



**Scalability.  
Responsibility.  
Sustainability.**

## 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 realized, 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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# Scalability. Responsibility. Sustainability.

At Godawari Power & Ispat Limited, we are engaged in strengthening our business model around three principal attributes.

With the objective to make our business scalable.

With a commitment keep our business consistently responsible,

With the assurance that our business will be sustainable across market cycles.

## CORPORATE INFORMATION

**Godawari Power & Ispat Limited.**

**Your Company is a responsible contrarian in India's mid-sized steel companies.**

**When most companies were only integrating forward to manufacture finished steel, GPIL was extending backward towards mine ownership (securing its resource base) and then forwards into a hot re-rolled wire rod mill.**

**When most steel companies were focusing on maximizing output across the steel value chain, GPIL focused on generating renewable energy to moderate costs.**

**When most steel companies were focusing growing their capacities (and hence, Balance Sheets), GPIL was focused on repaying debt and strengthening its Balance Sheet.**

**By doing so, GPIL has emerged as a dependable, responsible and sustainable steel company.**

**And 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.

Your Company is stewarded by Mr. B.L. Agrawal, 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. Dinesh Agrawal, Mr. Siddharth Agrawal and Mr. Abhishek Agrawal as well as professional managers.

## Our locations

### Plants

- Integrated Steel Plant, Siltara, Chhattisgarh
- Urla industrial Area, Chhattisgarh
- Bio-mass, Mahasamund, Chhattisgarh (HFAL)
- Windmill, Kundur, Karnataka (HFAL)
- Pelletisation plant, Odisha (ASPL)

### Mines

- Ari Dongri iron ore captive mine, Chhattisgarh
- Boria Tibu iron ore captive mine, Chhattisgarh

## Our talent

Your Company directly employed over 2300 individuals by the end of FY 2021-22. The average age of employees was 40 years as on 31st March 2022.

## Our credit rating

The credit rating of the company was upgraded from A stable to A+ stable by CRISIL and India Ratings and Research (Ind-Ra). The rating upgrade reflects the company's strong business profile driven by integrated operation, established market position and improved financial risk profile.

## Our manufactured products

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

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

**Iron and steel billets:** Processed iron or steel with a square cross section, formed after hot rolling with high ductility

**Wire rods:** Intermediate inputs for steel plants as well as for industries like construction and infrastructure

**Hard black wires:** Made from rolled steel through wire drawing; serve as raw material for construction and infrastructure

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

## Our certifications

Your Company has been certified as a Great Place To Work (from December 2021 to December 2022).

## Our sales footprint (Standalone)

(Rs. Crores)

	FY-20	FY-21	FY-22
Export sales	431.71	1,250.51	2,094.10
Domestic sales	2,342.30	2,390.35	2,980.50
	2,774.01	3,640.87	5,074.60

## Our shareholding pattern as on 31st March 2022

Public shareholding	Shares	Per cent of total shareholders
Institutions	2908048	2.06
Non-institutions	42893528	30.44
Total	45801576	32.50

  

Promoter shareholding	Shares	Per cent of total shareholders
Total	95143412	67.50

9,20,000 equity shares of Rs. 5 each (0.65 Per cent of paid-up capital of 14,09,44,988 Equity Shares of Rs. 5 each) pledged with lenders of Hira Ferro Alloys Limited (a subsidiary company) have been released on 25.04.2022. Consequently, the total number of shares pledged by Promoter and Promoter Group became nil..



## Our recognition

### FY 2020-21

Received National Energy Management Award 2020 by Society of Energy Engineers & Managers

CFO Sanjay Bothra was awarded the best CFO award in ALL Cap (Mid Cap) category by Dalal Street Investment Journal.

Received the first position in Waste Dump Management Category (Group-B) and third position in Publicity & Propaganda Category (Group-B) from Mines Environment & Mineral Conservation (MEMC) Week FY 2021-22 under the aegis of Indian Bureau of Mines for the Boria Tibu Iron ore mines.

Received the first position in Waste Dump Management (Group-A2), second position in Sustainable Development (Group-A2), third prize in Rolling Trophy (Group-A2) Overall Performance and third position in Mineral Conservation (Group-A2) by Mines Environment & Mineral Conservation (MEMC) Week FY 2021-22 under the aegis of Indian Bureau of Mines for the Ari Dongri iron ore mines.

Received the third position in Exhibition Stall by Mines Environment & Mineral Conservation (MEMC) Week FY 2021-22 under the aegis of Indian Bureau of Mines.

Received Certificate of Achievement for Swachh Change in the ULB for Swachh Bharat Mission by Zone Commissioner, Municipal Corporation, Raipur.

Received SEEM Gold Award in Steel Products Category for excellence in energy conservation and management in the steel product category by SEEM National Energy Management Award (SNEMA).



### FY 2018-19

Awarded for HR Best Practices by National HRD Network, Bhubaneswar chapter

First steel company in India to be certified for ISO 45001:2018 by SGS India Limited

Participation in 'Think Progress Think Chhattisgarh' campaign organised by *The Economic Times* and *Times Now*

### FY 2017-18 and FY 2018-19

Awarded by Concor India Limited (Navratna company) for being highest importer of scrap through containers.

## Milestones in our growth journey

### 1999

Incorporated; came into existence.

### 2001

Commissioned sponge iron plant with a capacity of 105,000 MTPA.

### 2002

Commenced generation of captive power plant.

### 2003

Commissioned project to manufacture steel billets.

### 2004

Commenced the first phase of expansion (sponge iron, steel billet and captive power generation); commissioned a new facility to manufacture ferro-alloys and hard black wire.

### 2005

Completed the first phase of expansion; commenced production of hard black wire.

### 2006

Completed the IPO, mobilising Rs. 70 Crore. Commenced the production of ferro-alloys. Initiated the second expansion phase for sponge iron, steel billets and power generation.

### 2008

Mobilised Rs. 100 Crore through a QIP to commission a new pellet plant. Acquired a 75 Per cent stake in Ardent Steel Pvt. Ltd.



### 2010

Achieved commencement for the pellet plant of 0.6 Million. Commenced operations in the Ari Dongri mines. Won a bid to set up a 50MW solar thermal power plant under JNNSM. Formed Godawari Green Energy Ltd (erstwhile subsidiary).

### 2011

Merged Hira Industries (associate concern) and RR Ispat Ltd (wholly-owned subsidiary) with the company. Achieved commencement date for the pellet plant of 0.6 Million MTPA in Ardent Steel Private Limited.

### 2013

Commissioned the expansion for new 1.5 Million MTPA pelletisation plant. Commissioned coal gasification units, achieving cost savings in the production of iron ore pellets. Commissioned a 50MW solar thermal power plant.

### 2016-17

Expanded mining capacity to 2.0 Million MTPA. Modernization of steel melting shop. Completed debt restructuring.

### 2020

Commissioned a rolling mill of 0.2 Million MTPA (taking total rolling mill capacity to 0.4 Million MTPA). Commenced an iron ore beneficiation plant (1 Million MTPA). Diluted stake to 38 Per cent in Ardent Steel to induct a strategic partner with rich experience and influence.

### 2021

Moving towards debt-free carbon-neutral growth; setting up a captive solar PV plant.

### 2022

Simplified the Group structure; exited non-core businesses by disposing its stake in GGEL.

- Became net debt-free on a consolidated basis in Q4FY22
- Stakes increased in HFAL and GEL to 75.66 Per cent and 100 Per cent respectively.
- Proposed final dividend of Rs. 8.50 per share on the enhanced capital following a split and bonus; Rs 5 interim dividend paid pre-split and bonus.
- Stock split (1:2) and bonus shares (1:1) issued in FY22
- Three-year absolute stock returns of 363.4 Per cent
- Reduced promoters' pledged shareholding from 32.51 Per cent in June FY 2021-22 to nil as on 25th April 2022.
- Credit rating was upgraded to A+/Stable by CRISIL and India Ratings and Research (Ind-Ra)
- Setting up three solar power projects with a capacity of 155MW. The process for all 3 projects was started.

# GPIL's robust foundation is derived from a large portfolio of multi-decade assets

## Captive Mines, Chhattisgarh

**2.35**

Million MTPA, Ari Dongri Iron ore captive mine, Chhattisgarh

**0.7**

Million MTPA, Boria Tibu iron ore captive mine, Chhattisgarh

## Siltara integrated plant, Chhattisgarh

**3.3**

Million MTPA iron ore beneficiation

**2.4**

Million MTPA iron ore pellets

**0.5**

Million MTPA sponge iron

**0.4**

Million MTPA steel billets

**0.2**

Million MTPA wire-rod mill

**0.3**

Million MTPA HB wire

**73**

MW captive power

**25**

MW power from JPAL

**16,500**

MTPA ferro alloys

**0.4**

Million MTPA rolling mill

## Urla Industrial Area

**0.2**

Million MTPA wire-rod mill

**0.11**

Million MTPA fabrication shop

**60,500**

TPA ferro alloys (HFAL)

**20MW**

captive power (HFAL)

## Pelletisation plant, Odisha

Keonjhar:

**0.8**

Million MTPA (ASPL)

## Other locations

**8.50**

MW bio-mass IPP (HFAL-Mahasamund)

**1.50**

MW wind mill (Karnataka)



## Plant and product details

### Iron ore mining capacity 3.05 MTPA

GPIL has captive iron ore mines in Ari Dongri and Boria Tibu (Chhattisgarh) with a combined production capacity of 2.1 Million Tonnes and now being expanded to 3 MTPA. The delivered cost of iron ore from these mines was ~Rs. 3,000/tonne, while the market rate for iron ore for FY22 was Rs. 6200/tonne. The estimated reserves at Ari Dongri were ~80 Million Tonnes, while at Boria Tibu they were ~85 Million Tonnes (exploration activity in process). These mines have sufficient reserves to last over 35 years and the company pays royalty at the lower old rates on the produce from the mines, strengthening its multi-decade sustainability.

The iron ore from the mines is delivered to the company's plant by road, despite proximate railway sidings. Going forward, iron ore will continue to be transported by road as the trucks generate local employment.

Following a change in the regime of a allocation of iron ore resources, the structure of the Indian iron ore industry has altered. Around 30 Per cent of India's iron ore Merchant Mines were auctioned amidst heightened bidding. Erstwhile merchant mines were successfully bid for by large steel companies, reducing retail supply and the royalty bid was on average around 90-100 Per cent of the iron ore sales selling price, increasing costs permanently by Rs. 1,500/tonne.

GPIL was allocated two iron ore mines in 2006. Your Company capitalised on the opportunity by commissioning a pellet plant that consumed iron ore (now ramped to 3.05 MTPA from 2.1 MTPA, climbing the value chain).

Given intense competition, only 19 Per cent mines were won by merchant miners. These winning bids were at an average premium of 129 Per cent of the IBM (Indian Bureau of Mines) price. What it means is that these merchant miners are willing to pay 129 Per cent of the market price (as published by IBM) and additionally pay 20 Per cent of the selling price as royalty and District Mineral Fund charges as well as 5 Per cent GST.

### Pellet plant. Capacity 2.4 MTPA

GPIL commissioned an iron ore beneficiation plant and produces iron ore pellets of high grade (66 Per cent+ Fe). Due to these high-grade pellets used for making billets, the company's

steel quality is at par with large primary steel producers. A pellet price premium over iron ore prices has been on an uptrend; GPIL is capitalising by increasing value-addition and

productivity. GPIL's competitive advantage will sustain on account of an increase in iron ore's marginal cost of production.

### Sponge iron plant. Capacity 0.5 MTPA

GPIL operates a 0.5 MTPA sponge iron plant (awaiting the state pollution control board's permission for the expansion to 0.6 MTPA). The sponge iron plant runs on RB1 South African coal (16 Per cent ash content).

### Power plant. 73 MW

GPIL's in-plant power generation capacity comprises 73 MW (42 MW from waste heat recovery, 11 MW from coal thermal plant and 20 MW biomass power). This is used for captive consumption.

### Silico Manganese plant. Capacity 16,500 MTPA

GPIL operates a 16,500 MTPA ferro alloy plant, which manufactures silico manganese. Silico manganese is an alloy with 65 Per cent to 68 Per cent manganese, 16 Per cent to 21 Per cent silicon, and 1.5 Per cent to 2 Per cent carbon. It is produced by smelting slag from high-carbon ferro manganese or manganese ore with coke and a quartz flux. Your Company uses ~40 Per cent output for captive use, while the rest is sold domestically or exported.

### Rolling mill and wire rods. Capacity 0.4 MTPA

GPIL operates a 0.4 MTPA wire rods mill that produces different sizes (5mm, 5.5mm, 6mm, 8mm, 8.5mm, 10mm and 12mm diameter). The mill comprises advanced rolling equipment (reducing and sizing mill), high speed shear, pinch rolls, laying heads and controlled temperature rolling and controlled cooling to address processing requirements of carbon and alloy steel varieties.

### Steel melting shop/ billets. Capacity 0.4 MTPA

GPIL has a 0.4 MTPA steel melting shop to make billets. This induction furnace uses 92 Per cent DRI and 8 Per cent scrap. Your Company is in the process of increasing capacity from 0.4 MTPA to 0.6 MTPA for an outlay of Rs. 600 Million. The increased capacity is expected to be commissioned in Q4 FY23.

### Solar PV project, Rajnandgaon. Capacity 70MW

GPIL is commissioning a 70MW solar plant at Rajnandgaon for Rs. 2.6 Billion. The commissioning is expected in second quarter of FY23. The solar power plant is expected to generate 0.15 Million units of power per MW and operate at 17.5 Per cent PLF. Power generated from this plant will be captively consumed, replacing the grid power being imported and leading to substantial power cost savings.

# How we performed in FY 2021-22

## Operating performance

- Highest annual iron ore mining in FY22 of 2.3 MillionT (YoY increase of 36 Per cent) (previous best in FY21 of 1.6MnT)
- Record annual iron ore pellets production of 2399 KT (up 6 Per cent YoY) (previous best in FY21 of 2256 KT)
- Highest annual ferro-alloy production in FY22 of 16KT (up 14 Per cent YoY) (previous best in FY21 of 14KT)

## Financial performance (standalone)

- Record turnover of Rs. 50,746 Million, up 39 Per cent YoY
- Highest EBITDA of Rs. 17,993 Million, up 78 Per cent YoY
- Record PAT of Rs. 13,510 Million, up 116 Per cent YoY

## Balance Sheet performance

Your Company became long-term net debt-free on a standalone basis in Q1FY22 and net debt-free on a consolidated basis in Q4 FY22.

## Governance

Your Company exited non-core businesses by divesting its stake completely in GGEL (solar thermal power plant)

Your Company consolidated its stake in subsidiaries; stakes increased in HFAL and GEL to 75.66 Per cent and 100 Per cent respectively

## Shareholder value

- Rs. 8.50 per share was the final dividend on the enhanced capital following a share split and bonus; Rs. 5 was the interim dividend paid pre-split and bonus.
- Stock split (1:2) and bonus shares (1:1) were issued in FY22
- Three-year absolute stock returns was 363.4 Per cent

## Reducing carbon footprint

- Setting up three solar power projects (155 MW)
- Generating 42 MW captive energy from waste heat recovery and 28 MW from biomass power capacity

## Pledged shares were extinguished

- Reduced promoters' pledged shareholding from 32.51 Per cent in June FY 2021-22 to nil as on 25th April 2022

## Credit Rating

- Credit rating was upgraded to A+/Stable by CRISIL & India Ratings and Research (Ind-Ra)