



**GODAWARI** POWER & ISPAT

# Godawari Power & Ispat Limited

Q4FY21  
Earnings Presentation  
May 2021

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# Best Year in Troubled Times



## Best Yearly Performance

- Record Operating Performance
  - *Highest ever production of Iron Ore, pellets and billets*
- Best yearly financial performance
  - *Highest ever Revenue and PAT*
- Declared maiden dividend (after 5 years) in Q2; Final Dividend of INR 13.5/share taking the total dividend for FY21 to INR 18.5/share

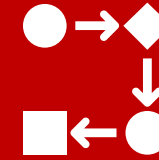
**Record Business Performance**



## Highest Debt Reduction

- Long term gross debt (standalone) reduced from INR 1,055 crore to INR 457 crore; further reduced to INR 193 crores as on 25 May 2021
- Net Debt to equity at 0.42x from 1.1x in FY20
- Interest cost lower at 8% compared with 11% in FY20

**Long Term Debt Free by FY22**



## Strategic Initiatives Progressing

- Debt free carbon neutral growth – Setting up captive Solar PV capacity
- Debottlenecking projects for capacity expansion to be commissioned in current year
- Maximise sales of high grade pellets to maximise profitability
- MOU signed with Chhattisgarh government for future growth projects

**Godawari 2.0**

# Godawari 2.0: Carbon Neutral Low Debt Growth

- Setting up a 250 MW captive Solar PV power plant to replace existing thermal capacity
- Utilising existing idle land parcel of ~362 hectares acquired in 2011-12
- Low payback period; funding primarily through internal accruals
- Expected Commissioning – Q3FY23; will be replacing high cost thermal and grid power; to be utilised for enhanced billet capacity

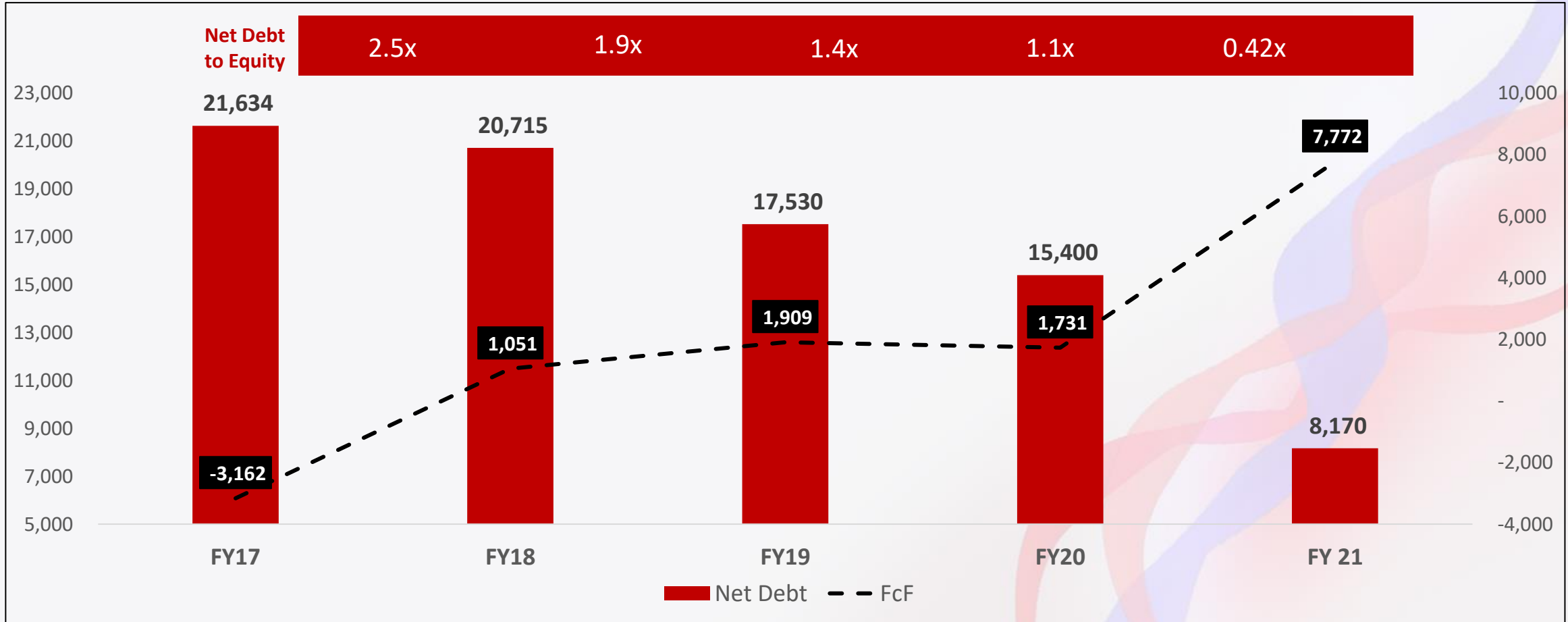
## Project Dynamics

Capacity	250 MW
Expected PLF	17-18%
Project Cost	~INR 750 crore
Annual Generation (in MU)	370 MU
Generation cost*	~INR 0.5/unit
Blended captive and grid cost	~INR 5.5/unit
Spread	~INR 5/unit
Estimated Annual EBITDA	c.INR 170+ crore
Payback period	<5 years

\* EBITDA level

# Focussed on Value Creation: Net Debt Reducing & FCF increasing

All figures in INR MN



\*Fcf = Free Cashflow from operation – capex - interest cost

\*consolidated

# FY21: Strong Operating and Financial Performance

## Financial Performance (in Mn)

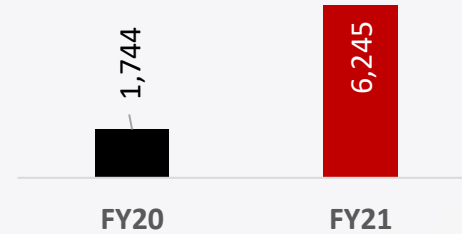
### Sales



### EBITDA



### PAT



### Credit Rating

**A/STABLE**

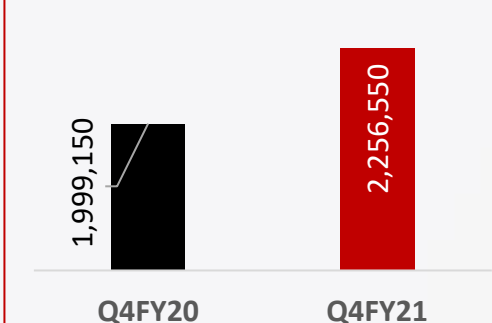
(by CRISIL, India Rating  
and CARE)  
(Standalone)

## Production Summary (in MT)

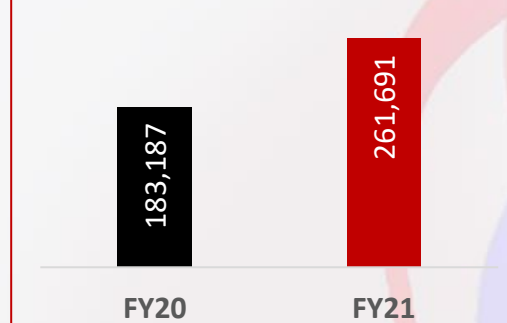
### Iron Ore



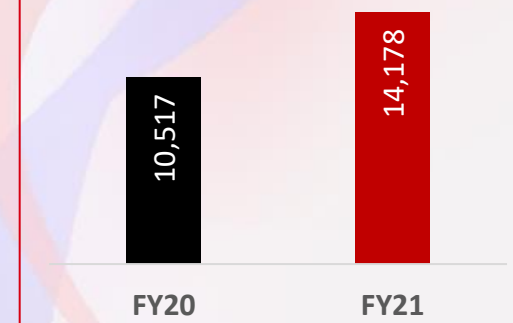
### Pellet (GPIL)



### Wire Rod

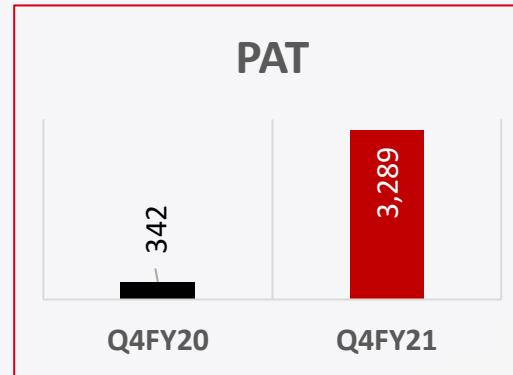
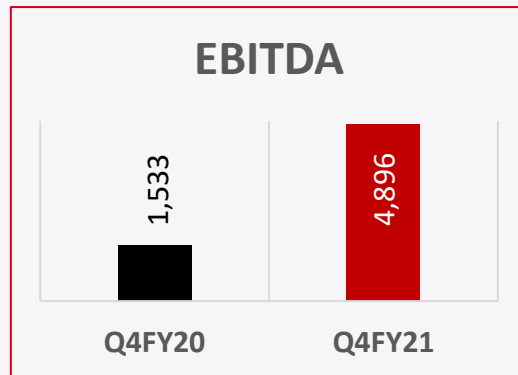
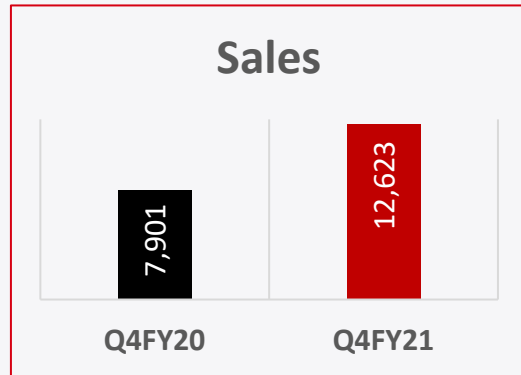


### Silico Manganese



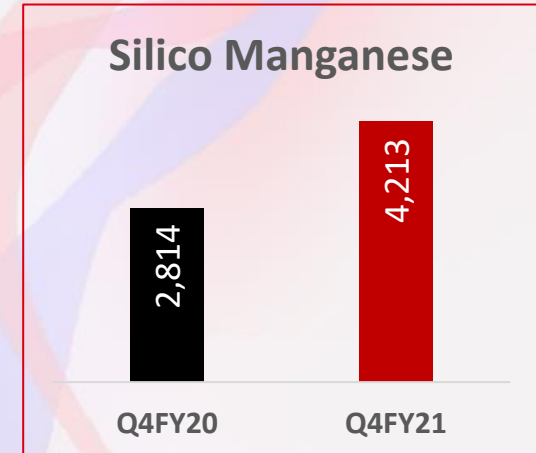
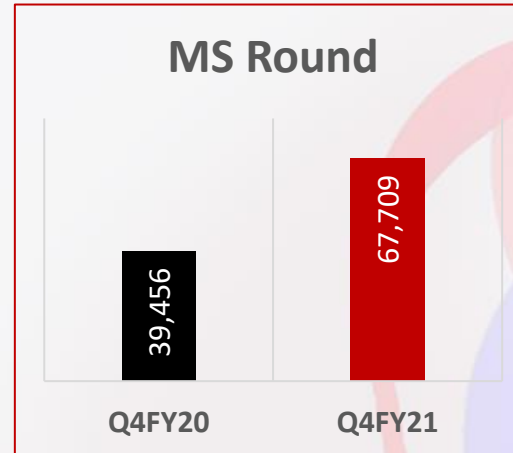
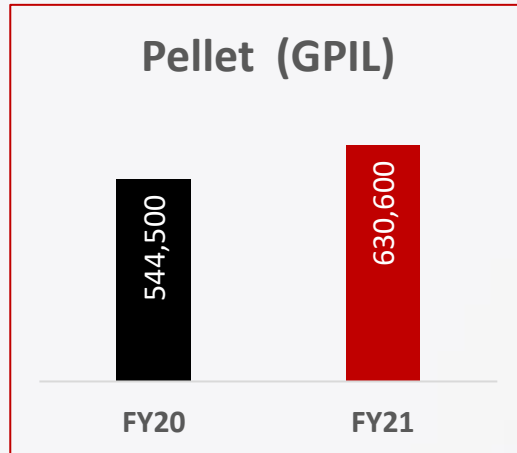
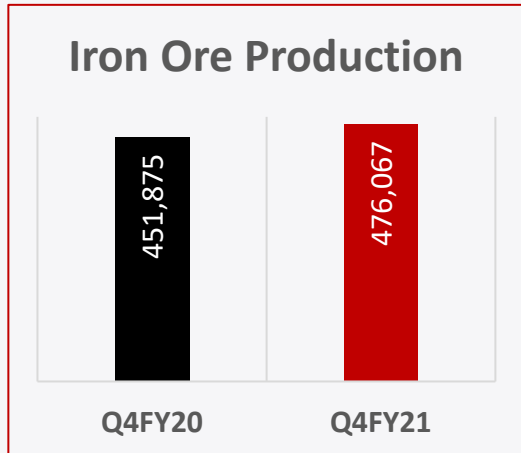
# Q4FY21: Financial & Operating Performance

## Financial Performance (in Mn)








Credit Rating  
**A/STABLE**  
(by CRISIL, India Rating  
and CARE)  
(Standalone)

## Production Summary (MT)





# Delivering low-cost Capacity Expansions

	Capacity FY21	Capex	Capacity FY22
	Iron Ore Mining 2.1mt	INR 750 mn	3.0 mtpa
	Iron Ore Beneficiation 1.1mt	INR 250 mn	3.3 mtpa
	Iron Ore Pellets 2.1 mt	NIL	2.4 mtpa
	Sponge Iron 0.495 mt	NIL	0.594 mtpa
	Steel Billets 0.4 mt	INR 350 mn	0.7mtpa



# GPII Standalone Profit and Loss

Particulars	Q4FY21	Q3FY21	QoQ%	Q4FY20	YoY %	FY21	FY20	YoY%
Net Sales	12,366	9,538	30%	6,467	91%	34,609	27,740	25%
Total Expenses	7,682	6,744	14%	5,414	42%	25,969	23,340	11%
Other Income	31	7	363%	3	933%	52	29	80%
EBIDTA	4,684	2,800	67%	1,056	344%	10,440	4,429	136%
EBIDTA Margin (%)	37.9%	29.4%		16.3%		28.7%	16.0%	
Depreciation	231	245	-6%	222	4%	965	916	5%
Finance Costs	187	260	-28%	354	-47%	1,100	1,537	-28%
PBT	4,297	2,296	87%	480	795%	9,057	1,976	358%
Extra Ordinary Income	-	630		-		630	-	
Tax	1,258	895	41%	210	499%	2,800	762	267%
PAT	3,040	2,030	50%	270	1026%	6,258	1,214	415%
EPS	86.30	57.60	50%	7.65	1028%	177.60	34.45	416%

# GPII Consolidated - Profit & Loss

Particulars	Q4FY21	Q3FY21	QoQ%	Q4FY20	YoY %	FY21	FY20	YoY%
Net Sales	12,623	11,317	12%	7,901	60%	40,719	32,885	24%
Total Expenses	7,726	7,846	-2%	6,345	22%	28,430	26,643	7%
Other Income	14	8	75%	(23)	-161%	40	47	-15%
EBIDTA	4,896	3,479	41%	1,533	219%	12,289	6,289	95%
EBIDTA Margin (%)	38.8%	30.7%		19.4%		30.2%	19.1%	
Depreciation	307	359	-14%	352	-13%	1,385	1,369	1%
Finance Costs	276	364	-24%	497	-44%	1,539	2,119	-27%
PBT	4,577	2,756	66%	684	569%	10,789	2,801	285%
Extra Ordinary Income	-	-		103		-	103	
Tax	1,288	1,092	18%	239	439%	3,161	954	231%
PAT *	3,289	1,664	98%	342	862%	6,245	1,744	258%
EPS	92.79	45.64	103%	9.47	880%	181.17	47.33	283%

\* Includes JV income

# Q4FY21 Production Summary

Description of Goods	M.T./ KWH	Q4FY21	Q3FY21	QoQ%	Q4FY20	YoY%	FY21	FY20	YoY%
Iron Ore Mining	M.T.s	4,76,067	4,82,389	-1%	4,51,875	5%	16,99,920	16,57,629	3%
Iron Ore Pellet - GPIL	M.T.s	6,30,600	5,44,500	16%	4,41,000	43%	22,56,550	19,99,150	13%
Iron Ore Pellet - ASL	M.T.s	2,21,882	1,97,419	12%	1,70,446	30%	7,05,804	6,87,360	3%
Sponge Iron	M.T.s	1,20,056	1,46,133	-18%	1,15,840	4%	4,94,991	4,94,955	0%
Steel Billets	M.T.s	93,105	1,00,590	-7%	97,070	-4%	3,50,865	3,44,610	2%
M.S. Round/ TMT	M.T.s	67,709	79,312	-15%	39,456	72%	2,61,691	1,83,187	43%
H.B. Wire	M.T.s	14,525	28,709	-49%	25,510	-43%	97,698	1,30,807	-25%
Silico Manganese	M.T.s	4,213	4,004	5%	2814	50%	14,178	10,517	35%
Galvanized Fabricated Product	M.T.s	7,477	6,877	9%	5,004	49%	29,092	30,477	-5%
Power Generation	Units (Cr)	12	13	-7%	10	22%	44	44	1%
Power Generation (Solar)	Units (Cr)	2	2	3%	2	0%	10	9	15%

# Q4FY21 Sales Volume Summary

Description of Goods	M.T./ KWH	Q4FY21	Q3FY21	QoQ%	Q4FY20	YoY%	FY21	FY20	YoY%
Iron Ore Pellet - GPIL	M.T.s	4,42,398	3,60,689	23%	2,89,189	53%	16,07,881	13,62,296	18%
Iron Ore Pellet - ASL	M.T.s	1,93,791	2,05,958	-6%	2,04,255	-5%	6,89,882	7,42,232	-7%
Sponge Iron	M.T.s	22,780	33,975	-33%	14,683	55%	1,04,289	1,31,419	-21%
Steel Billets	M.T.s	42,682	37,836	13%	58,011	-26%	1,37,136	1,63,381	-16%
M.S. Round/ TMT Bar	M.T.s	56,642	50,134	13%	19,805	186%	1,65,434	80,297	106%
H.B. Wire	M.T.s	16,798	28,706	-41%	25,488	-34%	1,01,017	1,29,015	-22%
Silico Manganese	M.T.s	3,842	3,256	18%	1,337	187%	10,795	7,210	50%
Galvanized Fabricated Product	M.T.s	8,765	7,089	24%	7070	24%	28,128	31,858	-12%
GGEL Solar Power ( in Cr.)	M.T.s	2	2	3%	2	3%	9	8	15%

# Q4FY21 Realisation Summary

Description of Goods	M.T./ KWH	Q4FY21	Q3FY21	QoQ%	Q4FY20	YoY%	FY21	FY20	YoY%
Iron Ore Pellet - GPIL	M.T.s	11,718	9,037	30%	7,525	56%	8,607	7,091	21%
Iron Ore Pellet - ASL	M.T.s	10,365	8,070	28%	5,646	84%	7,486	5,600	34%
Sponge Iron	M.T.s	24,591	22,575	9%	19,165	28%	20,645	16,897	22%
Steel Billets	M.T.s	38,386	35,171	9%	29,730	29%	33,545	28,590	17%
M.S. Round/ TMT Bar	M.T.s	42,116	37,195	13%	32,579	29%	37,335	33,327	12%
H.B. Wire	M.T.s	43,546	37,924	15%	35,096	24%	36,898	35,182	5%
Silico Manganese	M.T.s	69,205	59,396	17%	63,184	10%	63,186	63,898	-1%
Galvanized Fabricated Product	M.T.s	69,147	59,183	17%	58871	17%	61,111	58,616	4%
GGEL Solar Power ( in Cr.)	M.T.s	12	12	0%	12	0%	12	12	0%

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

# Captive Mining Provides Strategic Edge



# Leading to Record Profitability

All figures in INR MN

## EBITDA BRIDGE FY21

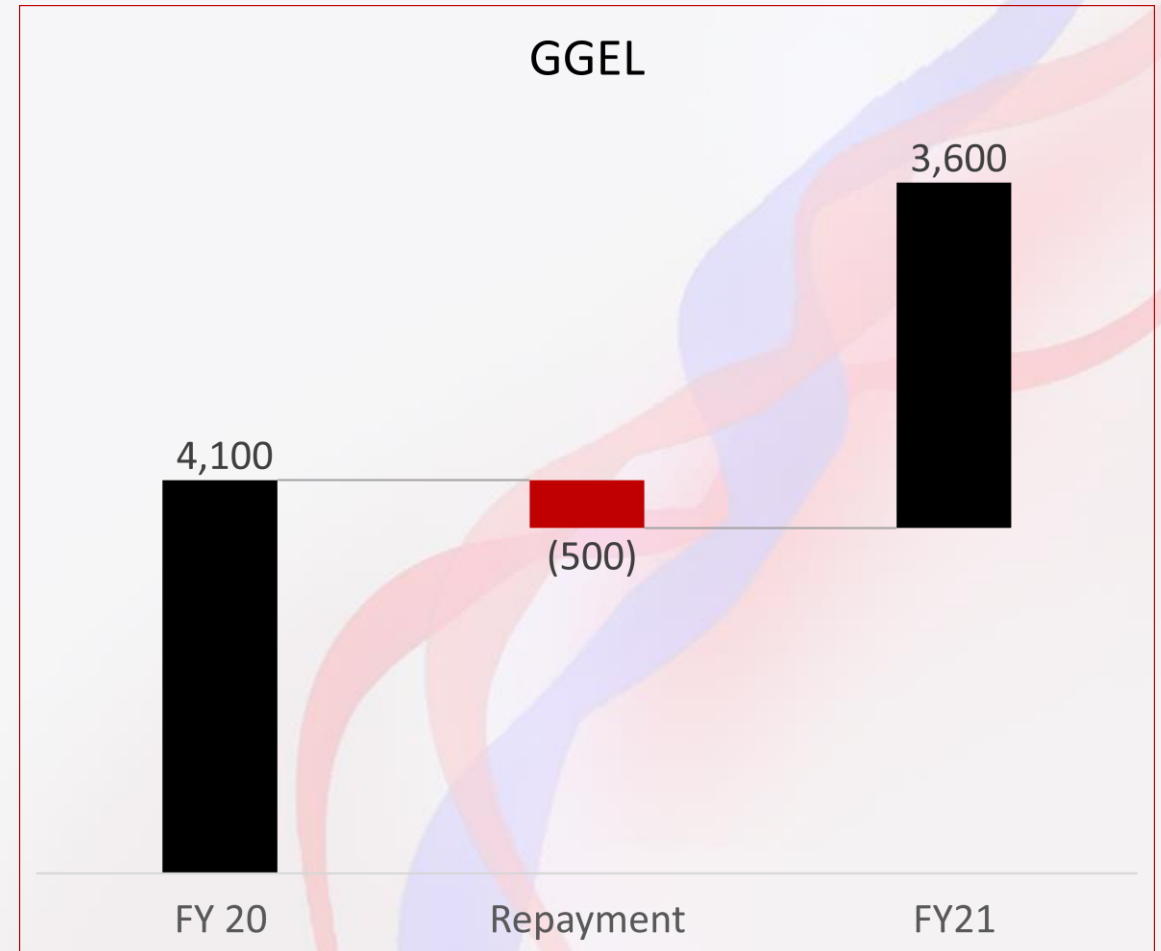
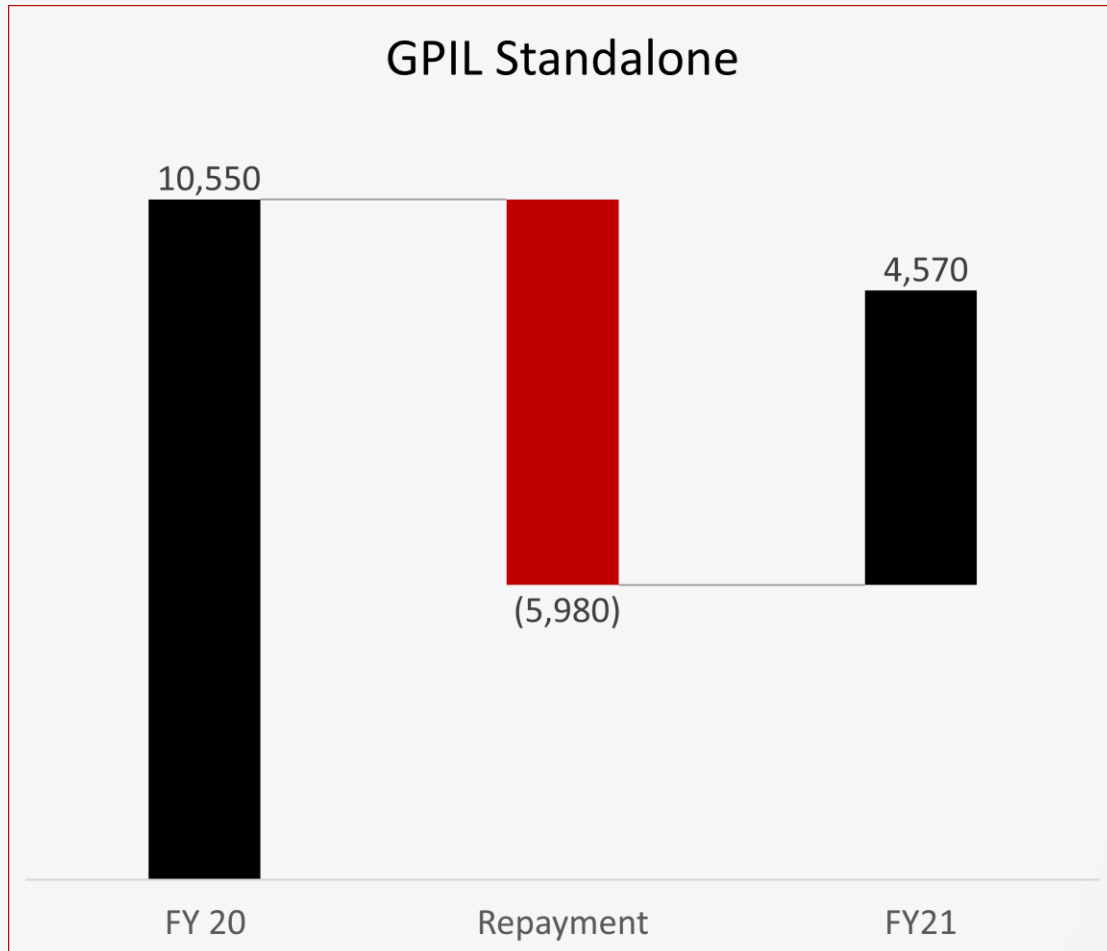


\* ASL ceased to be subsidiary effective 28<sup>th</sup> December 2020 consequently, EBITDA up to 27<sup>th</sup> December 2020 included at consolidated level. ASL have now become JV with GPIL having 37.85% stake. ASL is Consolidated as JV from Q4 onwards.



# Resulting in Stronger Balance Sheet

Repaid INR 7.2 Billion in FY21; Long term debt reduced by 47%



# Strong focus on Sustainability – Strengthening the ESG Framework

Aligned with United Nations' 10 principles for manufacturing responsibility and environmental sustainability



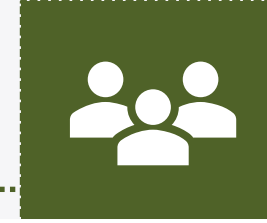
## Environment Responsibility

- Investing in environmentally friendly technologies
- Focussed on renewable sources of energy
- Reducing carbon footprints – aiming at Carbon Neutral growth through new solar PV projects



## Social Responsibility

- Strong community engagement
- Talent development through skill set training and mentoring
- Developing a stable eco – system of vendors



## Governance Framework

- Strategic Clarity – delivering as per stated strategy (Sale of non core assets; balance sheet strengthening)
- Disciplined capital allocation
- Robust risk management framework

# Clear Future Priorities

Future Roadmap

## GPIL Standalone

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

## Godawari Green

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

## Ardent Steel

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

# International & Domestic Tailwinds

## International Market

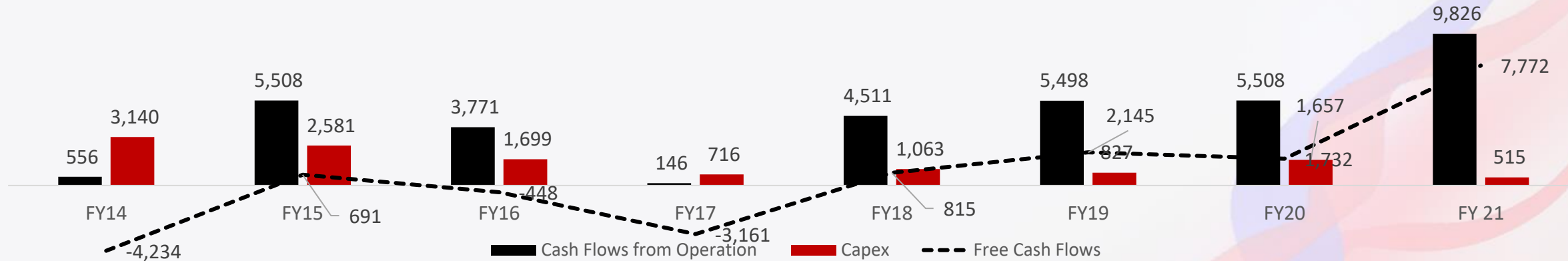
- Iron ore prices have climbed to US\$ 233/t, touching multi-year high, and is now trading at US\$ 200/t. Among the 3 major iron ore producers globally only Vale has been projecting higher production in FY22. The demand supply is expected to remain tight for next 1-2years.
- Pellet prices have been tracking higher iron ore prices and have remained strong at US\$241/t CIF China, down from recent peak of US\$268/t. China is focussed on decarbonisation of the economy and this has increased demand for higher grade pellets and iron ore.

## Domestic Market

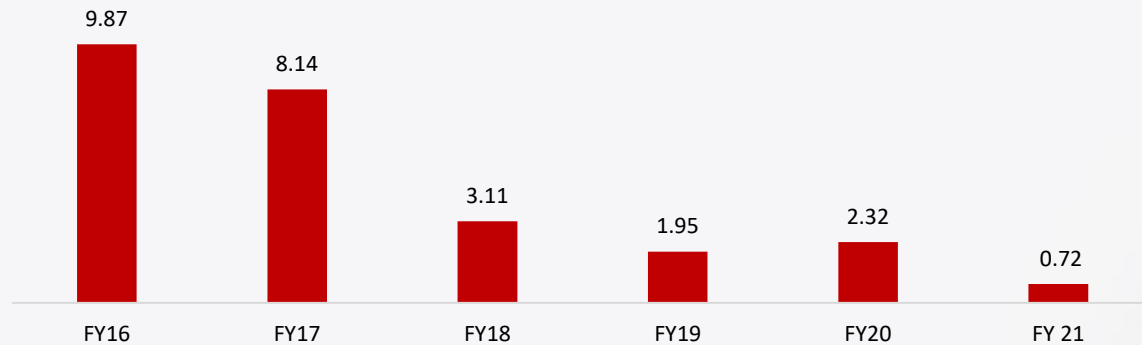
- Indian iron ore prices have almost doubled in last 3 months to 9300/t for 62% Fe (Orissa iron ore fines).
- Indian iron ore production declined by 44mnt in FY21 and at the same time cost curve got bumped up as the winning bid premium on recently held auction in Odisha has been between 90%-150% of IBM iron ore prices.
- 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 15,000+ per tonne for 64%/63% Fe.

# Building a Strong Organisation

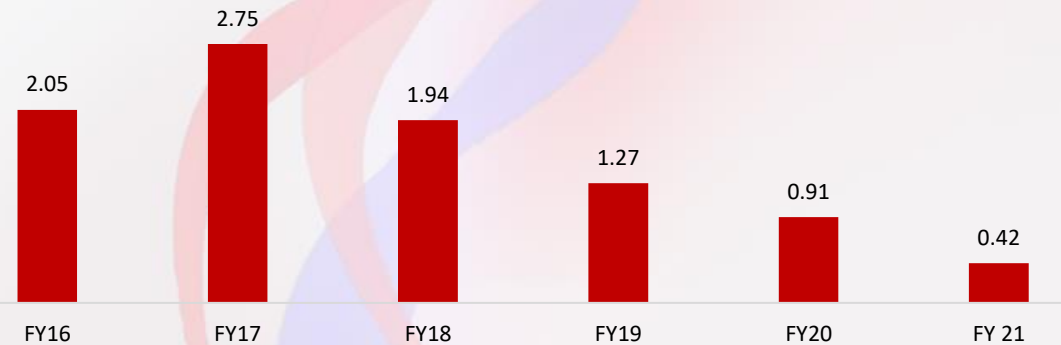
## Cash Flow from Operation



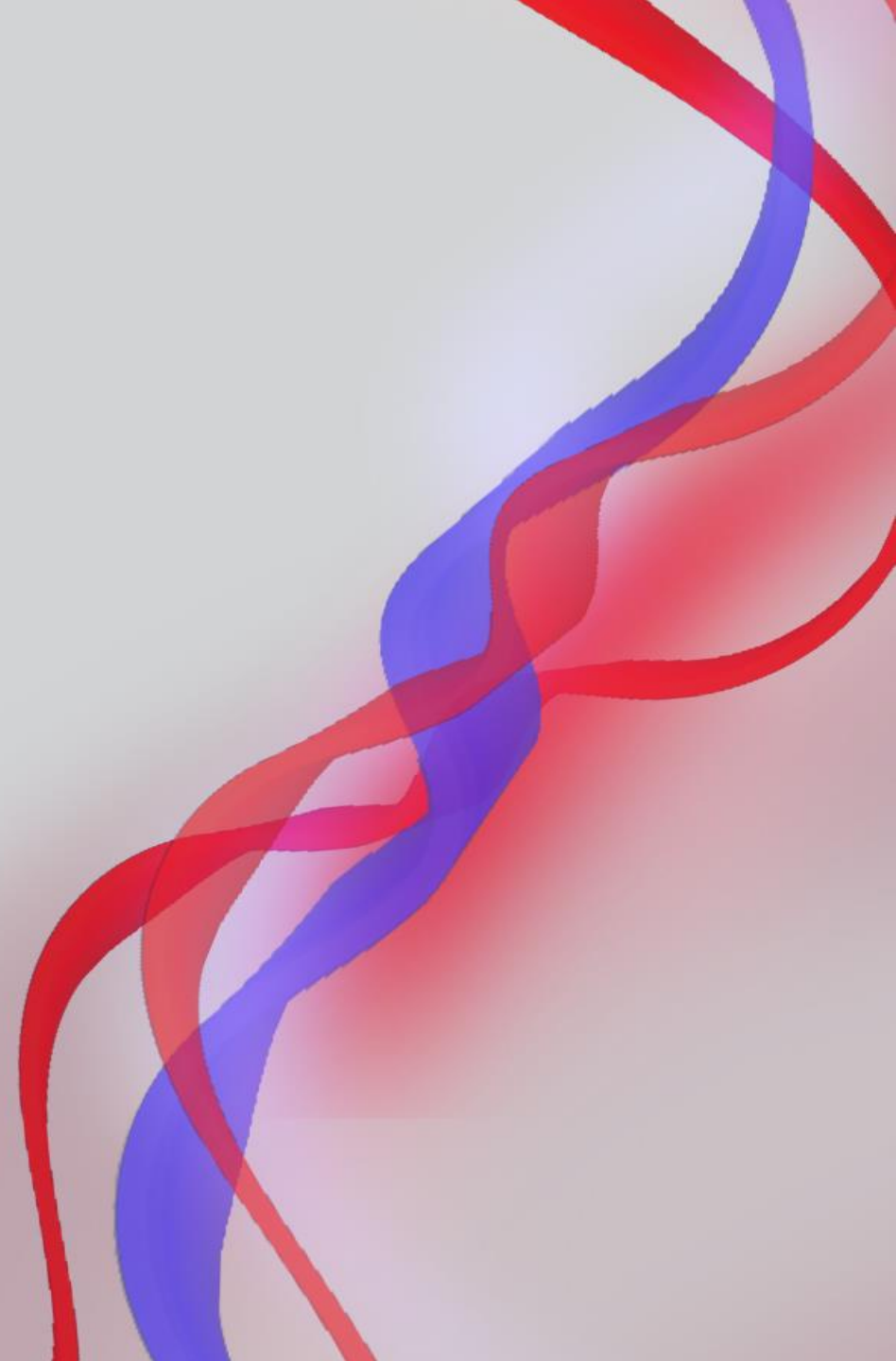
## Net Debt/EBITDA (x)



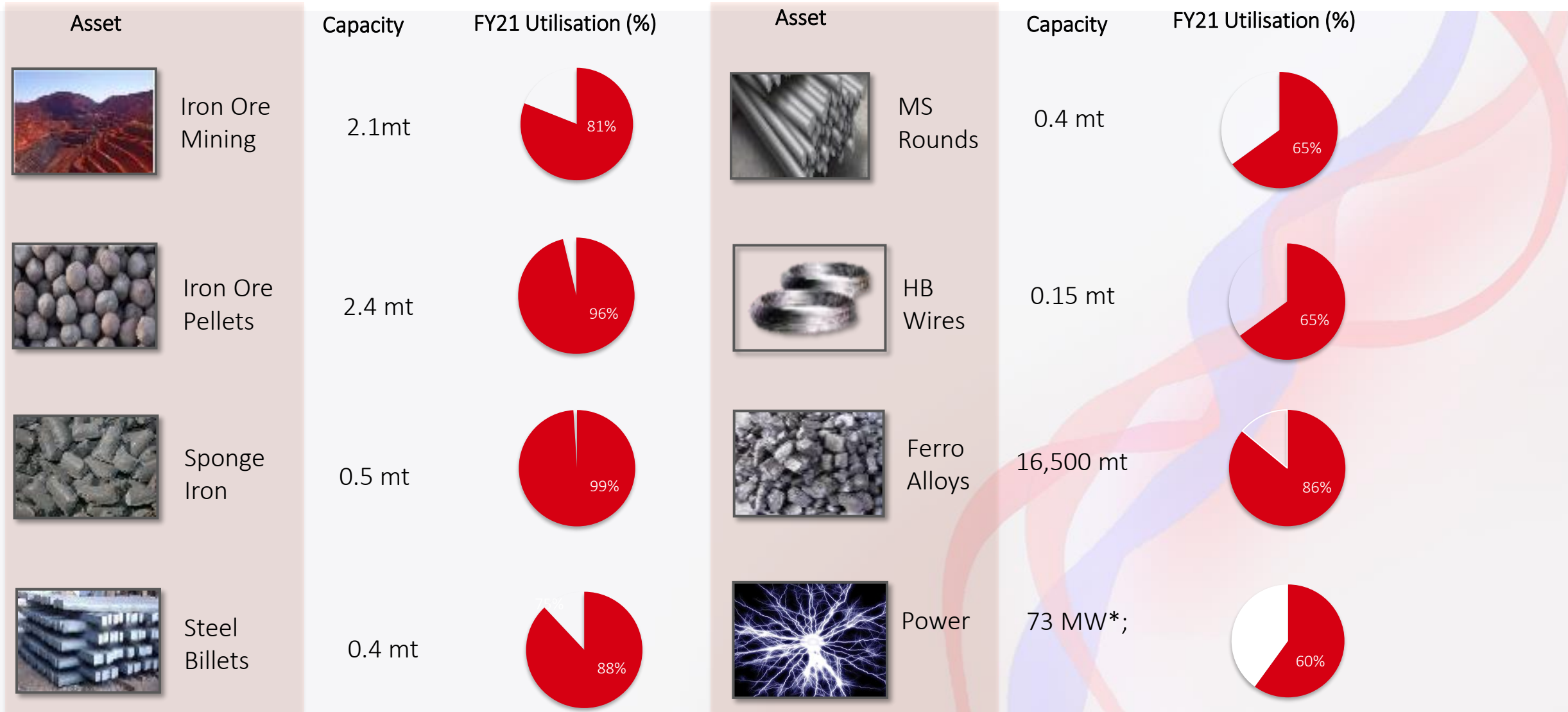
## Net Debt/Equity (x)



# APPENDIX



# Unique Presence Across Steel Value Chain



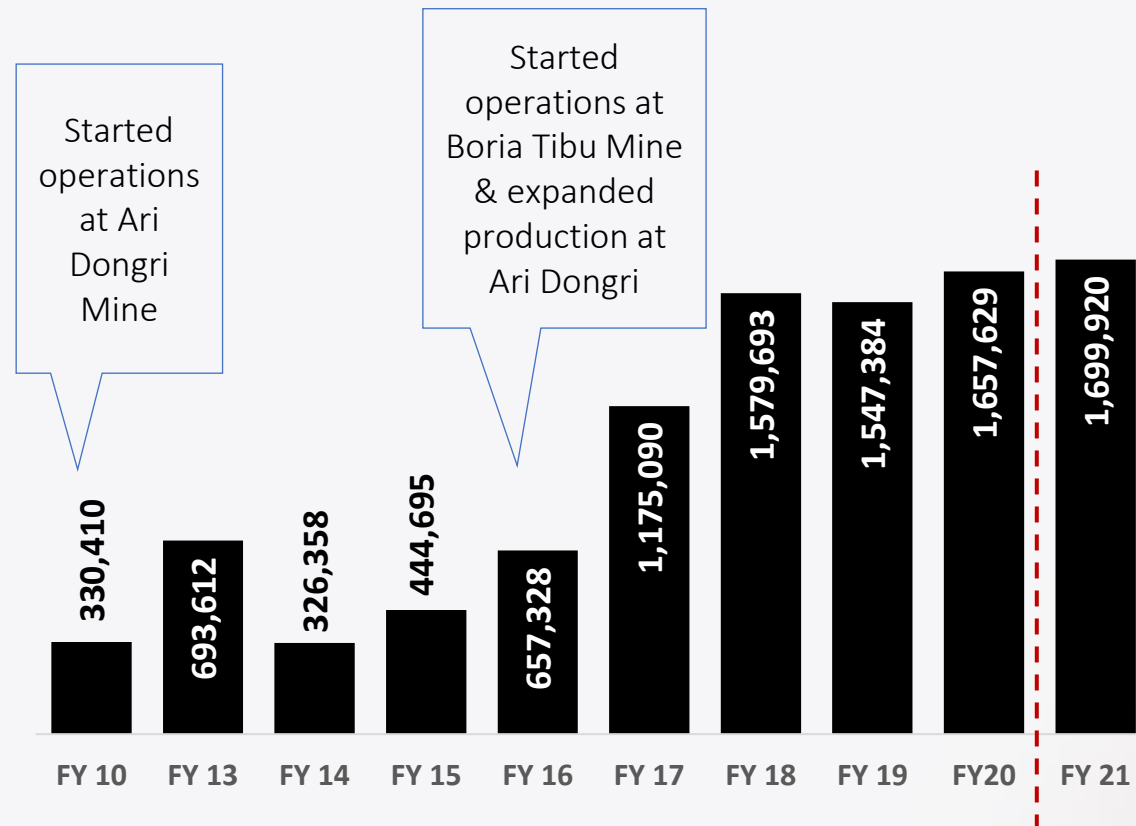
mt: Million tonnes  
 \* excluding 50 MW of solar power



# 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.

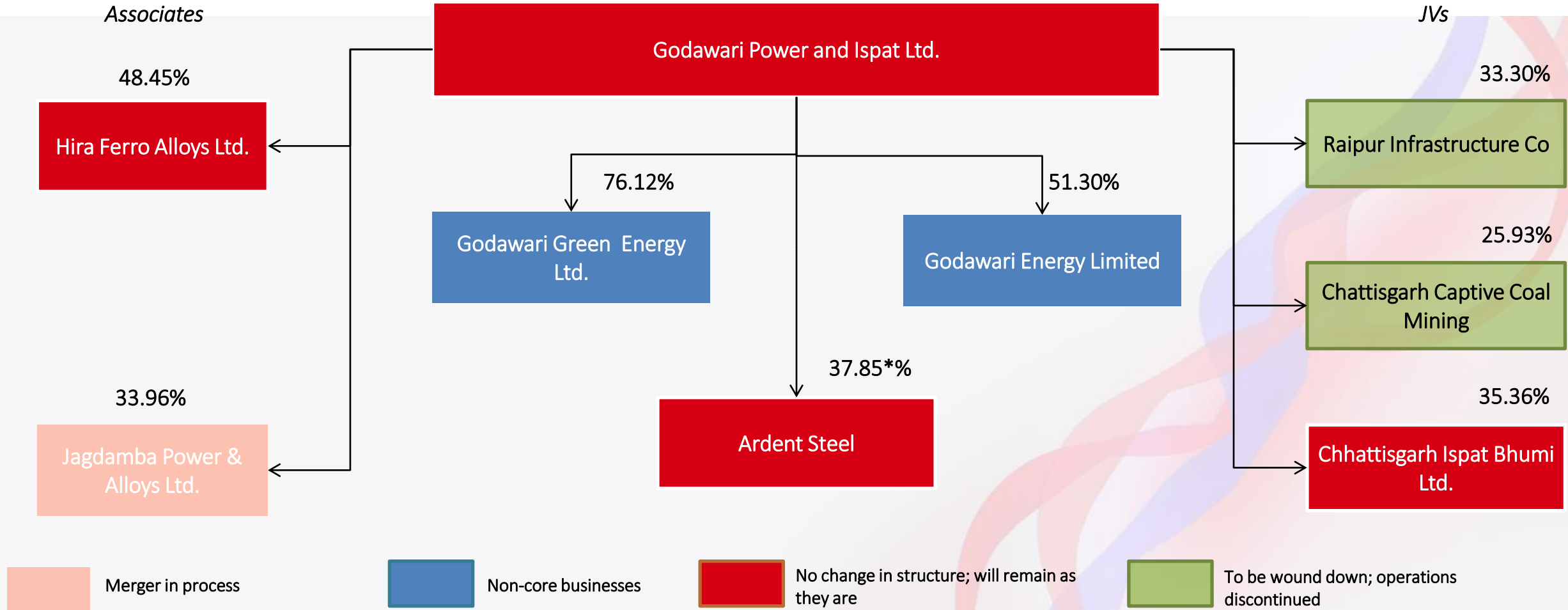
## Power

- 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
- Setting up additional solar power capacity

## Water

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

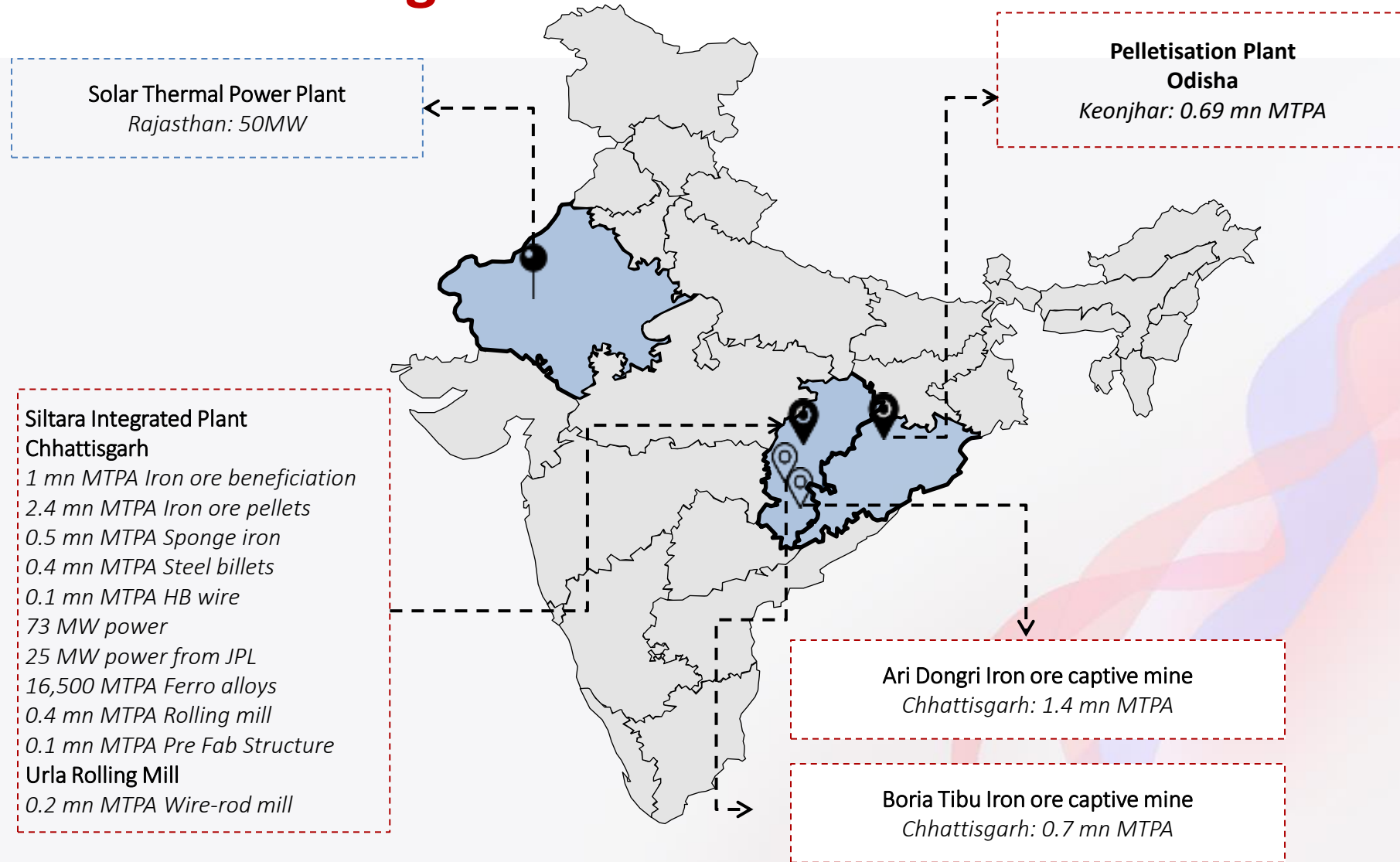
# Group Structure



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

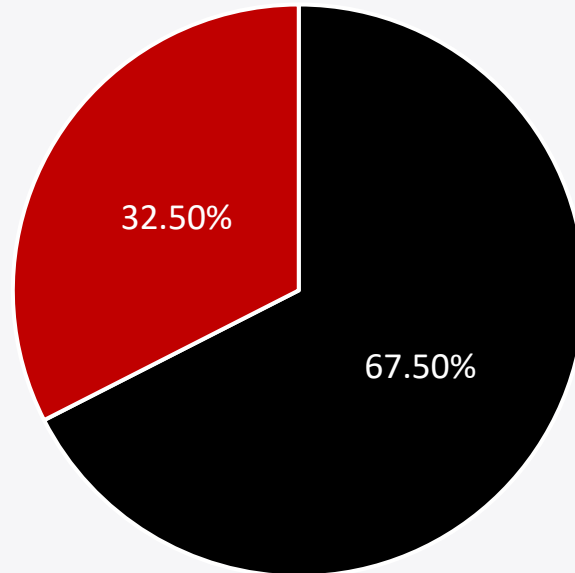
*Jagdamba merger delayed as NCLT meeting impacted on account of covid pandemic*

# Large Portfolio of Long-life Assets



# Shareholding Pattern as on March 2021

## Shareholding Pattern



■ Promoter ■ Public

## Break up of Shareholding Pattern

Shareholding	% of Total Sh.
Institution	1.16%
Non Institution	31.33%
Total	32.50%

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

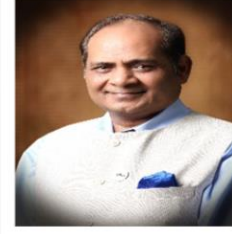
*\* Pledged with lenders as an additional collateral for working capital & long term loans taken by the company and is not on a mark to market basis. Thus there are no margin calls on account of fluctuations in stock price. The pledge has been with the banks for more than 10 years. Promoters has not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

- 1<sup>st</sup> 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)**

2<sup>nd</sup> 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



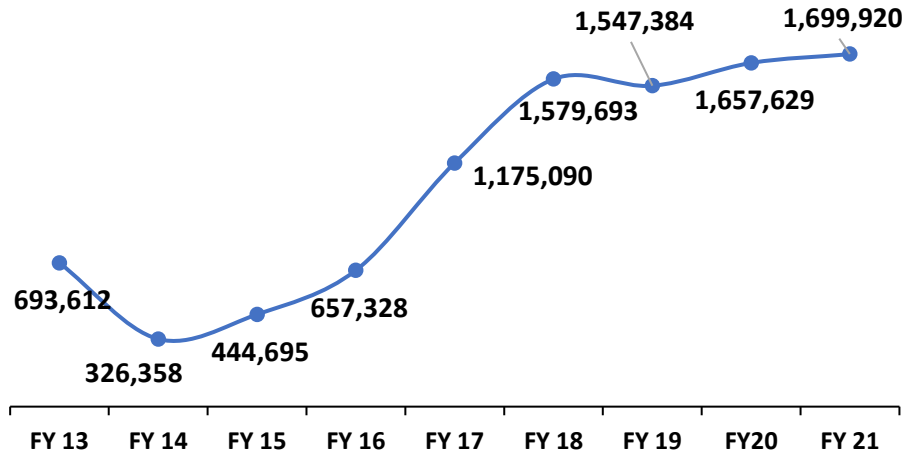
Mr. B N Ojha (Independent Director)  
Bachelor of Electrical Engineering  
from BIT Sindari with over 4  
decades of experience; Member of  
Export Committee, Department of  
Atomic Energy, Govt of India



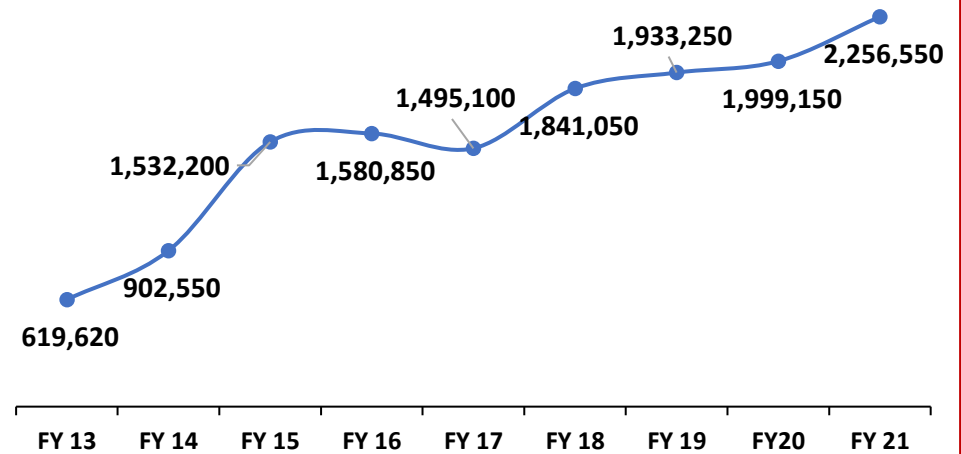
Ms. Bhavna G. Desai (Woman  
Independent Director)  
Over 2 decades of capital market  
experience; Bachelor of Commerce  
from University of Mumbai

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

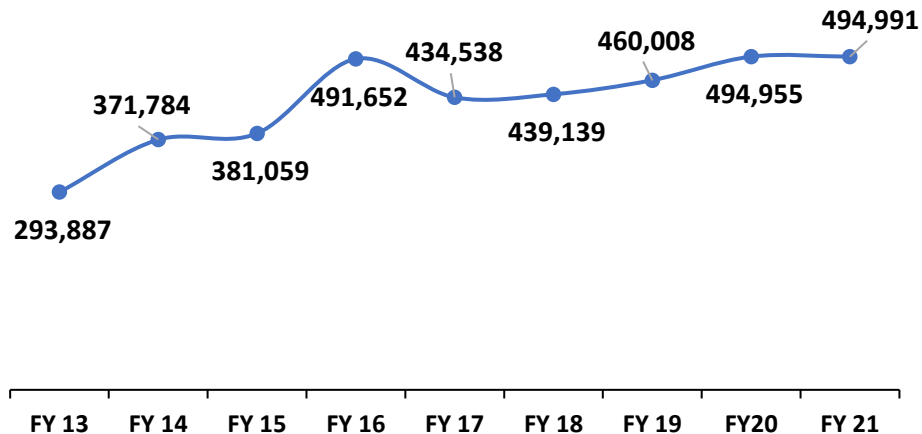
## Trend of Iron Ore Mining (mt)



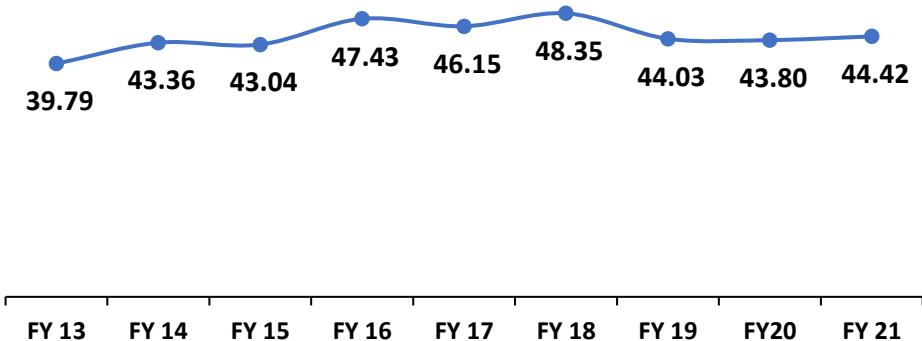
## Trend of Pellet Production (mt)



## Trend of Sponge Iron Production (mt)



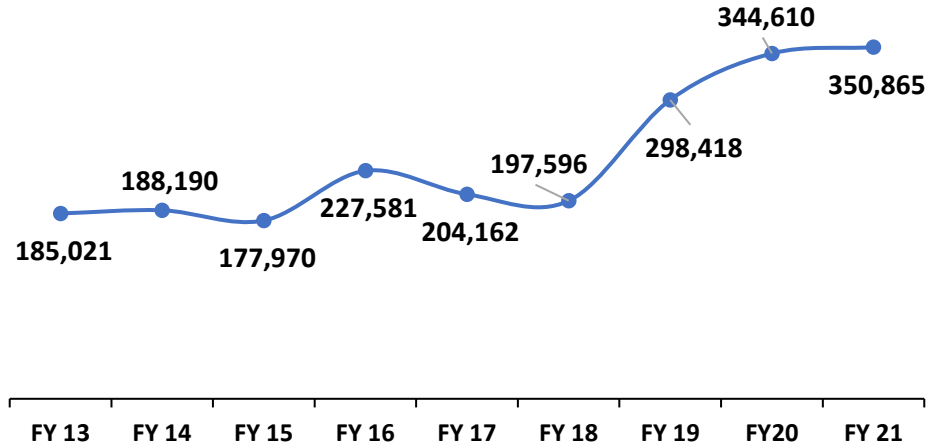
## Trend of Captive Power Generation (kwh in Cr)



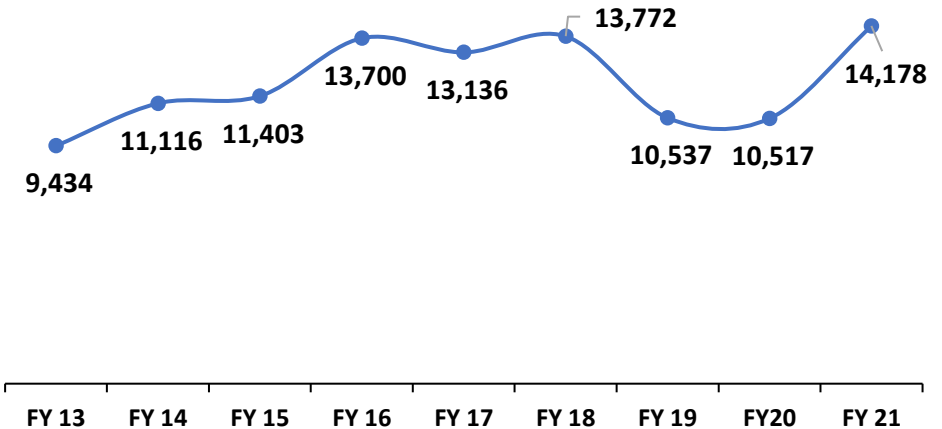


# GPII Standalone – Past Operational Performance at a Glance...

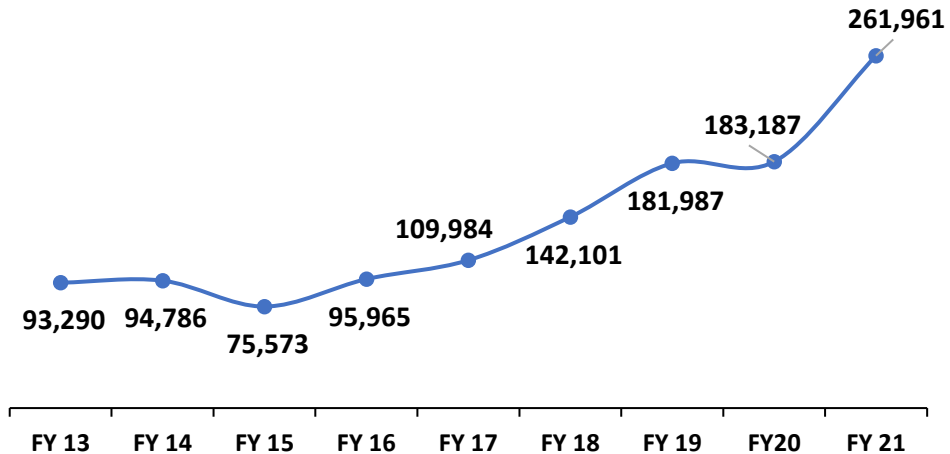
### Trend of Steel Production (mt)



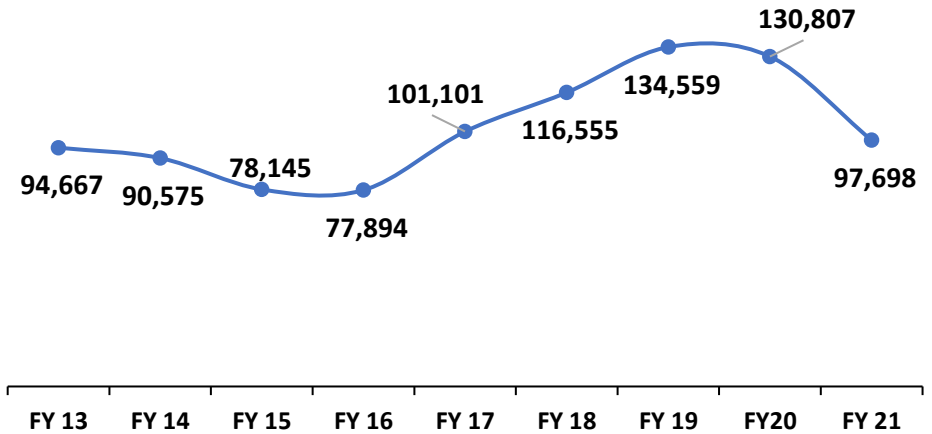
### Trend of Silico Manganese (mt)



### MS Rounds Production (mt)

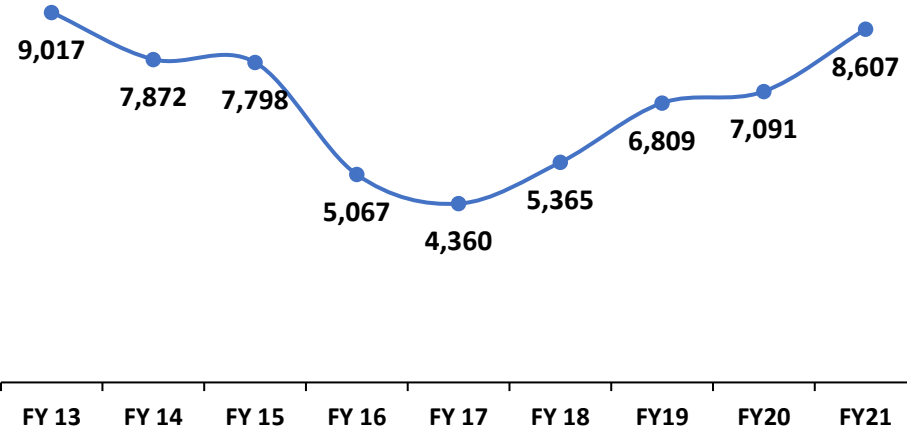


### HB Wire Production (mt)

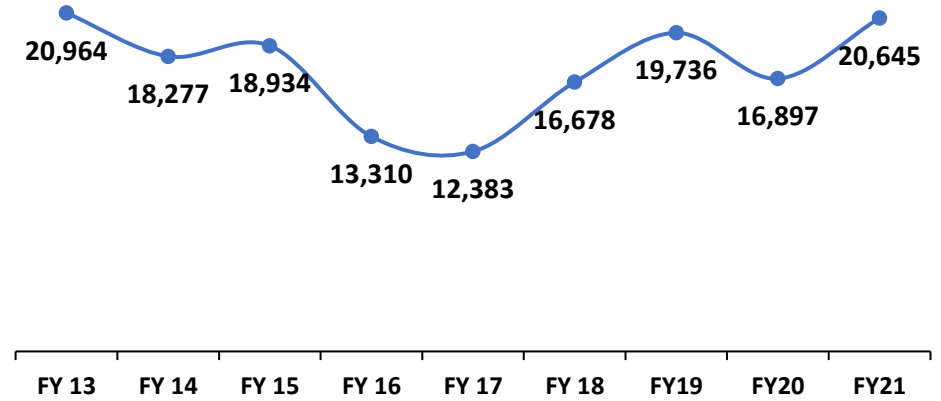


# Past Sales Realisations

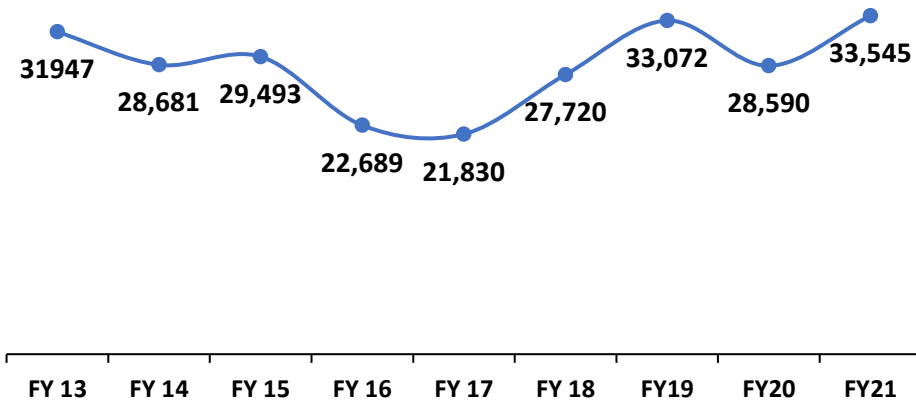
## Iron ore Pellet



## Sponge Iron

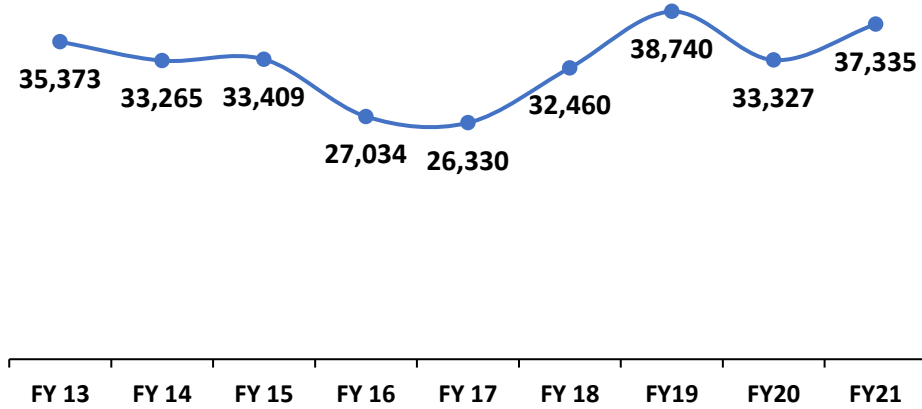


## Steel Billets

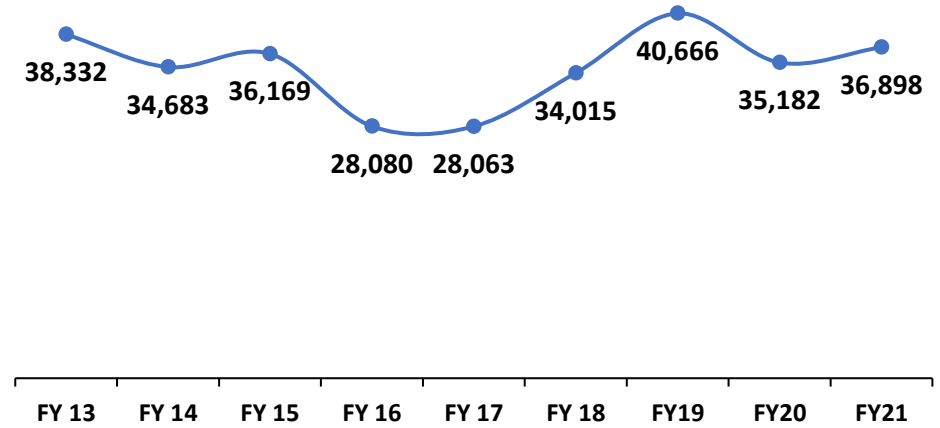


# Past Sales Realisations

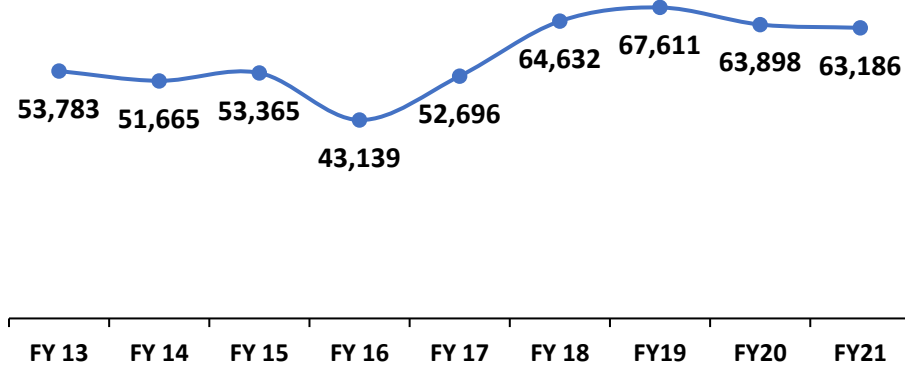
## M.S. Round



## H.B. Wire



## Silico Manganese



## GPII Consolidated – Historical Profit & Loss

Particulars (in Million)	FY21	FY20	FY19	FY18
<b>Net Sales</b>	40,719	32,885	33,216	25,274
Total Expenses	28,430	26,643	25,323	19,305
Other Income	40	47	58	87
<b>EBITDA</b>	<b>12,289</b>	<b>6,289</b>	<b>7,952</b>	<b>6,056</b>
<b>EBITDA Margin (%)</b>	<b>30%</b>	<b>19%</b>	<b>24%</b>	<b>23%</b>
Depreciation	1,385	1,369	1,329	1,318
Finance Costs	1,539	2,119	2,526	2,633
PBT	10,789	2,801	4,097	2,104
Tax	3,161	954	1,529	-64
PAT	6,245	1,744	2,607	2,147

# GPII Consolidated – Historical Balance Sheet

Particulars (INR mn)	FY21	FY20	FY19	FY18
<b>Net Worth</b>	21,080	15,026	13,364	10,837
<b>Non-Controlling Interest</b>	724	1,773	1,672	1,604
<b>Debt</b>				
Long Term Debt	7,711	14,645	16,431	18,730
Short Term Debt	814	1,604	1,393	1,344
Other Long Term Liabilities	1,851	605	127	103
<b>Current liabilities</b>				
Accounts Payable	962	1,783	2,030	1,611
Other Current Liabilities (including current maturities of LT Debt)	1,319	1,153	1,766	1,892
<b>Total Liabilities and Equity</b>	<b>34,736</b>	<b>34,815</b>	<b>35,111</b>	<b>34,517</b>
<b>Non Current Assets</b>				
Net Fixed Assets	19,199	21,646	21,332	21,377
Other Long Term Assets	3,817	2,463	3,930	5,059
<b>Current Assets</b>				
Inventory	5,037	5,574	6,164	4,323
Accounts Receivable	2,752	1,768	1,669	1,558
Loans and Advances and Other Current Assets	1,887	1,700	1,628	1,678
Cash and Cash Equivalents (Including bank balances)	602	290	389	522
<b>Total Application of Funds</b>	<b>34,736</b>	<b>34,815</b>	<b>35,111</b>	<b>34,517</b>

# Thank you

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