

HIRA

GODAWARI POWER & ISPAT

REF: GPIL/NSE & BSE/2016/2833

Date: 08.07.2016

1. The Listing Department,
The National Stock Exchange Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), MUMBAI – 400051
2. The Corporate Relation Department,
The Stock Exchange, Mumbai,
1st Floor, Rotunda Building,
Dalal Street, MUMBAI – 400 001

Dear Sir,

Sub : Revision in Rating
Ref : Equity - NSE: GPIL BSE: 532734
NCD - BSE: Scrip Code: 947060, 947618 and 947961

Pursuant to Regulation 30 & 51 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, please note that the Company's credit ratings has been revised by Credit Analysis and Research Limited (CARE) on Bank Loan Facilities and Non-Convertible Debentures (Listed on BSE Ltd.). A copy of the rating letter is enclosed as Annexure-A.

The ratings assigned for credit facilities and instruments are as under:-

Facilities/Instruments	Amount (Rs. Cr.)	Ratings	Remarks
Long Term Bank Facility	1110.21	CARE BBB+ (Triple B Plus)	Revised From CARE A
Short Term Bank Facility	300.00	CARE A3+ (A Three Plus)	Revised From CARE A1
Total Facilities	1410.21		
CP/STD (Carved out of Working Capital)	20.00	CARE A3+ (A Three Plus)	Revised From CARE A1
Non-Convertible Debentures (Listed on BSE Ltd)	76.67	CARE BBB+ (Triple B Plus)	Revised From CARE A
Total Instruments	96.67		

This is for your kind information and record please.

Thanking you,

Yours faithfully,

For GODAWARI POWER AND ISPAT LIMITED

MANAGING DIRECTOR/DIRECTOR

Encl: As Above



Godawari Power & Ispat Limited

An ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 certified company
CIN L27106CT1999PLC013756

Registered Office & Works: Plot No. 428/2, Phase I, Industrial Area, Siltara, Raipur - 493111, Chhattisgarh, India

P: +91 771 4082333, **F:** +91 771 4082234

Corporate address: Hira Arcade, Near New Bus Stand, Pandri, Raipur - 492001, Chhattisgarh, India

P: +91 771 4082000, **F:** +91 771 4057601

www.godawaripowerispat.com, www.hiragroup.com

JULY 07, 2016

**CARE REVISES THE RATINGS ON THE BANK FACILITIES/INSTRUMENTS OF
GODAWARI POWER AND ISPAT LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	1110.21	CARE BBB+ (Triple B Plus)	Revised from CARE A [Single A]
Short term Bank Facilities	300	CARE A3+ (A Three Plus)	Revised from CARE A1 [A One]
Total Facilities	1410.21 (Rupees One Thousand Four Hundred Ten crore and twenty one lakhs only)		
CP/STD (carved out of working capital)	20	CARE A3+ (A Three Plus)	Revised from CARE A1 [A One]
NCD	76.67 [Reduced from Rs. 95 crore]	CARE BBB+ (Triple B Plus)	Revised from CARE A [Single A]
Total Instruments	96.67 (Rupees Ninety six crore and sixty seven lakhs only)		

Rating Rationale

The revision in the ratings takes into account the subdued operational and financial performance of the company in FY16, marked by decrease in the income alongwith net losses owing to sharp decrease in the sales realizations of all the products following continued slowdown in domestic steel industry.

The ratings, however continue to derive strength from the track record of the promoters (Hira Group), experience of the management of Godawari Power and Ispat Limited (GPIL) in the steel industry, presence of captive source of power and economic benefits arising out of captive iron ore mines.

The ratings are constrained by relatively high gearing levels with high dependence on working capital related bank borrowings, weak debt coverage indicators, lack of complete backward integration and presence in the inherently cyclical steel industry.

The ability of the company to achieve the revival in revenue growth and profitability led by increase in mining capacity as well as increase in sales realizations with improvement in its capital structure are the key rating sensitivities.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Background

Incorporated on September 21, 1999, GPIL is promoted by the Hira group. GPIL is engaged in manufacturing and selling of iron ore pellets, sponge iron, steel billets, ferro alloys, and various long steel products like MS round in coil (wire rods) and Hard Black (HB) wires, from its plant located at Raipur, Chhattisgarh. GPIL has operational captive iron ore mines at Ari Dongri, Chhattisgarh with a capacity of 14,00,000 tpa and at Boria Tibu, Chhattisgarh with a capacity of 7,00,000 tpa.

As on March 31, 2016, GPIL had capacities for manufacturing 18,00,000 tonnes per annum (tpa) of pellets, 4,95,000 tpa of sponge iron, 4,00,000 tpa of steel billets, 1,00,000 tpa of MS Round Coil and 150,000 tpa of HB wire.

GPIL registered a net loss of Rs. 63.39 crore on total operating income of Rs. 1538.07 crore in FY16 (refers to the period April 1 to March 31) as against PAT of Rs. 62.11 crore on a total income of Rs. 1924.25 crore in FY15.

Analyst Contact

Name: Mr. Puneet Bhatia

Tel: 022 6754 3437

Email: puneet.bhatia@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.