,49,554	7%	12,23,853	12,05,754	16,57,629
Iron ore Pellets - GPIL	5,44,500	6,17,300	-12%	5,77,350	-6%	16,25,950	15,58,150	19,99,150
Iron Ore Pellets - ASL	1,97,419	1,01,354	95%	1,93,175	2%	4,83,922	5,16,914	6,87,360
Sponge Iron	1,46,133	1,52,406	-4%	1,24,572	17%	3,74,935	3,79,115	4,94,955
Steel Billets	1,00,590	1,00,660	0%	91,785	10%	2,57,760	2,47,540	3,44,610
M.S. Rounds	79,312	76,184	4%	48,893	62%	1,93,982	1,43,730	1,83,187
H.B. Wires	28,709	36,845	-22%	38,459	-25%	83,172	1,05,297	1,30,807
Silico Manganese	4,004	3,601	11%	965	315%	9,965	7,703	10,517
Pre- Fab Galvanized	6,877	9,917	-31%	7,999	-14%	21,615	25,472	30,477
Captive Power-GPIL (in cr)	13.0	12.3	6%	11.7	11%	32.3	33.8	44
GGEL - Solar Power (in cr)	2.3	2.5	-10%	1.7	29%	8.1	6.8	9.1

Q3FY21 Sales Volume Summary

Sales Volume (in MT)	Q3FY21	Q2FY21	QoQ (%)	Q3FY20	YoY (%)	9MFY21	9MFY20	FY20
Pellet - GPIL	3,59,708	4,24,494	-15%	3,83,680	-6%	11,65,484	10,73,107	7,23,077
Pellet - ASL	2,05,958	1,09,967	87%	1,94,365	6%	4,96,092	5,37,977	7,42,332
Sponge Iron	33,975	39,250	-13%	29,888	14%	81,509	1,16,737	1,31,419
Steel Billets	37,836	35,287	7%	42,103	-10%	94,455	1,05,370	1,63,381
M.S. Round	50,134	35,924	40%	20,953	139%	1,08,791	60,504	80,297
H.B. Wire	28,706	34,572	-17%	37,402	-23%	84,218	1,03,536	1,29,015
Silico Manganese	3,256	2,222	47%	774	321%	7,313	5,873	7,210
Pre-Fab Galvanized	7,089	7,005	1%	7,273	-3%	19,362	20,768	31,858
GGEL Solar Power	2.0	2.2	-8%	1.6	31%	7.3	6.1	8.1

Q3FY21 Realisation Summary

Realisation	Q3FY21	Q2FY21	QoQ (%)	Q3FY20	YoY (%)	9MFY21	9MFY20	FY20
Iron Ore Pellet - GPIL*	9,037	7,059	28%	5,743	57%	7,343	4,369	6,259
Iron Ore Pellet - ASL	8,070	5,817	39%	5,178	56%	6,689	5,582	5,600
Sponge Iron	22,575	17,854	26%	15,969	41%	19,542	16,611	16,897
Steel Billets	35,171	29,298	20%	26,465	33%	31,357	27,962	28,590
M.S. Round	37,195	32,871	13%	30,459	22%	34,831	33,566	33,327
H.B. Wire	37,924	34,937	9%	32,564	16%	35,572	35,200	35,182
Silico Manganese	59,396	60,355	-2%	58,042	2%	60,320	64,060	63,898
Pre-Fab Galvanized	59,183	56,804	4%	59,429	0%	57,473	61,984	58,616
GGEL (in Cr)	12.2	12.2	0%	12.2	0%	12.2	12.2	12.2

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

GPII Consolidated - Profit & Loss

Particulars (in Mn)	Q3FY21	Q2FY21	QoQ (%)	Q3FY20	YoY (%)	9MFY21	9MFY20	FY20
Net Sales	11,317	9,668	17%	8,368	35%	28,097	24,985	32,885
Total Expenses	7,846	7,323	7%	7,082	11%	20,704	20,298	26,643
Other Income	8	7	17%	38	-78%	26	70	47
EBITDA	3,479	2,352	48%	1,323	163%	7,419	4,757	6,289
EBITDA Margin (%)	30.7%	24.3%		15.8%		26.4%	19.0%	19.1%
Depreciation	359	363	-1%	335	7%	1,078	1,018	1,369
Finance Costs	364	434	-16%	516	-30%	1,264	1,622	2,119
PBT	2,756	1,556	77%	472	484%	5,077	2,117	2,801
Exceptional Item	-	-	-	-	-	-	-	103
Tax	1,092	518	111%	169	548%	1,872	715	954
PAT *	1,664	1,038	60%	303	448%	3,205	1,402	1,744
EPS (INR)	45.64	29.55	54%	8.41	443%	88.39	37.86	47.33

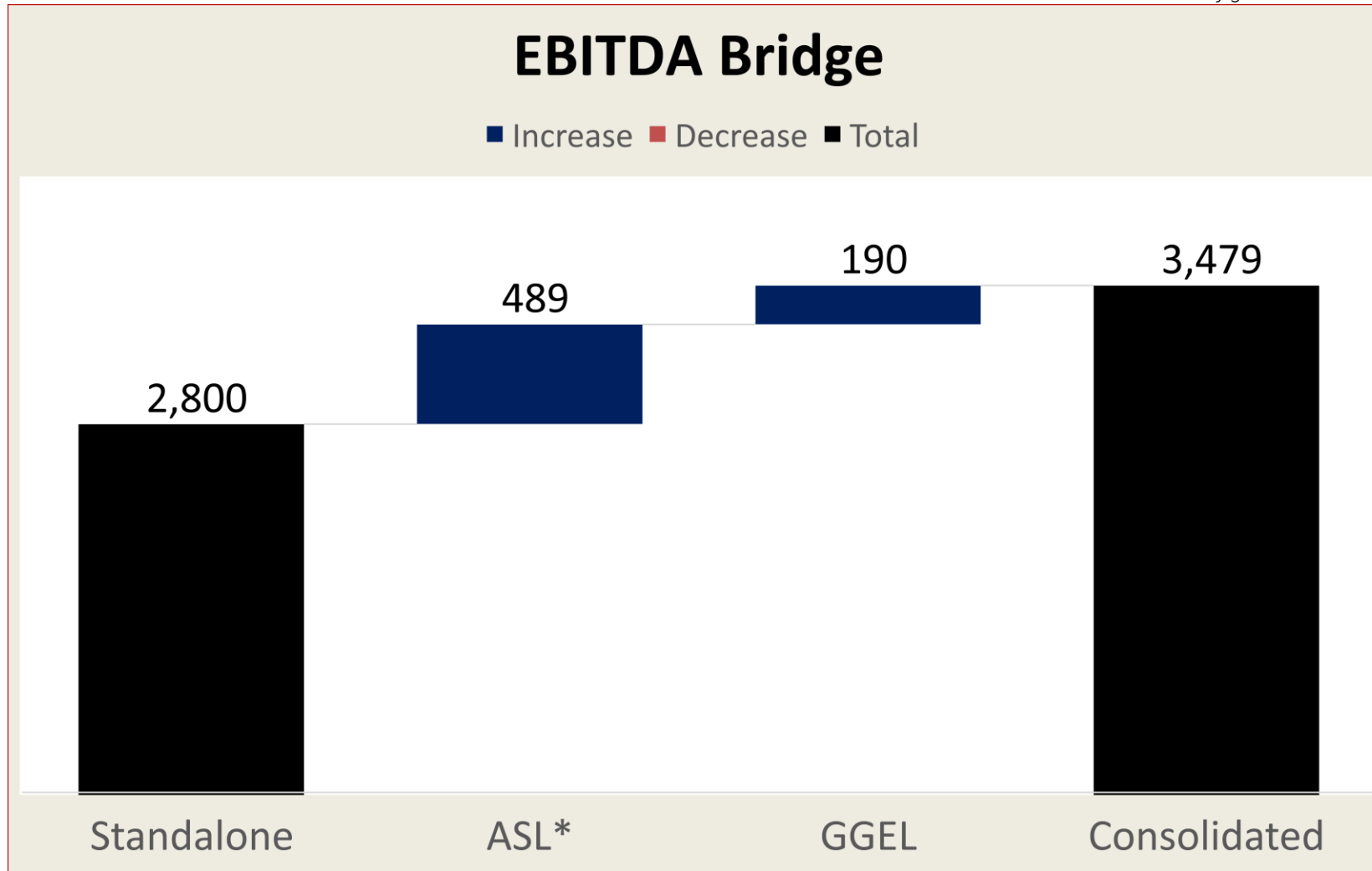
* Includes JV income

GPII Standalone - Profit & Loss

Particulars (in Mn)	Q3FY21	Q2FY21	QoQ (%)	Q3FY20	YoY (%)	9MFY21	9MFY20	FY20
Net Sales	9,538	8,765	9%	7,187	33%	24,042	21,273	27,740
Total Expenses	6,744	6,765	0%	6,228	8%	18,286	17,926	23,340
Other Income	7	5	31%	11	-37%	21	26	29
EBITDA	2,800	2,004	40%	970	189%	5,777	3,373	4,429
EBITDA Margin (%)	29.4%	22.9%		13.5%		24.0%	15.9%	16.0%
Depreciation	245	246	0%	234	5%	734	694	916
Finance Costs	260	316	-18%	380	-32%	913	1,183	1,537
PBT	2,296	1,443	59%	357	544%	4,130	1,497	1,976
Exceptional Gain	630	-		-		630	-	-
Tax	895	501	79%	146	515%	1,542	552	762
PAT	2,030	942	116%	211	863%	3,218	945	1,214
EPS (INR)	59.52	26.72	123%	6.18	863%	91.33	27.69	34.45

Highest ever quarterly EBITDA at standalone & consolidated level

All figures in INR MN



* ASL ceased to be subsidiary effective 28th December 2020 consequently, EBITDA up to 27th December 2020 included at consolidated level. ASL have now become JV with GPIL having 37.85% stake. Henceforth will be consolidated as JV.

International & Domestic Tailwinds

International Market

- Iron ore prices have climbed from a low of US\$ 80/t seen in April'20 to US\$ 173/t, touching 9 year high. Current Iron ore prices are trading at US\$ 156/t.
- Pellet prices have been tracking higher iron ore prices and have remained strong at US\$205/t CIF China.
- China has refrained from import of Australian coking coal given the political tension which led to increase in cost for Chinese steel mills resulting higher margins for rest of the world steel makers.

Domestic Market

- Indian iron ore prices have doubled in last 6 months to 5900/t for 62% Fe (Orissa iron ore fines). Indian iron ore prices are still at a steep discount to global iron ore prices and hence there is still scope for Indian prices to go up down.
- Indian iron ore cost curve has bumped 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. Out of 19 iron ore mines put in leases, 11 mines have started production till Nov'20, 3 mines have been cancelled, 2 mines are under litigation
- Pellet prices in India have hit 10 year high. Domestic Pellet demand & prices are on rise due to shortage of iron ore. Current pellet prices are trading close to 11800/t for 64%/63% Fe.
- With increase in domestic demand GPIL has shifted sale in local market and reduced export volumes. Majority of pellet are now sold in domestic markets.

Iron Ore Taking Away Large part of Steel Spreads

Steel Spreads – still below peak



As Iron ore Prices – take away profits

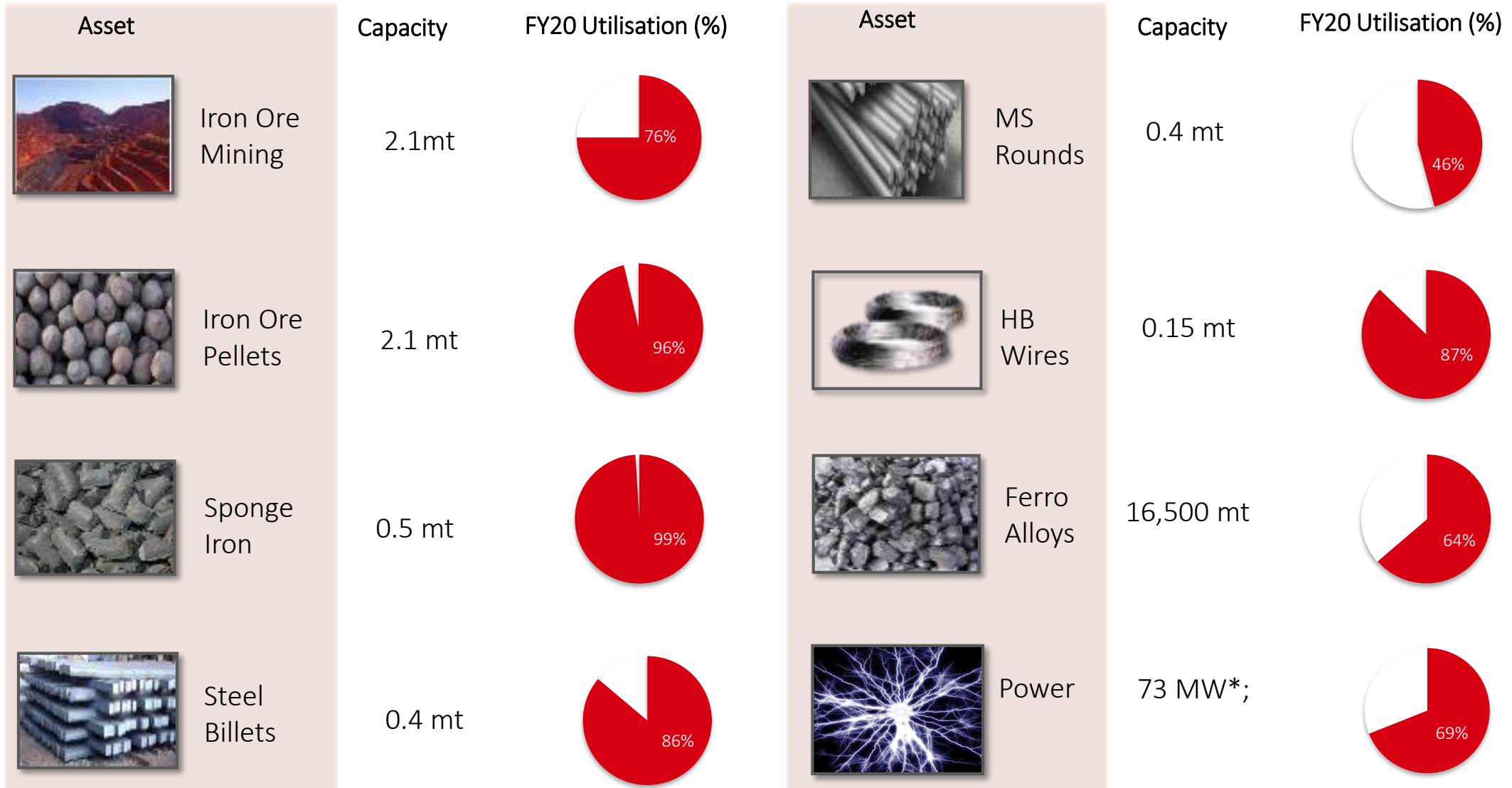


Source: SteelMint, GIA Research

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

TTM H1FY21
Revenue Flat YoY
EBITDA Margin: 21%

TTM H1FY21
ROE: 33%
Net Debt/Equity: 0.8x
Int. Coverage: 3.5x

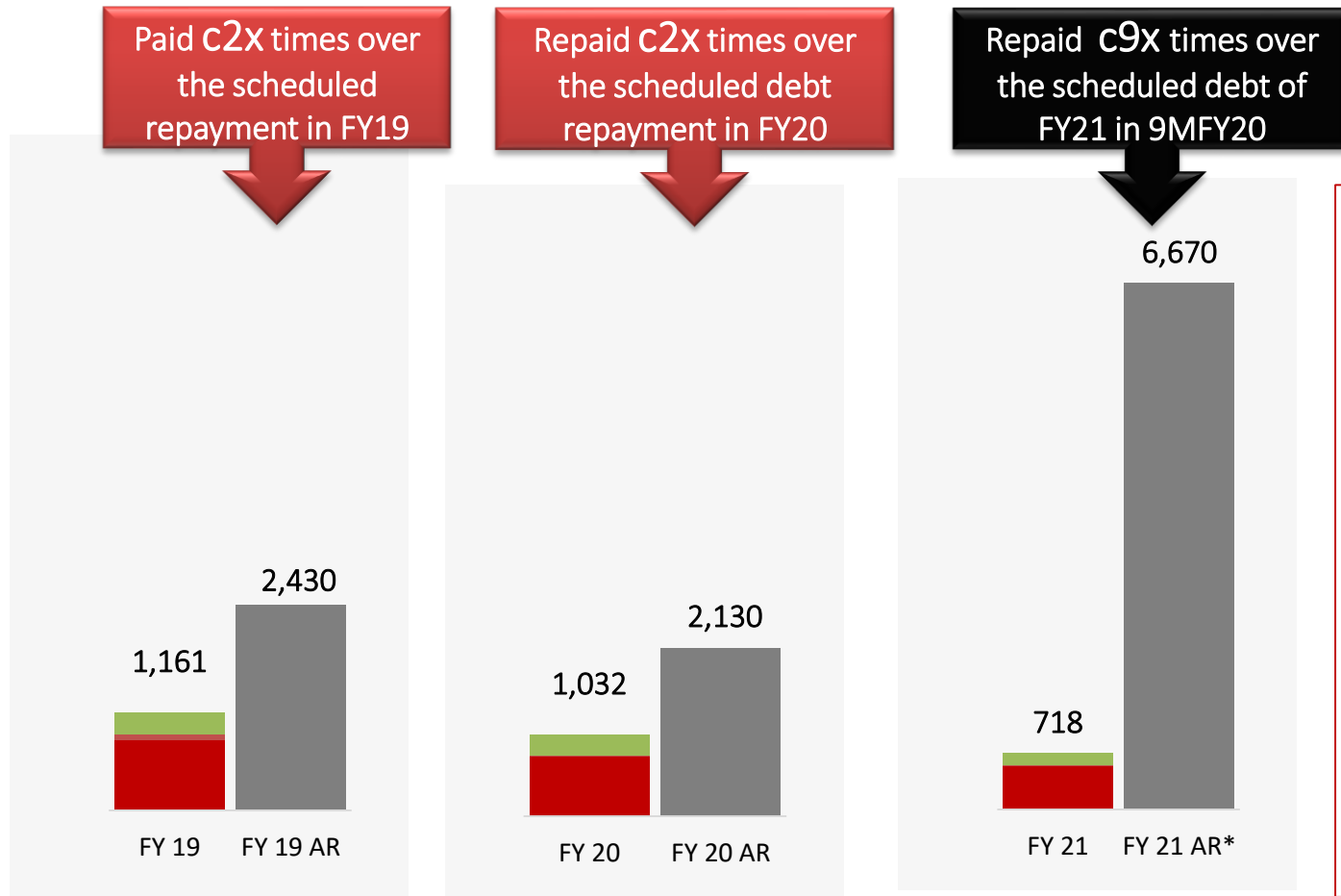


Balance Sheet De-Leveraging

Net Debt to equity Reduced to 0.8x from 3x in 2017; **Target <0.5x**

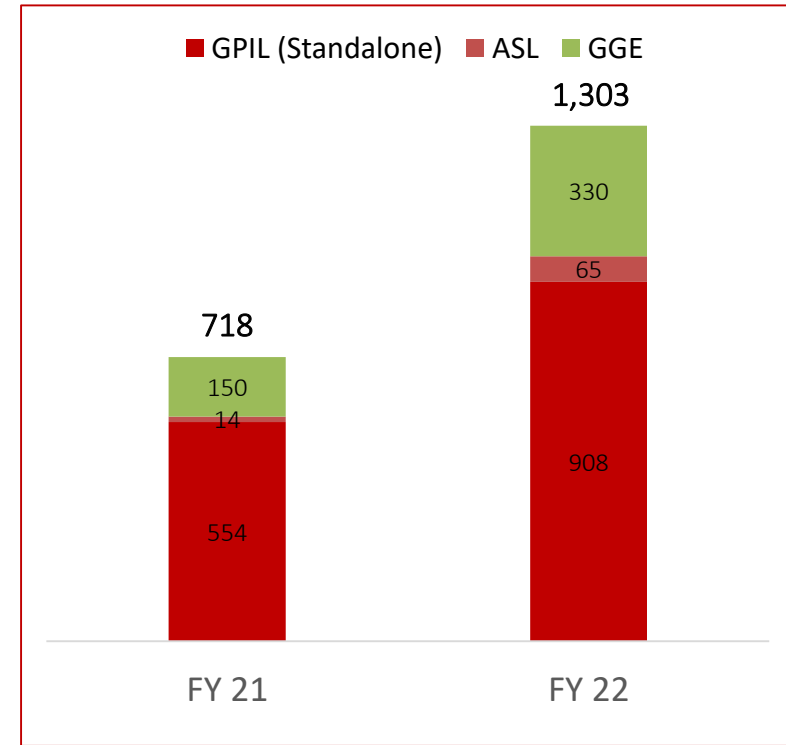
Credit Rating Updated to **A/Stable** from BBB+, By Crisil (Standalone)

Long Term Debt Reduced by 50% in last 2 Years



All figures in INR MN

Debt Repayment Schedule



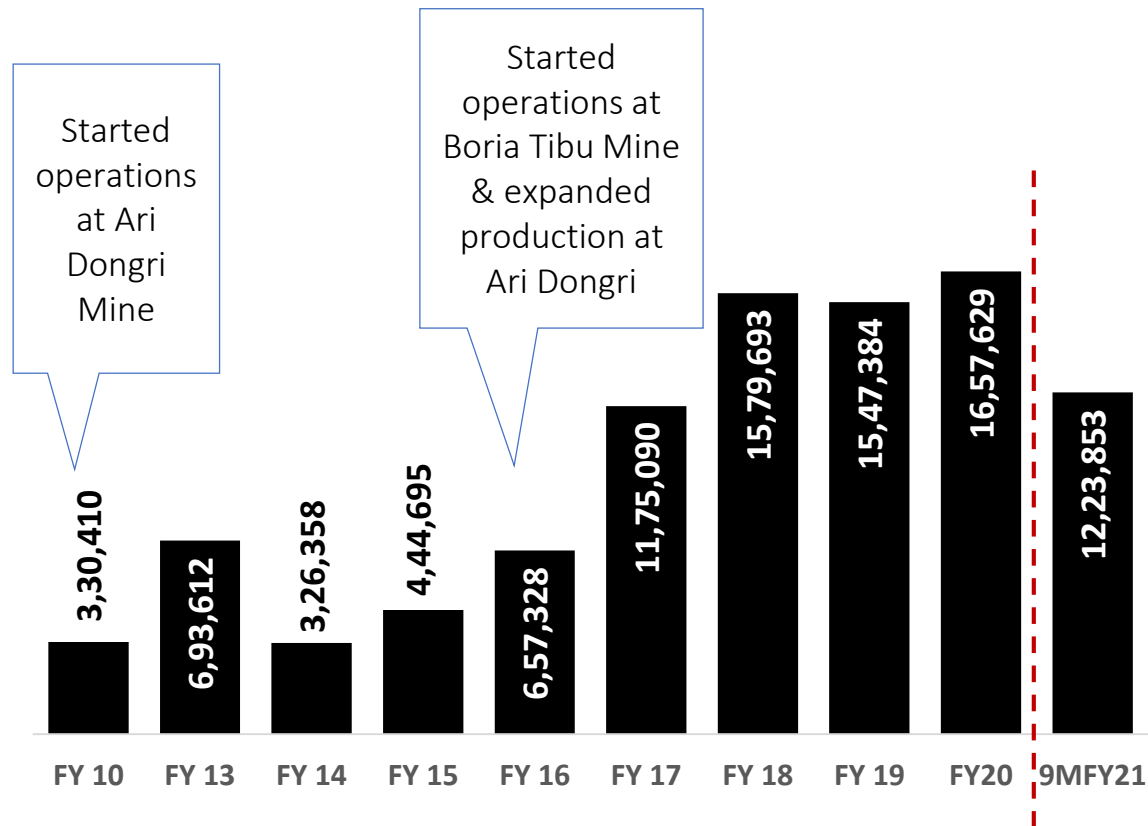
Consistently making Higher than scheduled repayments over last 3 Years

* As on Jan 2021

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.

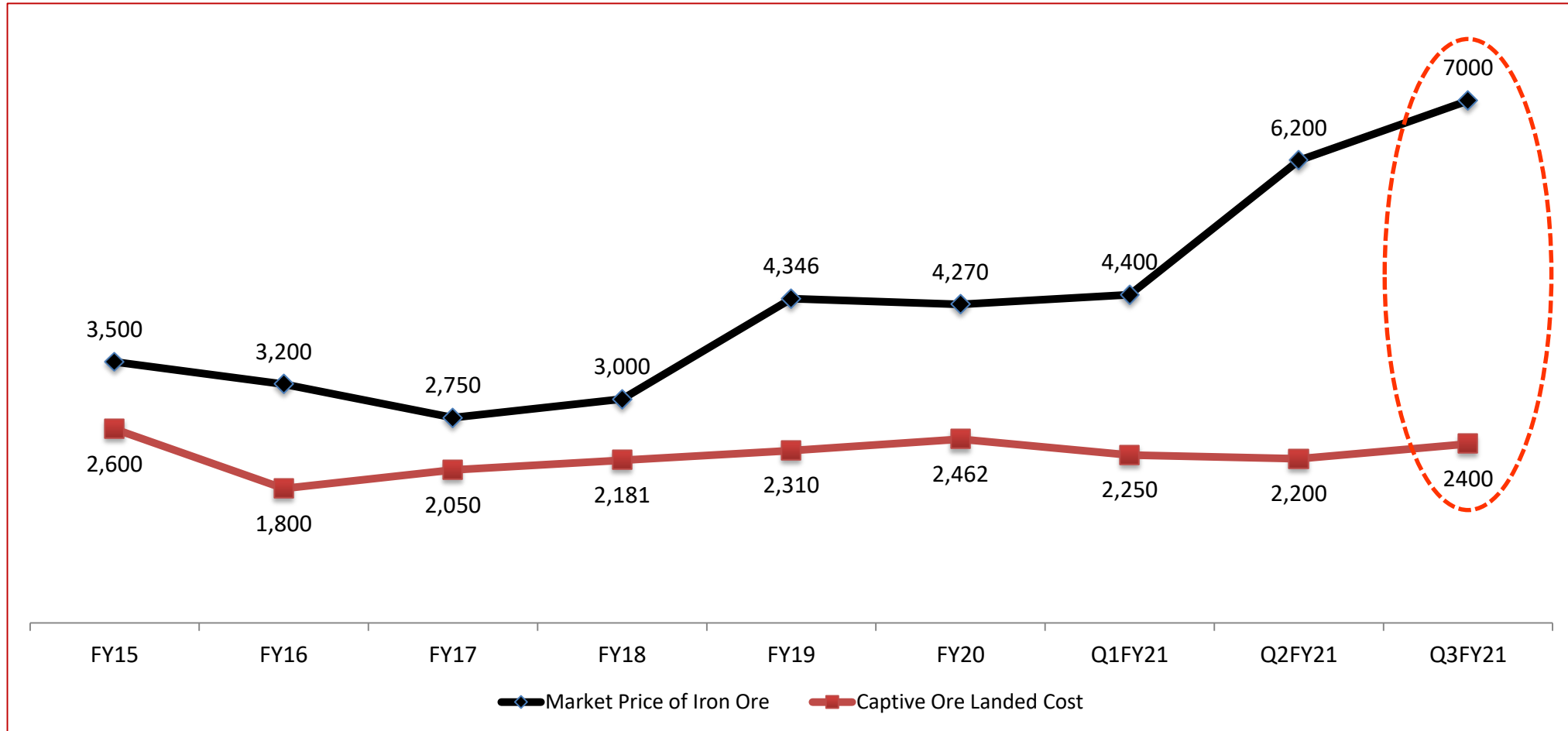
Power

- 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

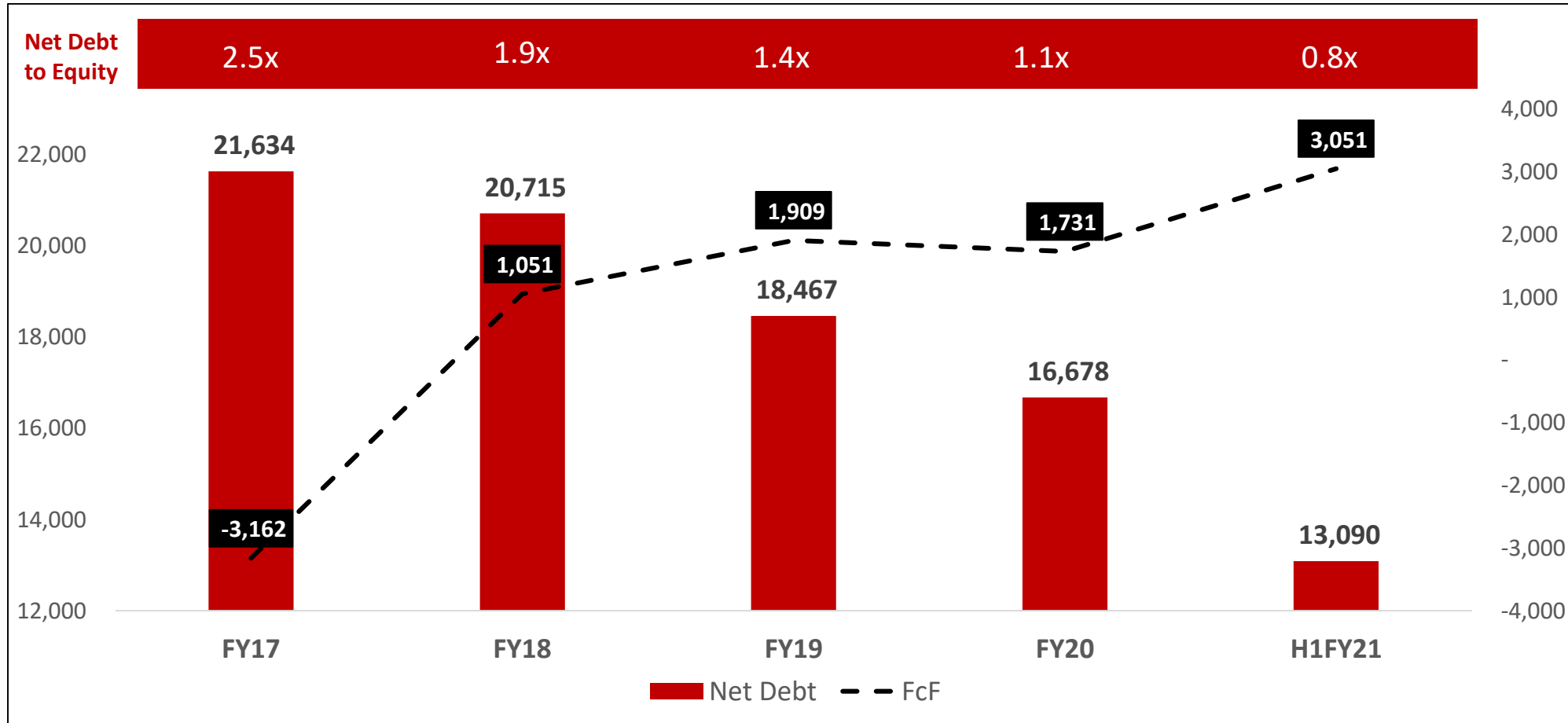
- Agreement with Chhattisgarh Ispat Bhoomi Ltd to draw 10,000 KL of water/day

Captive Mining Leading To Huge Raw Material Costs Saving



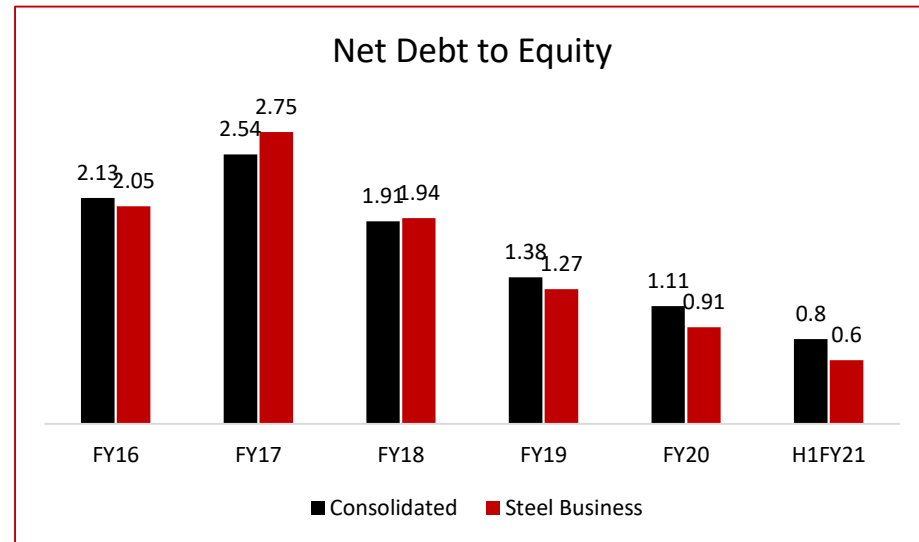
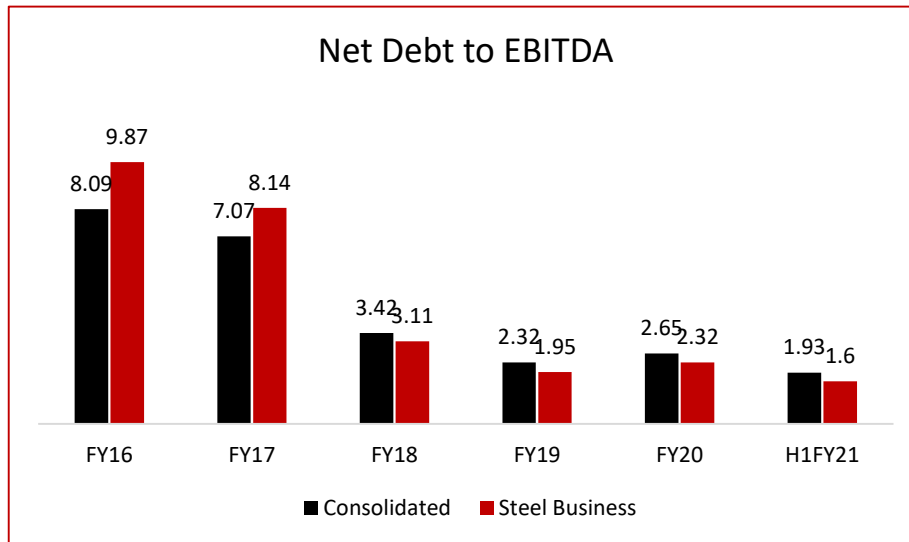
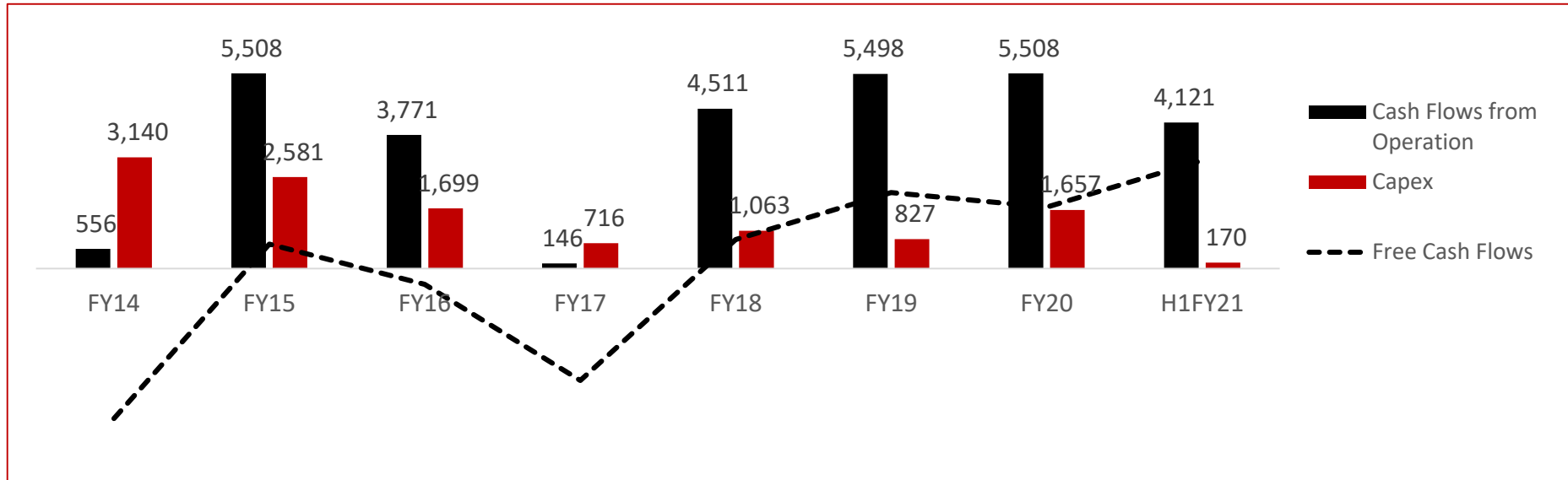
Focussed on Value Creation: Net Debt Reducing & FCF increasing

All figures in INR MN

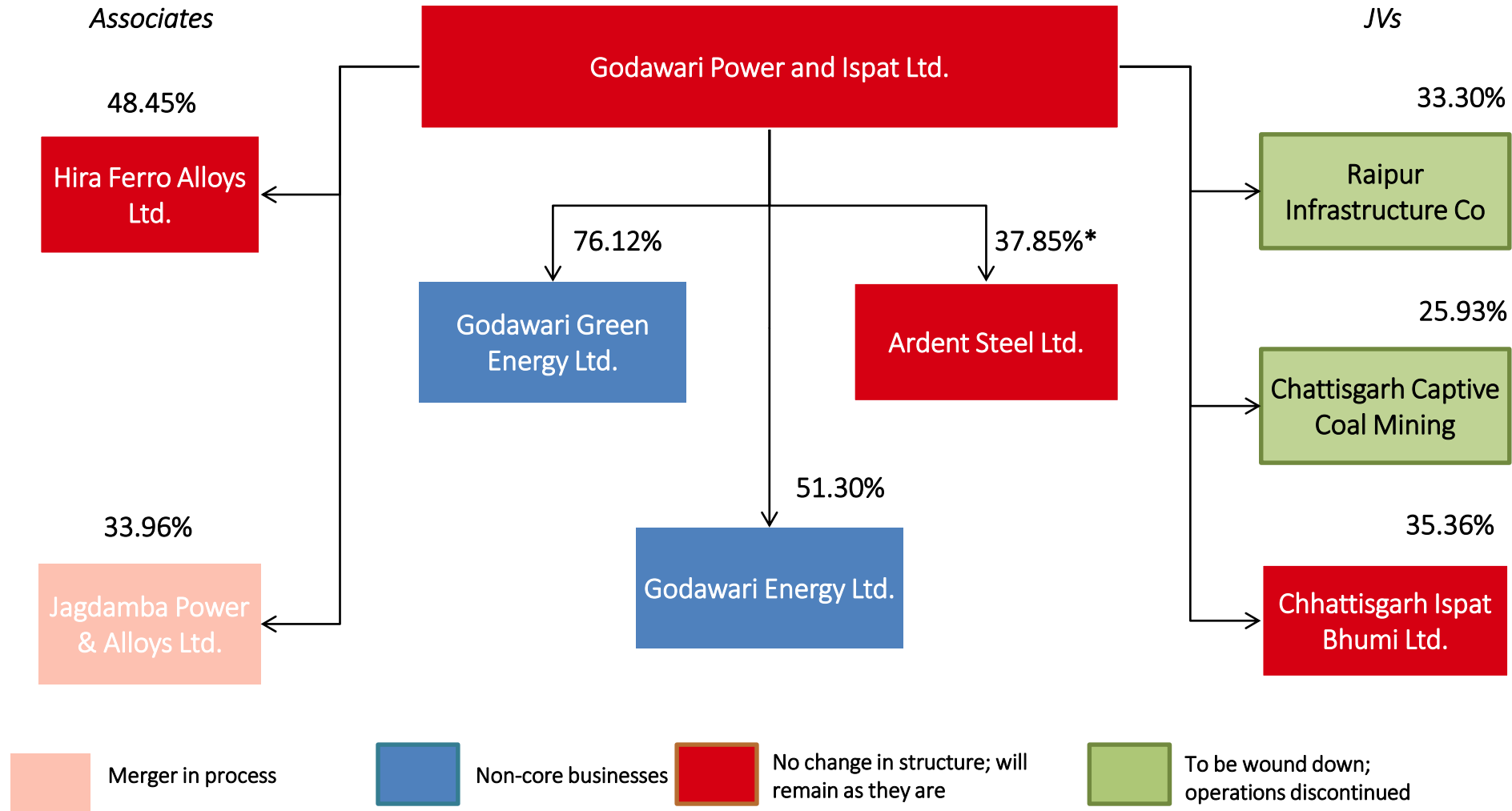


*FcF = Free Cashflow from operation – capex - interest cost

Improving Liquidity Ratios

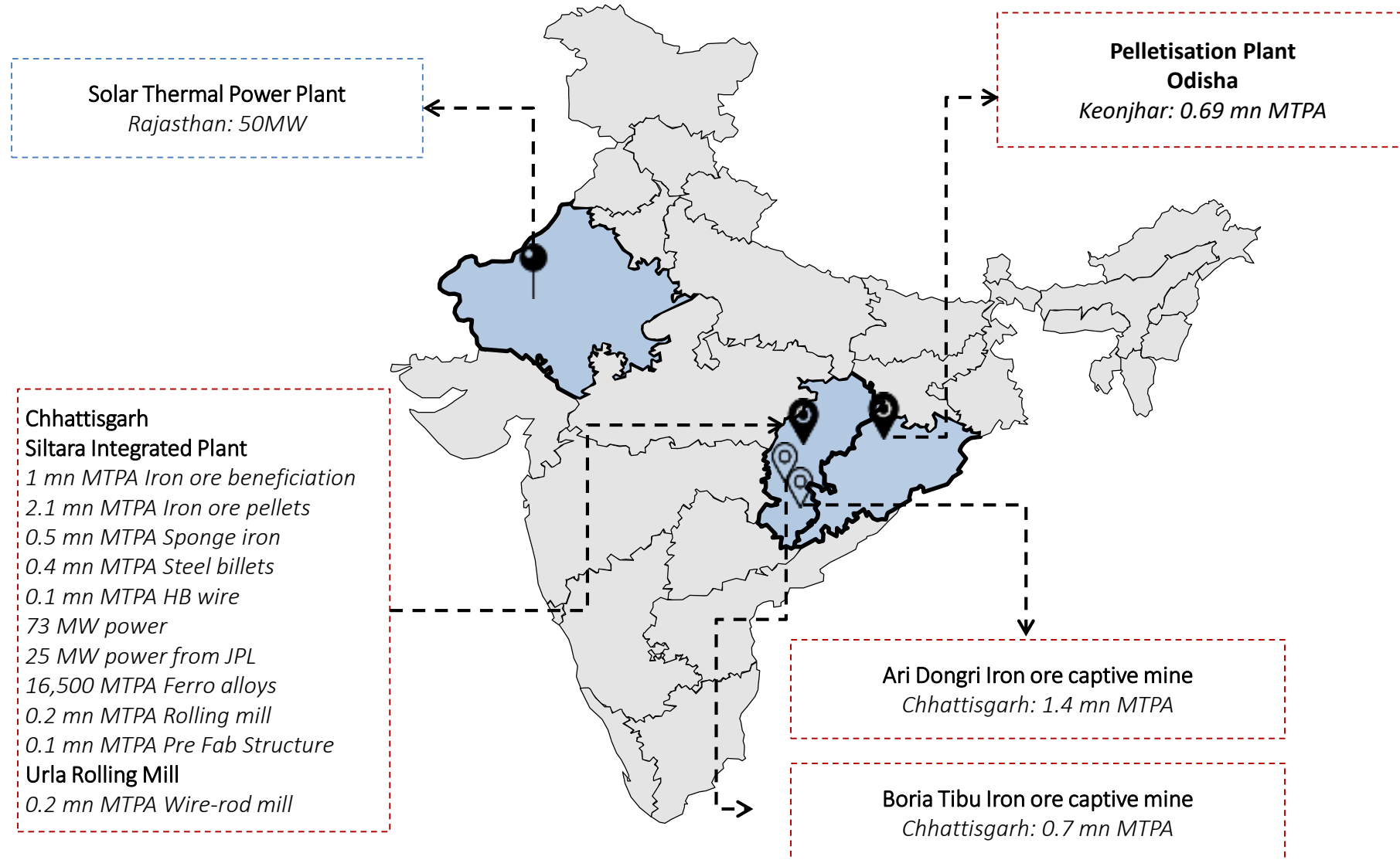


Group Structure



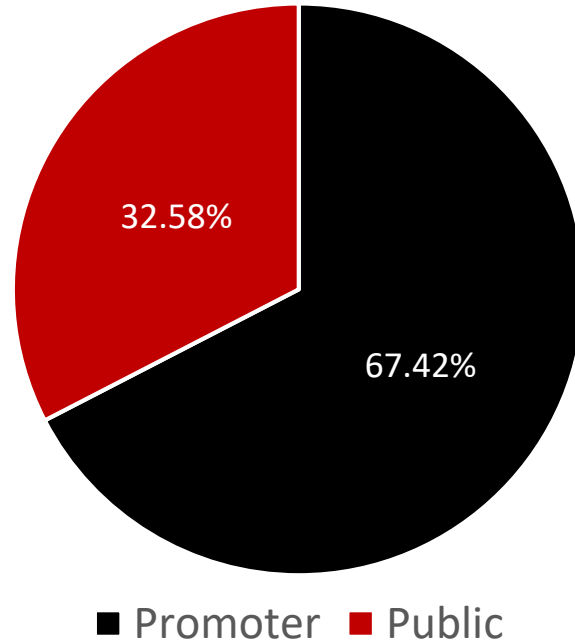
* Stake reduced from 76% to 38% by way of strategic divestment.

Large Portfolio of Long-life Assets



Shareholding Pattern as on December 2020

Shareholding Pattern



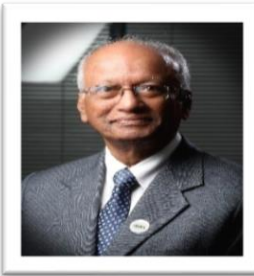
Break up of Shareholding Pattern

Shareholding	% of Total Sh.
Institution	1.13%
Non Institution	31.37%
Total	32.50%

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

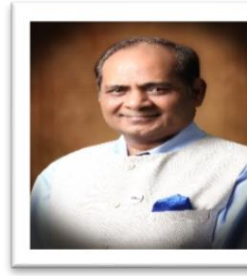
** Pledged with lenders as an additional collateral for working capital & long term loans taken by the company and is not on a mark to market basis. Thus there are no margin calls on account of fluctuations in stock price. The pledge has been with the banks for more than 10 years. Promoters has not availed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

2nd generation of the promoter group; Graduated from London School of Economics; Looks after the plant operations and purchases

Board of Directors



Mr. Siddharth Agrawal
(Non-Executive Director)
Managing Director of subsidiary
Godawari Green Energy Limited ;
MBA with over 10 years of
experience in various competencies



Mr. Harishankar Khandelwal
(Independent Director)
Almost 3 decades of experience in
corporate planning & strategy,
financial analysis, budgeting etc
Chartered accountant by profession



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



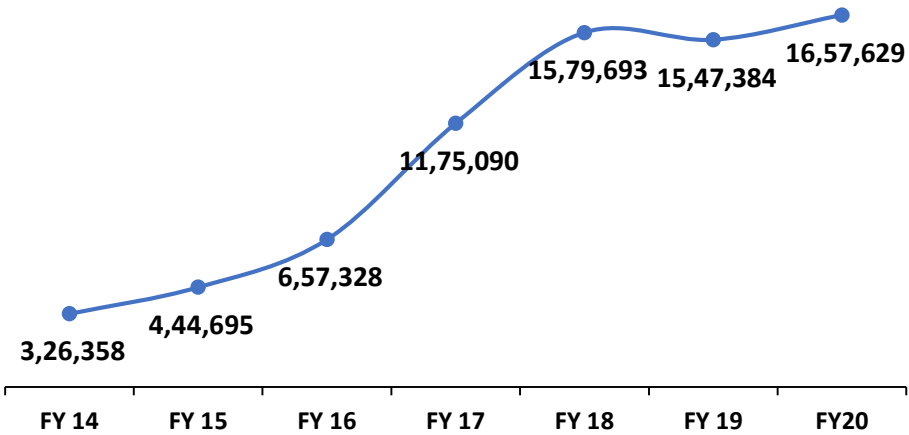
Mr. B N Ojha (Independent Director)
Bachelor of Electrical Engineering
from BIT Sindari with over 4
decades of experience; Member of
Export Committee, Department of
Atomic Energy, Govt of India



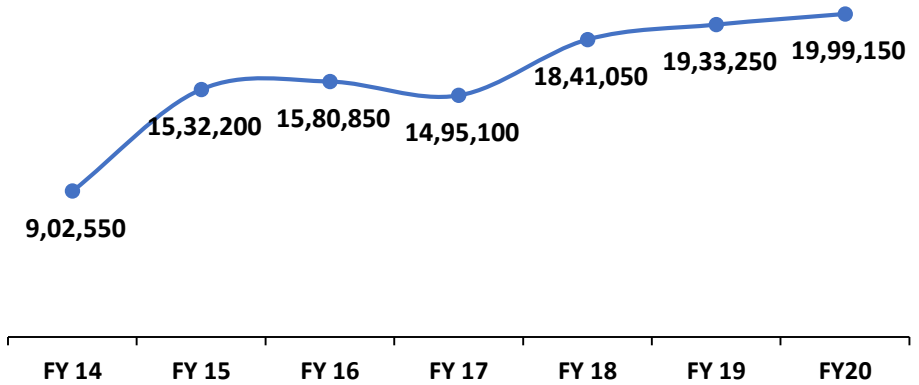
Ms. Bhavna G. Desai (Woman
Independent Director)
Over 2 decades of capital market
experience; Bachelor of Commerce
from University of Mumbai

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

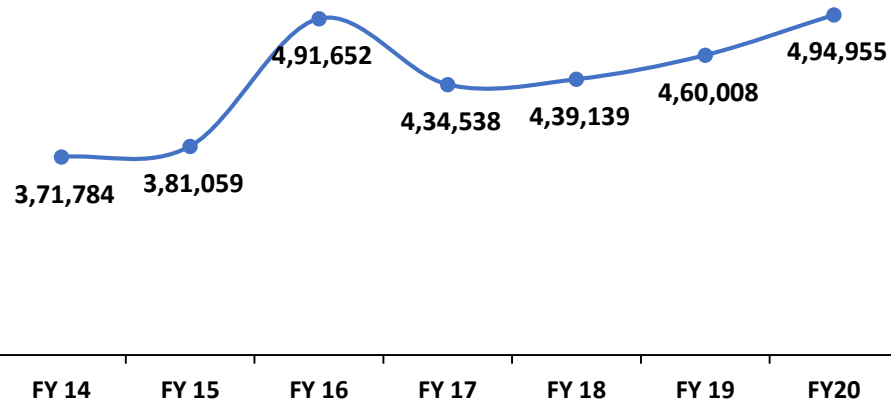
Trend of Iron Ore Mining (mt)



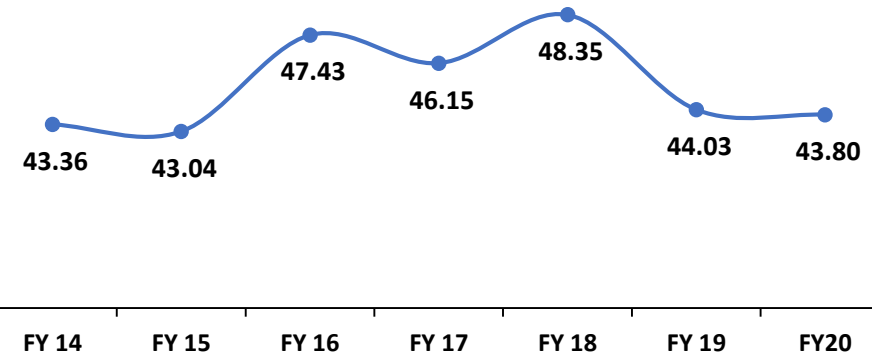
Trend of Pellets Production (mt)



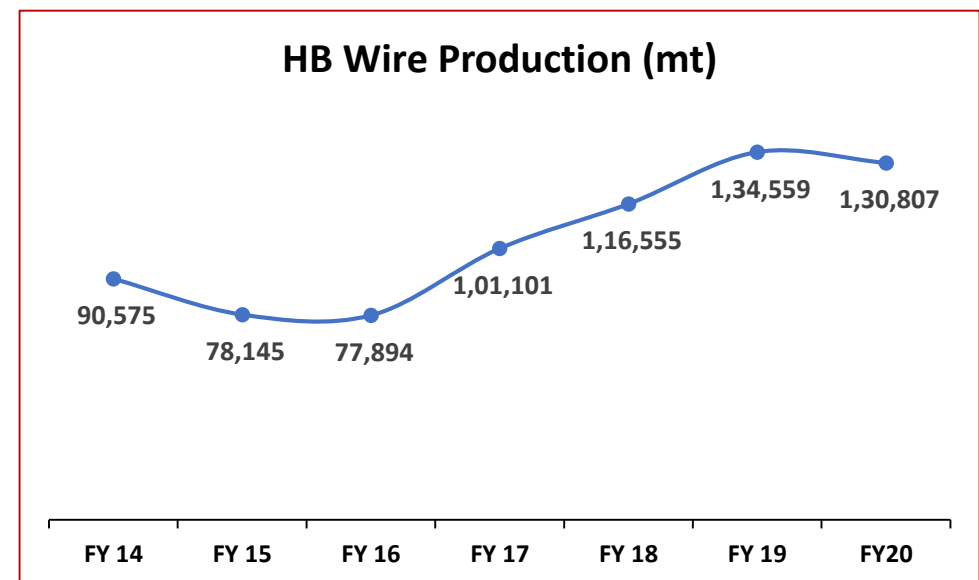
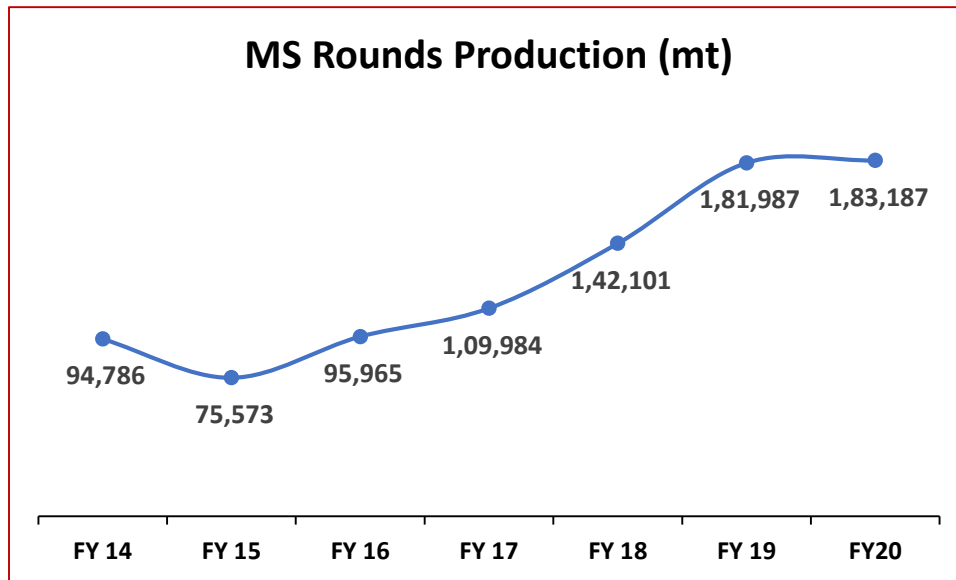
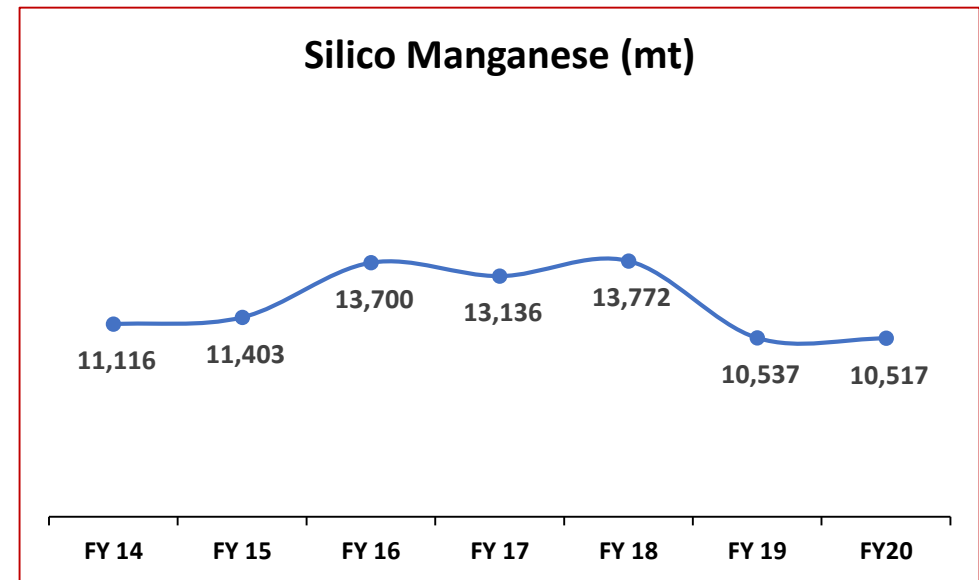
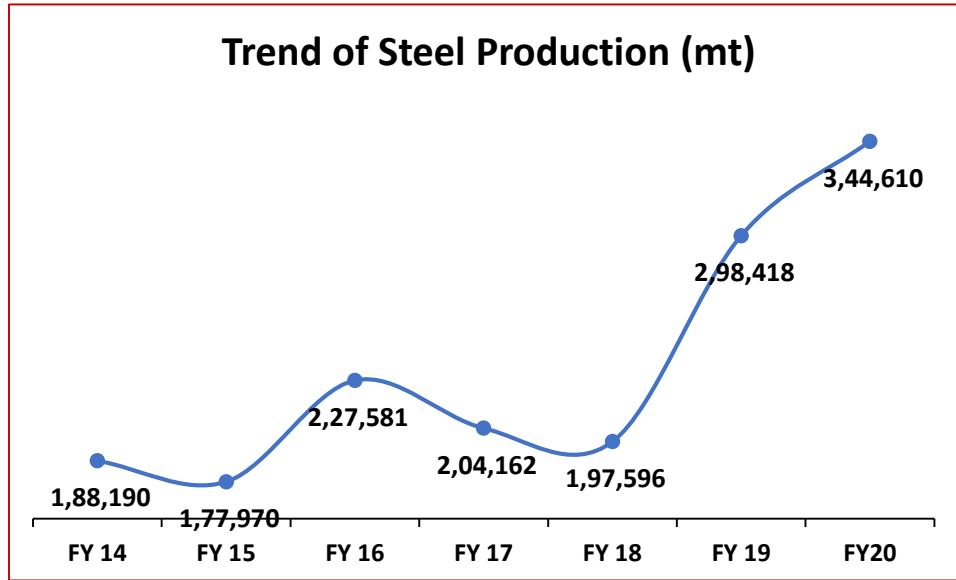
Trend of Sponge Iron Production (mt)



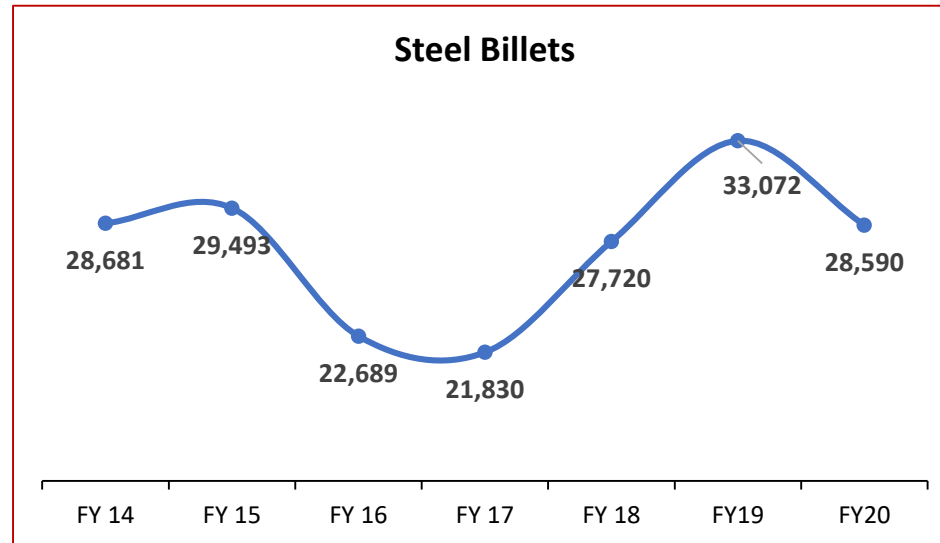
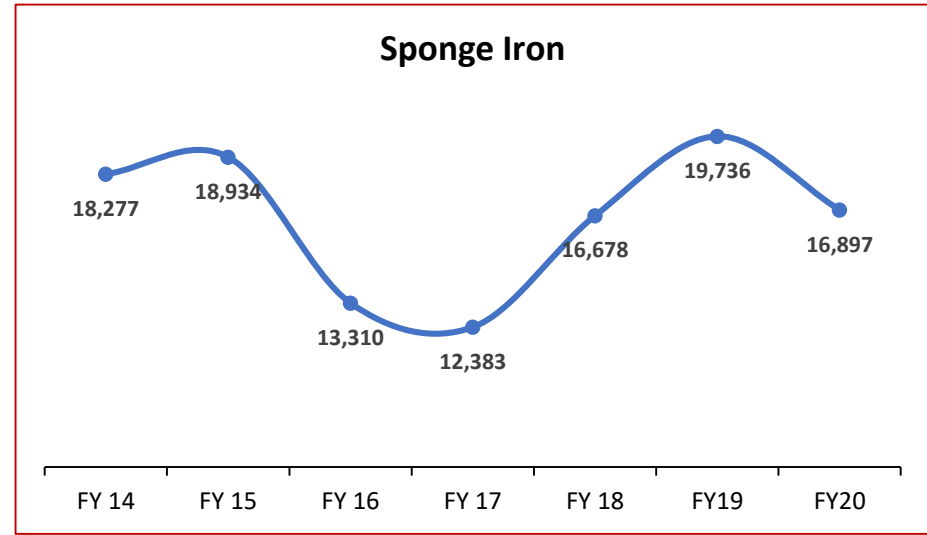
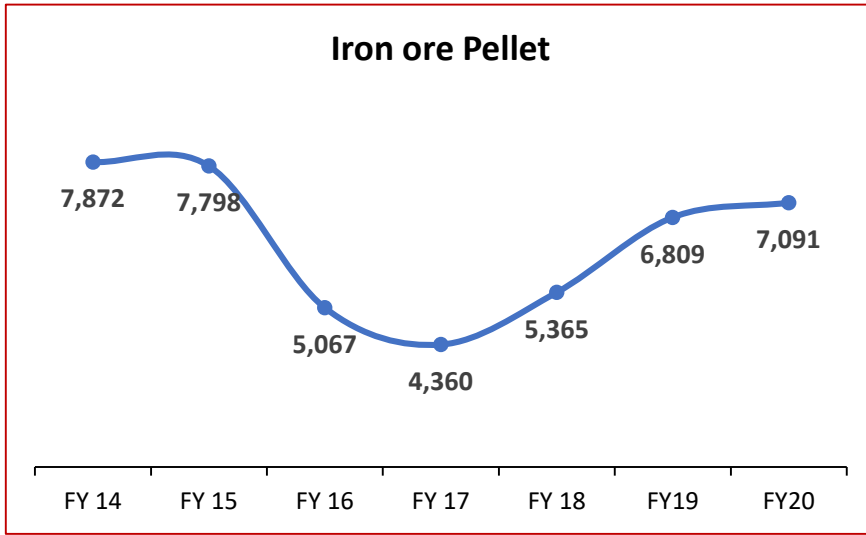
Trend of Captive Power Generation (kwh in cr)



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

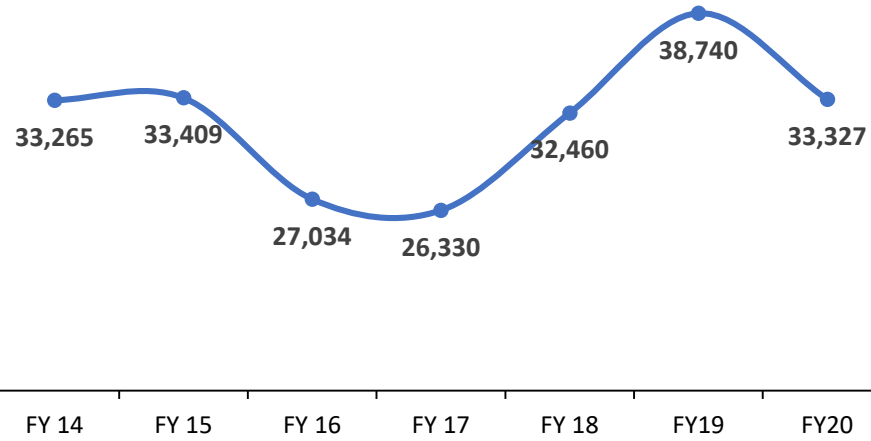


Past Sales Realisations

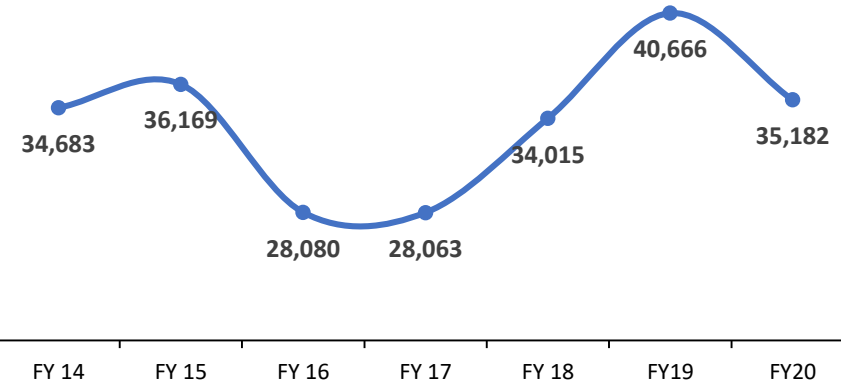


Past Sales Realisations

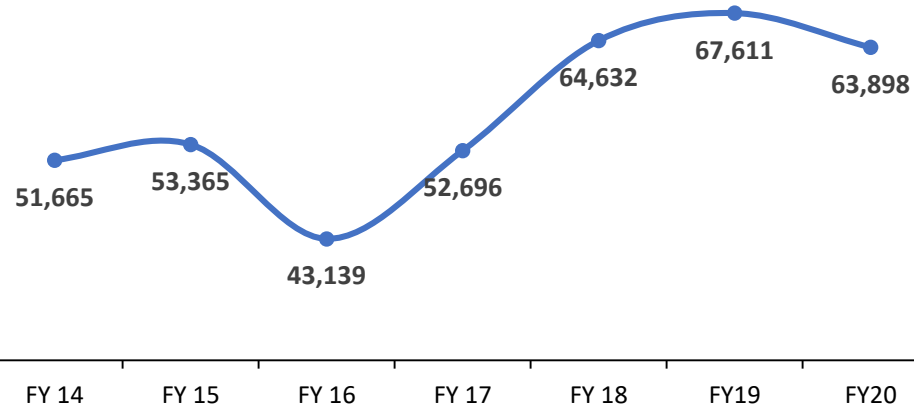
M.S. Round



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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