

Management's insight



Mr. Chandra Prakash Agrawal
Chairman and Managing Director,

analyses

*HOW GALLANTT
ISPAT LIMITED IS
GROWING IN THE
RIGHT WAY.*



Q Was the management pleased with the working of the Company during the year under review?

A The management was delighted to present excellent financials during the year under review. The Company reported revenues from operations of Rs.3,01,737.60 Lakhs during the year and PAT of Rs. 17,583.93 Lakhs. The highlight of our achievement was not just a record performance. What was creditable was that we reported profitable growth during the year by achieving 25.82% growth at the EBIDTA level.

Q What reasons accounted for the profitable growth?

A In a business where our realisations are controlled largely by the market cycles (for steel industry), we believe that much of the growth is actually derived from our ability to generate surpluses from within. Over the last few years, the Company strengthened this inward-outward focus through a more visible manifestation of that one corporate strength that we deeply pride upon: our culture of passion and planning.

At Gallantt Ispat, we brought an unusual passion to our workplace every single day. We continued to believe that this is the only insurance in a sector where realisations are largely beyond our control and the only realities that we can truly control is our enriched multi product domain in which one product acts as an intermediatery for the other thereby generating multi sources of revenue; robust product quality and operating efficiency.

There is a good reason why passion and planning has a critical role to play in our Company. We are a multi-decade enterprise, with focus on producing –

Sponge Iron, MS Billets and TMT Bars. Through a set of dedicated customer base and repeat orders backed by meticulous planning we were able to achieve growth and create a holistic shareholders value.

Q How did this passion and planning play out in your Company in 2021-22?

A I am proud to state that this is the area in which Gallantt Ispat distinguished itself.

Over the last 5 years, by meticulous planning the Company has made considerable investment in continuous upgradation of its manufacturing facility through the infusion of latest technologies. They were benchmarked with the best productivity standards of the day, translating into a high operating efficiency and output quality.

Q How did these initiatives translate into improvements?

A I am pleased to report that the by-product of our passion was the ability to address the emerging requirements of customers. We trained our people to look for areas of underperformance with the singular passion to remove blockers and enhance efficiency; we continued to believe that whatever was good could be made better; we encouraged the mindset that behind every challenge lies attractive opportunity.

In doing so, we manufactured superior grades of varied steel products with consistently high quality. We delivered products around a superior price-value proposition. We delivered products just when the downstream user industries needed them. For instance, during the year under review, the Company

manufactured 4,80,041.52 tonnes of TMT bars.. Although this came under a challenging Covid scenario but due to our products strong brand recall and governments impetus on a robust infrastructure creation led us to overcome all challenges.

Q **What were some of the reasons that contributed to this strong results?**

A During the year when the entire industry was witnessing a higher phase of growth we took a differentiated approach through upgradation and installation of Pelletisation plant. While most large steel companies consume calibrated iron ore, an expensive option, we focused on securing resources without investing significant capital expenditure in mine acquisition. Thus, we are planning to install a 7,92,000 MTPA pellet plant at a fraction of the typical cost of mine acquisition. In doing so, we would be able to consume iron ore fines.

Although efficiency improvement has always been an ongoing process at Gallantt Ispat to improve realisations, we also focused on the long-term security of raw materials by long-term agreements with various vendors to offset any input cost volatilities. Over the years our various process upgradation transpired into higher realisations of today. This was backed by attractive finished good prices. As a result, the Company's EBITDA and net profit after tax margins stood at 11.59% and 5.83% respectively.

The Earnings per share for the full year from continued operations was Rs. 7.29 , representing a solid growth of 18.92%, in agreement with our commitment to maximize value for our investors. Hence, this year is marked by a robust bottom-line growth led by strong cost control measures on the back of various integration measures.

Q **How is the Company focusing on people and the planet besides chasing profits?**

A At Gallantt Ispat we have always held the belief that the viability of our Company depends on our ability to safeguard our area of operations from emissions and effluents. With the aim of fully complying with numerous regulatory requirements and broadening our Environmental, Social, and Governance (ESG) obligations, the Company made proactive investments in people, plant, and processes. We are formulating our ESG strategy, along with a short-term and long-term roadmap in consultation with all stakeholders. Our target is to reduce specific direct net CO2 emissions. Further, we have augmented our capacities to meet our energy requirements through captive power, reducing wastages by using alternate sources of raw materials without compromising on the quality of finished products. We strive to increase water efficiency, minimise waste water, recharge ground water sources, maintain zero-effluent discharge and significantly reduce noise and dust pollution. We also continue to support various communities beside our plant, employ the local talent, and promote healthcare, rural development projects and projects towards upliftment of the society in

general. We are also inspired to look more closely at the human capabilities that strengthen our businesses. The human resource empowers our people and helps build a culture of transparency & ownership. We combine professionalism with the binding values of family, support and respect employees, and promote entrepreneurship to provide a happy and caring culture. This not only improves employee wellbeing and productivity, but it also propels them to higher goals of going beyond self and organisation to serve the consumers and make a tangible difference to their lives. This ultimately translates into financial performance and customer satisfaction. Besides, our strong focus on various governance standards with the insight of a strong management team has always held us in creating value based growth for the stakeholders of our Company.

Q **How do you see the domestic steel industry shaping?**

A In the hierarchy of human needs, steel and energy are paramount. Steel sector in India has traversed a fascinating journey from a mere 1 MT at the time of independence to 120 MT in the last (2021-22) financial year. In India per capita consumption of steel grew by 10% to 77 kg during the financial year 2021-22. India has exported a record 13.5 million tonnes of finished steel in the year 2021-22 with a record production of over 120 million tonnes of crude steel and 113.6 million tonnes of finished steel. With huge availability of minerals in the country and various ambitious plans by the government through - National Steel Policy, Scrap Recycling Policy, Production-linked Incentive (PLI) scheme, 'Making Eastern India a manufacturing hub with respect to metallurgical industries' and 'Mission Purvodaya'. Looking at all these factors, I am quite bullish that the metal sector is expected to play a major role in the country's ambitious plans of self-reliant India and USD 5 trillion economy.

Q **How is the Company accelerating towards the future?**

A We aim to be one of the top five iron & steel manufacturers in India in the near future and all our investments and strategies are aimed towards achieving this transition. The capital expenditures we have made over the last few years mean that we are more agile and stable. These investments, coupled with process improvements, also mean we are well prepared to handle more volume and are well positioned to cater to the growing demands.

Q **What is the outlook for the years ahead?**

A At Gallantt Ispat, our outperformance is derived from our strategic focus to be a low cost iron & steel products manufacturer with a growing systemic integration on new technologies and processes. In a bid to extend our value chain, we intend to explore new opportunities and establish our status as a multi-product Company. In line with these statements of intent, we expect to possess one of the highest finished steel production capacity in India. We believe that all these efforts will not only enhance our profits but will also enrich our organisational value.