

Godawari Power & Ispat Limited

Dedication, Discipline and Debt-free.

Godawari Power & Ispat Limited is poised to
emerge as a sustainable mid-sized steel company

Q1 FY22
Investor
Presentation

Disclaimer

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Godawari Power and Ispat Limited (the “Company”) solely for the information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company

Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The Risk and uncertainties relating to the statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting demand / supply and price conditions in domestic and international markets. The company does not under take to update any forward -looking statement that may be made from time to time by or on behalf of the company.

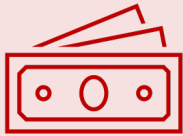
This Presentation has been prepared by the Company based on information and data which the Company considers reliable. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. The Company does not make any promise to update/provide such presentation along with results to be declared in the coming years.

Strategy 1.0 – Deleveraging, Asset Optimisation and Exiting Non Core Assets

Objective

Action Taken

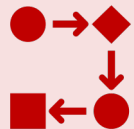
Current Status



- **Balance Sheet Strengthening**

- Repaid INR 1800 Crore long term debt over last 4 years - date

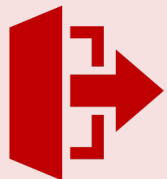
- Long term Debt Fully repaid in standalone business
- Consolidated Debt/Equity reduced to 0.15x as on date from peak of 2.75x in FY17
- Interest cost reduced to 8.5% p.a.



- **Asset sweating**

- Improved capacity utilisation across portfolio
- Increase production capacity and undertake low cost debottlenecking

- Achieved 95% capacity utilisation cross key product categories
- Enhanced Iron ore production capacity
- Undertaken low cost debottlenecking in pellets, sponge iron, billets and beneficiation plant



- **Exit Non Core Business; simplify group structure**

- Ardent Steel and Godawari Green identified as non core assets

- Strategic stake sale in Ardent Steel; stake reduced to 38% from 76% earlier
- Exploring stake sale options in Godawari Green

Strategy 2.0 – Transitioning to a Fully Integrated Primary Producer

Objective

Action Taken

Current Status



- **Transitioning to a fully integrated steel producer**

- Signed an MoU with Chhattisgarh Government to set up a 1.5 -2.0 mtpa steel capacity by 2024-25

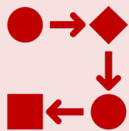
- Land identification done
- Capex and technology details being finalised
- Preparing to file TOR for environment clearance



- **Increased focussed on Sustainability**

- Replacing grid/thermal capacity with Solar PV of 250 MW
- Setting up a solar plant in Hira Ferro Alloys of 70 MW to replace Grid Power

- Solar PV project progressing as per schedule
- Hira Ferro Alloys to become a subsidiary in Q2FY22








- **Asset Optimisation**

- Increasing Iron Ore production capacity
- Enhance Iron Ore beneficiation capacity

- MOEF clearance received to increase capacity to 2.35 mtpa
- Iron Beneficiation Capacity increased from 1 mtpa per tonne to 3.28 mtpa – Received consent to operate CECB
- Sponge iron capacity to increase from 0.49 mtpa to 0.59 mtpa – pollution control board consent to operate likely to be received in Q2FY22

Near Term Growth Triggers; Low-cost capacity Expansion

		Capacity FY21	Capex	Capacity FY22
	Iron Ore Mining	2.1mt	INR 750 mn	3.0 mtpa
	Iron Ore Beneficiation	1.0mt	INR 150 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 600 mn	0.7mtpa

Q1 FY22: Operating and Financial Performance

Record Operating Performance

- Highest ever Iron Ore production of 559 kmt
- Highest ever Steel Billets production of 115 kmt

Record Financial Performance

- EBITDA up 354% YoY at INR 573 crore
- PBT up 759 % YoY at INR 538 crore
- PAT up 967 % YoY at INR 437 crore
- Highest ever quarterly Export Turnover of INR 639 crore
- Board approved an interim dividend of INR 5/share

Strategic Update

- Increasing stake in Associate company Hira Ferro Alloys limited ('HFAL') to 56.45% from 48.45% currently by subscribing to preferential issue of Rs70cr. To be utilised for setting up captive Solar power plant. Hira Ferro Alloys to turn into subsidiary of GPIL
- HFAL is setting up a 70 MW Captive Solar Power plant at an estimated CAPEX of INR 250 crores; to be partly funded through above equity infusion, internal accruals and debt.

Hira Ferro Alloys Limited

- Hira Ferro Alloys Ltd is a manufacturer of ferro alloys

Products	Capacity
Ferro Alloys	61,500 TPA
Captive Thermal Power	20 MW
Bio Mass (IPP)	8.5 MW
Wind Power (IPP)	1.5 MW

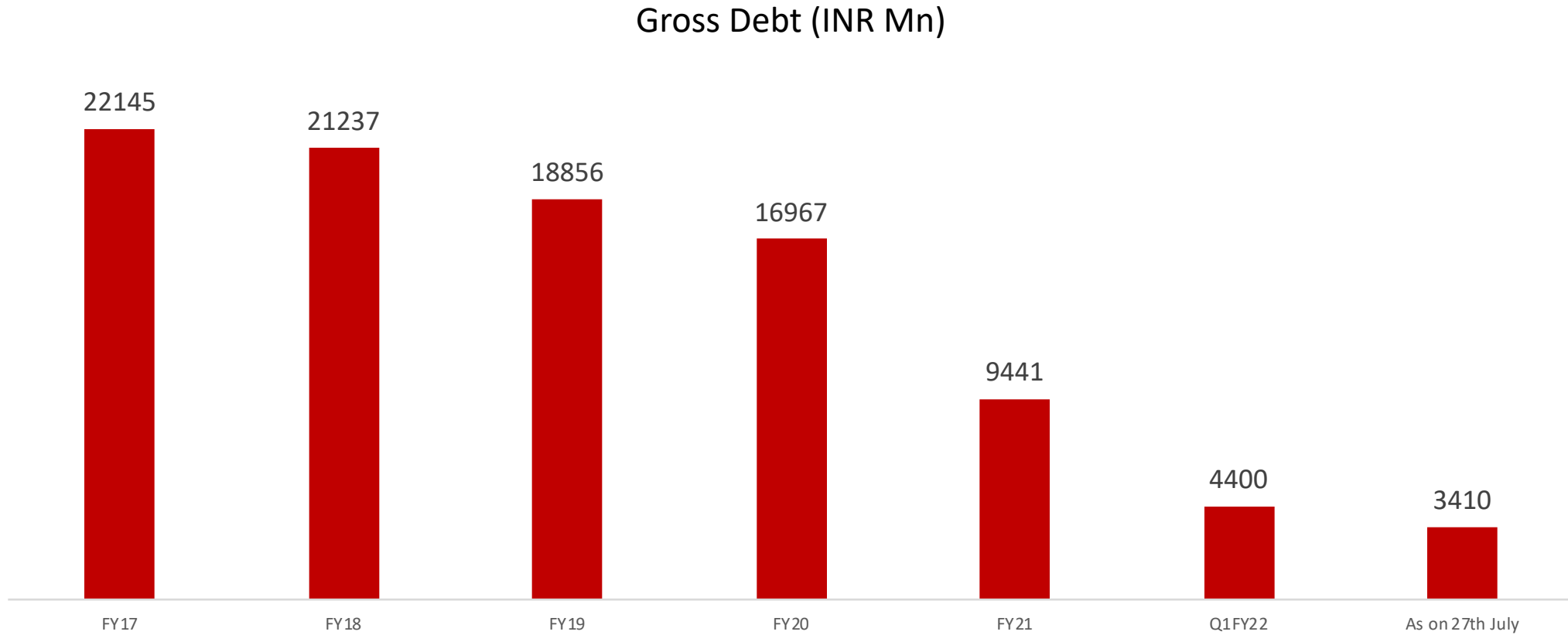
Q1 FY22 Financial Performance	INR Crore
Revenue	116.53
EBITDA	28.24
<i>EBITDA Margin</i>	<i>24.2%</i>
PAT	18.03

Near Term Growth Triggers:

- Asset optimisation: Production capacity increasing over last few quarters
- Cost Optimisation: 70 MW captive solar PV plant to replace grid power; Power cost saving of INR 3/unit

Consolidated debt substantially reduced.

Standalone debt zero, as on date:

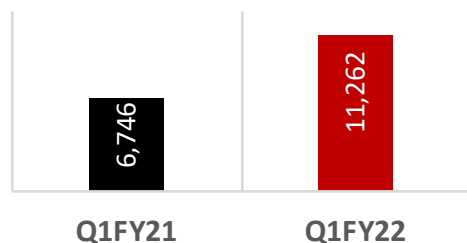


**consolidated*

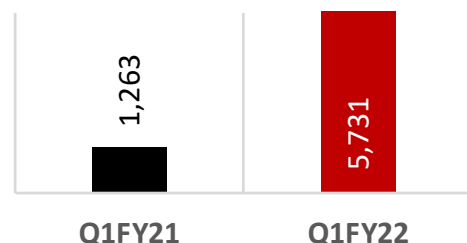
Q1FY22: Consolidated Financial & Operating Performance

Financial Performance (in Mn)

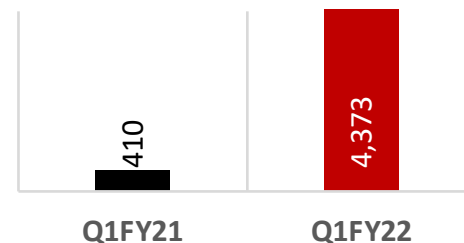
Sales



EBITDA



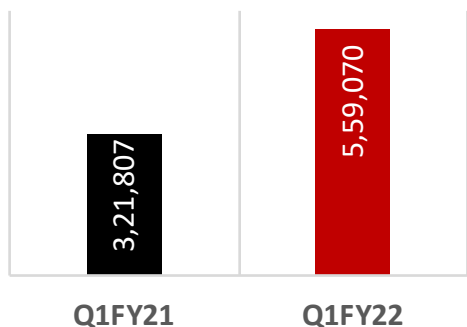
PAT



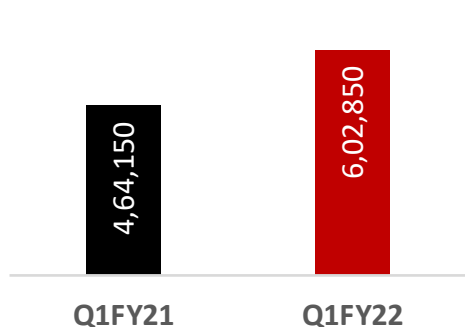
Credit Rating
A/STABLE
(by CRISIL, India Rating
and CARE)
(Standalone)

Production Summary (MT)

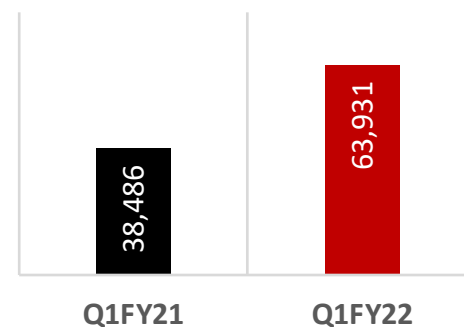
Iron Ore Production



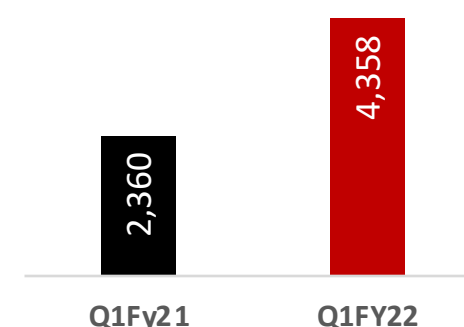
Pellet (GPIL)



MS Round



Silico Manganese



GPIL Consolidated - Profit & Loss

All figures in INR Mn

Particulars	Q1FY22	Q4FY21	QoQ%	Q1FY21	YoY %	FY21
Net Sales	11,262	12,366	-9%	6,746	67%	39,576
Total Expenses	5,531	7,670	-28%	5,483	1%	28,206
Other Income	10	13	-24%	9	7%	34
EBIDTA	5,731	4,696	22%	1,263	354%	11,370
EBIDTA Margin (%)	50.9%	38.0%		19.0%		30.2%
Depreciation	252	233	8%	284	-11%	1,090
Finance Costs	106	185	-43%	361	-71%	1,150
PBT	5,383	4,291	25%	627	759%	9,165
Extra Ordinary Income	-	-		-		-
Tax	1,354	1,250	8%	227	496%	3,071
PAT *	4,373	3,269	34%	410	967%	6,545
EPS (INR)	123.42	92.79	33%	13.19	836%	181.17

** Includes JV income & income from discontinued operations*

GPIL Standalone Profit and Loss

All figures in INR Mn

Particulars	Q1FY22	Q4FY21	QoQ%	Q1FY21	YoY %	FY21
Net Sales	11,262	12,366	-9%	5,740	96%	36,409
Total Expenses	5,531	7,683	-28%	4,776	16%	25,969
Other Income	9	31	-72%	9	-2%	52
EBIDTA	5,731	4,684	22%	963	495%	10,440
EBIDTA Margin (%)	50.9%	37.9%		16.9%		28.7%
Depreciation	252	231	9%	243	4%	965
Finance Costs	106	187	-43%	338	-69%	1,100
PBT	5,382	4,297	25%	392	1273%	8,427
Extra Ordinary Income		-		-		630
Tax	1,354	1,258	8%	145	834%	2,800
PAT	4,028	3,039	33%	246	1537%	6,258
EPS (INR)	114.30	86.26	33%	6.99	1535%	177.60

Q1FY22 Production Summary

Description of Goods	M.T./ KWH	Q1FY22	Q4FY21	QoQ%	Q1FY21	YoY%	FY21
Iron Ore Mining	M.T.s	5,59,070	4,76,067	17%	3,21,807	74%	16,99,920
Iron Ore Pellet - GPIL	M.T.s	6,02,850	6,30,600	-4%	4,64,150	30%	22,56,550
Iron Ore Pellet - ASL	M.T.s	1,75,346	2,21,882	-21%	1,85,149	-5%	7,05,804
Sponge Iron	M.T.s	1,43,542	1,20,056	20%	76,396	88%	4,94,991
Steel Billets	M.T.s	1,15,240	93,105	24%	56,510	104%	3,50,865
M.S. Round/ TMT	M.T.s	63,931	67,709	-6%	38,486	66%	2,61,691
H.B. Wire	M.T.s	10,730	14,525	-26%	17,618	-39%	97,698
Silico Manganese	M.T.s	4,358	4,213	3%	2360	85%	14,178
Galvanized Fabricated Product	M.T.s	10,076	7,477	35%	5,263	91%	29,092
Power Generation	Units (Cr)	14	12	12%	7	95%	44
Power Generation (Solar)	Units (Cr)	3	2	29%	3	-11%	10

Q1FY22 Sales Volume Summary

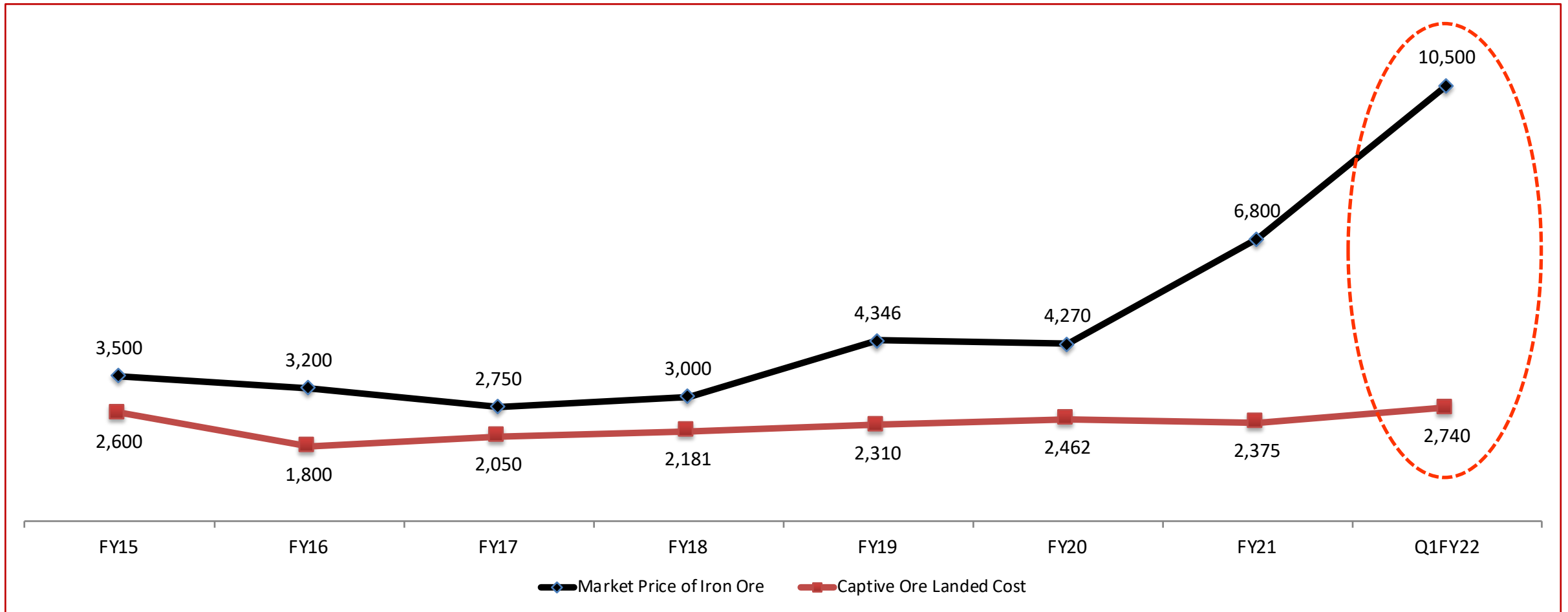
Description of Goods	M.T./ KWH	Q1FY22	Q4FY21	QoQ%	Q1FY21	YoY%	FY21
Iron Ore Pellet - GPIL	M.T.s	3,88,937	4,42,398	-12%	3,80,301	2%	16,07,881
Iron Ore Pellet - ASL	M.T.s	1,85,776	1,93,791	-4%	1,80,166	3%	6,89,882
Sponge Iron	M.T.s	5,378	22,780	-76%	8,284	-35%	1,04,289
Steel Billets	M.T.s	34,174	42,682	-20%	21,333	60%	1,37,136
M.S. Round/ TMT Bar	M.T.s	29,414	56,642	-48%	22,733	29%	1,65,434
H.B. Wire	M.T.s	17,303	16,798	3%	20,939	-17%	1,01,017
Silico Manganese	M.T.s	3,502	3,482	1%	1,836	91%	10,795
Galvanized Fabricated Product	M.T.s	8,138	8,765	-7%	5269	54%	28,128
GGEL Solar Power (in Cr.)	KWH	3	2	28%	3	-11%	9

Q1FY22 Realisation Summary

Description of Goods	M.T./ KWH	Q1FY22	Q4FY21	QoQ%	Q1FY21	YoY%	FY21
Iron Ore Pellet - GPIL	M.T.s	13,942	11,718	19%	6,124	128%	8,607
Iron Ore Pellet - ASL	M.T.s	11,152	10,365	8%	5,353	108%	7,486
Sponge Iron	M.T.s	28,693	24,591	17%	15,100	90%	20,645
Steel Billets	M.T.s	41,292	38,386	8%	27,999	47%	33,545
M.S. Round/ TMT Bar	M.T.s	45,684	42,116	8%	32,714	40%	37,335
H.B. Wire	M.T.s	47,003	43,546	8%	33,395	41%	36,898
Silico Manganese	M.T.s	87,811	69,205	27%	61,915	42%	63,186
Galvanized Fabricated Product	M.T.s	73,000	69,147	6%	56,062	30%	61,111
GGEL Solar Power	KWH	12	12	0%	12	0%	12

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

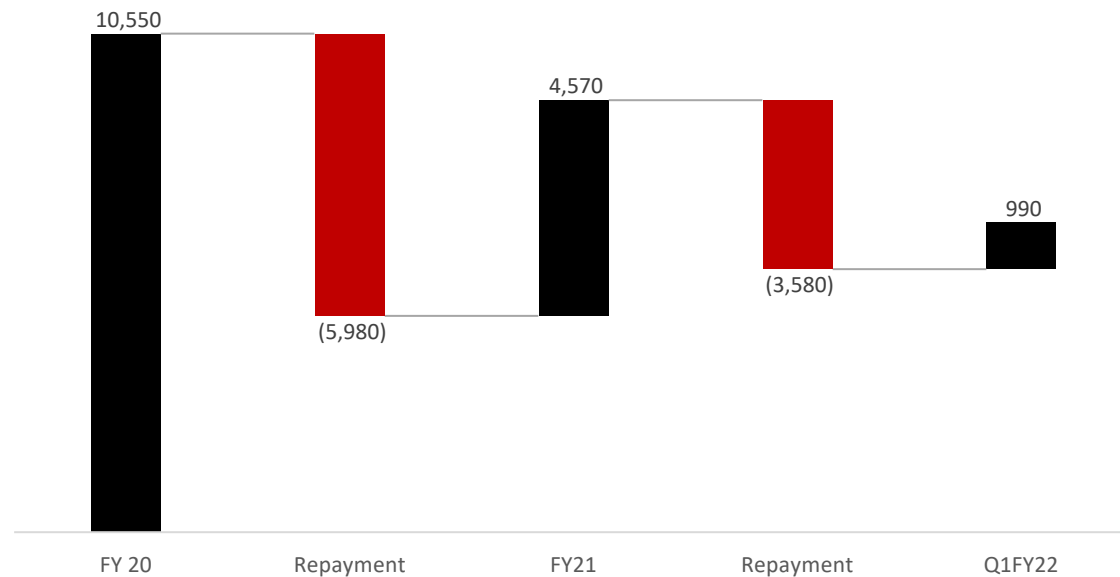
Captive Mining Provides Strategic Edge



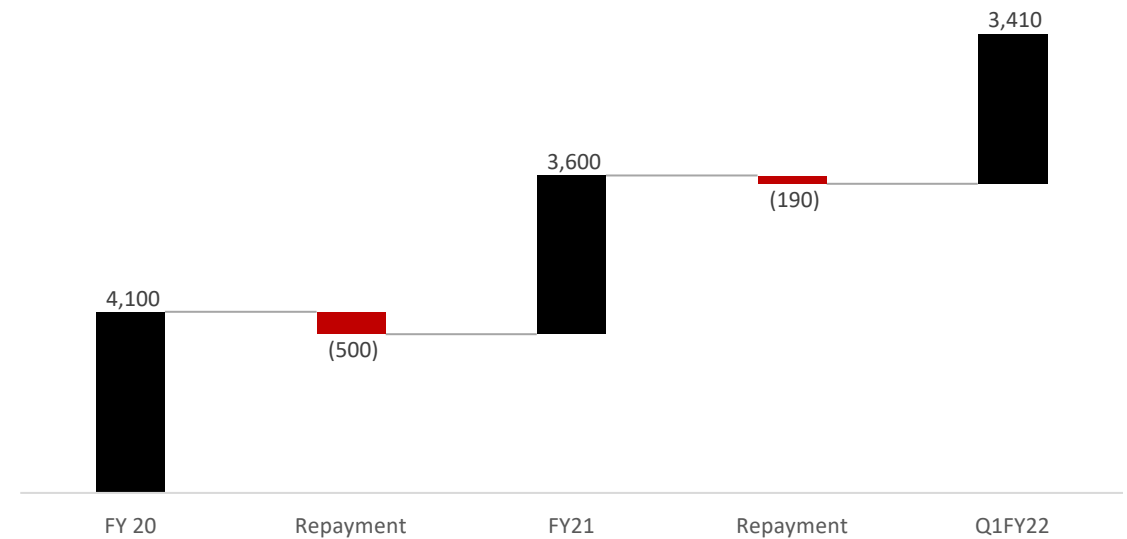
Stronger Balance Sheet

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

GPIL Standalone Repayment



GGEL Repayment



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

International & Domestic Tailwinds

International Market

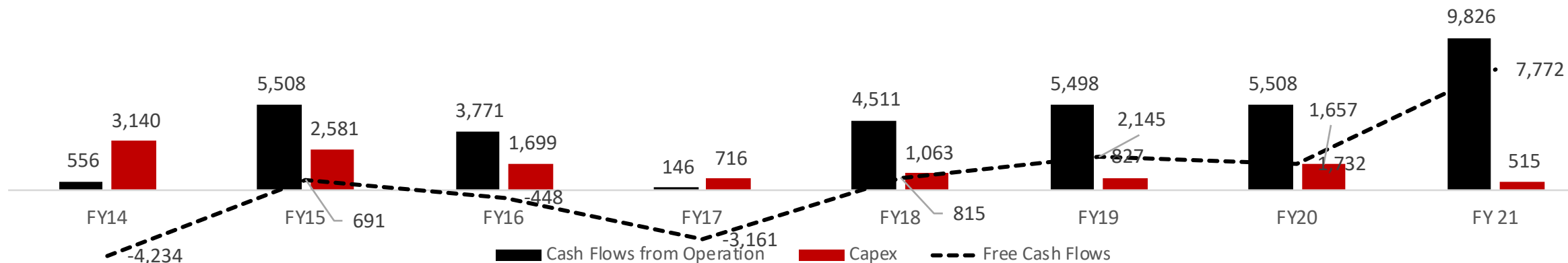
- Iron ore prices have climbed to US\$ 233/t, touching multi-year high, and is now trading at US\$ 200/t. Among the 3 major iron ore producers globally only Vale has been projecting higher production in FY22. The demand supply is expected to remain tight for next 1-2years.
- Pellet prices have been tracking 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

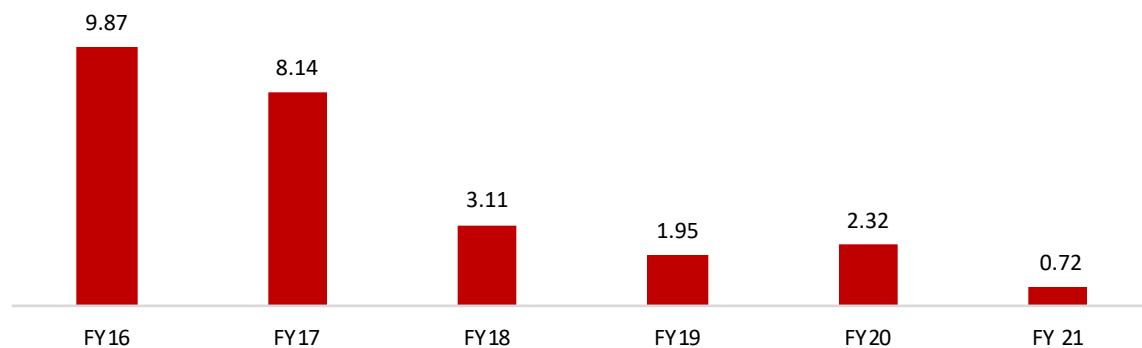
- Indian iron ore prices have almost doubled in last 5 months to 10,500/t for 62% Fe (Orissa iron ore fines).
- Indian iron ore production declined by 44mnt in FY21 and at the same time cost curve got bumped up as the winning bid premium on recently held auction in Odisha has been between 90%-150% of 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 14,500 per tonne for 64%/63% Fe.

Building a Strong Organisation

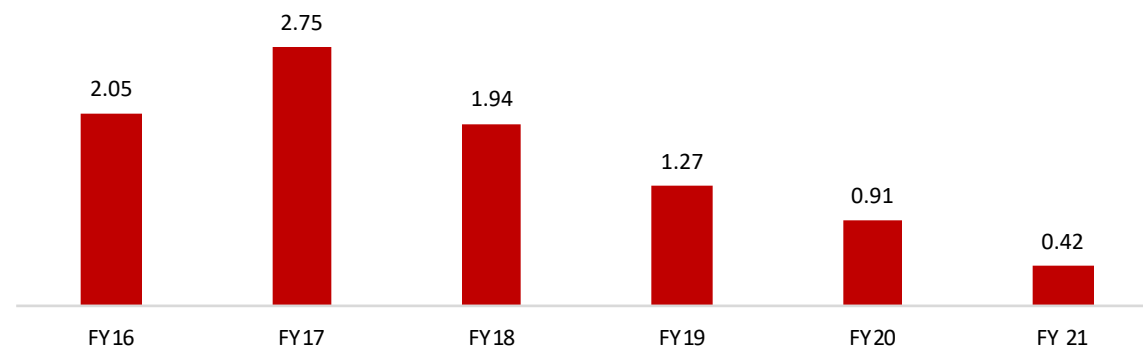
Cash Flow from Operation



Net Debt/EBITDA (x)

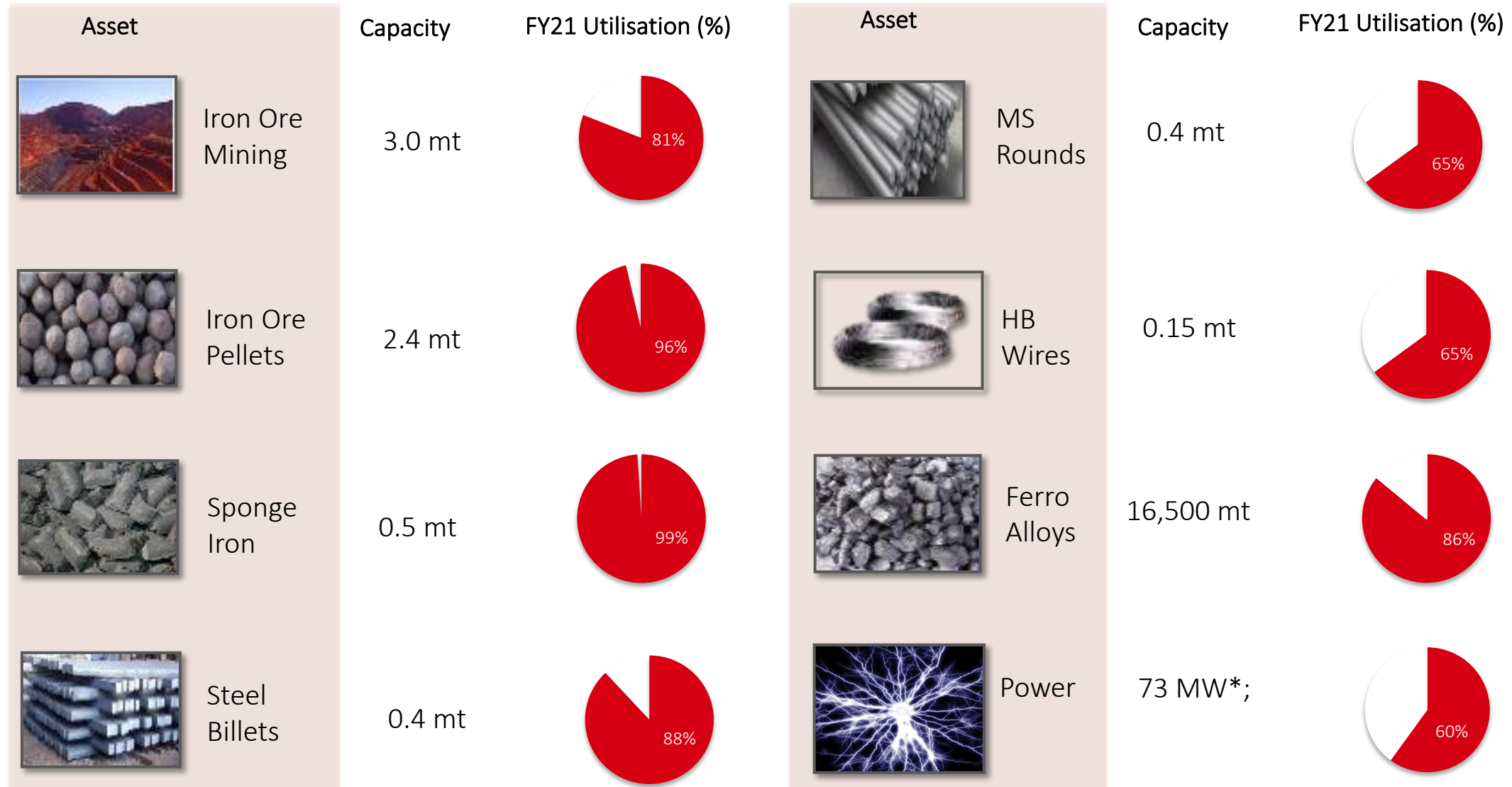


Net Debt/Equity (x)



APPENDIX

Unique Presence Across Steel Value Chain



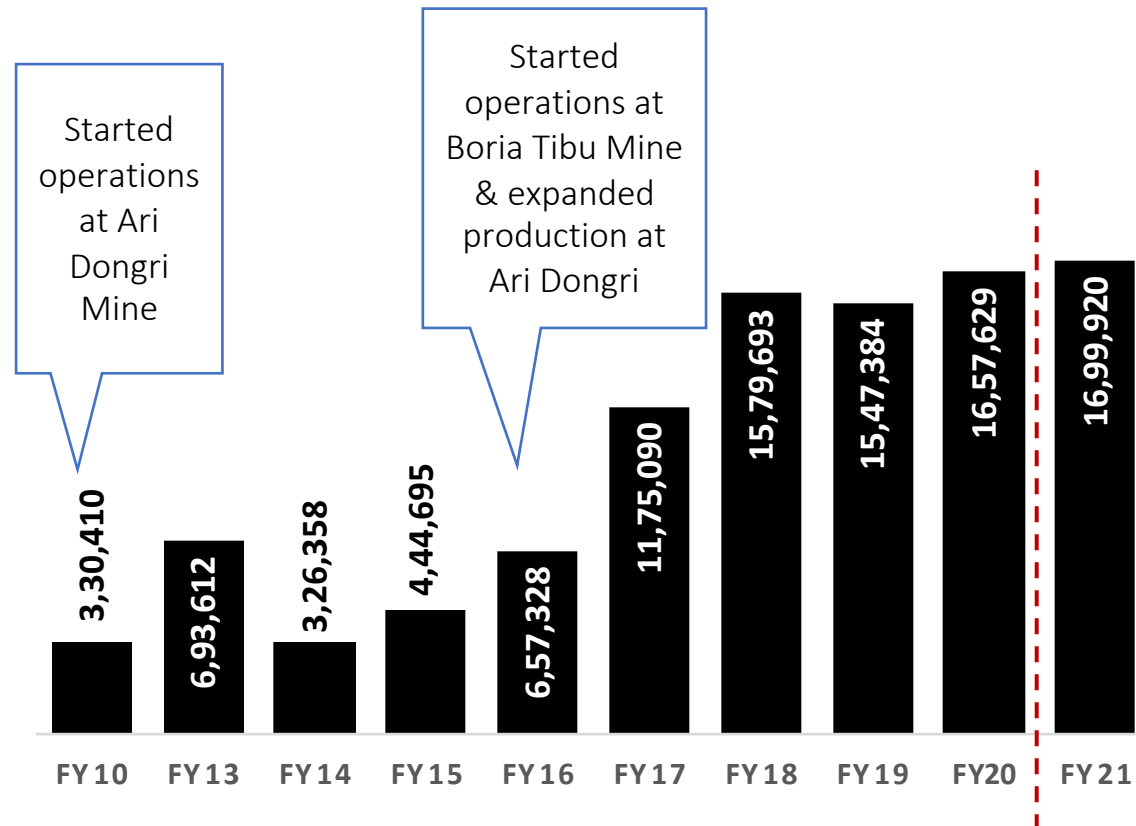
mt: Million tonnes

* 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.

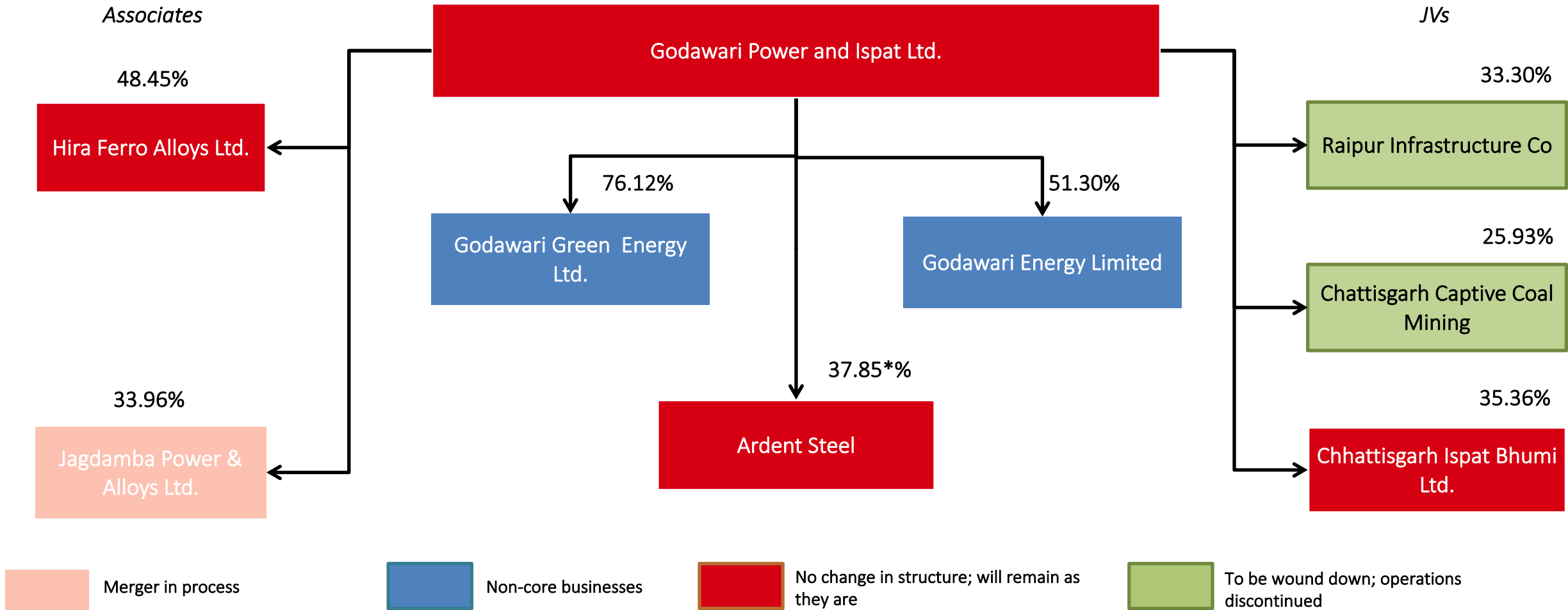
Power

- 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

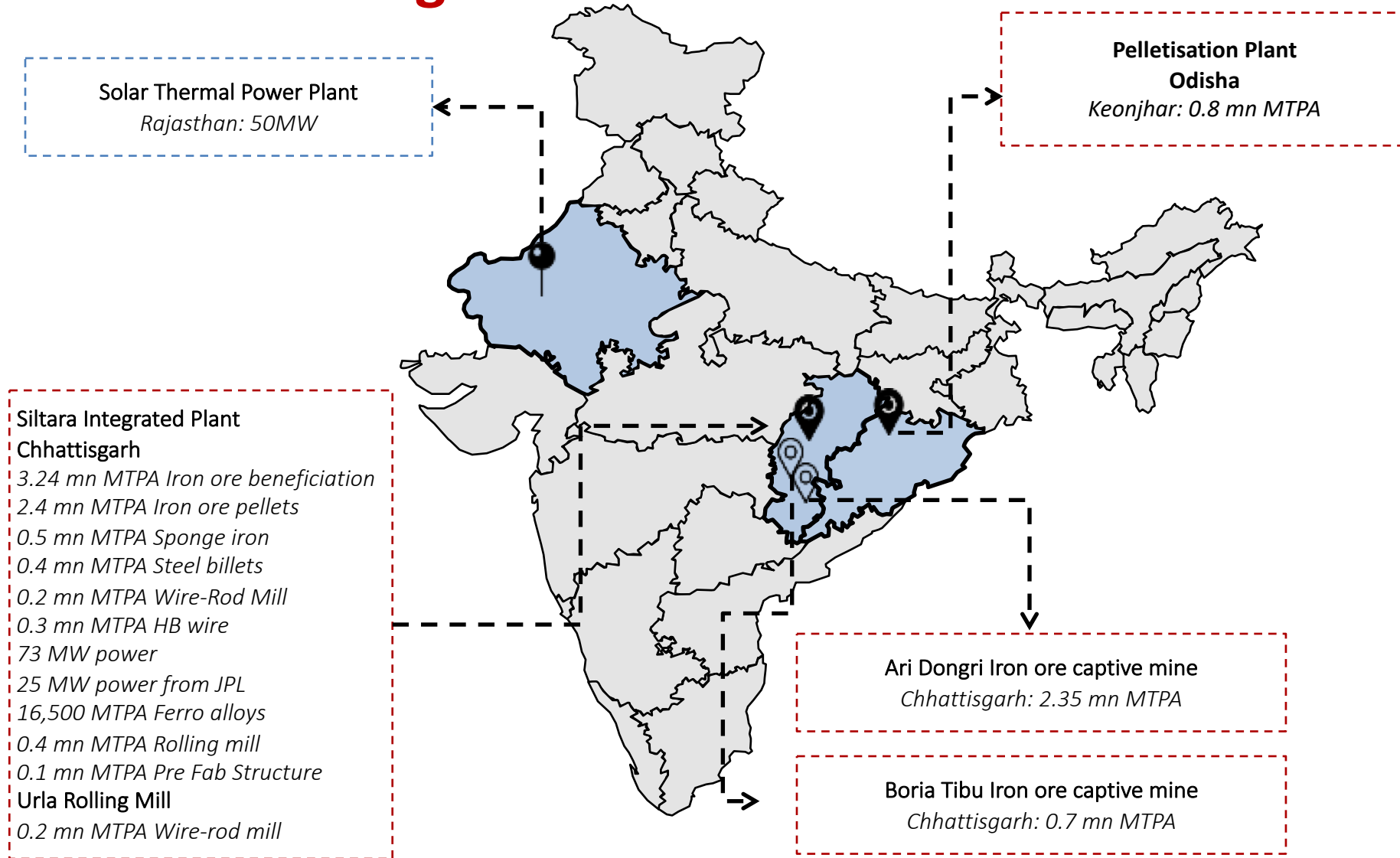
Group Structure



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

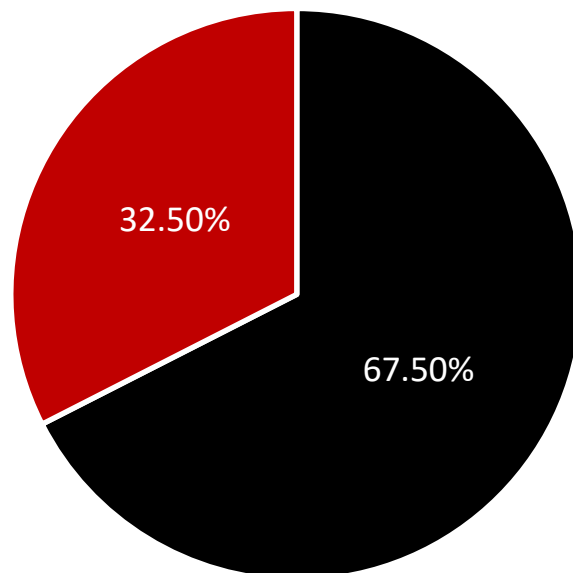
Jagdamba merger delayed as NCLT meeting impacted on account of covid pandemic

Large Portfolio of Long-life Assets



Shareholding Pattern as on June 2021

Shareholding Pattern



■ Promoter ■ Public

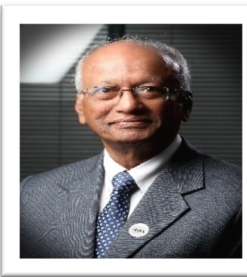
Break up of Shareholding Pattern

Shareholding	% of Total Sh.
Institution	2.21%
Non Institution	30.35%
Total	32.50%

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

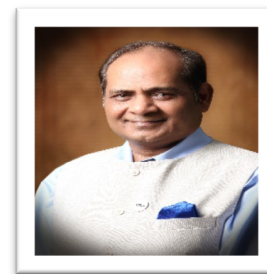
** Pledged with lenders as an additional collateral for working capital & long term loans taken by the company and is not on a mark to market basis. Thus there are no margin calls on account of fluctuations in stock price. The pledge has been with the banks for more than 10 years. Promoters has not availed any loan against the pledge of shares. Likely to be released in Q2FY22 as long term debt is NIL.*

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



Mr Abhishek Agarwal (Executive Director)

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



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. 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. Dinesh Gandhi (Non-Executive Director)
3 decades of experience in Accounts, Finance & Project Financing; Chartered Accountant



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



Mr. Shashi Kumar (Independent Director)
4+ decades of experience; B.Sc. In Mining Engineering; Advisor to NTPC, IFFCO & Chhattisgarh Power Ltd



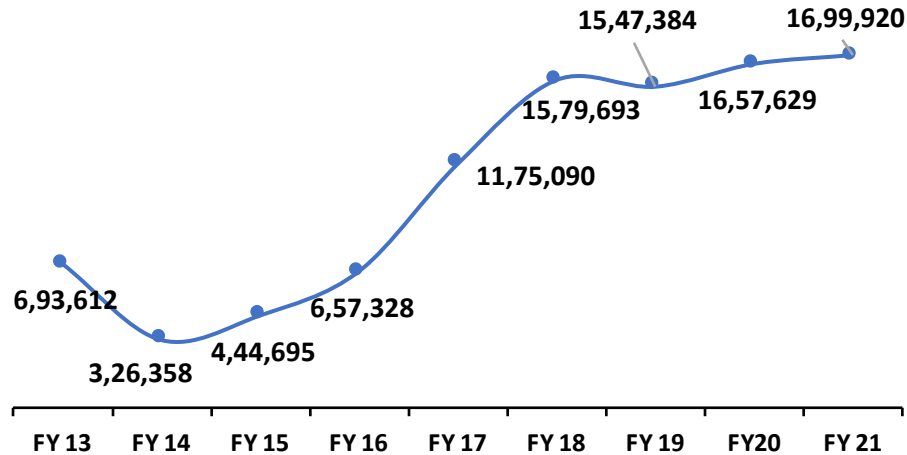
Mr. Harishankar Khandelwal (Independent Director)
Almost 3 decades of experience in corporate planning & strategy, financial analysis, budgeting etc
Chartered accountant by profession



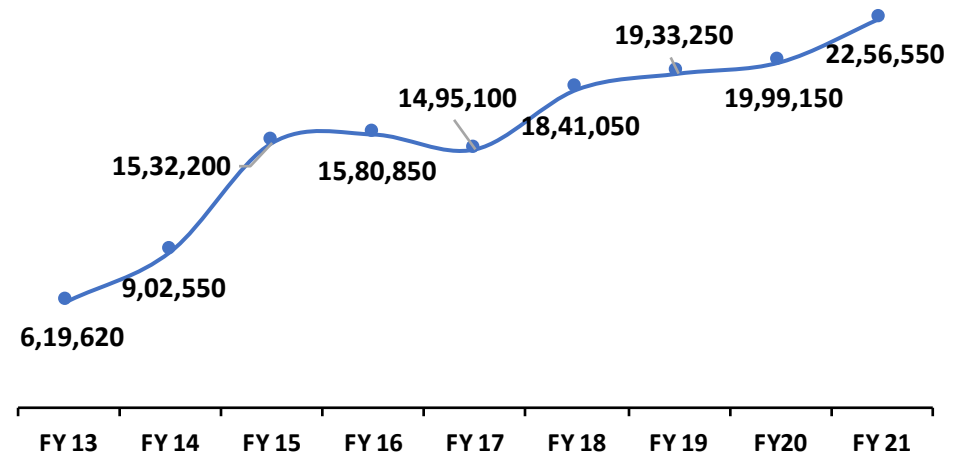
Ms. Bhavna G. Desai (Woman Independent Director)
Over 2 decades of capital market experience; Bachelor of Commerce from University of Mumbai

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

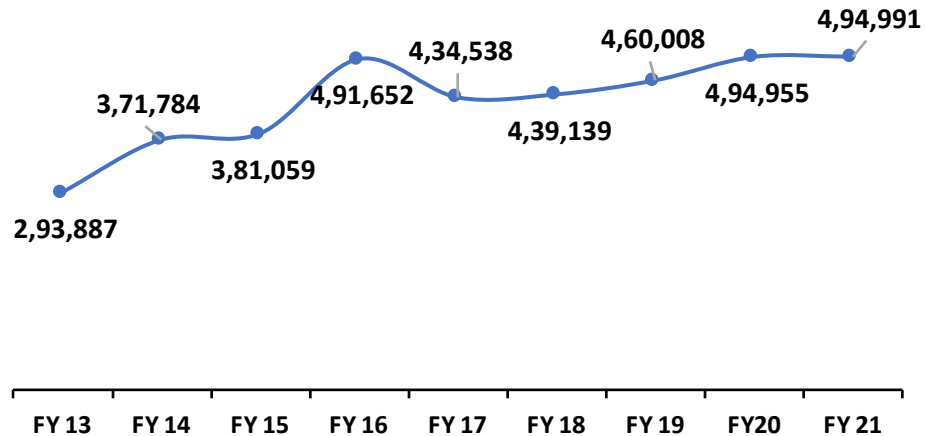
Trend of Iron Ore Mining (mt)



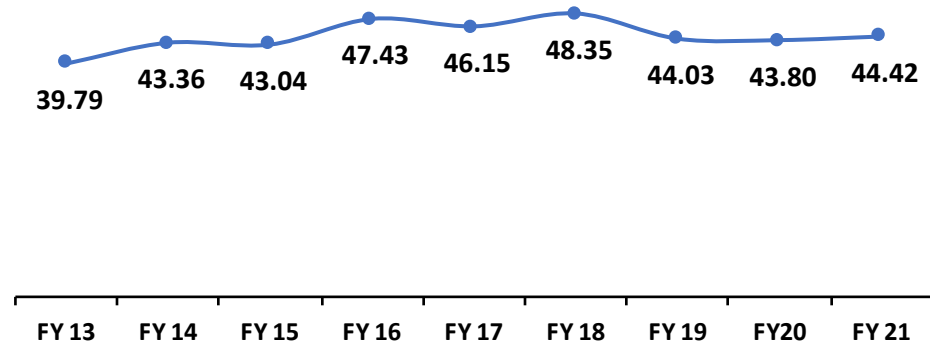
Trend of Pellet Production (mt)



Trend of Sponge Iron Production (mt)

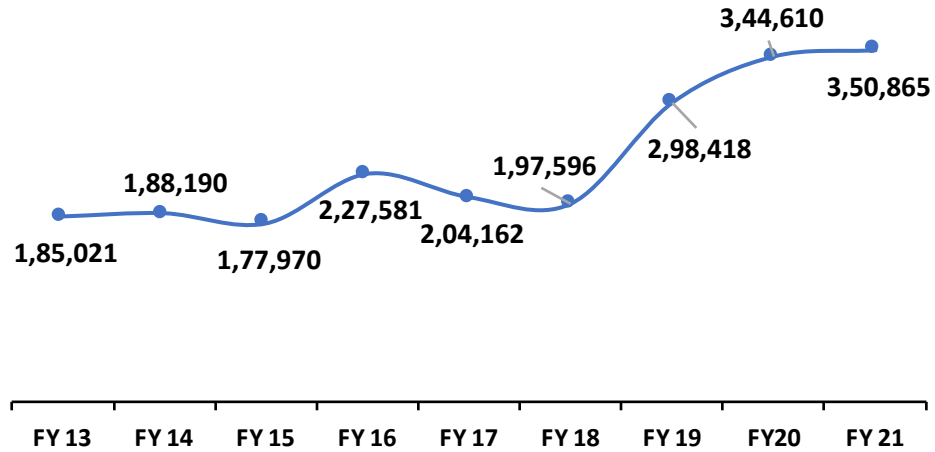


Trend of Captive Power Generation (kwh in Cr)

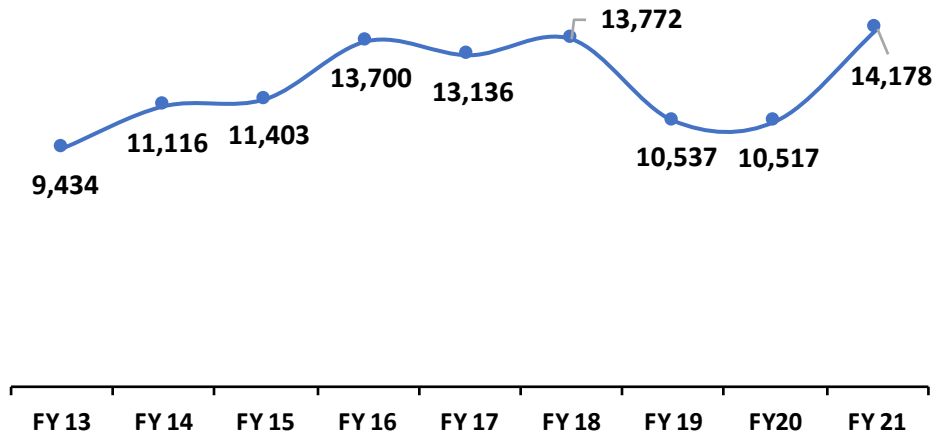


GPIL Standalone – Past Operational Performance at a Glance...

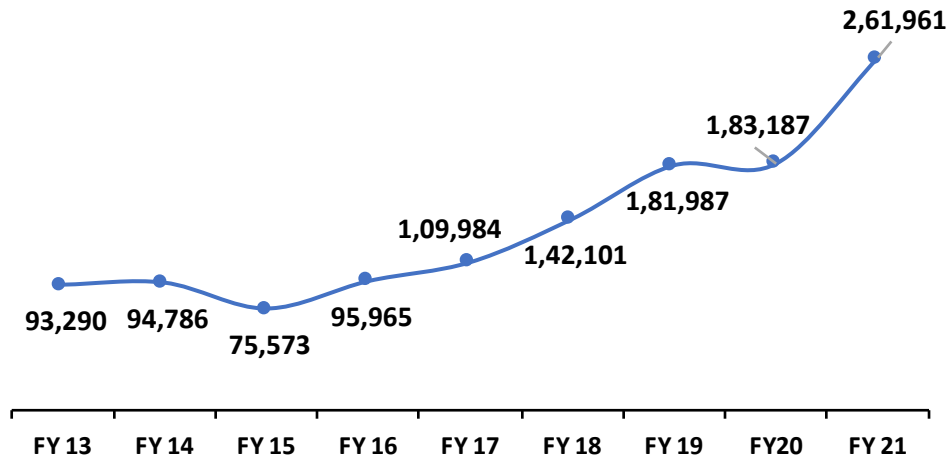
Trend of Steel Production (mt)



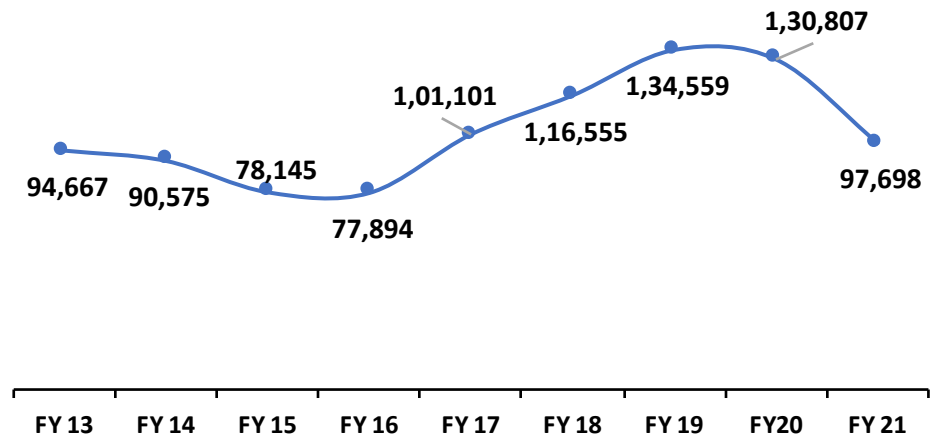
Trend of Silico Manganese (mt)



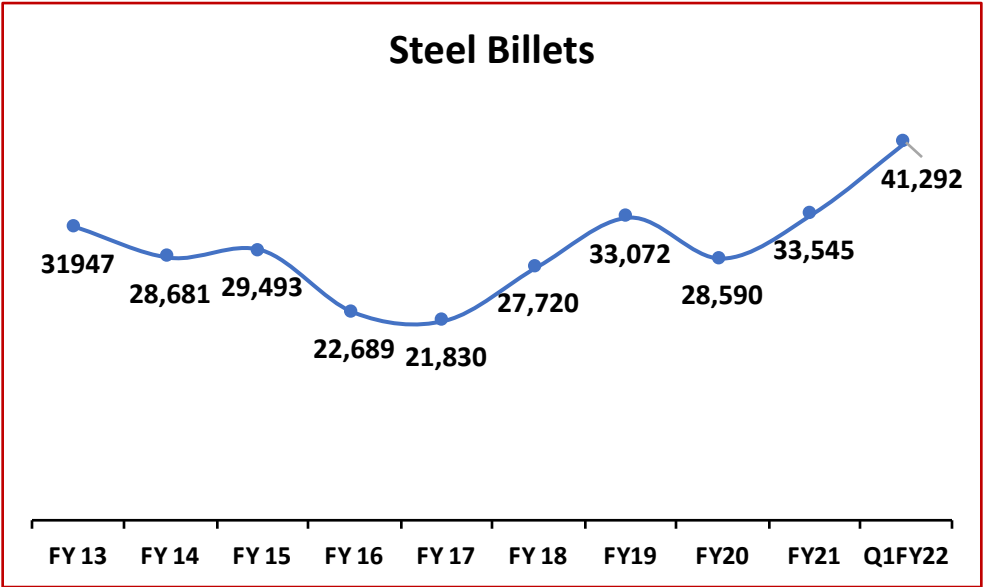
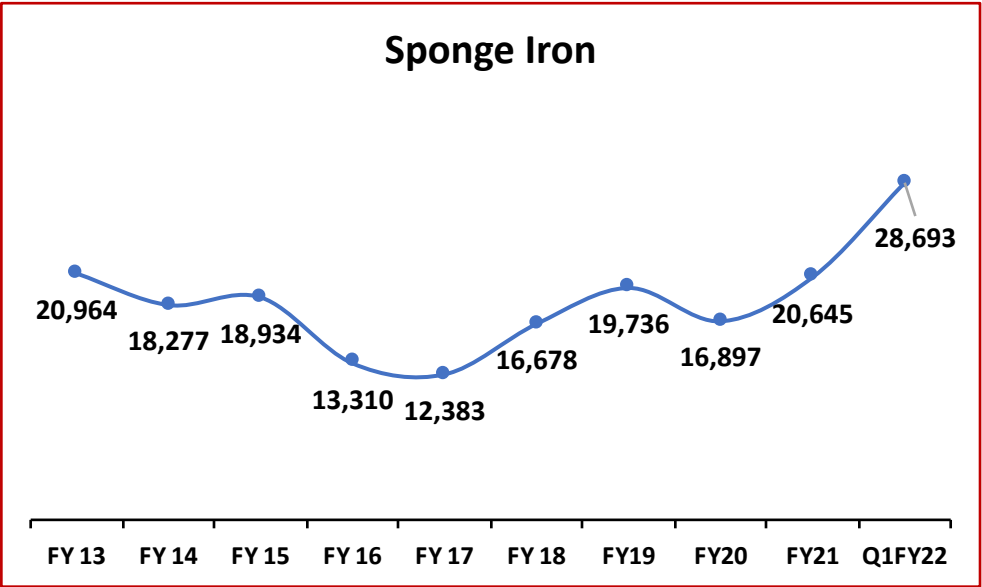
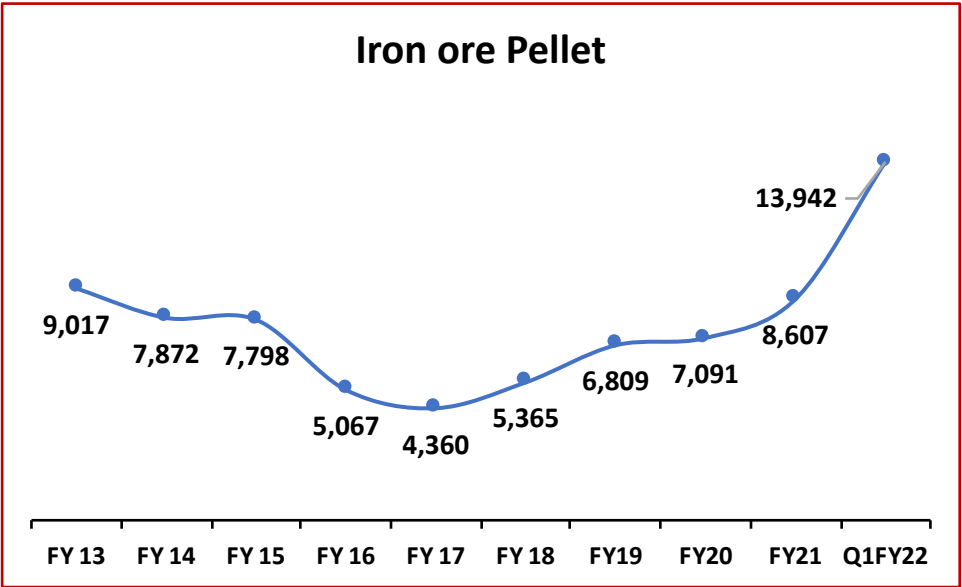
MS Rounds Production (mt)



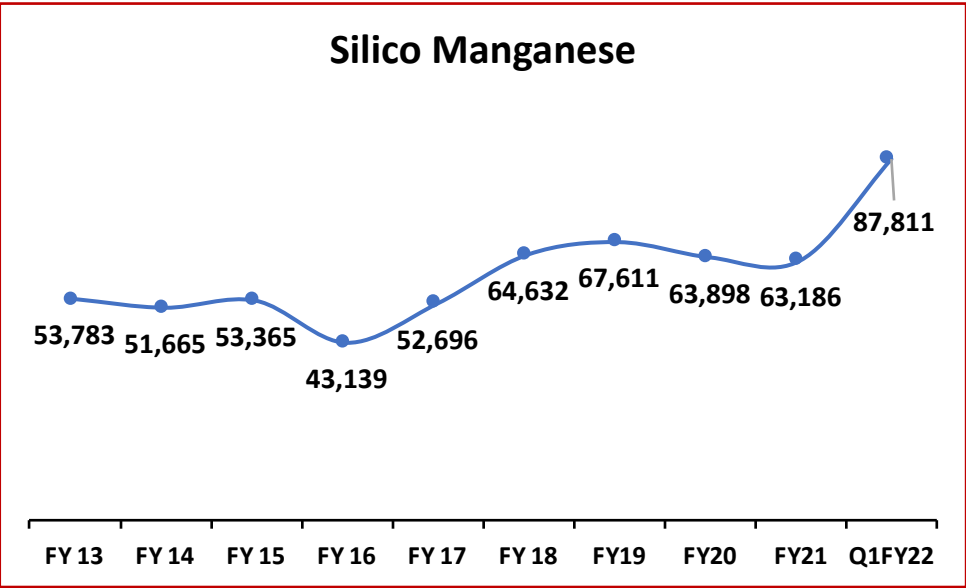
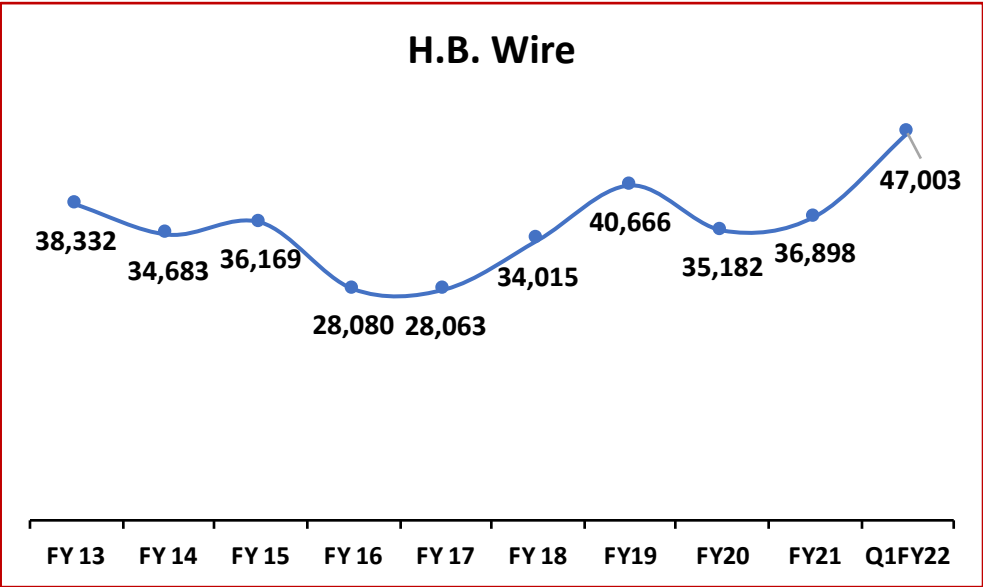
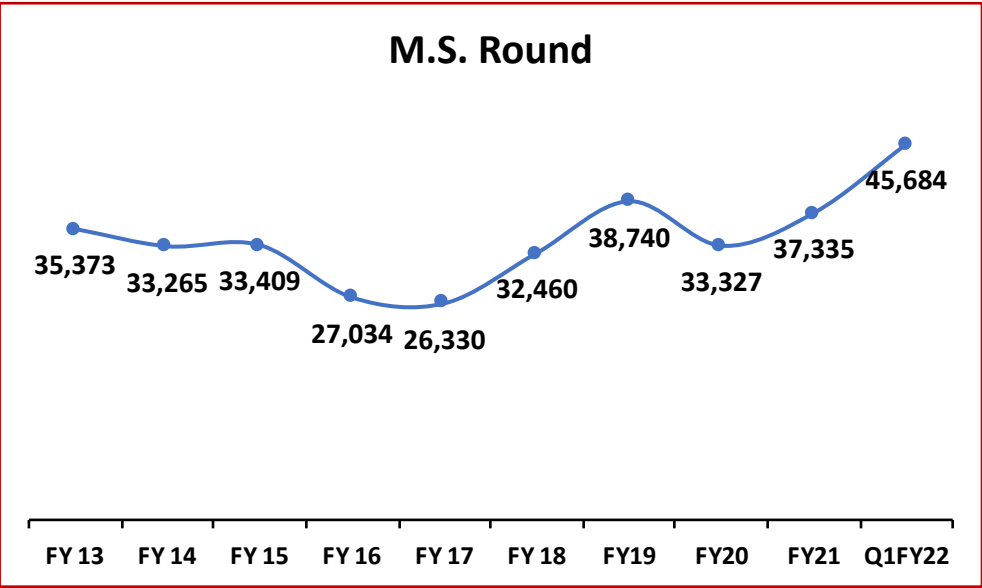
HB Wire Production (mt)



Past Sales Realisations



Past Sales Realisations



GPII Consolidated – Historical Profit & Loss

Particulars (in Million)	FY21	FY20	FY19	FY18
Net Sales	40,719	32,885	33,216	25,274
Total Expenses	28,430	26,643	25,323	19,305
Other Income	40	47	58	87
EBITDA	12,289	6,289	7,952	6,056
EBITDA Margin (%)	30%	19%	24%	23%
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

GPIL Consolidated – Historical Balance Sheet

Particulars (INR mn)	FY21	FY20	FY19	FY18
Net Worth	21,080	15,026	13,364	10,837
Non-Controlling Interest	724	1,773	1,672	1,604
Debt				
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
Current liabilities				
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
Total Liabilities and Equity	34,736	34,815	35,111	34,517
Non Current Assets				
Net Fixed Assets	19,199	21,646	21,332	21,377
Other Long Term Assets	3,817	2,463	3,930	5,059
Current Assets				
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
Total Application of Funds	34,736	34,815	35,111	34,517

Thank you

Investor Relations Contact:

Niharika Shah
Go India Advisors
niharika@GoIndiaAdvisors.com
M:+91 97690 98986

Sheetal Khanduja
Go India Advisors
sheetal@GoIndiaAdvisors.com
M:+91 97693 64166

Company Contact:

Sanjay Bothra
sanjay.bothra@hiragroup.com
Godawari Power and Ispat Ltd.
M: +91 98939 00152

YC Rao
Yarra.rao@hiragroup.com
Godawari Power and Ispat Ltd.
M:+91 9630038861