

Godawari Power & Ispat Limited
Annual Report 2020-21

Dedication, Discipline and Debt-free.

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

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Dedication. Discipline. Debt-free

This is the story of how a focus on environment responsibility, social commitment and governance framework is shaping the new personality of Godawari Power & Ispat Limited.

CORPORATE INFORMATION

Godawari Power & Ispat Limited.

Representing a new face of India's mid-sized steel companies.

A company that prioritised the moderation of its carbon footprint.

Focused on deleveraging its Balance Sheet even while focusing on growth.

Extended its business model from profitability to sustainability.

The result: the company has emerged as one of the most exciting proxies of India's mid-sized steel sector.



The company's background

Godawari Power & Ispat Limited is an integrated steel company with a presence across the steel value chain extending from iron ore (two mines) to iron ore pellets and value-added steel products.

The company is stewarded by Mr. B.L. Agarwal, a first-generation entrepreneur, who possesses more than four decades of experience in the steel industry. He is supported by the second generation from the promoter family comprising Mr. Siddharth

Agarwal and Mr. Abhishek Agarwal as well as professional managers.

The company had directly employed 2656 individuals towards the end of 2020-21. The average age of employees was 38 years as on 31 March 2021.

Products manufactured by the company

Pellets: Used in the production of steel and alloys. Has gained traction owing to growing demand for high-grade iron content material, which is globally scarce.

Sponge iron: Represents a critical input for the steel industry as energy-efficient feedstock.

Iron and steel billets: Processed iron or steel with a rectangle or square cross section, used for manufacturing rolled products of different applications in the construction, infrastructure and other industries.

Wire rods: Wire rod is a finished product in a steel plant rolled from the billet in a wire rod mill. It is mainly used for the production of steel

wire, which is subjected to further processing.

Hard black wire: Made from rolled steel through wire drawing; serves as raw material in construction and infrastructure.

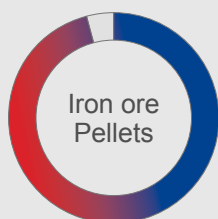
Ferro alloys: Production of silico manganese is used in steel production.

Unique presence across the steel value chain



Capacity: 2.1 mt

F21 utilisation: **81%**



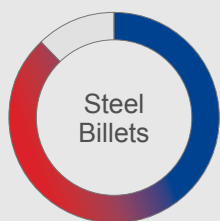
Capacity: 2.4 mt

F21 utilisation: **96%**



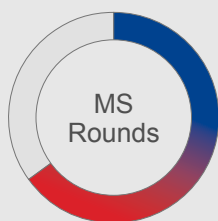
Capacity: 0.5 mt

F21 utilisation: **99%**



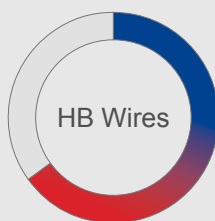
Capacity: 0.4 mt

F21 utilisation: **88%**



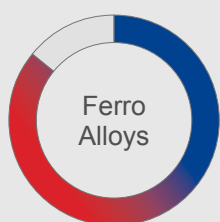
Capacity: 0.4 mt

F21 utilisation: **65%**



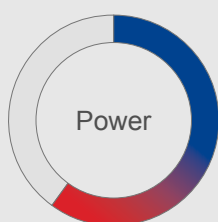
Capacity: 0.15 mt

F21 utilisation: **65%**



Capacity: 16,500 mt

F21 utilisation: **86%**



Capacity: 73 MW*

F21 utilisation: **60%**

Other facilities

Captive mining: Increased captive mining to aid in lowering costs and improving margins.

Power: In-plant power generation capacity of 73 MW. Derived 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.

CORPORATE INFORMATION

Our recognition

2009: Secured third position in the Open Plantation Award organised by Urla Industrial Association, Chhattisgarh.

2013: Bagged Best Project in Go Green & Conserve Environment

2013: Entrepreneur of the Year Award to Mr. B.L. Agrawal, MD, by Think Media Inc.

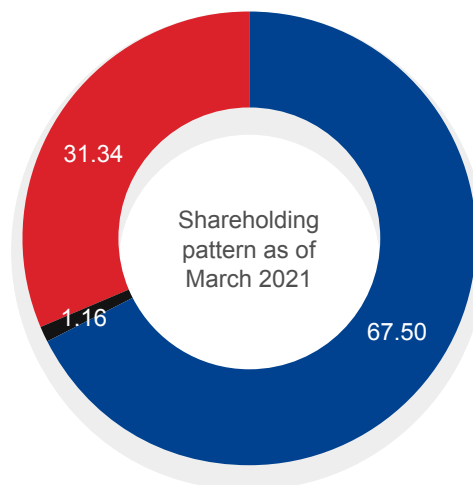
2014: Best CSR Practices Award by Think Media Inc.

2017: Participation Certificate in Secondary Steel Sector Award Scheme.

2017-18 and 2018-19: Awarded for being the highest importer by Concor India Limited (Navratna company) for importing scrap through containers.

2018-19: Awarded for HR Best Practices by National HRD Network, Bhubaneswar chapter

2018-19: First steel company in India to be awarded ISO 45001:2018 Certificate by SGS India Limited



■ Promoters ■ Institutions
■ Non-institutions

Our shareholding pattern

Shareholder	% shareholding
Promoters	67.50
Institutions	1.16
Non-institutions	31.34
Total	100

GPIL's performance dashboard

How we performed in FY 2020-21

Best annual performance

- Record operating performance (highest production of iron ore, pellets and billets)
- Record annual financial performance (highest ever revenues and PAT)
- Declared maiden dividend after five years in Q2; final dividend of INR 13.5/share (total dividend for FY21 INR 18.5/share)

Record business performance

- Largest debt reduction: long-term gross debt (standalone) reduced from INR 1,055 Crores to INR 457 Crores (further reduced to INR 193 Crores as on 25 May 2021)

- Net debt-to-equity ratio strengthened from 1.1x in FY20 to 0.42x
- Average debt cost at 8% compared to 11% in FY20

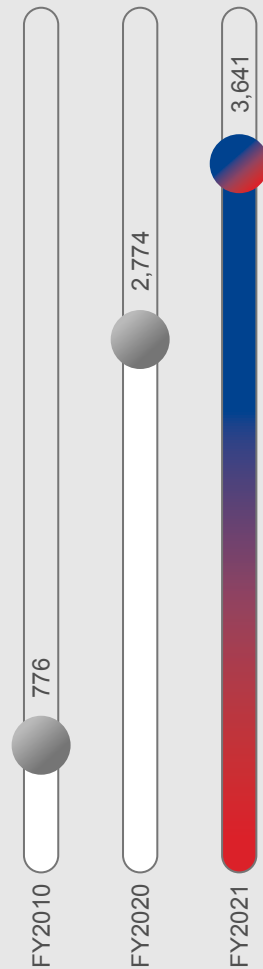
Strategic initiatives

- Achieved debt-free carbon-neutral growth (setting up captive solar PV capacity)
- Capacity debottlenecked in iron ore mining, beneficiation and steel melting
- Maximised sales of high-grade pellets to maximise profitability
- Signed MOU with Chhattisgarh government for growth projects

How we have **grown** across the decade

Revenues

(₹ Crores)

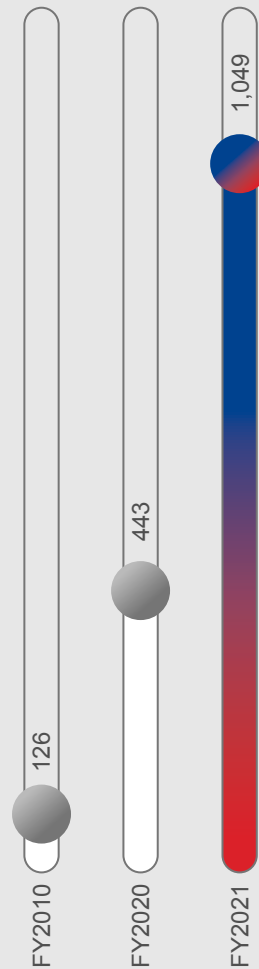


CAGR growth of 15%
between FY 2010 and
FY 2021

Growth of 31% between
FY 2020 and FY 2021

EBITDA

(₹ Crores)

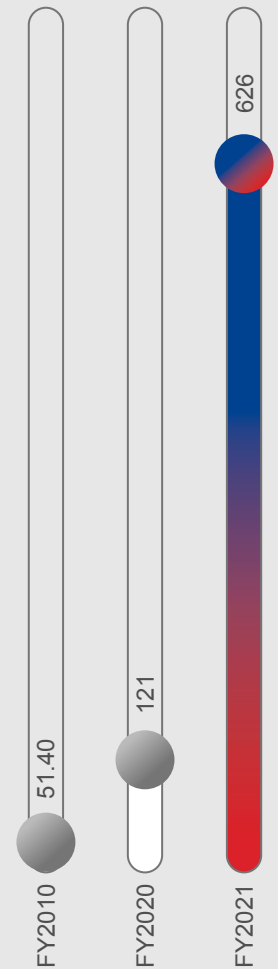


CAGR growth of 21%
between FY 2010 and
FY 2021

Growth of 137%
between FY 2020 and
FY 2021

Net profit

(₹ Crores)

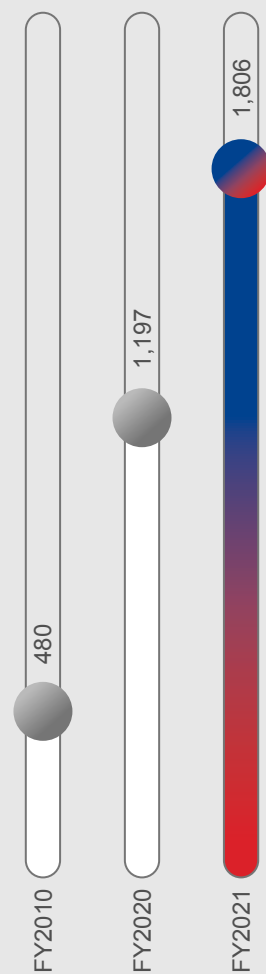


CAGR growth of 26%
between FY 2010 and
FY 2021

Growth of 417%
between FY 2020 and
FY 2021

Net worth

(₹ Crores)

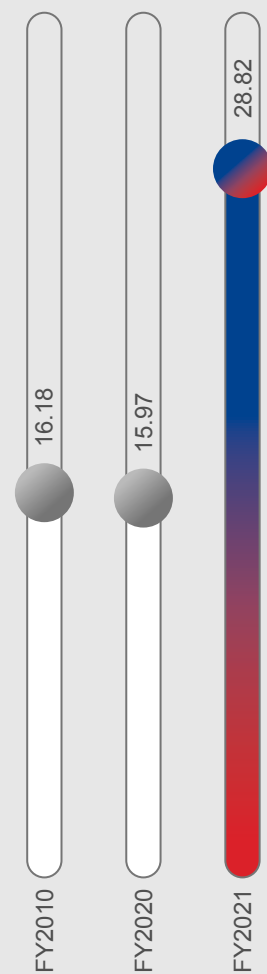


CAGR growth of 13%
between FY 2010 and
FY 2021

Growth of 51% between
FY 2020 and FY 2021

EBIDTA margin

(%)

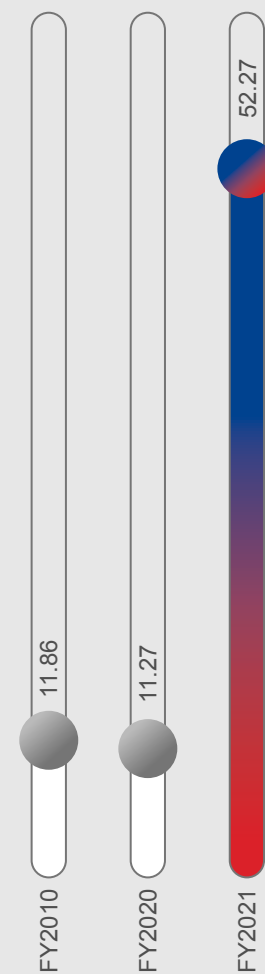


Growth of 1264 bps
between FY 2010 and
FY 2021

Growth of 1285 bps
between FY 2020 and
FY 2021

ROE

(%)

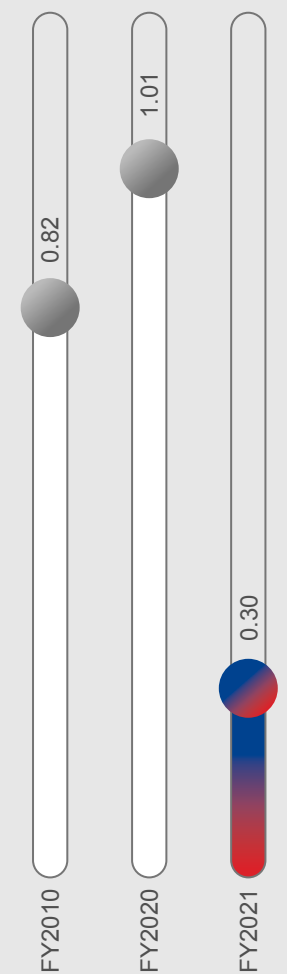


Growth of 4041 bps
between FY 2010 and
FY 2021

Growth of 4100 bps
between FY 2020 and
FY 2021

Gearing

(x)



Improvement of -5200
bps between FY 2010
and FY 2021

Improvement of -7100
bps between FY 2020
and FY 2021

Building a modern, nimble and future-facing mid-sized steel company

India is one of the most attractive long-term markets in the global steel industry.

India is marked by the second largest consumer market on one hand and one of the most extensively under-penetrated steel consumption realities in the world.

India is a rare country marked by the coming together of a centuries-old steel making tradition, as well as the abundant availability of iron ore and coking coal.

India appears to be at the cusp of multi-decade growth on account of the coming together of growing millennial spending, sustained income rise, aspirations growth and infrastructure investments.

The companies that are likely to capitalise most extensively across the decades will need a number of competitive advantages.

They will need their own ore. Their own power. Their own downstream value chain. Competitive cost structure. And no debt.

One company possesses all these.

Godawari Power & Ispat Limited. The Company is poised to participate in the next growth phase of the steel Industry in a sustainable manner.