

Date 07/03/22

Godawari Power & Ispat is mainly engaged in the business 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.

## **KEY POINTS**

### **Captive Iron Ore Mines:**

Company has two captive mines- Ari Dongri Mine & Boria Tibu Mine.

GPIL sources 85% of its iron ore needs captively from its mines for the production of steel.

Captive mining leads to huge raw material costs saving.

Subsidiary-ASL has to rely on merchant mines for its RM needs.

### **Capacity as of FY20:**

Iron Ore: 2.1 million tonne per annum

Iron Ore Pellet: 2.8 million tonne per annum (inclusive of ASL pellet capacity)

Sponge Iron: 0.5 million tonne per annum

Billet: 0.4 million tonne per annum

MS Rounds: 0.4 million tonne per annum

HB Wires: 0.15 million tonne per annum

Ferro Alloys: 16,500 tonne per annum

Power: 73 MW

### **Stake Sale in Subsidiary-Arden Steel Ltd:**

GPIL has reduced its stake in ASL to 37.85%, from 76.34%, but will retain management control.

It will utilise the proceeds, of around 76.24 Cr (net of capital gain tax), towards debt reduction.

### **Environmental Clearance for expansion & modernization of existing facilities:**

This will increase forward integration and provide more capacity for beneficiation of iron ore.

### **MoU with the Government of Chhattisgarh:**

Cost of project is estimated at 1400 Cr for Raipur Region & 900 Cr for Bastar Region.

It will be implemented in phased manner mainly out of internal accruals.

The investment will be spread out over 4-5 years.

### **Power Subsidiary-Godawari Green Energy:**

Solar plant located at Jaisalmer, Rajasthan. The project was awarded under Jawaharlal Nehru National Solar Mission, Phase I of Govt. of India.

Date 07/03/22

Operational since FY14, fixed price PPA with NTPC Vidyut Vyapar Nigam for 25 years at 12.20/unit. Solar plant is self sufficient to meet its debt obligation.



**Technical View:** GPIL, Structured Formation on daily chart looks positive. it had classical pennant pattern breakout with strong Bullish candle and have sustain above breakout, possibly stock may retest brekout level which is at 330. RSI Divergence indicates Positive trend.

**Volume analysis:** - 1 Day Delivery volume fell by -26.99% over 5 day average, However; 1 Month: Delivery volume increase by 17.84%, hence; We recommend BUY signal for this share. Buying can be done between 330-340 for the Target 406, Target 459, Use Strict stop loss 320.

**Moving Averages:** -Godawari Power & Ispat Ltd. is trading higher than 5 day, 20 day, 50 day, 100 day and 200 day moving averages.

5 Day 312.54

50 Day 289.24

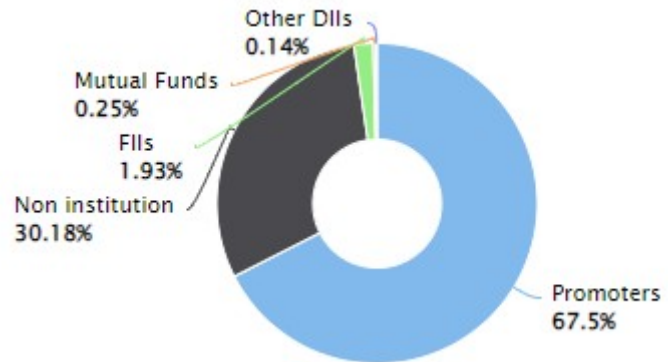
200 Day 305.18

20 Day 316.49

100 Day 295.77

Date07/03/22

## Shareholding pattern:-



Promoter holding 67.5% in Dec 2021, No change in Promoter holdings, No change in Promoter pledged shares.

## Key Ratio:-

Market Cap	₹ 5,004 Cr.	Current Price	₹ 355	High / Low	₹ 462 / 131
Stock P/E	3.61	Book Value	₹ 184	Dividend Yield	1.30 %
ROCE	37.4 %	ROE	37.4 %	Face Value	₹ 5.00
Debt to equity	0.18	Intrinsic Value	₹ 1,272	Int Coverage	31.4
Current ratio	2.25	Quick ratio	1.05	Price to book value	1.93
Industry PE	13.0	Profit growth	296 %	Promoter holding	67.5 %
Chg in Prom Hold 3Yr	0.14 %	Sales growth 5Years	15.5 %	Sales growth	48.1 %
Qtr Sales Var	42.0 %	Profit after tax	₹ 1,387 Cr.	PAT Prev Ann	₹ 172 Cr.
Profit Var 5Yrs	55.9 %	Price to Sales	0.95	PEG Ratio	0.06