

Godawari Power & Ispat Limited (“GPIL” or the “Company”) reports highest ever Standalone and Consolidated Operational and Financial Performance for the Quarter ended 31st March, 2018 and for year ended March 31, 2018.

Key highlights

Standalone Operations:

Financial Performance:

Q4 FY18

- Revenue from Operations: Rs 622.52 Cr, an increase by 8.5% QOQ and 37% YOY
- Operating EBIDTA: Rs 157 Cr, an increase by 26% QOQ and 103% YOY
- PAT: Rs 88.40 Cr, an increase by 38% QOQ and 700% YOY

FY18

- Revenue from Operations: Rs 2126 Cr, an increase by 38% YOY
- Operating EBIDTA: Rs 441 Cr, an increase by 149% YOY
- PAT: Rs. 182 Cr, an increase by 335% YOY

Consolidated Performance:

Financial Performance:

Q4 FY18

- Revenue from Operations: Rs 743 Cr, an increase by 11% QOQ and 30% YOY.
- Operating EBIDTA: Rs 211 Crores, an increase by 25% QOQ and 101% YOY.
- PAT: Rs 103 Crores, an increase by 40% QOQ and 498% YOY.

FY18

- Revenue from Operations: Rs 2527 Cr, an increase by 40% YOY
- Operating EBIDTA: Rs 606 Cr, an increase by 98% YOY
- PAT: Rs. 211 Cr, an increase by 386% YOY

Operational Performance Numbers:

Production Volumes (Quarterly)

| Product | UOM | For the Quarter ended | | | Change (%) | |
|--------------------------|-------------|-----------------------|----------|----------|------------|---------|
| | | Q4FY18 | Q3FY18 | Q4FY17 | Q on Q | Y on Y |
| Iron Ore Mining | MTs | 4,30,174 | 4,19,673 | 4,03,092 | 2.50% | 6.72% |
| Iron Ore Pellet - GPIL | MTs | 4,87,450 | 4,62,900 | 4,47,150 | 5.30% | 9.01% |
| Iron Ore Pellet - ASL | MTs | 1,51,291 | 1,45,282 | 1,51,154 | 4.14% | 0.09% |
| Sponge Iron | MTs | 1,19,629 | 1,04,386 | 1,12,623 | 14.60% | 6.22% |
| Steel Billets | MTs | 53,089 | 44,872 | 61,559 | 18.31% | -13.76% |
| Wire Rods / TMT Bar | MTs | 36,432 | 39,595 | 35,403 | -7.99% | 2.91% |
| HB Wire | MTs | 28,040 | 32,006 | 24,454 | -12.39% | 14.66% |
| Ferro Alloys | MTs | 3,646 | 3,424 | 3,115 | 6.48% | 17.05% |
| Captive Power Generation | Units (Cr.) | 12.63 | 11.74 | 12.92 | 7.58% | -2.24% |
| Solar Power Generation | Units (Cr.) | 2.42 | 2.37 | 2.33 | 2.11% | 3.86% |

Production Volumes (Annual)

| Product | UOM | For the Year | | Change (%) |
|--------------------------|-------------|--------------|-----------|------------|
| | | 2017-18 | 2016-17 | % |
| Iron Ore Mining | MTs | 15,79,693 | 11,75,091 | 34.43% |
| Iron Ore Pellet - GPIL | MTs | 18,41,050 | 14,95,100 | 23.14% |
| Iron Ore Pellet - ASL | MTs | 5,84,982 | 3,00,313 | 94.79% |
| Sponge Iron | MTs | 4,39,139 | 4,34,538 | 1.06% |
| Steel Billets | MTs | 1,97,596 | 2,04,162 | -3.22% |
| Wire Rods / TMT Bar | MTs | 1,42,101 | 1,09,984 | 29.20% |
| HB Wire | MTs | 1,16,555 | 1,01,101 | 15.29% |
| Ferro Alloys | MTs | 13,772 | 13,136 | 4.84% |
| Captive Power Generation | Units (Cr.) | 48.35 | 46.15 | 4.77% |
| Solar Power Generation | Units (Cr.) | 9.65* | 10.26 | -5.89% |

*Decrease due to grid failure during May 2017

Operating Performance:

- Iron Ore Mining: During FY18, the Company ramped up the mining output significantly & mined 1579693 MT which is highest ever production & 34.43% higher over FY17 output.
- Highest ever production of Iron Ore Pellets of 1841050 MT (87.67% of the installed capacity) as against production of 1495100 MT in FY17. YoY increase of 23%.

Sales Quantity and Average Realisation of Major products - Consolidated: (Q4FY18)

| Product | UOM | For the Quarter ended | | | | | |
|------------------------|-----|-----------------------|-------------|----------|-------------|----------|-------------|
| | | Q4FY18 | | Q3FY18 | | Q4FY17 | |
| | | Qty | Realisation | Qty | Realisation | Qty | Realisation |
| Iron Ore Pellet - GPIL | MTs | 2,80,636 | 6,207 | 3,38,755 | 5,306 | 3,29,302 | 4,596 |
| Iron Ore Pellet - ASL | MTs | 1,75,540 | 5,307 | 1,22,862 | 5,862 | 1,76,893 | 5,306 |
| Sponge Iron | MTs | 60,382 | 19,768 | 62,263 | 16,435 | 42,610 | 14,953 |
| Steel Billets | MTs | 22,534 | 31,580 | 16,521 | 26,791 | 23,516 | 24,349 |
| Wire Rods / TMT Bar | MTs | 19,907 | 36,835 | 18,634 | 31,170 | 26,632 | 28,180 |
| HB Wire | MTs | 27,173 | 38,590 | 34,635 | 33,065 | 23,580 | 29,951 |
| Ferro Alloys | MTs | 2,850 | 68,985 | 2,835 | 63,913 | 2,611 | 58,525 |

Sales Quantity and Average Realisation of Major products - Consolidated: (FY17-18)

| Product | UOM | For the Year | | | | | |
|------------------------|-----|--------------|-------------|----------|-------------|------------|-------------|
| | | FY18 | | FY17 | | % Increase | |
| | | Qty | Realisation | Qty | Realisation | Qty | Realisation |
| Iron Ore Pellet - GPIL | MTs | 12,47,361 | 5,365 | 9,46,587 | 4,360 | 32% | 23% |
| Iron Ore Pellet - ASL | MTs | 5,84,459 | 5,050 | 2,98,033 | 4,931 | 96% | 2.4% |
| Sponge Iron | MTs | 2,28,469 | 16,678 | 2,48,497 | 12,383 | -8% | 35% |
| Steel Billets | MTs | 81,560 | 27,720 | 1,03,976 | 21,830 | -22% | 27% |
| Wire Rods / TMT Bar | MTs | 74,813 | 32,460 | 82,490 | 26,331 | -9% | 23% |
| HB Wire | MTs | 1,16,562 | 34,015 | 1,00,289 | 28,063 | 16% | 21% |
| Ferro Alloys | MTs | 10,891 | 64,632 | 10,172 | 52,696 | 7% | 23% |

Standalone Performance:

The company earned a total sales revenue of Rs 623 crore for the quarter which is 9% higher on QoQ basis. The total revenue earned during the year is Rs 2126 crore which is 38% higher than revenue earned in same period last year. The EBIDTA margin also expanded to 25.20% for the quarter which is 3.46 bps higher than Q3FY18 & 8.19 bps more than Q4FY17. The profit after tax increased by 335% to Rs 181.95 crore for the year. The net debt of the company at the end of the year is Rs 1461.99 crore, reduction of Rs 56.17 crore from last year net debt of Rs 1518.16 crore.

Subsidiaries Performance**Ardent Steel Limited:**

During the quarter, the Company produced 151291 tonnes of iron ore pellets & sold 175540 tonnes of pellets in the market. The export sales of the company are 66680 MTs and

domestic sales are 108860 MTs. The Company earned revenue of Rs 96.10 crore, EBIDTA of Rs 32.78 crore and PAT of Rs 13.79 crore during the quarter. The net sales revenue, EBIDTA & PAT for the full year stood at Rs 298.86 crore, Rs 76.42 crore & Rs 28.18 crore during the year as against Rs 147.05 crore, Rs 27.97 crore & Rs -3.23 crore during FY17. The net debt of the company at the end of the year is Rs 149.45 crore, reduction of Rs 10.22 crore from last year net debt of Rs 159.67 crore.

Godawari Green Energy Limited:

During the year, the Company generated 96.54 million units (CUF 22.04%) which is 6% lower as compared to generation in FY17. 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 chances of grid failure are remote. The net revenue, EBIDTA & PAT of the Company stood at Rs 105.36 crore, Rs 89.86 crore & Rs 0.62 crore respectively during the year as against Rs 111.35 crore, Rs 102.52 crore & Rs 6.48 crore during FY17. The net debt of the company at the end of the year is Rs 469.46 crore, reduction of Rs 41.20 crore from last year net debt of Rs 510.66 crore.

Consolidated Financial Performance:

The consolidated sales revenue of Rs 743 crore for the quarter which is 11% higher on QoQ basis. The total revenue earned during FY 2018 is Rs 2528 crore which is 40% higher than revenue earned in same period last year. The EBIDTA margin also expanded to 28.45% for the quarter which is 3.26 bps higher than Q3FY18 & 10.13 bps more than Q4FY17. The profit after tax increased by 386 % to Rs 211 crore during FY18. The net consolidated debt of the company at the end of the year is Rs 2080.90 Cr, reduction of Rs 107.59 from last year net debt of Rs 2188.49.

Announcing the Results Mr B.L. Agrawal, Managing Director said that the all-round improvement in performance of the Company was led by increase in output from the captive iron ore mines coupled with optimum utilisation of capacity in the pellets division, cost reduction and efficiency improvement initiatives taken by the Company in last couple of years and better demand scenario in the domestic markets as well export of iron ore pellets. The performance during the year has improved gradually during last financial year.

The full impact of improved market conditions and price realisation is expected to be seen the current financial year 2018-19 and depending on the prevailing market conditions.

Outlook

Domestic steel demand has been buoyant for couple of quarters & is reflected in price rise of various products between 30-45% from March'17 to March'18. As per CRISIL's industry report on Steel Products, "the demand in fiscal 2019 is expected to accelerate further by 5-6% driven largely by demand from affordable housing & infrastructure projects. Automobile sector which is also major consumer of the steel products is expected to grow at 8-10% year on year. In fiscal 2019, the utilisation rate is set to increase further to 79% on demand pick-up, government driven control on imports and no major capacity coming on stream."

Owing to strong demand from China, US & EU led, the price differential between iron ore fines & iron ore pellets is expected to widen from Rs 1622 in FY17 to Rs 1648 in FY18 and eventually to Rs 1764 by FY22. This is positive for the pellets manufacturers and particularly for GPIL.

As regards GPIL, during FY19, our primary focus would be:

- Ramp-up the captive mines & increase the volume.
- Further Increase in the capacity utilisation in pellets division
- Full integration in operation from sponge iron to finished steel segment up-to 4,00,000 tons per annum by commissioning of rolling mill of 200000 TPA and integration of 25 MW Power Plant of Jagdamba Power & Alloys Ltd., leading improvement in operating margins. The consent to operate in case of existing Rolling Mill capacity from 1 lac to 2.14 lac ton has already been received.
- Completion merger of Jagdamba Power & Alloys Ltd and connecting the JPAL's 25 MW power plant with GPIL leading to availability of increased captive power to increase production of steel billets.

Disclaimer: -

This press release contains forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could make a difference to the Company's operations include, among others, general economic conditions affecting demand/supply and pricing conditions in the domestic and overseas markets in which the

Company operates, changes in or due to the environment, Government regulations, laws, statutes, judicial pronouncements and/or other incidental factors.

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