

## About the Business



**Incorporated in 1999, GPIL is a flagship company of the Raipur (Chhattisgarh)-based Hira Group of Industries.** Godawari Power & Ispat is mainly engaged in the business (The business has five main divisions: mining, sponge iron, steel melting shop, rolling mill & captive power) of Mining of Iron Ore and Manufacturing of Iron Ore Pellets, Sponge Iron, Steel Billets, Wire Rods, H.B. Wire and Ferro Alloys with generation of Electricity. The company is an integrated Steel Producer (Steel, being at the core of the economic growth cycle) with operations ranging from mining to finished steel product in form of HB. Their production facilities are currently located in Siltara in Raipur. Amidst the global chaos, China & India emerged as the steel's new super powers.(China has about 40% of the world's steel production).

GPIL does not have the ability to pass on the increasing prices of raw materials ([Metallurgical coal, the key raw material for production of steel, accounts for 17% of the country's total coal reserves](#)) to the end customer. The global slow down / recession of 2008 hurt many around the world especially the domestic steel manufacturing units. The input prices of the raw material climbed without any increase in sales prices.

In fiscal 2010, GPIL reported lower gross revenue (by 28%) as compared to last fiscal. This was mainly due to the difficult market conditions which led to lower realization across the product range. DRI production during the year under review was 285833 MTs as compared to 279533 MTs during last year but the average realization for the year was Rs 13130 as compared to Rs 15750 in the previous financial year, a fall of almost 17% which led to fall in revenue and profitability. [The major raw material is Iron Ore & Coal. High spot iron ore & coking coal prices along with scrap prices can result in increase in steel prices](#)

On the onset of captive iron ore mining (The raw material cost which mainly consists of iron ore & coal cost went down significantly) their EBITDA margins increased from 12.15% to 16.18%. The company was looking to ramp up the production in captive iron ore mines. The management was striving to get the environmental clearance for full ramping up of production of their captive coal mines ([clearances & coal linkages allocation before the start of work on the 1200 MW power plant in our 100% the Subsidiary Company Godawari Energy Limited could be done](#)) way back in 2009. Power division grew by 70%. Steel billets contribution saw a fall of 67.4% from last year owing to Company's strategy of sale of power in short term market, rather in consumption in Steel Billet Division (which lead to lower capacity utilization rates). Wire Drawing (HB Wire) contributed 25% lower (in topline) than in 2009 again owing to fall in selling prices.

(Source:- 2010 Annual Report Page 15)

By 2010 the management got all the mining clearance (prospecting license PL for 754 hectares iron ore mines in Dondi-Dalli, Durg District and Padgal and Kalwar, Kanker District of Chhattisgarh with aggregate reserves exceeding 100 million tonnes) for their iron ore mine - Ari Dongri and started mining operations in May 2010. They were able to mine 322352 MTs during the year. Their other iron ore mine- Boria Tibu had also received all the clearances and the management expected it to commence production during the current year. With the commencement of captive iron ore mining their dependence on iron ore purchases from open market will substantially go down. This would make them self-sufficient (convert iron ore fines into pellets, which can be subsequently used for the production of sponge iron) and completely insulated from raw material (iron ore) price fluctuation.

Their iron ore Pelletization plant ([the selling prices were almost equal to average cost of production of sponge iron barely leaving any margin at EBITDA level](#)) with a capacity of 600000 MTPA at Siltara, Raipur also started commercial production. By utilizing the iron ore fines which were exported to China at significant lower (fines before this were sold at no real value in export markets) value could be utilized by in making pellet which are directly usable in the Sponge Iron manufacturing thus increasing their efficiency in their sponge iron business and backward integrating them. Management also bought 75% stake in [Arden Steel Limited](#) which also set up 600000 MTPA pellet plant in Keonjhar District in Orissa. This pellet plant stabilized by the 3<sup>rd</sup> Qtr of 2011 which increased the utilization levels at a drastic pace. These pellets are used as feedstock for their sponge iron plant and excel are sold in market.

(Source:- 2010 Annual Report Page 17, 2011)

73 MW captive power plant fulfils the entire energy requirement of its facilities. Of these, 42 MW of power is generated using waste heat (recovered from the manufacture of sponge iron), resulting in substantial savings in fuel costs.

(Source:- 2011 Annual Report Page 7)

Growth in Airports: Development of Tier-II city airports will sustain consumption growth of steel which is expected to increase by more than 20% over the next few years. Growth in oil and gas sector, the growth in power sector are also attributes which would keep the steel demand on up curve. Secondly the demand for power is directly co-related with GDP growth (0.8x). As the GDP growth rate lowers due to unstable economic conditions, which would result in slowdown of the industrial expansion, there would be a subsequent decrease in the demand for power. Besides, in view of the cyclical nature of the steel industry and fluctuating margins, the Company extended its business into the solar power generation segment, which is expected to generate precious positive cash flow for next 25 years backed by a long-term fixed price power purchase agreement with nvn (the project was successfully commissioned in June 2013). The Company invested in coal gasification for use in steel plants, resulting in the elimination of waste gas emissions into the atmosphere and curtailing costs via the use of alternative fuels, which are less costlier as compared to conventional fossil fuel. The Company's philosophy of gainful utilisation of waste is not only helping it generate revenue but also protecting the environment.

**Opportunity Size**

The Steel policy in 2017 aspired to achieve 300MT of steelmaking capacity by 2030. This would translate into additional investment of ` 10 lakh Crore by 2030- 31.

Forecast of iron and steel demand and production by 2030-31  
(All values in MT unless stated)

Sr. No.	Parameters Projections	(2030 – 31)
1	Total crude steel capacity	300
2	Total crude steel demand/production	255
3	Total finished steel demand/production	230
4	Sponge iron demand/production	380
5	Pig iron demand/ production	17
6	Per Capita Finished Steel Consumption	158 in Kgs.

Source: Ministry of Steel, INSDAG, MECON

The Government of India has allowed 100 per cent FDI through the automatic route in the Indian steel sector. It has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process. Emerging economies will also continue to be a major driver of demand as these necessitate a huge amount of steel for urbanisation and industrialisation. The sector is expected to see an investment to the tune of about ` 2 trillion (US\$ 33.06 billion) in the coming years, as per domestic giant, Tata Steel.

India currently suffers from a major shortage of electricity generation capacity, even though it is the world's fourth largest energy consumer after United States, China and Russia. The International Energy Agency estimates India will add between 600 GW to 1200 GW of additional new power generation capacity before 2050.

India being the 5<sup>th</sup> largest in the steel production tie after the global slow down which they expected to be 2<sup>nd</sup> largest by 2015-2016 as the target set in those times by the ministry of steel. India is a leading producer of sponge iron both with coal (different types and grades of coal used in the Company i.e. imported coal, steam coal, Rom coal and washed coal. during fy13, the Company strategically used a higher quantity of Rom coal which was available at a lower cost compared to washed coal which was used in fy12) based (coal mining through an allocation of 63 MT of reserves at Naxia coal block in Chhattisgarh) & gas based units. Capacity of sponge iron making has increased significantly over the years.

The rise in GDP should be followed by an increase in the expenditure of key energy other than electricity (POWER SECTOR). India was the 11<sup>th</sup> largest manufacturer in the power sector just after the outbreak of global crisis. The installed capacity as on 31st January, 2008 was 141080 MW. (Thermal - 90896 MW., Hydro - 35208 MW., Nuclear - 4120 MW., Renewable - 10856 MW.) Total Energy shortage of 9% with Peak shortage at 15.2%. Country's Power demand is likely to soar from around 120 GW at present, to 315 to 335 GW by 2017.

(Source:- 2010 Annual Report Page 19)

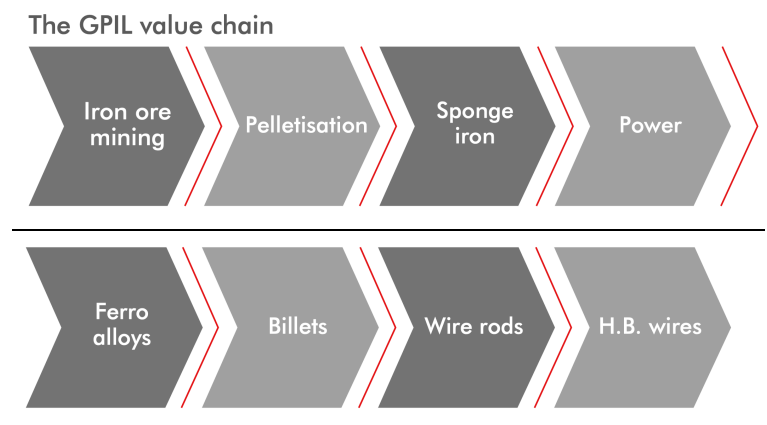
Steel is one of the eight core infrastructure industries that have a combined weight of 38% in the index of industrial production. Of the total domestic steel consumption, majority goes into construction segment followed by engineering sector, steel tubes and automobile industry.

(Source:- 2012 Annual Report Page 31)

The total demand for power is expected to rise to 1915 TWh by 2022 from 690 TWh in FY07. Augmented by growing population, expansion in industrial activity and higher penetration (per capita electricity consumption in India is 24% of the world's average and 35% & 28% respectively that of China and Brazil).

(Source:- 2012 Annual Report)

**Value Chain**



## Capex

The Company has during the year 2010 incurred additional capital expenditure of Rs. 120.69 crore towards implementation of iron ore crushing, beneficiation, pelletisation plant and expenditure on infrastructure development at the existing plant and 20 MW Biomass Power Plant. The reduction in capital work in progress is on account of capitalization of iron ore mines and pelletisation plant. 12% Secured Redeemable Non-Convertible Debentures of Rs.10 lacs each aggregating to an amount of Rs.125.00 crores were issued in fy 2011-12 to cater to the finance needs of the capex the company did during the year.

(Source:- 2010 Annual Report Page 21)

Fund raise of 5000000 equity warrants @ 130 Rs for funding their capex for future growth.

With the rising demand and growth opportunity for of pre-fabricated galvanized structures used for railway electrification, solar power plant, electric grid and street lighting. The Company approved capital investment of ` 100 crores approx. (56 Cr done earlier) For setting up 110,000 TPA facility for Pre-Fabricated galvanized products. The entire capex would be funded from internal accruals. The management aims to grow the business by capturing the demand for pre-fabricated galvanized products. The project for setting up of hot rolling mill for manufacture of wire rods is progressing fast and the same is expected to be commissioned Q2FY 20.

Company has set up hot rolling mill with a capacity of 4,00,000 TPA and Iron Ore Beneficiation Plant with capacity of 10,00,000 TPA, which have commenced commercial operations with effect from 25.02.2020. This has completed the full debottlenecking in steel making value chain and started making high grade iron ore pellets and steel billets (Standard form of processed iron or steel with a square cross section; formed after hot rolling and possessing high ductility).

(Source:- 2019 A R)

## Production Figures

Metric Tons	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Iron Ore Mining		522561	349321	693612	326358	446241	657328	1175090	1579693	1547384	1657629	1699920	2312888
Iron Ore Pellets	48305	354561	623750	305447	902550	1532200	1580850	1495100	1841050	1933250	199150	2256550	2399500
Sponge Iron	285833	279441	343227	138229	371784	381059	491652	434538	439139	460008	494955	494991	494982
Steel Billets	56477	85252	166783	184646	188190	177970	227581	204162	197596	298418	344610	350865	327050
MS Rounds		77122	79085	68947	188190	76539	78213	109984	142332	182088	183187	261690	223268
H. B Wires	72545	61681	81086	93254	90575	78125	77873	101156	116673	134558	130807	97698	36046
Power(Units) KwH Crores	33.24	31.82	38.98	40.50	43.73	43.42	47.73	46.15	48.36	44.02	43.77	44.42	42.86
Ferro Alloys			6725	9246	11116	11403	13700	13136	13772	10536	10517	14178	16152
Galvanized Fabricated Products											30477	29092	53996
Employees								1897	1938	2015	2656	2656	2721

- 2017:- Boria Tibu mines and ramp up of production. The expansion of Ari Dongri mines from capacity of 0.7 million tonnes to 1.4 million tonnes has been completed in FY16.
- During FY16 the plant operated at 99% capacity utilization due to higher number of days operation.
- 2017:- Production has been curtailed strategically due to adverse market demand during demonetisation period.
- Ferro Alloys:- Company is making silico manganese, used in steel making.
- 2017:- 73 MW of captive power generation capacity out of which 42MW is waste heat recovery, 11 MW thermal coal based and 20 MW bio mass power. The Company had taken shut down of coal based thermal power plant during demonetization period. (The Cabinet Committee on Economic Affairs (CCEA) has approved commercial coal mining for private sector and the methodology of allocating coal mines via auction and allotment, thereby prioritizing transparency, ease of doing business and ensuring the use of natural resources for national development. {2019 MD& A AR})
- 2017:- Ferro alloys manufacturing plant with capacity of 52200 MT and captive thermal power generation of 20MW. The Company also operates 8 MW bio mass power plant. The increase in the realizations of ferro alloys during the current year as compared to previous year have resulted in increase in profits of the company.

## Installed Capacities

Iron Ore Mining	2100000
Iron Ore Pellets	2400000
Sponge Iron	495000
Steel Billets	400000
MS Rounds	400000
H. B Wires	200000
Galvanized Fabricated Products	110000
Ferro Alloys	16500

## Cancellation of Coal Block

The Company was allotted three Coal Blocks i.e. Nakia, Madanpur (North) & Madanpur (South) in the State of Chhattisgarh in consortium with other companies through JV Company, namely Chhattisgarh Captive Coal Mining Ltd. However, the said Coal Blocks could not start operations in view of pendency of certain administrative approvals and these Coal Blocks were deallocated by the Ministry of Coal, which was, however, stayed by the Hon'ble High Court of Delhi and the matter has been sub-judice. The allocation of said Coal Blocks stands cancelled by virtue of the Order dated September 24, 2014 passed by the Hon'ble Supreme Court. The Company has invested ` 6.31 crores in the equity capital of JV Company which has been utilised by JV Company for development of said coal blocks.

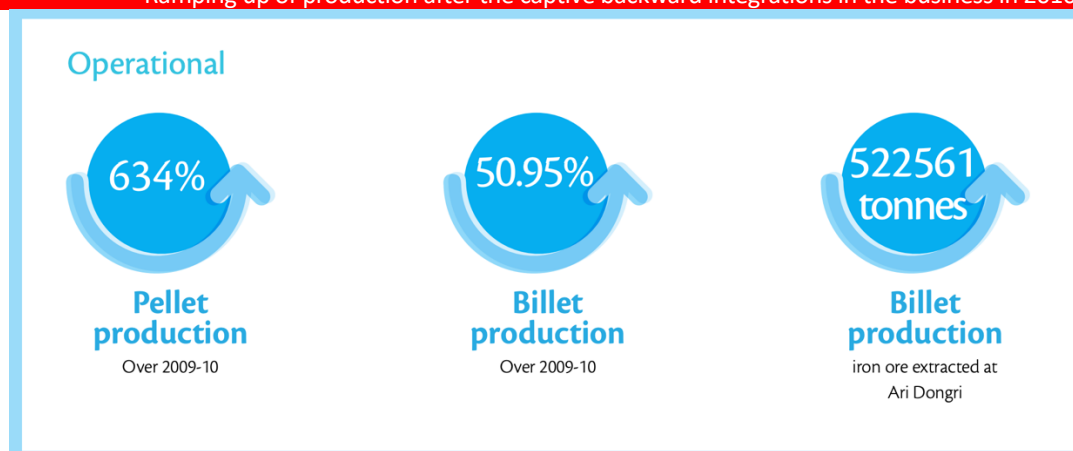
## Steel Business

Set up of a sponge iron plant of 6 lacs tpa, pig iron of 2 lacs tpa, steel billets of 6 lacs tpa, steel rolled product of 5 lacs tpa, ferro alloys of 20,000 tpa, calcinations plant of 1 lacs tpa and iron ore pelletisation plant of 3 mtpa. Besides, GPIL is also setting up an iron ore pelletisation plant, with an installed capacity of 1.2 mtpa at the organisation's existing plant location at Siltara in Raipur. Oxygen gas is one of the important inputs required during the steel manufacturing process. Most of the oxygen produced from our gas plant is used captively while the surplus is sold.

(Source:- 2011 Annual Report)

### Ramping up of production after the captive backward integrations in the business in 2010.

Till about a decade ago, GPIL had to rely on external sources to fulfil its raw material and fuel requirements to sustain operations. We had to suffer the adversities of price fluctuations, uncertainty in raw material supplies and that of other primary inputs



(Source:- 2011 Annual Report Page 6)

## Rolling Mill

Steel melting capacity of 4,00,000 MT and Rolling Mill Capacity of 1,00,000 MT per annum. Expansion cum modernization and balancing plan for improvement in capacity utilization in Steel Melting Shop (SMS) and enhancing capacity of Rolling Mill by setting up a new rolling mill with installed capacity of 3,00,000 TPA. Also to set up a new rolling mill to enhance the steel rolling mill capacity to 4,00,000 TPA matching the Steel melting shop in order to produce value added products to improve the operating margins. The cost of expansion project is envisaged to be around ` 200 crores.

## Sponge Iron (DRI-Direct Reduced iron)

Captive usage of sponge iron to produce steel billets through the induction furnace route; surplus quantity utilised for external sales. Capacity: 4,95,000 tpa with 1 x 300 tpd and 3 x 500 tpd rotary kilns. Iron ore mining operations commenced in FY 2009 and by 2011 the company extracted 522561 tons of iron ore to cater to a significant proportion of the rising demand from pellet and sponge iron plant. Once they got the approvals for their second mine at Borai Tibu their capacity would be 1.2 Mtpa which would cater to 100% of their captive demand.

(Source:- 2011 Annual Report)

## Iron Ore Mining

Captive usage of iron ore in pelletisation and sponge iron making facilities. Capacity:1.2 mtpa. Iron or pellets are raw material for Sponge Iron making.

(Source:- 2011 Annual Report)

Excessive rains floods the mines which impacts the working in the mines. The biggest strength of the business is the backward integration of iron ore mines which aids the business from cyclical price fluctuations.

The iron ore mining activity during the year impact moderately on account of extended monsoon during year. The production from captive iron ore mines resulted into better operating margins, as compared to market price of iron and is biggest strength of the Company. The Company is continuously making efforts to improve the production volume from the mines and expect to grow the volumes further during the year.

(Source:- 2019 A R MD&A)

The mining operations in Boria Tibu mines is progressing gradually. The expansion of Ari Dongri mines from capacity of 0.7 million tons to 1.4 million tons is expected to be commissioned during the current financial year and the company expects substantial increase in iron ore mining during the current financial year. The Company aim to be self-sufficient in meeting iron ore requirement from captive mines.

(Source:- 2015 Annual Report)

Sponge iron: Sponge or Direct Reduced Iron (DRI) is a vital input in the steel industry, Serving the role of energy-efficient feedstock

## Steel Billets

Semi-finished steel products with a square cross-section usually up to 110 mm x 110 mm, manufactured from sponge iron, using continuous casting process. Used in rolling into wire rod in subsidiary/associates; surplus quantity utilised for external sales. Capacity: 4,00,000 tpa. (the Company resumed production of steel billets by 2011, earlier discontinued due to merchant sale of power in open market.

During the previous year, rates for the sale of merchant power substantially decreased due to prevailing market conditions and resistance from SEBs to buy electricity at higher rates, despite higher demand for power. The Company has reduced sale of merchant power due to the lower tariff and has restarted the manufacture of steel billets, now the core activity of the Company. The finished steel market remained subdued during the year with lack of demand resulting into lower production volumes in the Rolling Mills (Wire Rods) and Wire Drawing divisions of the Company. In view of the reduction in prices of merchant power sale, the Company has reduced the generation of power resulting into lower production volumes.

(Source:- 2011 Annual Report, Pg 32)

Due to fall in power prices in open market the company reduced the sales to open market and resumed their billets plant) and also reduced their power generations. Cyclical aspects of the business.

Iron and steel billets: Standard form of processed iron or steel with a square cross section; formed after hot rolling and possessing high ductility

### HB (Hard Black) Wires

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

Manufactured by further processing of wire rods through cold wire drawing machines using steel wire rods ranging from 0.6 to 14 gauge. Made from rolled steel through wire drawing; serve as raw material for construction and infrastructure.

- Capacity: 1,20,000 tpa.

### Ferro Alloys

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

Produced in sub-merged arc furnaces using electro-thermic process. Utilised for captive consumption as well as external sales. Capacity: 16,500 tpa; capacity in Hira Ferro Alloys Limited (subsidiary): 52,200 tpa.

Set up 50 MW Solar Thermal Power Project under the Jawaharlal Nehru National Solar Mission (JNNSM) Scheme. A 1320 MW thermal power plant through its 100% subsidiary. An operational 42MW of power generation capacity through waste heat recovery process. The 20 MW Bio Mass (Rice husk based) has been commissioned in October 2010 and started commercial operation during the year.

(Source:- 2011 Annual Report)

### Wire Rods

Wire rods: Serve as intermediate inputs for steel plants as well as for industries like construction and infrastructure.

### Pellet Plant (100% capacity utilization in Fy 20-21)

Pellets: Used in the production of steel and alloys. Has gained wide acceptance following a ban on the use of sintered iron fines. Pellet capacity to be enhanced from 2.1 Mn ton to 2.4 Mn ton per annum (FY 20 AR). (Used in the production of steel and alloys. Has gained wide acceptance following a ban on the use of sintered iron fines).

Set up new pellet plant with an estimated investment of Rs 350 crores in Chhattisgarh. The plant is expected to source the iron ore fines from the existing captive iron ore mines in Chhattisgarh and also partial procurement from the mines in Orissa. The project is expected to become operational by 2011. Volumes and margins through the expansion of pellet capacity from 12 lac TPA in 2012-13 to 24 lac TPA in 2013-14.

(Source:- 2011,2013 Annual Report)

The production of Iron ore pellets increased during the year by 70% due to full capacity utilization of 0.6 MTPA pellet plant and increasing the capacity utilization in 1.2 MTPA pellet plant commissioned during the previous year. During last year financial year 0.6 MTPA Pellet plant was under shutdown for about three months for maintenance.

(Source:- 2015 Annual Report)

Set up 50 MW Solar Thermal Power Project under the Jawaharlal Nehru National Solar Mission (JNNSM) Scheme. A 1320 MW thermal power plant through its 100% subsidiary. An operational 42MW of power generation capacity through waste heat recovery process. The 20 MW Bio Mass (Rice husk based) has been commissioned in October 2010 and started commercial operation during the year.

(Source:- 2011 Annual Report)

Company is moving beyond commercial grade (64% Fe) pellets. The company commissioned the iron ore beneficiation plant in Q4FY20 where the entire production of iron ore pellets targeted to be high grade (66%+ Fe) from late 2020-21. High grade pellets to attract

US\$15-20/t higher realisations. Producing high quality billet through captive use of high grade pellet Enhanced production of value added products (following commissioning of the rolling mill).

(Source:- 2020 A R Pg 15)

## Power Generation

Waste heat recovery based captive power plant. Energy generated is consumed in sponge iron, billet, and ferro alloys plants; surplus power is sold commercially. Capacity: 93 MW power generation [including 20 MW capacity in Hira Ferro Alloys Limited (subsidiary) Company]. Major energy source is coal and there has always been concerns, area-wise restrictions (environmental) for coal explorations. The company has been jointly allotted (26%) a coal mine along with four other companies in Nakia coal block in Chhattisgarh, which has expected mine reserves of 243 million tons of F grade coal.

(Source:- 2011 Annual Report)

The Company is operating 73MW of captive power generation capacity out of which 42MW is waste heat recovery, 11 MW thermal coal based and 20 MW bio mass power. The overall production volumes maintained at the same level as compared to previous year. However during the year under review the operations in coal based thermal power plant was shut down due to high cost of coal and uneconomical operations.

(Source:- 2015 Annual Report)

## Solar power plant

Date of signing of JNNSM Scheme: January 10, 2011. Tariff awarded: Rs.12.20 per unit fixed tariff for 25 years. Scheduled Date of Commissioning: May 9, 2013 (28 months from the date of signing of PPA). Capacity: 1 x 50 MW

(Source:- 2011 Annual Report)

Set up 50 MW Solar Thermal Power Project under the Jawaharlal Nehru National Solar Mission (JNNSM) Scheme. A 1320 MW thermal power plant through its 100% subsidiary. An operational 42MW of power generation capacity through waste heat recovery process. The 20 MW Bio Mass (Rice husk based) has been commissioned in October 2010 and started commercial operation during the year.

(Source:- 2011 Annual Report)

De-bottleneck the solar power plant to enhance heat storage and extend operations by ~30 -60 mins per day.

(Source:- 2020 Annual Report)

## Subsidiary Companies

**R. R. Ispat Ltd**, is engaged in the rolling of billets manufactured by GPIL into wire rods and further into wires. The Company did expand cum modernization of the rolling mill making it a 200000 MTPA capacity.

**Ardent Steel Limited**, set up 600000 MTPA pellet plant in Keonihar District in Orissa. The lenders of the Company had implemented SDR scheme under the extent guidelines of RBI in March, 2017 due to losses in 2016 and 2017. The company expanded this facility to 690,000 TPA in FY 19-20 (the enhancement was completed before covid outbreak and had started production).

**Godawari Energy Limited (GEL)**, A 1200 MW capacity of Thermal Power Project (MOU with Government of Chattisgarh).

**Godawari Green Energy Limited (GGEL)**, A 50 MW capacity of Solar Thermal Power Project (Jawaharlal Nehru National Solar Mission (JNNSM) Scheme). The SPV has invested ` 875 crores for setting up the said project which has been funded through debt & equity. The company saw a reduction in tariff and had filed a petition before CERC for revision in tariff and the petition has been accepted by CERC in 2017.

**Godawari Clinkers and Cement Limited (GCCL)**, MOU with Govt of Chhattisgarh for setting-up of Cement Plant comprising of 2 million tons per annum capacity of Cement and 1 million ton per annum capacity of clinker along with captive Power Plant of 50 MW capacity. During the year 2017-18 the generation was lower on account of grid failure in the month of May'17. Now, the plant is connected to 220 KVA grid along with 132 KVA grid earlier so that the interruption in generation due to grid failure can be avoided and run at full capacity.

**Krishna Global Minerals Limited (KGMIL)**, Business of exploration of mines and minerals.

**JV Companies**, Chhattisgarh Captive Coal Mining Limited (CCMCL) and Raipur Infrastructure Company Limited (RICL) respectively for development of Coal mines and setting up railway siding respectively for captive use.

**Hira Steels Limited: Associate Company**, rolling of steel billets into wire rods and further conversion of wire rods into wires. (MERGER OF RR ISPAT LTD AND HIRA INDUSTRIES LIMITED).

**Hira Ferro Alloys Limited**, Involved in the business of production of ferro alloys, fly ash bricks with captive power generation facilities. An installed capacity of 60,500 MTPA (25 MVA) of Ferro Alloys and 20 MW of thermal (AFBC) power and 1.5 MW Wind Mill in of Karnataka 2011.

**Godawari Integrated Steel (India) Limited**, SPV for setting up another integrated Steel Plant in Rajnandgaon District of Chhattisgarh comprising sponge iron (Sponge or Direct Reduced Iron (DRI) is a vital input in the steel industry, Serving the role of energy-efficient feedstock) plant of 10 lacs tpa, pig iron of 10 lacs tpa, sinter plant of 15 lacs tpa, steel billets of 20 lacs tpa, steel rolled product of 5 lacs tpa, ferro alloys of 2 lacs tpa, calcinations plant of 1 lacs tpa and iron ore pelletisation plant of 35 lacs tpa with captive power plant of 300 MW.

**Jagdamba Power and Alloys Limited (JPAL)**, By 2018 the company proposed to merge its subsidiary JPAL with itself. The Company has also tied up additional power capacity of 25 MW with Jagdamba Power & Alloys Ltd. The location and power plant of JPAL is strategic for meeting your Company's long-term power requirement and therefore the Company continues to pursue the management of JPAL for acquisition of power business.

Company's requirement of additional electric power at competitive cost for its integrated steel plant in Chhattisgarh and in view of strategic location the JPAL power plant, the management of your Company decided to acquire the JPAL power plant under a share swap deal. Upon the completion of the process, the captive power generation capacity of the Company shall stand increased to 98MW. GPIL is already holding 33.96% stake in the JPAL and the supply of electricity from JPAL power plant started during 2018. A Power Purchase Agreement with JPAL under captive arrangement was done which did resulted into de-bottlenecking of power capacity for captive consumption in the steel plant for GPIL.

(Source:- 2015 AR)

## Financial Analysis

(INR Crores/10 Millions)	GODAWARI POWER & ISPAT LTD										
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-23
Narration	1	2	3	4	5	6	7	8	9	10	11
Sales	2,113	2,384	1,976	1,799	2,506	3,294	3,270	3,949	5,397	5,753	5,412
Sales YoY%		12.83%	-17.11%	-8.97%	39.31%	31.44%	-0.73%	20.77%	36.65%	6.60%	-5.92%
Gross Profit	855.81	808.94	676.13	682.86	1,139.00	1,322.02	1,545.50	2,092.68	2,879.62	2,382.78	974
GP Margin	40%	34%	34%	38%	45%	40%	47%	53%	53%	41%	18%
Operating Profit	348	358	218	291	597	790	624	1,137	1,868	1,133	974
Operating Profit Margin (OPM%)	16%	15%	11%	16%	24%	24%	19%	29%	35%	20%	18%
Operating Earnings Per Share	26.53	27.34	16.61	20.62	42.34	56.00	44.27	80.64	132.54	80.39	
%		3.1%	-39.2%	24.1%	105.3%	32.3%	-20.9%	82.1%	64.4%	-39.3%	
Other Income	15.28	60.22	13.88	15.57	6.44	9.47	(2.82)	48.50	175.31	93.80	125.19
EBIT	257	300	105	186	472	666	485	1,077	1,938	1,009	969
EBIT Margin%	12.18%	12.59%	5.31%	10.35%	18.82%	20.22%	14.82%	27.26%	35.91%	17.54%	17.91%
EBIT YoY %		16.69%	-65.02%	77.32%	153.24%	41.25%	-27.27%	122.19%	80.03%	-47.93%	-3.97%
Interest	165	224	252	259	263	253	212	115	20	20	25
Depreciation	105	118	126	120	132	133	137	109	105	124	130
Profit before tax (PBT)	92	77	(147)	(73)	208	414	273	962	1,918	1,083	944.41
PBT Margin(PBT%)	4.37%	3.21%	-7.44%	-4.05%	8.31%	12.55%	8.34%	24.35%	35.55%	18.82%	17.45%
Tax	22.32	5.87	(47.13)	0.72	(6.36)	152.92	95.36	307.07	451.15	289.22	247.37
Tax%	24%	8%	32%	-1%	-3%	37%	35%	32%	24%	27%	26%
Net profit after tax (PAT)	57.84	66.21	-88.67	-74.51	207.63	252.11	166.78	638.39	1,466.67	793.40	697
PAT YoY%		14.47%	-233.92%	-15.97%	-378.66%	21.42%	-33.85%	282.77%	129.75%	-45.90%	-12.12%
Net Profit Margin (NPM%)	3%	3%	-4%	-4%	8%	8%	5%	16%	27%	14%	13%

The sales of the company increased from 2113 crores in 2014 to 5753 crores in 2023. The sales have seen a dip in 2016 to 1976 crores with 1799 in 2017 again reviving to 2506 in 2018. Where the business again saw a dip to 3270 crores in fy 20. The sales trend of the business has not shown a smooth growth trajectory.

From time to time the management has highlighted the effects of cyclicity in the business which effected their sales and profitability and hence achieved a fluctuating performance.

The continued slowdown in Indian Economy and more particularly in Industrial production and infrastructure growth due to lack of demand, stalled projects and broken corporate Balance Sheet. The Iron & Steel Industry went through a difficult period in view of supply constraints of raw material i.e. domestic Iron ore & coal on account of ban of iron ore mining in Orissa and supply of coal to non-regulated sectors by Coal India Ltd which kept the input cost at elevated level on one side and falling finished steel prices on account of cheap imports from China & CIS countries. In the above backdrop, the margin of the industry players contracted. The results of the operating performance of your Company in such challenging & adverse conditions.

The increase in net revenues was primarily on account of the increase in the volume of iron ore pellets by 132% (Raw Material inventory decreased due to increase in production of Iron ore pellet consequently resulting in higher consumption of iron ore fines and fall in value of inventory on account of fall in inventory prices) though there was a reduction in realization by ` 1037 per ton. The selling prices during the year under review fell by about 25% from the peak cycle prices prevailing in Q1FY15 till end of the year. This has impacted overall sales realization, though the average realisations during the year remained higher as compared to previous year, which overall impact on the operating profitability of the Company. The trend in falling sales realization continues during the current year due to increase in cheap imports from China, Russia etc. This will have negative impact on margins unless the fall prices get arrested by policy action by the Government. Overall quantity consumption of Iron ore fines is substantially increased due to higher production of Iron Ore pellets. Further, merely 18% of quantity consumption was fulfilled from captive mines (Low cost) and rest requirement was fulfilled from market purchases (higher rates). The during the year under review the prices of iron ore increased on account of ban in iron ore mining in Orissa

by order Hon'ble Supreme Court in May, 2014 on account of illegal mining. This resulted into increase in domestic iron ore prices, despite fall in prices in global markets during the year.

(Source:- 2015 AR)

The management highlighted that better utilization and availability of ample power was the main cause of increase in the business performance.

Your Company has achieved a capacity utilization of 92% in FY 2018-19, which is higher by about 5% as compared in FY 2017-18. The production of iron ore pellets increased during the year by 5.01%. The higher production of iron ore pellets coupled with better realizations contributed to higher sales & profitability. The Company operated the sponge iron plant ([Sponge iron capacity to be enhanced from 4.9 Lakhs ton to 5.95 Lakhs ton. FY 20 AR](#)) at full capacity and achieved the production volumes of 460008 MTs, mainly on account of operational efficiency. During year the plant operated at 89% capacity utilization. The production of Steel Billets increased by 51.02% on yoy basis, led by availability of additional power from Jagdamba Power and Alloys Limited (JPAL) during the year. RM costs and transport costs were absorbed due to better sales realizations (price increases).

(Source:- 2019 AR)

Severe raw material crunch led to a slowdown in production. Demand for steel also decelerated due to a slowdown in major steel consuming sectors, such as automobiles, fast-moving consumer goods and construction. GPIL, faced challenges in terms of lower realisations and higher input costs (The cost of iron ore consumed increased substantially due to lower production from captive iron ore mines, resulting into higher consumption from market purchases, which available at a price higher than cost of production from captive mines. The Company did import of coal, [due to lower supply of linkage coal from Coal India Ltd](#), however, due to better quality imported coal, per ton consumption of coal in sponge iron division has gone down from 1.53 ton to 1.47 tons. The input cost also increased during the year [due to rupee devaluation and over inflationary pressure in the economy.](#))

(Source:- 2012 AR)

During FY 15, the Company was forced to use costly Imported and Washed Coal instead of cheap ROM Coal due to lower supply of linkage coal by Coal India Ltd on account of diversion of coal to power sector. Total Share of ROM Coal during the year was around 30% of total coal against 65% of last year. However, the consumption of coal per ton of sponge iron is reduced to 1.213 as against 1.53 tons in the previous year on account of use of better quality imported coal.

(Source:- 2015 AR)

This explains well for the reasons for dip in sales and fluctuations in the gross margins. Before 2014 when the business was more focused to be a power company and were in open market the fall in prevalent power prices also hampered their sales which made them re start their billet plant.

The company has health operating margins but we see a drastic fluctuations in the trend of the operating margins for the business over last few years. The operating margins were wildly changing from 11% to 16% till fy 17 and there after they have made a trend above 24% with jumping to 35% in fu22 and again dropping to 20 % in fy 23. In the initial setup phase of the business when the new plants were being setup the increase in gross revenue (fy 2010 to fy 2011) was mainly on account of the [sale of pellets, merger of the rolling business and resumption in the production of steel billets, coupled with improved realisations](#), especially in the second half of the year. The sales and profitability was increased due to [backward integration](#) re starting of their billet plant as sale of power in open market was not fetching them good returns ([The increased production of iron ore from captive mines and improvement in production of pellets also contributed significantly to the Company's profitability](#)). The company also aimed to get backward integrated for their coal requirements. They were purchasing the requirement of coal through long-term linkages with [Coal India Limited and imports](#) until they setup their JV in coal mines and after they got the environmental clearance. The prices of imported coal depend upon the global market demand and supply, and linkage prices as determined by the Ministry of Coal. Hence the company became [insulated from price fluctuations](#) once their captive mines started production.

The operating margin have declined during the year due to higher input cost on account of lower production volume from captive iron ore mines as compared to previous year on account of extended monsoon and other factors beyond the control of the Company.

(Source:- 2012 Annual Report)

Major raw material is [Iron Ore and Coal](#). On the iron ore front, their own captive mines commenced production in the year 2011-12. Capacities ramped up at Ari Dongri (enhancing the capacity of Ari Dongri Iron Ore mines (Enhanced the capacity from 7,00,000 TPA to 12,00,000 TPA by 2013-14) and it helped the business become self-sufficient in fulfilling their iron ore requirements over the next two years.. Hence, we will be insulated from the fluctuation of iron ore prices in the market. Both the captive mines aided the operations to not be affected by fluctuation in the prices of iron ore for their requirements, hence giving stability and increase in their margins.

(Source:- 2011 Annual Report)

The Company [operated pellet plant at over 104%](#) of the rated capacity. The higher utilisation of pellet resulted in better operating efficiencies in sponge iron plant which led to further increased utilisation rate in the sponge iron by 22% over previous financial year. Owing to lesser realisation in the merchant power market, we shifted our strategy back to steel manufacturing & increased volume of steel billets production. Though the MS round & HB Wire market was sluggish, we [were able to increase the production in the segment owing to market presence](#) for so many years. Power generation also improved owing to increase in sponge iron production leading to



better performance in waste heat recovery plant and higher production volumes from Bio Mass power plant. Overall the Company achieved highest ever production volumes across of the divisions in the history of the Company.

(Source:- 2012 Annual Report)

### Increase in Employee Costs (effect on margins)

The employee cost during the year 2015 increased by 20.94% due to the annual increment in salaries and the recruitment of additional employees to meet increased requirements in the pellet plant and Gassifier.

(Source:- 2015 AR)

### Difficulties in cyclical business (Risks)

*At several instances the management has hinted for the cyclical aspects of the industry where they could loose margins and when the cycle would turn in their favour get a jump in margins on operating front.*

A specific feature of steel and mining industries, is their liability to cyclical changes in steel prices. In the critical conditions prevalent in the first half of the year Fy2011-12, the selling prices were almost equal to the average cost of production of sponge iron. This left barely any margin at the EBIDTA level. So if prices of finished products fall to such a level, margins cannot be maintained.

(Source:- 2011 Annual Report, Pg 35)

In view of higher imports and lower demand growth, the sector is facing near term challenges. However the in view of initiatives taken by Government on increase in public investment in infrastructure sector mainly, road and railway, is expected to improve the demand for steel, however, pressure from imports is expected to remain, unless arrested through policy action by the Government.

(Source:- 2015 Annual Report, Pg 59)

However, high spot iron ore and coking coal prices, along with scrap prices, resulted in an increase in steel prices in the H2 of fiscal 2010. It is likely that steel prices may not go down substantially from the present levels. This is likely due to new iron ore and coal contracts globally at current spot price and the firm trend in the raw material prices globally.

(Source:- 2011 Annual Report, Pg 35)

Steel prices rise as demand keeps pace and the industry enjoyed consecutive years of growth in supply and demand. GPIL also earned the benefit of higher realisations from steel. In fact, its steel business was the major contributor to its revenues during that time. The prevailing positivity in the environment made most players expand their capacities to meet the growing demand. However, we at GPIL, thought differently. We had anticipated the challenges of raw material supplies, and hence, developed backward integration plans. The excessive fines generated from iron ore mining were mostly sold off or exported at meagre prices. However, a substantial amount was incurred in logistics cost in exporting these fines, resulting in lower net realisations. We sensed an opportunity to utilise low-grade iron ore to strengthen our overall efficiency and came up with the idea of pelletisation. Government imposed duty on export of iron ore fines which indirectly boosted merchant pellet business. The setting up of our pellet plant and iron ore mines enabled us to again shift our revenue focus towards steel business. Our proactive decision of backward integration into pelletisation and iron ore mines thus paid off well. And it turned out to be yet another reflection of our proactive thinking and flexibility to adapt to the changing circumstances.

(Source:- 2012 Annual Report, Pg 12, Management Commentary)

The overall slowdown in the economy has dampened the growth of infrastructure and construction activities of country, which has adversely affected the demand for steel. Stagnating demand, domestic oversupply and falling prices hurts the steel producers. The availability of free land with environmental clearance is a long drawn affair, which has hindered the viability of many green field steel projects. Iron-ore and coal are the major raw materials for the production of steel. However India is facing a severe shortage in coal production as the government is not able to meet the required demand. Iron ore on the other hand is experiencing a slew of mining issues in the country. The steel being a capital intensive industry, has to undertake high CAPEX plans. Additionally, with an increase in interest rates there is a huge burden on the balance sheet of the steel makers. The Indian steel makers pay an average interest of 14% on term loans compared to 2.4% in Japan and 6.4% in USA. The other challenges faced by the sector include poor quality of basic infrastructure like roads, ports and so on; poor technology and limited access of domestic producers to good quality iron ores which are normally earmarked for exports.

(Source:- 2012 Annual Report, Pg 32)

Up Tick in captive mines:- Iron ore mining during the year has substantially increased, due to which Company procured a lower quantity of iron ore and iron ore fines from the market. This resulted in a lower per tonne cost of iron ore and fines in the current year.

(Source:- 2013Annual Report)

China which accounts for about 50% of the annual steel manufacturing capacity globally has widening demand supply gap which send tremors to the industry across the globe. On the domestic front, with virtually no demand from infrastructure sector, demand in long products segment nosedived & prices remaining subdued all through the year. On top of that, the pressure of imports took the toll on domestic manufacturing sector. Further, the problem was exaggerated by iron ore mining bans in Karnataka & Orissa and de-allocation

of coal mines across the sector were a major setback for the industry. The crude and finished steel prices dropped by 12-15% during the year.

(Source:- 2013 Annual Report, Pg5)

### The Raw Material Price fluctuations also give a bump and bust to profitability of the business

The overall value of inventory of raw materials increased to Rs.96.31 crore as on March 31, 2011 as compared Rs.82.08 crore as on March 31, 2010 due to the price increase of raw materials towards the end of the financial year.

(Source:- 2011 Annual Report)

The steel industry in general suffered during the year under review on account of lower demand, excess supply from domestic and global players. The supply of raw material also surpassed the demand in view of excess capacity in domestic & global markets leading to fall in cost of input like iron ore & coal.

### The fall in finished goods prices was the reason for dip in revenues. Hence the business suffered a net loss

The top line has contracted mainly on account of fall in prices of finished goods despite highest ever production achieved by the Company in couple of divisions.

(Source:- 2016 AR)

This led to a cash flow miss match (due to 2 consecutive years of losses) for the business and the company defaulted on its bank borrowing payment. The debt was further re structured by the promoters bringing in 31 Crores by the way of equity for the company (promoters subscribed 24.8 lakh shares at 115/- per share on presential basis). Subsequently the paid up capital of the company enhanced from 32.756 Crore to 35.236 Crores. With strategic investors converting their OCCPS (Optionally Convertible Cumulative Preference Shares) the holding of GPIL reduced from 100% to 76.12% in its subsidiary GGEL (Godawari Green Energy Limited).

(Source:- 2016 AR)

The business was impacted by slowdown in steel demand and higher supply due to increase domestic production, being higher than demand, and pressure from imports. Subsequently the measures taken by the Government of India like imposition of MIP and antidumping duty, coupled with improvement in global metal demand, which positively impact steel prices in domestic market in second half of the year, resulting into improvement in margins and flat performance

(Source:- 2017 AR)

The business further saw uptick in demand (sales increase (covid and demonetization were one off's) due the phasing out of old steel plants by government of china. The demand for steel production and ramping up of steel plants in india took a rise specially after the imposition of anti-dumping duty by Government of India.

The company highlighted the increase in business quality inspite of covid lock downs which let the business sustain most part of its profitability and had a negligible impact on topline during lock down.

The company started utilizing the high grade 66%FE pellet for captive consumption for higher grade steel billets. Pellet Plant had 95% capacity utilization in Fy 19-20. The higher production of iron ore pellets coupled with better realizations contributed to higher sales & profitability. The Company operated the sponge iron plant at full capacity mainly on account of operational efficiency. During year the plant operated at 100% capacity utilization. The production of Steel Billets increased with the availability of additional power from Jagdamba Power and Alloys Limited (JPAL).

The cost of iron ore and manganese ore reduced but the cost of coal increased during the year as compared to previous year which gave some nullifying effect.

(Source:- 2019 AR)

### Business in COVID Crisis

The reduction in output in large iron ore mines in the world (Brazil) prices remained stable to elevated which helped the company sail through tough covid times effecting a meager drop in their revenues. During fy 2020 there was higher demand for iron ore and iron ore pellets due to Brazil effect in spite of lower selling prices. Company focused to sell their pellet production to global markets (exports sales).

In view of overall weak economic environment, the demand for iron & steel products has also been impacted, leading to fall in selling prices of finished products. However, due to fall in production of iron ore in mines of vale in Brazil, the iron ore prices in international markets remained at elevated level. The Company continues to make efforts to divert part of its pellet production to global market. The Company's efforts for making grade pellet has been successful and your Company has initially started utilizing the high grade pellet for captive consumption for making high grade steel billets.

(Source:- 2019 AR)

Company declined 7-15%, overall revenues declined only 1%. The Company countered the decline in realisations through increased capacity utilisation, recovering a part of the decline through enhanced volumes. The Management focused on debt re payment during covid era of 2020-21 (affected by a sequence of Black Swan events, we believe that the two best ways of growing our bottom line will be through liability reduction. intend to grow our manufacturing capacities – the engine of our revenue growth – through prudent debottlenecking that is completely funded through our accruals).

The management drastically reduced the interest burden on the company in years going ahead which drastically reduced their interest burden. The management in their reports also highlighted the reasons for the drop in business during covid times.

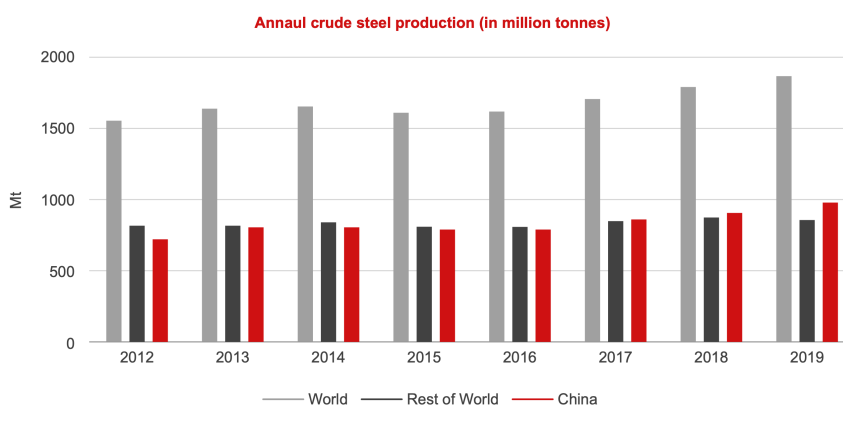
In view of fall in selling prices of finished iron & steel products, operating margins/EBIDTA margins of the Company was impacted on consolidated basis.

GPII is in a cyclical business where they get effected from the fluctuating raw material prices for which the management has done backward integration in iron ore, and captive power requirements to aid them from the flotation. They also face reduction in selling prices from time to time depending on the up / down tick in steel cycle and the economy as the fortunes of the steel industry are directly lined to the up / down tick of the economy. The company continued to divert their part pellet production to export markets.

(Source:- 2020 AR)

## Industry Analysis

Global crude steel production reached 1,869.9 million tonnes (mt) for the year 2019, up by 3.4% compared to 2018. Crude steel production contracted in all regions in 2019 except in Asia and the Middle East.



China's share of global crude steel production increased from 50.9% in 2018 to 53.3% in 2019 and continued to remain as the largest steel producer in the world. Per capita finished steel consumption in 2018 was at 224.5 kg for world and 590.1 kg for China. The same for India was 73.3 kg in 2018 and 75.7 kg (prov) in 2019.

(Source:- wordsteel.org, Ministry of Steel, Government of India)

India produced 102.06 Mt of finished steel during 2019-20 against 101.29 Mt of finished steel in 2018-19. Crude steel capacity was 142.98 Mt in 2019-20 (prov.), an increase of around 0.5% over 2018-19. Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100 per cent Foreign Direct Investment (FDI) in the steel sector under the automatic route. National Steel Policy 2017 aims to increase the per capita steel consumption to 160 kgs by 2030-31. The Government has also promoted policy which provides a minimum value addition of 15 per cent in notified steel products covered under preferential procurement.

(Source:- 2019 AR)

India's iron ore production was recorded at 246.5 MnT in FY20, increasing by 19.1% on a Y-o-Y basis, according to Steel Mint. The global iron ore pellets market was estimated at US\$ 57.4 billion in 2019. Iron ore pellets are a type of agglomerated ground iron ore fines converted into spherical-shaped balls, which are typically of 6–16 mm and contain 62–72% of iron (Fe) along with other materials. Iron ore pellets have good physical and metallurgical properties, owing to which, they are a vital raw material for different types of iron and steel production. Superior properties of iron ore pellets compared to traditional iron ore feed materials as lump overs and sinter feed, and environmental benefits of iron ore pellets in iron & steel making processes, are primary factors driving for the growth of the global iron ore pellets market.

(Source:- 2019 AR)

India's installed power capacity stood at 371.05GW as on 30th June 2020. Thermal continues to be the dominant contributor with 62.2% of the total installed capacity. There has been significant growth in the country's renewables segment which now accounts for 23.6% of the total installed capacity as on 30th June 2020. Electricity generation reached 1389.1 billion units (BU) in FY20 against 1376.1 BU (including renewables sources). To bolster the country's renewable generation capacity, the Government plans to establish additional renewable energy capacity of 500 GW by 2030.

(Source:- 2019 AR)

GPII is among the handful manufacturers to produce iron ore pellet with high Fe quantity and is a preferred supplier of the product. A slowdown in the industry and uptick in steel cycle is a risk for the business as the production of finished goods thereby would be required to move out at a lower price. Captive mines suffices ~85% of the Company's iron ore requirements. Problems in iron ore mining production for the company will expose them to raw material risk. The captive power plants shut down will lead them to risk of ample electricity availability.

## Operational Metrics

NFAT:- The company had always had large amount of assets on its book which vs its business it was not able to sweat to great force to generate more business. The asset turnover was always in the range of (1 times in 2015 to 1.8 times) in between 1 and 2 times till covid. During the said years they were slowly able to setup backward integration into their business where they setup their 2 iron ore mines their coal linkages their backward integration of their power requirements. In the last 2 years after the covid outbreak eased out the company has seen a significant jump in their asset utilization levels. The same which was languishing in last few years from 1 to 2 times has flocked up to beyond 3 times which is a good indication of their business taking off for good.

(INR Crores/10 Millions)	GODAWARI POWER & ISPAT LTD									
Narration	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Net Fixed Asset Turnover (High is better)		1.01	0.84	0.78	1.09	1.46	1.45	1.84	3.05	3.20
Receivables days (Low is better)		20	23	21	20	17	18	21	21	20
Inventory Turnover (High is better)		5.81	4.77	5.04	6.80	6.28	5.57	7.44	7.84	6.83

Receivable Days:- The management has always followed a very stringent payment policy. They have been collecting under 20 days from last many years shows their good control on the working capital of the business.

Inventory Days:- Since GPIL is in a business where their rm prices and selling prices fluctuate a lot. The trend of the inventory levels in the system is also fluctuating a lot. It has been observed at times during down cycle the management has had to reduce selling prices and dispose of their inventory to maintain the optimum levels of inventory which they have in plan for their business from year to year. This happens because steel cycle (which is the industry they operate in) is highly cyclical in nature.

### Management Analysis



#### MR. BISWAJIT CHOUDHARI

Chairman & Independent Director

Mr. Biswajit Choudhari, B.Tec ( Hons), FICWA, aged 78 years, has five decades of experience in Engineering, Banking, Finance and Management. Shri Biswajit Choudhari graduated as a Mechanical Engineer from IIT, Kharagpur in 1963 is also a Fellow Member of ICWAI and Indian institute of Banking and Finance. He was Chairman of United Bank of India.



#### MR. B.L. AGRAWAL

Managing Director

Mr. B.L. Agrawal aged 67 years has over 4 decades of experience is an Electronic Engineer, he is a first generation entrepreneur. While his family concentrated on its traditional trading business, it was his entrepreneurial spirit that laid the foundation of GPIL and the entry of the Agrawal family into the metals business.



#### MR. ABHISHEK AGRAWAL

Executive Director

Mr. Abhishek Agrawal, youngest son of Shri B.L. Agrawal, aged 36 years, is a second generation entrepreneur. He is qualified in Masters Degree in International Business from Leeds University, U.K.

With his entrepreneurial spirit, he laid the foundation and then successful operation of Pellet Plant in GPIL. His managerial skill and leadership quality is exemplary. His competence strategically directs the Company.

SL. No.	Name	Designation	Remuneration (per annum) (₹)
1	Mr. Vivek Agrawal	Chief Operating Officer	9866052
2	Mr. Sanjay Bothra	Chief Financial Officer	7497701
3	Mr. Yarra Chandra Rao	Company Secretary	6819316
4	Mr. Vinay Shandilya	President (Power Division)	5592052
5	Mr. Ratna Deep Gupta	Vice President (Sponge Iron Division)	4614852
6	Mr. Kundan Kumar Jha	Vice President (Electrical)	3809728
7	Mr. Ganga Ram Verma	Vice President (Mines)	3628764
8	Mr. KVSKN Ravindra	President (Pellet Division)	3484516
9	Mr. Kiran Fernandes	General Manager (Administration)	3245279
10	Mr. Rahul Karwal	Vice President (Steel)	3023360

### Valuation Analysis

GPIIL has started growing after the complete backward integration and after covid outbreak on a faster note. It's a good to value this company on price to sales basis. As the business is in a stage where it is able to self-fund for its expenses does not need outside capital and has a very healthy cash flow.

We value the company on P/s and P/FCF basis (trailing). The current market cap of the business is 8000 odd crores which makes it 1.4x P/s and 8x P/FCF which are reasonable and fair. The company needs to keep up with the growth momentum in the business to get more for the owners (the shareholders)