



Q3FY19 Earnings Presentation
February 2019

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Delivering Strong Quarterly Results : Reiterating strong performance

Q3FY19 Operational Highlights*

- Iron Ore mine production at 387,757 MT
- Pellet production 2% higher at 621,818 MT
- Sponge Iron production 8% higher at 112,759 MT
- Steel billets production 87 % higher at 84,130 MT
- MS rounds production 20 % higher at 46,917 MT
- HB wires production 4% higher at 33,088 MT

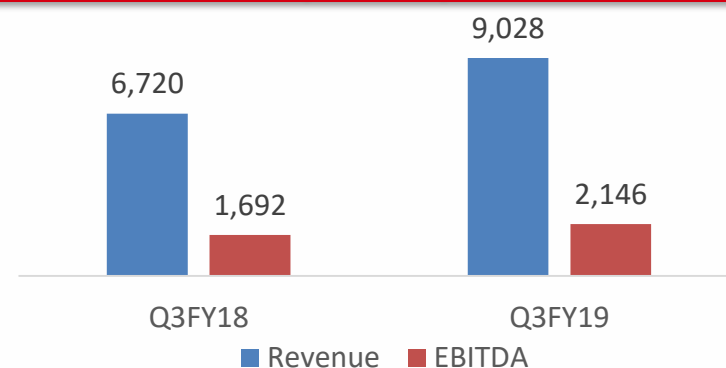
Q3FY19 Financial Highlights*

- Revenue up 34% YoY INR 9,028 million driven by higher realisations from sale of Pellets.
- EBITDA at INR 2,146 million, up 27% YoY.
- 9 month EBITDA has surpassed whole year sustainable EBITDA.

Production Quantity*

In MT	Q3FY19	Q3FY18	Change %
Mining	387,757	419,673	-8%
Pellets	621,818	608,182	2%
Sponge Iron	112,759	104,386	8%
Steel Billets	84,130	44,872	87%
M.S. Round/ TMT	46,917	39,002	20%
H.B. Wire	33,088	31,947	4%

Revenues and EBITDA* (INR Mn)



*consolidated

Updates

Merger of Jagdamba Power with GPIL

- Proposed merger with Jagdamba Power & Alloys Limited (JPAL) into GPIL called off due to non-approval of merger proposal by JPAL Shareholders whereas GPIL Shareholders approved the merger resolution.
- Proposed merger of JPAL into GPIL unapproved due to non-viability of merger exchange ratio from the perspective of JPAL shareholders
- JPAL continues to supply 25 MW Power to GPIL under Power Purchase Arrangement.

Rolling Mill

- Rolling Mill installation work is progressing and the same is expected to be commissioned by June, 2019. Savings of INR 1,000/MT is expected on incremental production of rolled products.

Q3FY19 Production and Sales Summary

Quarterly Production (in MT)	Q3FY19	Q2FY19	QoQ (%)	Q3FY18	YoY (%)
Iron ore Mining	387,657	305,207	27%	419,673	-8%
Iron ore Pellets - GPIL	435,300	512,050	-15%	462,900	-6%
Iron Ore Pellets - ASL	186,518	128,329	45%	145,282	28%
Sponge Iron	112,759	111,229	1%	104,386	8%
Steel Billets	84,130	63,618	32%	44,872	87%
M.S. Rounds	46,917	44,911	4%	39,595	18%
H.B. Wires	33,088	34,419	-4%	31,947	4%
Silico Manganese	3,666	1,678	118%	3,424	7%
Power – GPIL (units in cr)	10.80	11.27	-4%	11.74	-8%
Solar Power (Units in cr)	2.18	1.96	11%	2.37	-8%

Sales & Realisation	Q3FY19		Q2FY19		Q3FY18	
	Quantity	Realisation	Quantity	Realisation	Quantity	Realisation
Iron Ore Pellet - GPIL	314,395	7,502	384,035	6,548	338,755	5,306
Iron Ore Pellet - ASL	168,558	7,358	111,509	5,954	122,862	5,862
Sponge Iron	22,846	19,698	43,190	20,642	62,263	16,435
Steel Billets	33,496	32,988	23,678	33,780	16,521	26,791
M.S. Round	22,808	38,604	16,635	39,558	16,939	31,070
H.B. Wire	33,289	41,213	34,141	40,150	34,635	33,065
Silico Manganese	2,546	68,781	1,168	66,405	2,835	63,913

GPIL Consolidated - Profit & Loss

Particulars (in Million)	Q3FY19	Q2FY19	QoQ (%)	Q3FY18	YoY (%)
Net Sales	9,028	8,044	12%	6,721	34%
Total Expenses	6,893	6,000	15%	5,034	37%
Other Income	11	10	8%	6	91%
EBITDA	2,146	2,054	4%	1,693	27%
EBITDA Margin (%)	24%	26%	-7%	25%	-6%
Depreciation	327	336	-3%	328	0%
Finance Costs	621	648	-4%	651	-5%
PBT	1,198	1,070	12%	713	68%
Exceptional Items	-	-		1	
Tax	463	391	18%	-25	
PAT	736	680	8%	737	0%
EPS (INR)	19	19	2%	21	-8%

GPIL Standalone - Profit & Loss

Particulars (in Million)	Q3FY19	Q2FY19	QoQ (%)	Q3FY18	YoY (%)
Net Sales	7,533	7,125	6%	5,737	31%
Total Expenses	6,061	5,458	11%	4,494	35%
Other Income	8	7	17%	4	93%
EBITDA	1,480	1,674	-12%	1,247	19%
EBITDA Margin (%)	20%	23%	-16%	22%	-10%
Depreciation	225	230	-2%	223	1%
Finance Costs	443	472	-6%	457	-3%
PBT	813	973	-16%	567	43%
Exceptional Items	-	-		1	
Tax	313	355	-12%	-76	
PAT	500	618	-19%	642	-22%
EPS (INR)	14.66	18.13	-19%	18.82	-22%

Ardent Steel Limited Standalone- Profit & Loss

Particulars (in Million)	Q3FY19	Q2FY19	QoQ (%)	Q3FY18	YoY (%)
Net Sales	1,257	713	76%	725	173%
Total Expenses	779	505	54%	495	157%
Other Income	0	0	0%	1	8%
EBITDA	478	209	129%	231	207%
EBITDA Margin (%)	38%	29%	30%	32%	119%
Depreciation	28	29	-2%	28	99%
Finance Costs	42	49	-14%	54	78%
PBT	407	131	211%	148	275%
Tax	156	48	226%	51	309%
PAT	251	83	202%	98	257%
EBITDA Per Ton (INR)	2,561	1,627	57%	1,590	161%

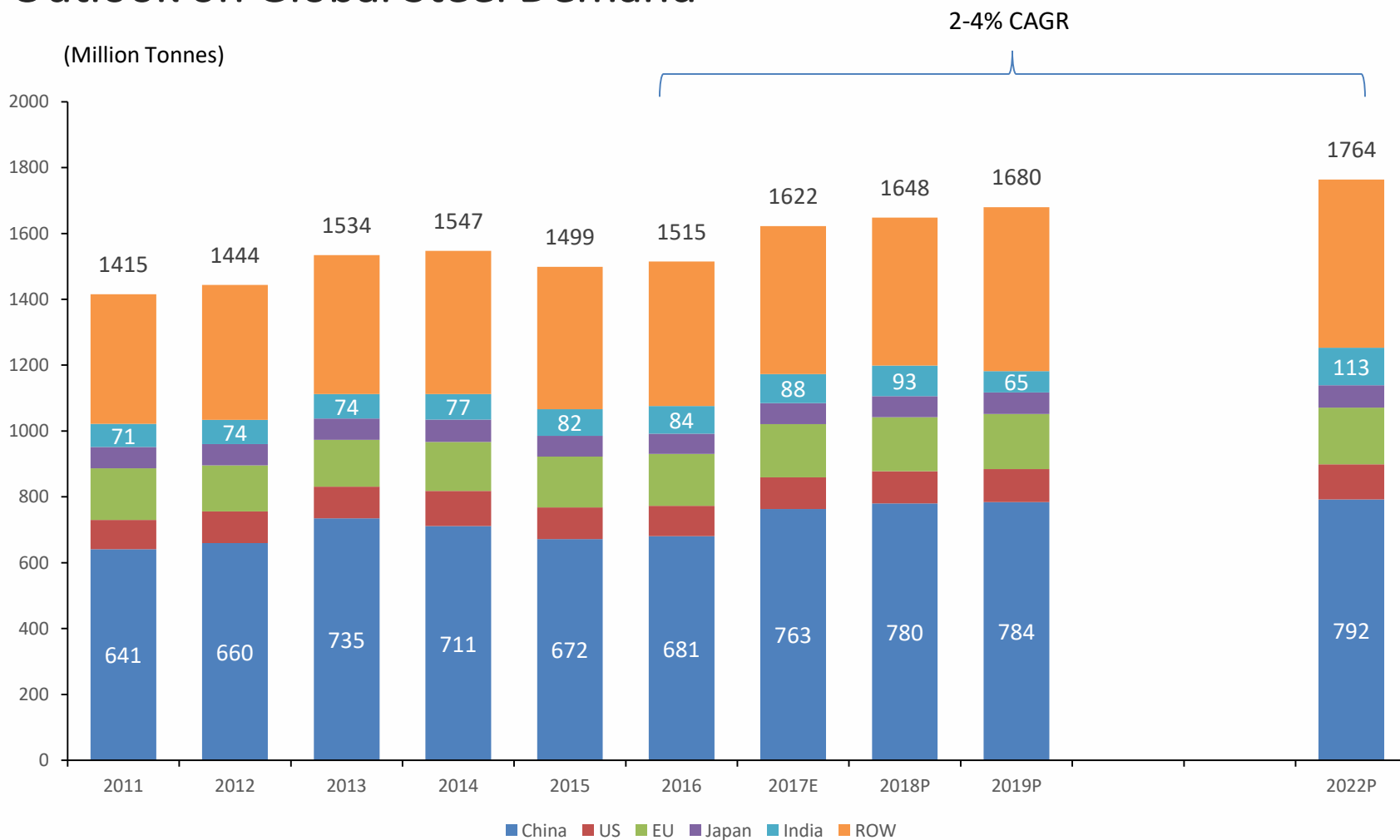
Godawari Green Energy Limited - Profit & Loss

Particulars (in Million)	Q3FY19	Q2FY19	Q3FY18
Net Sales	238	210	259
Total Expenses	52	42	45
Other Income	3	3	3
EBITDA	189	171	218
EBITDA Margin (%)	79%	82%	84%
Depreciation	74	78	77
Finance Costs	138	130	140
PBT	-23	-37	1
Tax	-7	-12	1
PAT	-16	-25	0

Pellet Price Outlook in Domestic Market

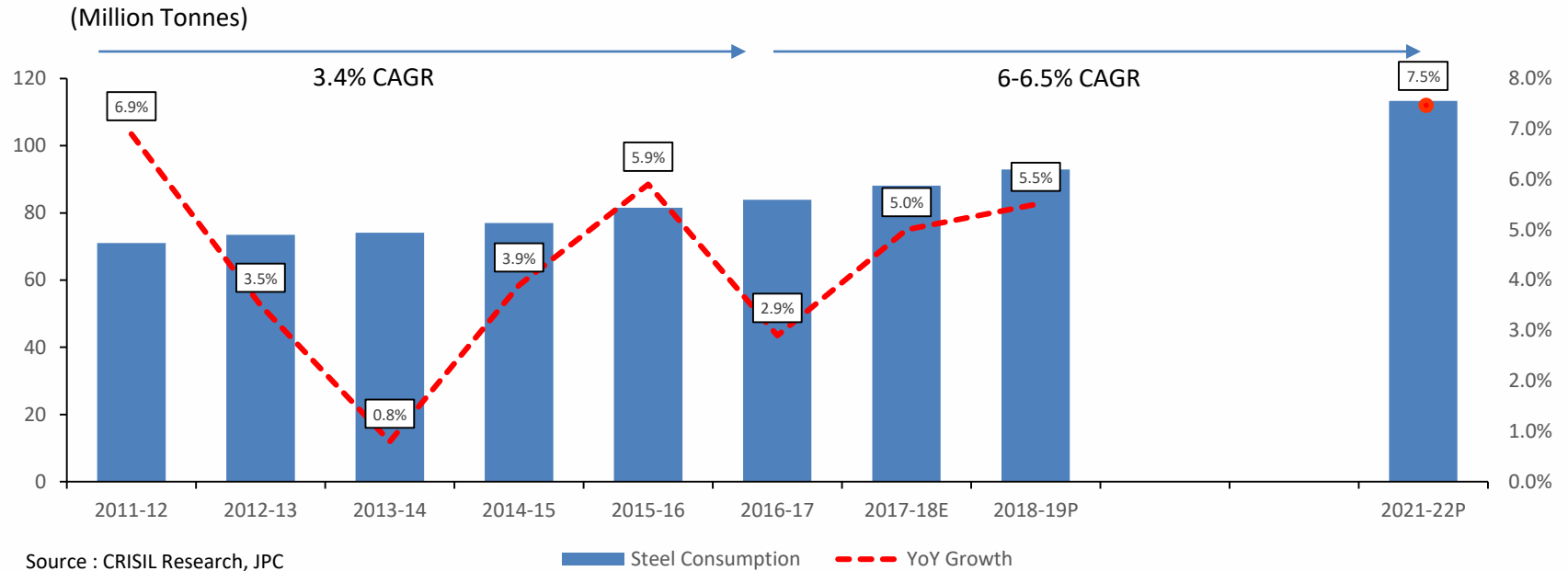
- Vale – one of the world's largest iron ore producer reports a supply disruption of 10-11 mnt pellets production and 40 mnt iron ore production annually due to the de-commissioning of dam. The de-commissioning of dams is expected to take place over a period of next three years.
- Vale proposes to offset Iron ore/Pellet supply disruption by increase in production from the other mining projects. However, replacing pellet supply is expected to be challenging. This may lead in increase in Pellet prices.
- Currently India account for 40% of import of Pellets in China & the Indian Pellet export prices has already shown increase recently after vale dam Collapse.
- The prices are expected to remain firm for next 2-3 years on account of :-
 - Higher pellet demand in domestic market due to Increase in production volume of finished steel over last 2 years and the firm global steel prices
 - Overall Increase in demand of Pellet from China in view of environmental restrictions on use of Sinter.
 - The expected slow down in Iron Ore mining in Odisha on account of expiry of mining leases of merchant Iron Ore mines in March 2020.
 - Vale dam collapse and subsequent disruption in production iron ore and pellets.

Outlook on Global Steel Demand



Source : CRISIL Research, JPC

Domestic Demand Outlook



- Domestic steel demand to grow by 7% to 7.5% in FY 19
- Shortage of lumps in domestic market driving demand for Iron Ore Pellets
- Affordable housing and infrastructure projects to propel demand



GODAWARI POWER & ISPAT

CORPORATE PRESENTATION

Integrated Asset Portfolio; Unique Presence Across Steel Value Chain

Asset

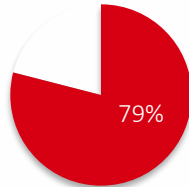
Capacity

FY 18 Utilisation



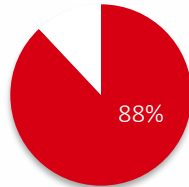
Iron Ore Mining

2.1 mt



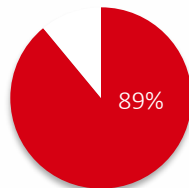
Iron Ore Pellets

2.7 mt



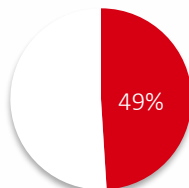
Sponge Iron

0.5 mt



Steel Billets

0.4 mt



Asset

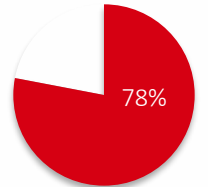
Capacity

FY18 Utilisation



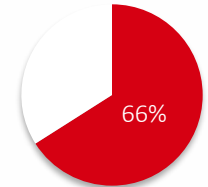
MS Rounds

0.2 mt



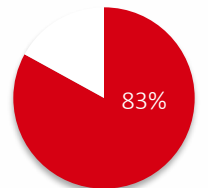
HB Wires

0.15 mt



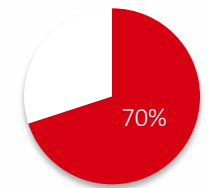
Ferro Alloys

16,500 mt



Power

98 MW*;
86 cr units



GPII – Focused on Generating Shareholder Value



Clear Strategy

Focus on **Integrated Steel** Value Chain

No unrelated diversification;
Non-core assets to be divested



Portfolio Optimisation

Increasing value addition by **enhancing captive power** availability

Supply Chain optimisation through **rolling mill expansion (brownfield)**



Improving Financials

FY18 **Revenue Growth: 40%**; EBITDA Margin: 24%

FY18 ROE: 21.5%
Net Debt/Equity: 2.1
Int. Coverage: 1.8



Balance Sheet De-Leveraging

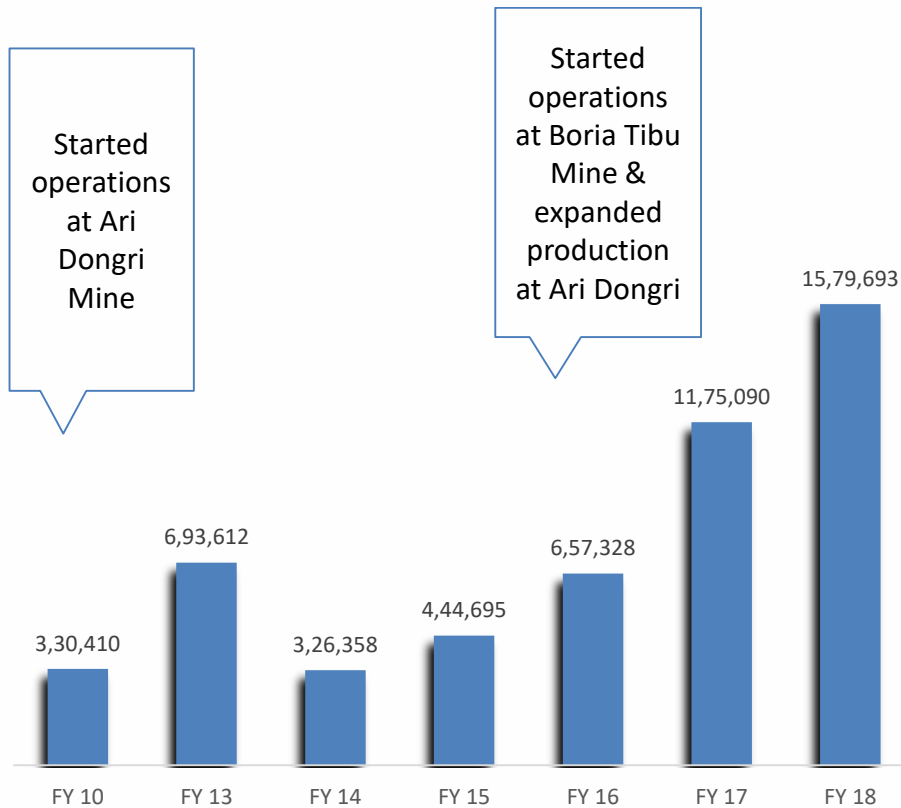
Net Debt to equity Reduced to 1.5x from 3x; **Target <1x**

Credit Rating Updated to Investment Grade **BBB**

Increased Captive Consumption Provides Significant Margin Expansion

Significant captive mining capacity & multiple long-term linkages aid in lowering costs & improving margins

Iron Ore Production (MT)



Coal

- Long-term linkage with Coal India
- c.75% of total coal sourced from long term linkage

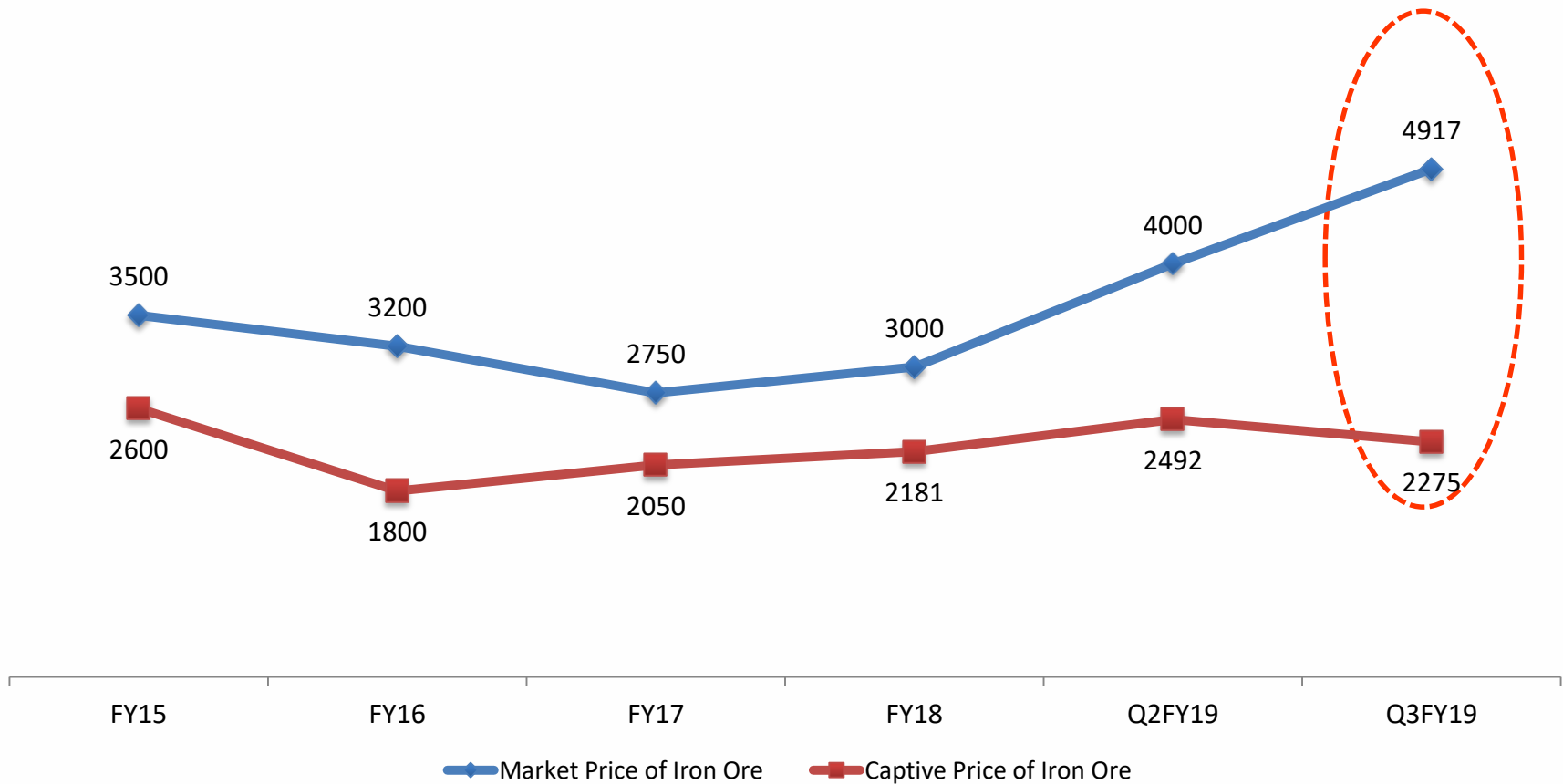
Power

- In-plant power generation capacity of 73 MW
- 42 MW captive energy from waste heat recovery + 11 MW from coal thermal plant + 20 MW biomass power capacity
- Additional 25 MW from Jagdamba Power PPA

Water

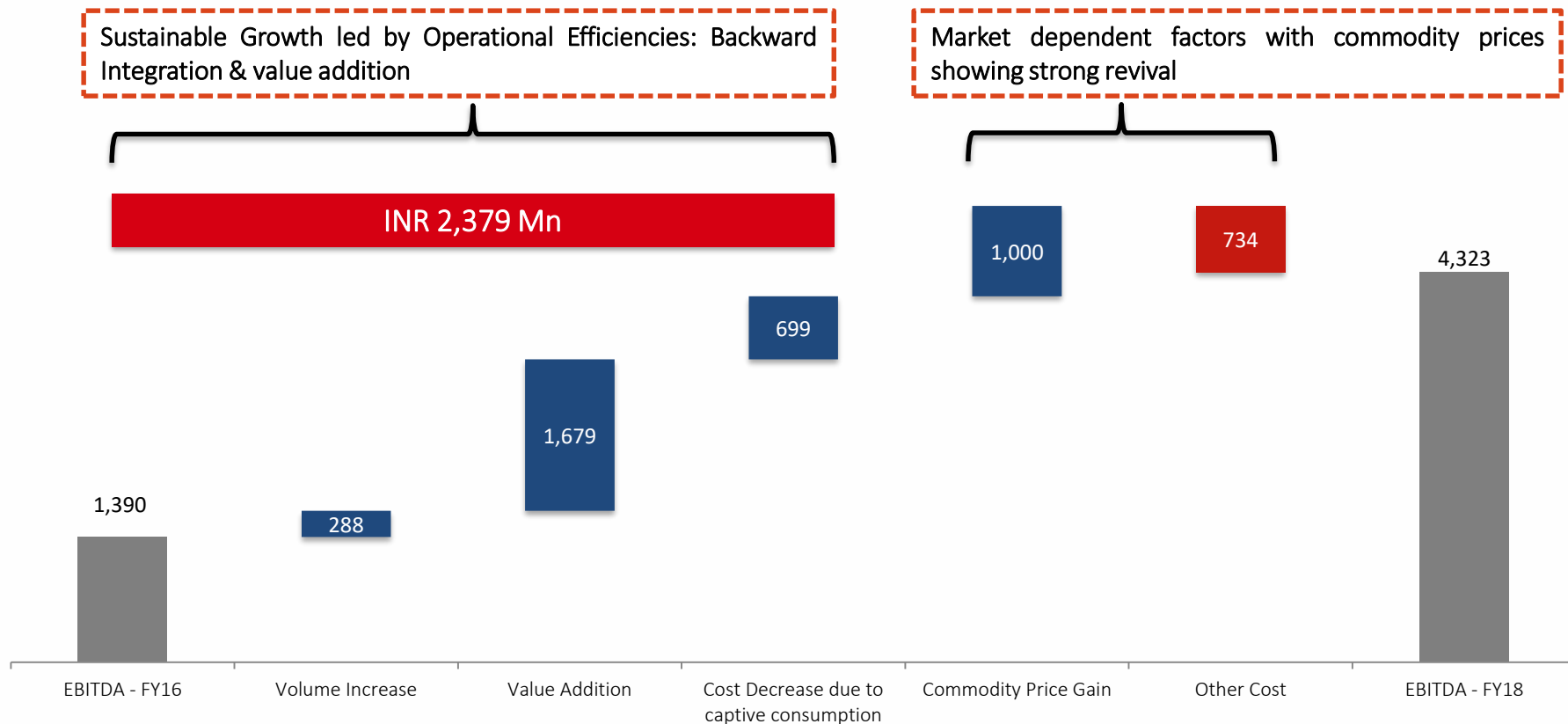
- Agreement with Chhattisgarh Ispat Bhoomi Ltd to draw 10,000 KL of water/day

Cost Savings Due to Captive Mining



Resulting in Operational Efficiencies Leading to Sustainable Profitability

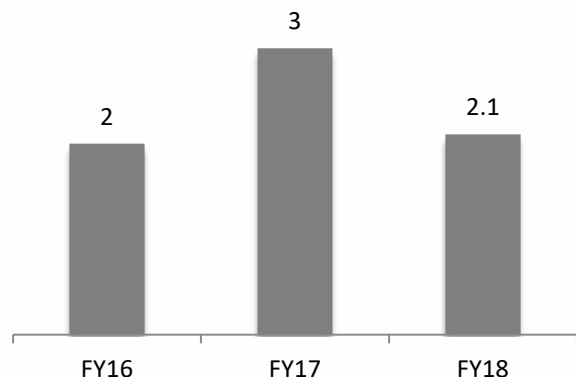
All numbers in INR Mn



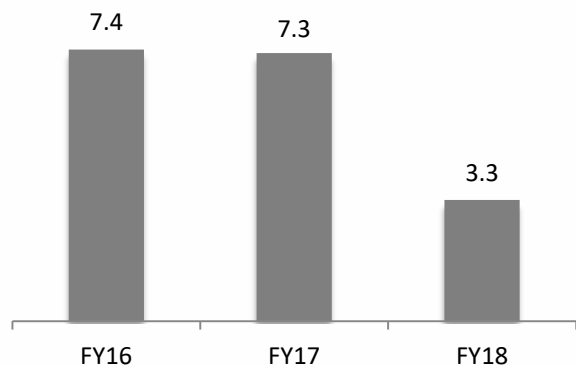
Standalone EBITDA for GPIL; Godawari Green (Solar Power) EBITDA not included

De-Leveraging a Key Management Priority

Net Debt to Equity (x)



Net Debt to EBITDA (x)



All Ratios on consolidated basis

Debt Restructuring

- Debt restructuring package implemented in March 2017
- Restructuring included elongation of tenor of facilities with part conversion of short-term debt to long-term debt
- No lender haircuts undertaken during restructuring process – only debt tenor increased

Resultant Turnaround

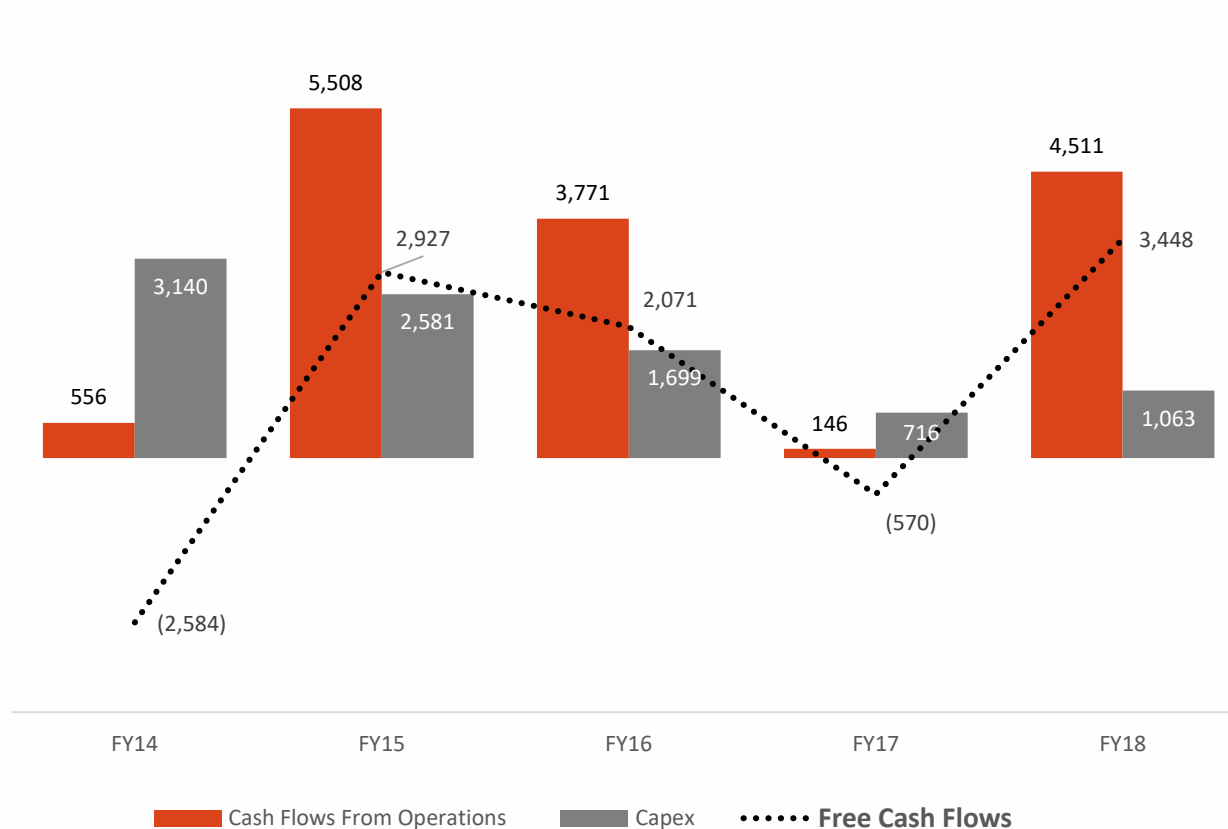
- Credit Rating improved from Junk Grade 'D' in FY16 to Investment Grade 'BBB-' in FY18
- Rating further improved to 'BBB' in August 2018 driven by continued debt repayment efforts by the company
- Gradual revival in operations result in highest-ever EBITDA in FY18

TTM Q3 FY19

Long Term Debt To Equity: 1.41x

Long Term Debt To EBITDA: 2.2x

Resulting in Free Cash Flows to Further Improve Balance Sheet



Capex Plan:
FY19 & FY20

Maintenance capex: INR 400 million p.a.

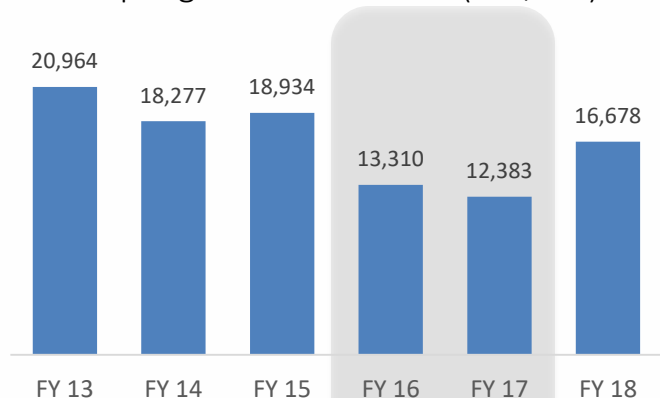
Value addition in Steel Billet process: INR 600 million investment (one-time)

As capex stabilises at current levels, FCFF will increase thus aiding further deleveraging

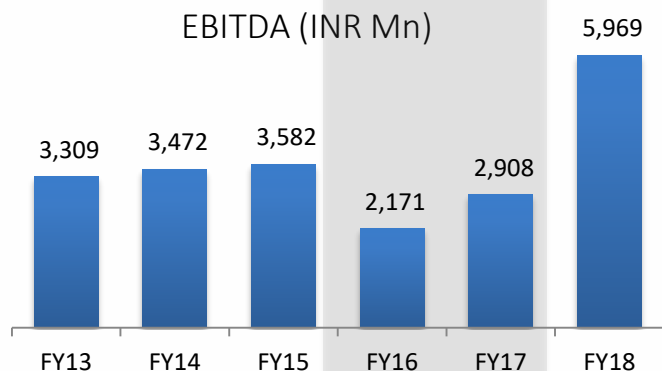
Strong Balance Sheet Key for Delivering Through the Cycle

FY16 &17 EBITDA adversely impacted by low commodity prices

Sponge Iron Realization (INR/MT)

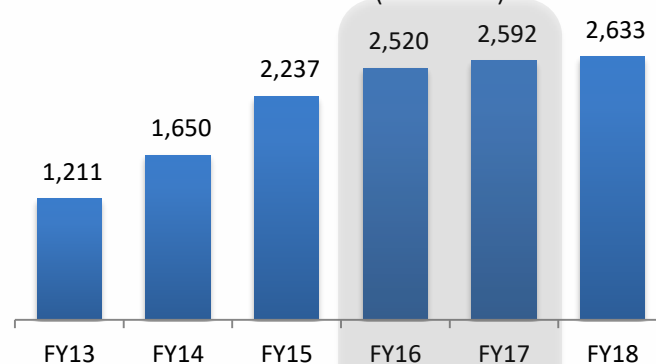


EBITDA (INR Mn)

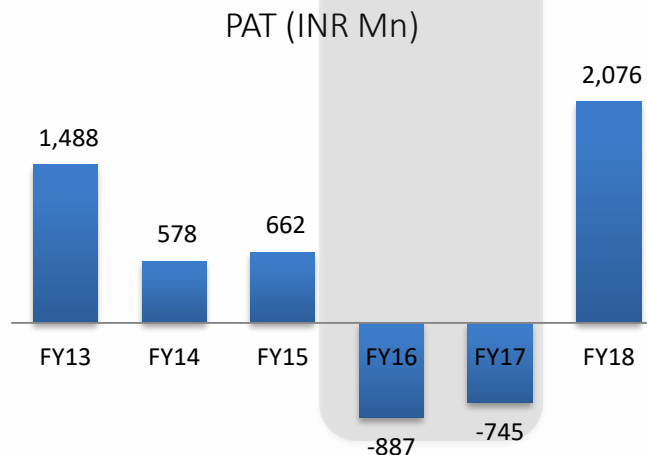


High Finance Cost Further Exacerbated the Problem

Finance Cost (INR Mn)



PAT (INR Mn)

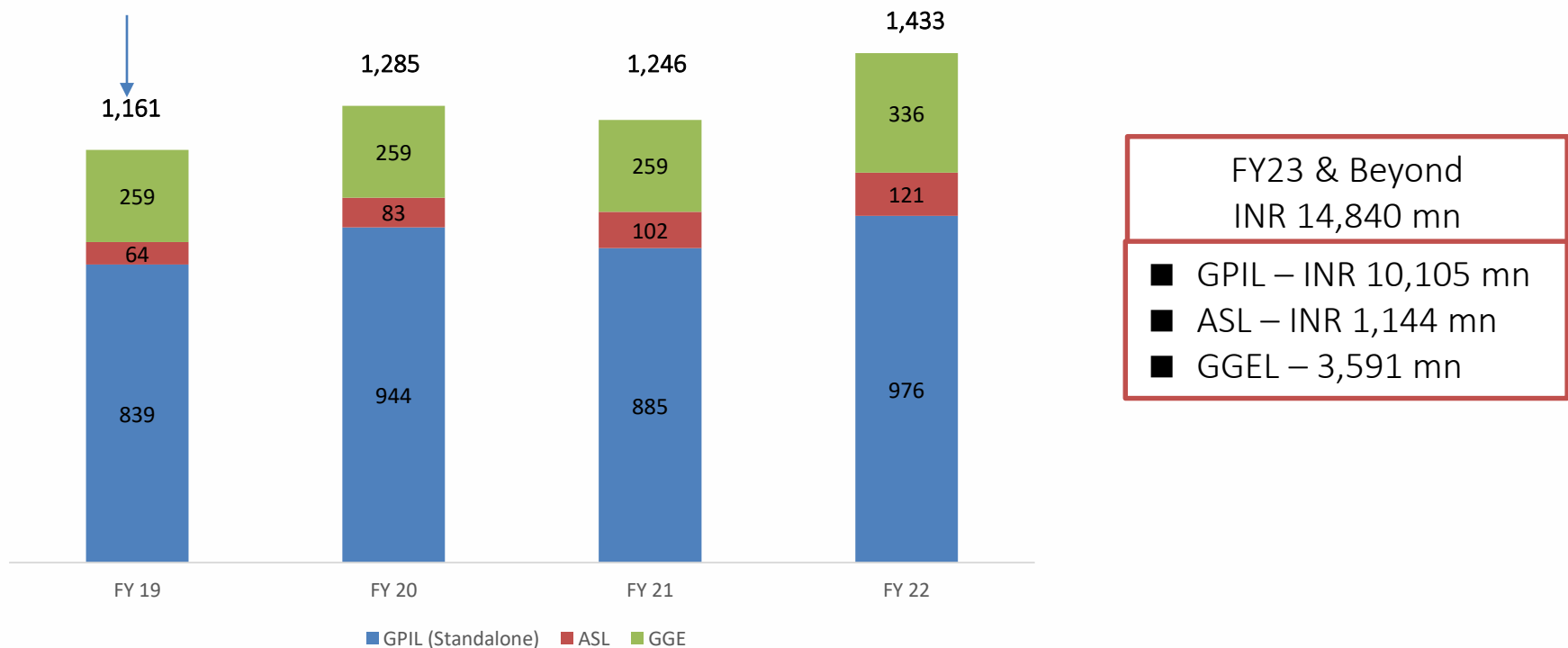


Constituted a sustainable business restructuring plan to weather through future down-cycles & strengthen Balance Sheet

Entity Wise Debt Repayment Schedules

All figures in INR MN

- Scheduled repayments for FY19 which was INR 1,161 million already paid before Q3 ending
- Total INR 1,856 million of long term loan paid in 9 months ending Q3FY19.



Business Plan Going Forward

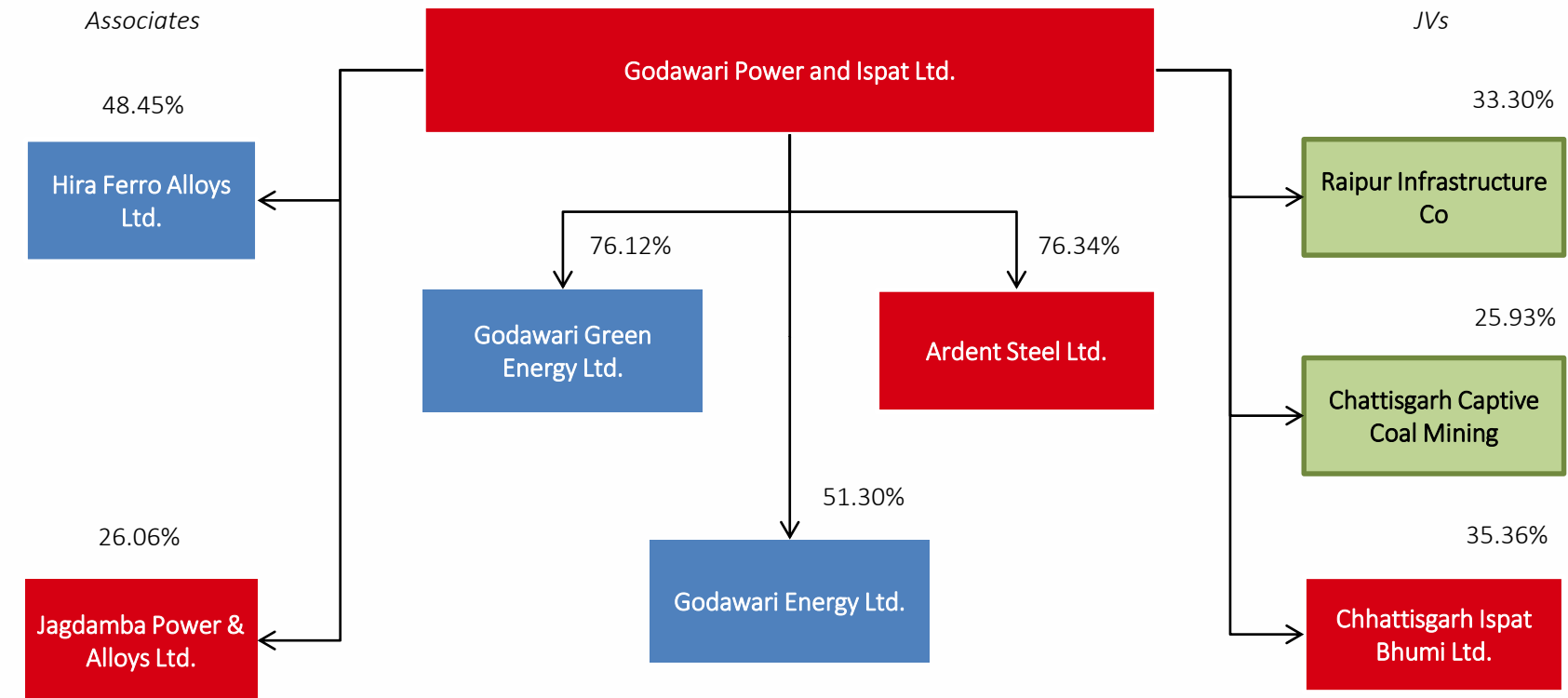
Efforts Towards Greater Operational Efficiencies

- Sign long-term PPA with Jagdamba Power & Alloys to increase share of captive power in Steel Billet manufacturing
- Incur capex of INR 600 million to install new rolling mill facility to facilitate increased utilisation levels in Steel Billets
- Use full production of Sponge Iron as captive raw material to increase production of Steel Billets

Expected Improvement in Business Processes

- Expected savings of INR 1,000/MT on incremental production of rolled products
- Additional 25 MW of power will be available for captive use from Jagdamba Power
- Expected reduction in fixed costs due to higher economies of scale & improvement in capacity utilization
- Capacity addition of 200,000 MT of wire rods by Q1FY20 for captive use

Simplified Group Structure to be Supported by Sale of Non Core Assets



(Long term PPA in place,
Power supply to continue)



Non-core
businesses

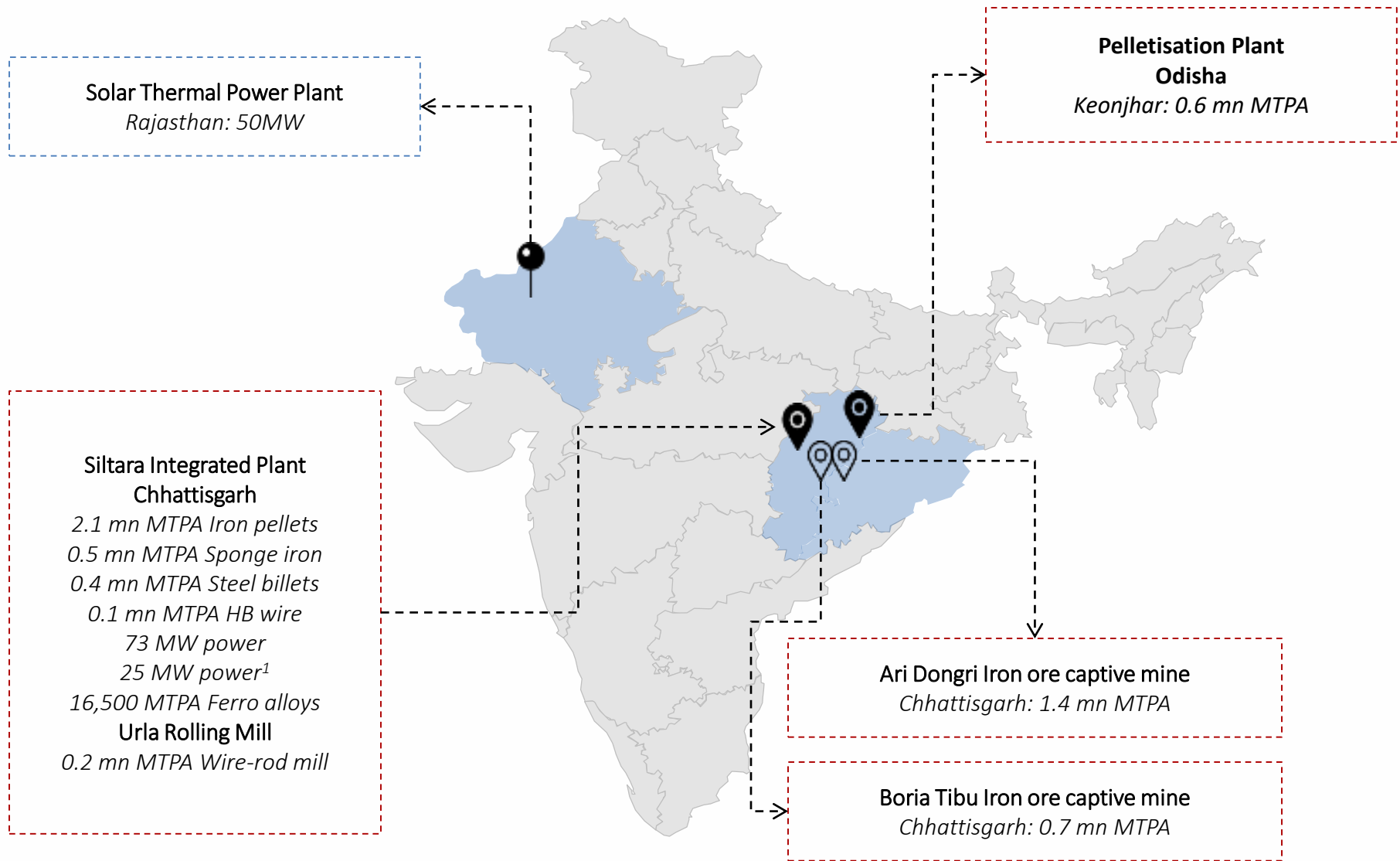


No change in structure;
will remain as they are



To be wound down;
operations discontinued

Large Portfolio of Long-life Assets



Board of Directors



Mr Biswajit Choudhary (Chairman & Independent Director)

5 decades of experience in Engineering, Banking & Finance; Mechanical Engineering from IIT, Kharagpur



**Mr BL Agarwal
Managing Director**

- 1st generation entrepreneur with almost 4 decades of experience; Graduated as an electronic; started GPIL



Mr. Dinesh Agrawal (Executive Director)

2+ decades of association with GPIL; 2nd generation entrepreneur; Electrical Engineer; Overseeing setting up of captive power plant



Mr Abhishek Agarwal (Executive Director)

2nd generation entrepreneur; Masters in International Business from Leeds University, Started pellet plant in GPIL



Mr. Vinod Pillai (Executive Director)

2 decades of experience in Sales, Administration, Liaison & Logistics; Commerce graduate; plays vital role in commissioning of new projects of Hira Group of Industries



Mr. Siddharth Agrawal (Non-Executive Director)

Managing Director of subsidiary Godawari Green Energy Limited ; MBA with over 10 years of experience in various competencies

Board of Directors



Mr. Dinesh Gandhi
(Non-Executive Director)

3 decades of experience in
Accounts, Finance & Project
Financing; Chartered Accountant



Mr. Shashi Kumar (Independent
Director)

4+ decades of experience; B.Sc. In
Mining Engineering; Advisor to
NTPC, IFFCO & Chhattisgarh Power
Ltd



Mr. B N Ojha (Independent Director)
Bachelor of Electrical Engineering
from BIT Sindari with over 4
decades of experience; Member of
Export Committee, Department of
Atomic Energy, Govt of India



Ms. Bhavna G. Desai (Woman
Independent Director)

Over 2 decades of capital market
experience; Bachelor of Commerce
from University of Mumbai

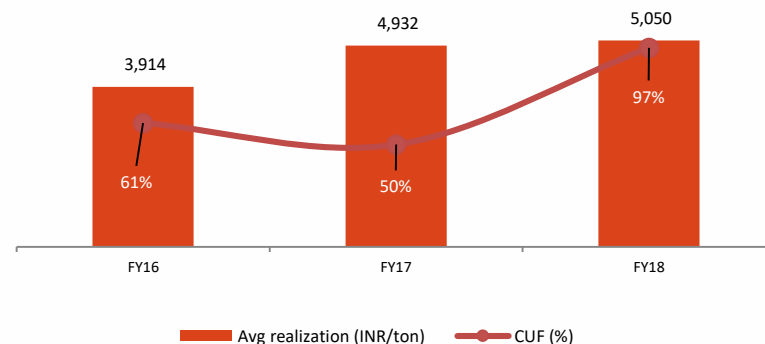


Mr. Harishankar Khandelwal
(Independent Director)
Almost 3 decades of experience in
corporate planning & strategy,
financial analysis, budgeting etc
Chartered accountant by profession

Subsidiary | Ardent Steel

- The company has a total production capacity of 0.69 mn MTPA pellet which located in Phuljhar, Keonjhar, Odisha
- The plant uses iron ore from the merchant mines in Barbil, located in the Keonjhar district
- The debt has also been restructured by the lenders for a for a tenor of 14 years starting FY17

Operating Metrics



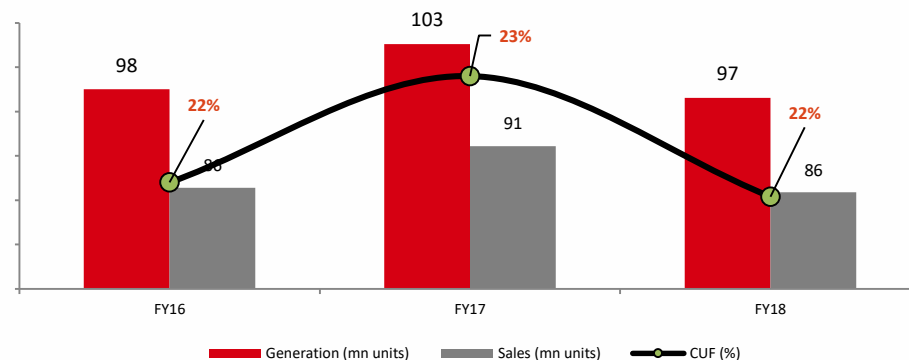
Summary financials

Particulars (INR mn)	FY16	FY17	FY18
Net Sales	1,804.0	1,470.5	2,965.6
EBITDA	(299.3)	279.7	764.3
EBITDA Margin (%)	(16.6%)	19.0%	25.8%
Depreciation	151.4	111.4	112.2
Finance Costs	199.4	216.1	222.6
PAT	(447.1)	(32.3)	281.8
PAT Margin (%)	(24.8%)	(2.2%)	9.5%

Subsidiary | Godawari Green Energy

- Facility located in village Naukh, Jaisalmer, Rajasthan
- GGEL has been set up to implement project awarded under Jawaharlal Nehru National Solar Mission, Phase I of Govt. of India
- The first plant to be commissioned in India & is operational since FY14
- Take-off arrangement under fixed price PPA with NTPC Vidyut Vyapar Nigam (NVVN) for 25 years at 12.20 per unit of power supplied
- Project debt structured under 5-25 scheme for infrastructure project thereby giving a repayment tenor of 15 years, beginning from September 2016

Operating Performance

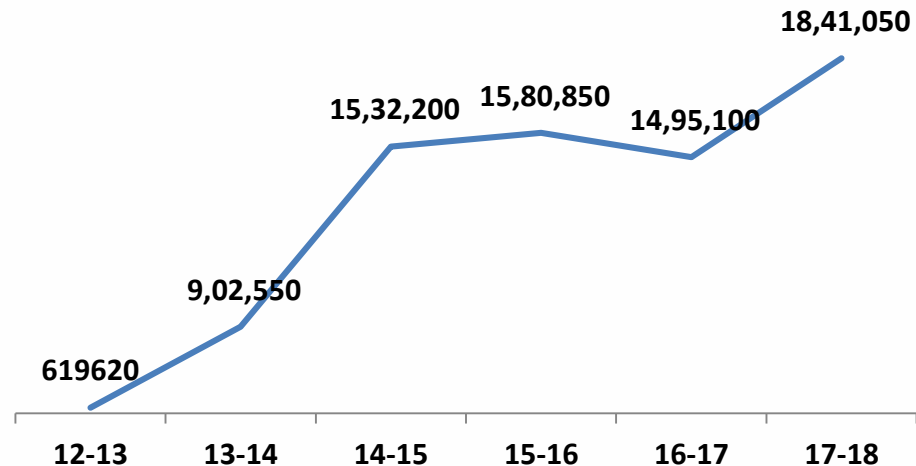


Summary financials

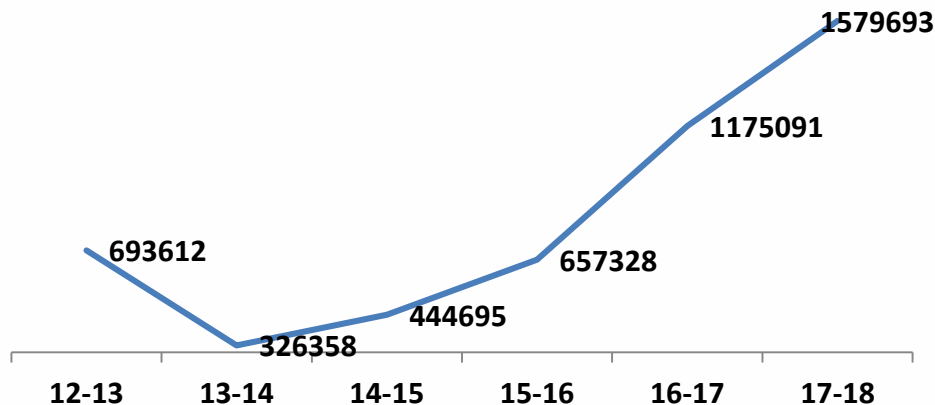
Particulars (INR mn)	FY16	FY17	FY18
Net Sales	1,053.8	1,113.5	1,065.6
EBITDA	963.9	1,025.2	898.6
EBITDA Margin (%)	91.5%	92.1%	84.3%
Depreciation	301.9	307.6	310.8
Finance Costs	631.3	624.4	580.1
PAT	(4.1)	64.8	6.1
PAT Margin (%)	(0.4%)	5.8%	0.6%

GPIL Standalone – Past Operational Performance at a Glance...

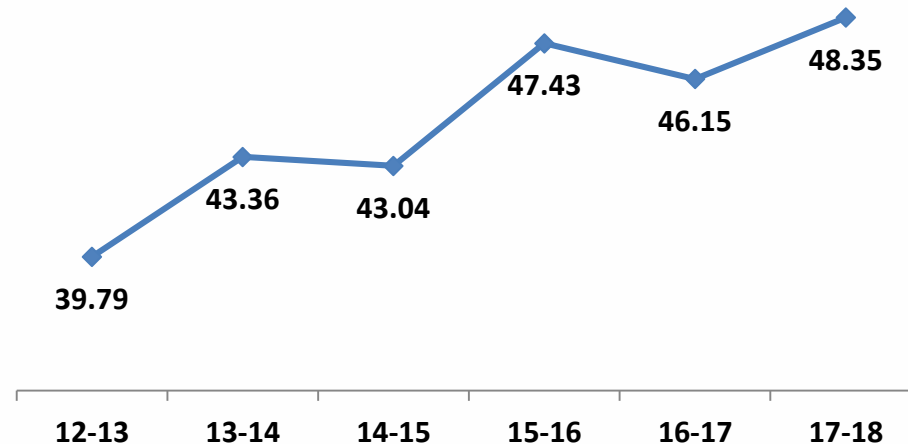
Trend of Pellet Production (mt)



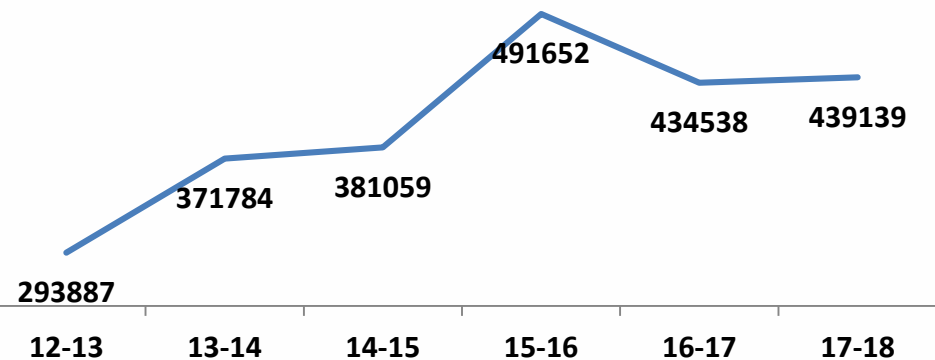
Trend of Iron ore Mining (mt)



Trend of Power Generation (Kwh in Cr)

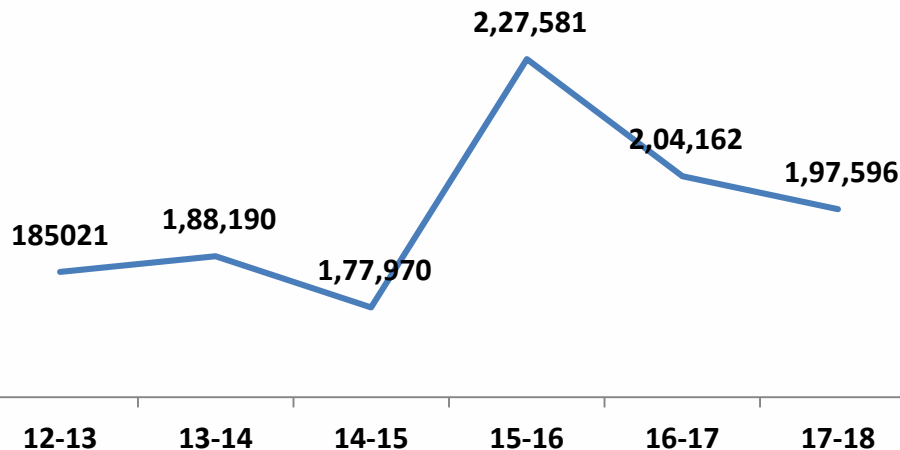


Trend of Sponge Iron Production (mt)

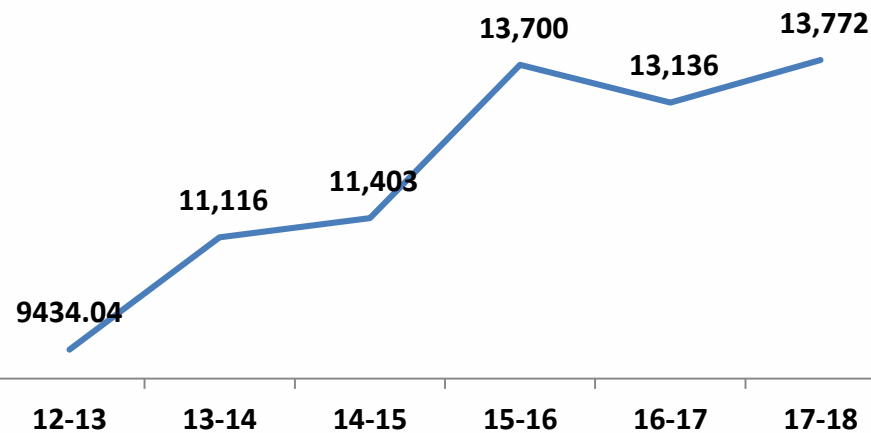


GPIL Standalone – Past Operational Performance at a Glance...

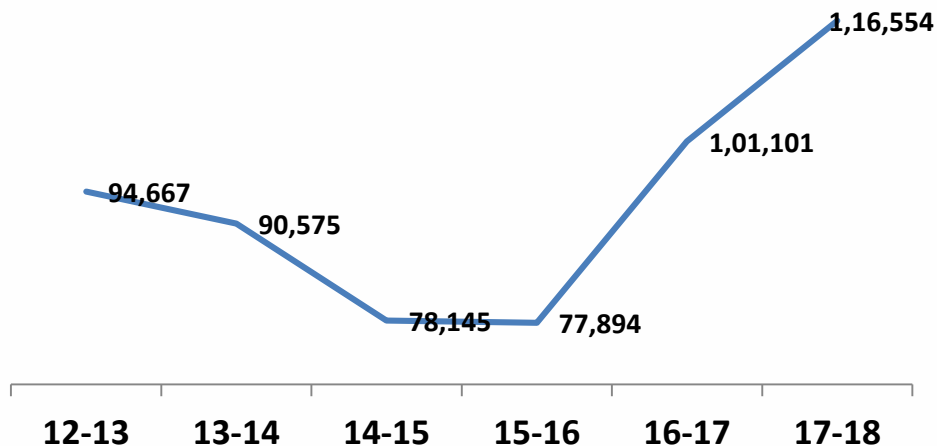
Trend of Steel Production (mt)



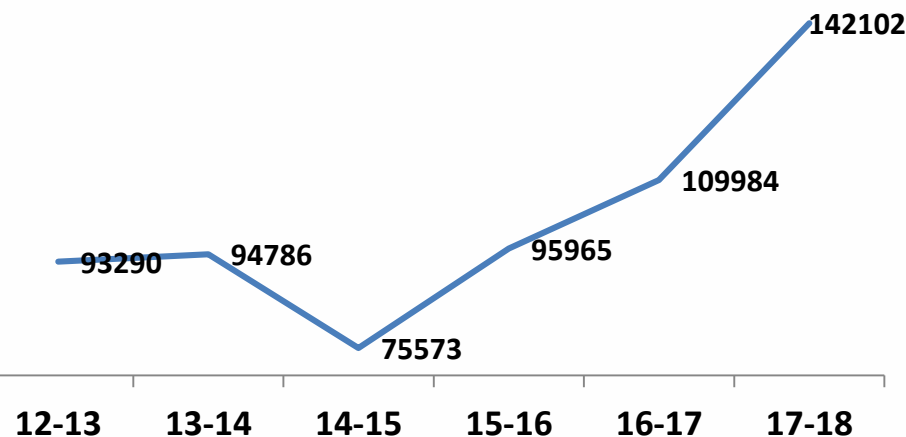
Silico Manganese (MT)



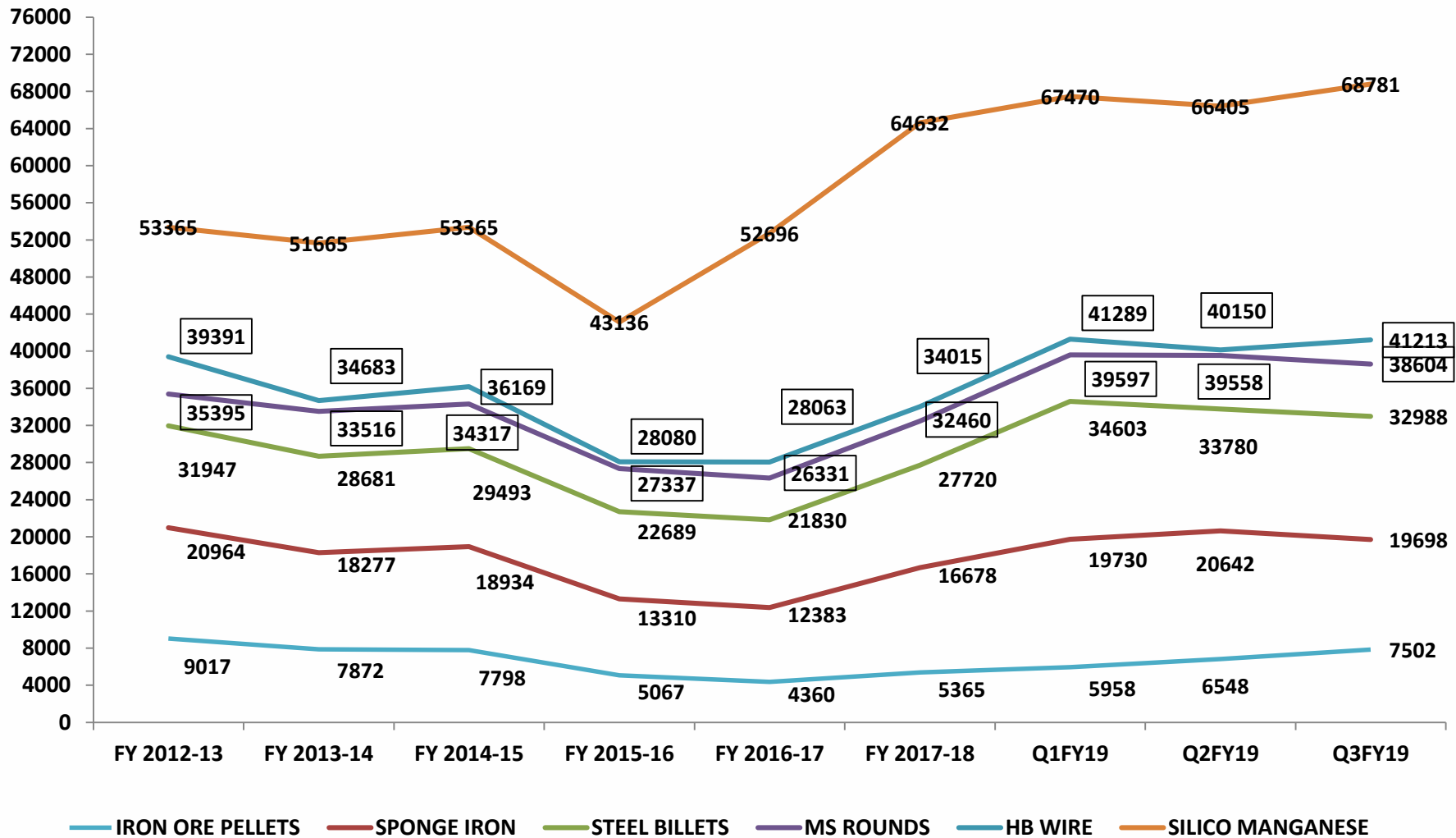
Trend of Wire Production (GPIL+RR)



Trend of TMT+Wire Rod production (mt)



Past Realisations



GPIL Standalone – Historical Profit & Loss

Particular (INR MN)	Mar-18	Mar-17	Mar-16
Net Sales	21,846	15,460	15,389
Other Income	82	137	123
Total Expenses	17,523	13,829	13,895
EBIDTA	4,405	1,769	1,617
EBIDTA Margin (%)	20%	11%	11%
Depreciation	895	782	730
Finance Costs	1,848	1,767	1,632
PBT	1,662	-780	-746
PBT Margin (%)	8%	- Ve	- Ve
Exceptional Items	-55	-	-
Tax	-213	-6	-264
PAT	1,820	-774	-482

GPII Consolidated – Historical Profit & Loss

Particulars (INR MN)	Mar-18	Mar-17	Mar-16
Net Sales	25,888	18,044	19,797
Other Income	87	153	189
Total Expenses	19,919	15,137	17,626
EBIDTA	6,056	3,061	2,360
EBIDTA Margin (%)	23%	17%	12%
Depreciation	1,318	1,201	1,265
Finance Costs	2,633	2,592	2,520
PBT	2,105	-732	-1,425
PBT Margin (%)	8%	-	-
Exceptional Items	-55	-	-
Share of Profit	34	3	-45
Tax	-64	7	-471
PAT	2,147	-736	-999

GPII Consolidated – Historical Balance Sheet

EQUITY & LIABILITIES (INR Mn)	Mar-18	Mar-17	Mar-16	ASSETS (INR Mn)	Mar-18	Mar-17	Mar-16
Shareholders funds				Non-Current Assets			
Share Capital	341	341	328	Fixed Assets	24,355	24,622	25,123
Reserves and Surplus	8,892	6,628	7,923	Capital Work-In-Progress	1,710	1,355	-
Share Warrants and Outstandings	-	-	-				
Non Controlling Interest	1,604	1,533	1,034	Non Current Investments	1,311	1,084	1,081
				Long Term Loans and Advances	-	-	50
Non Current Liabilities				Other Non-Current Assets	115	97	6
Long term Borrowings	18,729	19,799	13,693	Deferred Tax Assets	655	151	-
Deferred Tax Liabilities	-	-	370				
Other Long Term Liabilities	20	18	24	Current Assets			
Long Term Provisions	83	63	42	Current Investments	-	-	2
				Inventories	4,323	3,044	4,311
Current Liabilities				Trade Receivables	1,558	1,136	1,039
Short Term Borrowings	1,344	1,955	3,407	Cash and Bank Balances	522	511	981
Trade Payables	1,611	1,247	4,415	Short Term Loans and Advances	-	-	2,218
Other Current Liabilities	1,887	944	3,578	Other Current Assets	1,678	1,889	4
Short Term Provisions	5	4	3				
TOTAL	34,517	32,532	34,816	TOTAL	34,517	32,532	34,816

Thank you



GODAWARI POWER & ISPAT