



HIRA
GODAWARI POWER & ISPAT



REF: GPIL/NSE & BSE/2020/4114

Date: 08.06.2020

To,

1. The Listing Department,
The National Stock Exchange Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), MUMBAI – 400051
NSE Symbol: GPIL

2. The Corporate Relation Department,
The Stock Exchange, Mumbai,
1st Floor, Rotunda Building,
Dalal Street, MUMBAI – 400 001
BSE Security Code: 532734

Dear Sir,

Sub: Impact of COVID-19 pandemic on the Company

Ref: SEBI Circular NO. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020

Dear Sir/Ma'am,

Pursuant to Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, we would like to submit the following information:

1. Impact of the CoVID-19 pandemic on the business:

The manufacturing operations were closed temporarily in steel business (including captive iron ore mines) with effect from 24th March 2020. From 10th April 2020 onwards, steps were taken to restart the manufacturing facility and iron ore mining operations in a phased and synchronized manner keeping in view the restrictions imposed by the Government, availability of resources, logistics and demand for end products. The plants have reached to near normal capacity by 3rd week of May 2020. The Company has seen good demand for Iron ore Pellets from global market and prices after falling during April/may have come back to pre-covid level. The finished steel business also seen the demand from local markets.

The Solar business in the Subsidiary company continued to operate without any disruptions even during lockdown period. The Company continued to supply power to NTPC Vidyut Vypar Nigam Ltd as per PPA and up-to date payments towards supply of power have been received by the said subsidiary Company.

Godawari Power & Ispat Limited

An ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 certified company
CIN L27106CT1999PLC013756

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In the first quarter FY 21, the Company expects to achieve 60%-90% production in its different products depending on the demand scenario. The pandemic is still continuing at different parts of the country, as a result of which the demand for the products may be adversely affected in the near future.

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down:

Barring unforeseen circumstances, the Company expects to maintain operations at normal level for rest of the year. In most of the verticals the company expects to run the operations smoothly. , However the operations may be impacted in case of spike in Covid-19 infected cases in any of the areas of operations of the Company/subsidiaries. The Company has not seen any major concern from supply side. However, the Company is facing some issue with regard to availability of migrant labour, which has impacted production of steel melting shop to some extent.

3. Steps taken to ensure smooth functioning of operations:

The Company has followed all the directives that have been issued by the Central Government, the State Government and the local administration before restarting the operations. It is also in compliance with all the medical, health, safety and social distancing guidelines for the safety of all the employees and other stakeholders of the Company. At all the locations necessary arrangements for sanitization, screening, etc., have been made and are continuing.

4. Estimation of the future impact of COVID-19 on its operations:

The Company does not foresee any major impact on its operations, except impact on business during Q1 as mentioned above due to lockdown. However, it is not possible at this stage to measure the quantum of impact, as lockdown continues in certain markets. Although the Iron ore Pellet price have come back to march exit level, finished steel product continues to remain impacted due to uncertain environment and future pricing scenario will depend on the evolving situation of pandemic in different markets, domestic as well global, which may have some impact on future profitability of the Company.



5. Details of impact of CoVID-19 on the Company's Business:

- a. Capital and financial resources: The Company has no major planned capital expenditure in the current year and hence there is no additional financing requirement by the Company.. No financial hurdle is likely to be seen in the current financial year except in case of large market demand disruption and threat of cheaper import..
- b. Profitability- The profitability of Q4FY20 was adversely affected on account of fall in production and sales. Profitability of Q1FY21 will also be affected on account of lower production and sales due to lockdown. The Company expects to achieve normal operations/ profitability from next quarter without much impact of Covid-19. However, other market factors like product prices, may impact the profitability. Fall in the interest rates if any may result in reduction of finance cost.
- c. Liquidity position- The Company has sufficient liquidity to meet its obligations and for smooth operations. The Company has opted for moratorium on repayment of unpaid instalments of term loan and payment of interest on term loan & working capital for the period of March to May 2020 to maintain enough liquidity and business operations. However, it may be mentioned that the Company had cleared repayment of instalment of term loans to extent of 68% of the amount due for period of March to May 2020 in advance before lockdown. Further the subsidiary Companies have not opted for moratorium on its debt service obligation and continues to make regular repayment of debt on date dates during the lock down period. The Solar Power Subsidiary has prepaid entire instalment of term loan for FY21. The overall liquidity position of the Company and its subsidiaries remains comfortable. It may be mentioned the Company has been making pre-payment of its debt based on the available free cash flow since last 3 years including its subsidiaries, before the lockdown.

Ability to service debt and other financing arrangements: The Company and its subsidiaries do not foresee any problem in meeting their debt obligations on time. The Company is also preparing to clear the amount of deferred amount of repayment of term loan instalments and interest on working capital and term loan in near future unless the situations deteriorates for any unforeseen reason beyond the control of the Company.



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- d. Assets - Company has taken suitable insurance covers and has secured all its assets. All the Assets are in working condition.
 - e. Internal financial reporting and control: The Company has a robust internal financial control system. It has also a system of regular internal audit. There is also a system of continues review of policies and procedures to make them more effective according to the time and circumstances.
 - f. Supply chain: There is no material disruption to the supply chain affecting the operations.
 - g. Demand for its products/services: The Company has sufficient demand for the products manufactured by it and expects the same to continue currently but demand may be impacted in case any export duties are levied on Company's products and also in case of in case of cheap imports into India.
- 6. Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the Company's business:**
- The Company does not have any material existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on its business operations.
- 7. Other relevant material updates about the Company's business:**

A Brazilian Judge ordered the closure of a series of iron ore mines operated by mining company Vale SA over corona virus concern, labour prosecutors said recently, a development that puts more than 10% of the firm's iron ore output off line and will likely to send jitters through the global iron ore market. This may positively affect the realizations in the iron ore pellets. (source: www.nasdaq.com) and since one of the major product of the Company is Iron ore Pellet, this event may have positive impact on Company's profitability.



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No other material information. The Company shall keep the exchange updated in case of any material development.

You are requested to take the same on records and disseminate the same for the information of the stakeholders.

Thanking you,

For Godawari Power and Ispat Limited



Y.C.RAO

Company Secretary

