



HIRA

GODAWARI POWER & ISPAT



REF: GPIL/NSE&BSE/2021/4469

Date: 14.09.2021

To,

1. The Listing Department,
The National Stock Exchange of India Ltd,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), MUMBAI – 400051
NSE Symbol: GPIL
2. The Corporate Relation Department,
The BSE Limited, Mumbai,
1st Floor, Rotunda Building,
Dalal Street, MUMBAI – 400 001
BSE Security Code: 532734

Dear Sir,

Sub: Scheme of Arrangement under Section 230 to 232 of the Companies Act, 2013 between Jagdamba Power and Alloys Limited (hereinafter referred to as JPAL/ the Demerged Company) and Godawari Power and Ispat Limited (hereinafter referred to as GPIL/ the Resulting Company).

Please find as Annexure A the media release by Godawari Power and Ispat Limited for further dissemination.

Kindly take the same on your record.

Thanking you,

Yours faithfully,

For Godawari Power and Ispat Limited

Y. C. Rao
Company Secretary



Godawari Power & Ispat Limited

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

Registered Office and Works: Plot No. 428/2, Phase 1, Industrial Area, Siltara, Raipur - 493111, Chhattisgarh, India

P: +91 771 4082333, **F:** +91 771 4082234

Corporate Address: Hira Arcade, Near New Bus Stand, Pandri, Raipur - 492001, Chhattisgarh, India

P: +91 771 4082000, **F:** +91 771 4057601

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Annexure A

Proposed Scheme of Arrangement under Section 230 to 232 of the Companies Act, 2013 between Jagdamba Power and Alloys Limited (hereinafter referred to as JPAL/ the Demerged Company) and Godawari Power and Ispat Limited (hereinafter referred to as GPIL/ the Resulting Company)

We have received multiple correspondences from existing investors, investor advisory services and other members of the investment fraternity with regards to the proposed scheme of merger highlighting certain concerns. While some of the correspondences have been to seek clarifications, others have threatened regulatory/ legal action against GPIL and other advisors associated with the proposed scheme.

Before we address the issues raised in the correspondences, we would like to highlight the necessity of the scheme and circumstances under which the scheme was entered into (including the valuations).

1. From GPIL's perspective the scheme had been entered into to enhance our captive power capacity and secure 25MW in additional capacity which till date had been available to company on short-term contract basis. Our Company believes that if JPAL is able to identify an alternative customer, our Company will be required to pay over INR 500mn in power and fuel costs;
2. The scheme contemplated a share swap between JPAL and our Company and the scheme filed with exchanges included detailed workings of valuations for both companies. However, to put things in perspective, despite pricing as per SEBI ICDR regulations indicating a pricing of INR 178.51 per share, the valuers indicated a fair valuation for GPIL of INR 233.44 per share;
3. The scheme was entered into and disclosed to stock exchanges on December 24, 2019. The closing price of the shares of the Company on that day on BSE Limited was INR 216.75 per share;
4. The Company through a letter dated February 12, 2020 submitted a Complaint Report, pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 21, 2017 indicating that there have been no complaints on the proposed scheme that have been received by the Company.
5. At one point in time, as on March 24, 2020, the share price of GPIL reduced to INR 84.45 per share and both parties i.e. GPIL and JPAL decided to continue with the proposed transaction despite the share price of GPIL having fallen by almost 64% from the price as determined by the valuers



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Over the last 12 months, the steel sector has witnessed strong recovery which has helped the share price of GPIL record a high of INR 1,777.65 per share in July 2021 and is currently trading at INR 1270.50 per share.

Having set the context in which the proposed merger scheme was conceptualized, we will wish to address a few concerns raised in correspondences received by us:

1. Proposed scheme doesn't take into consideration the fair value of GPIL:

We strongly believe that at the time the valuations were entered into, both companies i.e. GPIL and JPAL were valued in a fair and transparent manner. Infact, as per SEBI ICDR regulations, GPIL should have been valued at a price lower than what was proposed by the valuer but to ensure that the fairness of the scheme, both GPIL and JPAL boards acceded to their wisdom.

2. Scheme is a mechanism for promoters to enrich themselves at the cost of minority shareholders:

At various points of time over the past few years, GPIL proposed to raise funds to reduce its leverage amongst other uses. Despite multiple attempts to raise capital from investors through preferential issue, the Company was unable to garner sufficient demand. In light of high leverage it was deemed to be prudent to enter into a share swap which will help GPIL take advantage of the power capacity without being required to pay cash consideration. To ensure that the transaction is tax efficient, JPAL and GPIL decided to consider scheme of merger rather than issue of shares through preferential issue

3. GPIL should change the swap ratio to take into consideration the revised valuations

Essence of any contract is that at the time of entering into the contract based on the commercial wisdom of parties to the contract it should be beneficial, fair and compliant with relevant laws, rules and regulations. We believe that inclination of either party to revisit commercials for a contract entered into more than eighteen months back on the basis of market movements violates the basic premise of contract.

As a group Hira Group has a track-record of ensuring that interest of all shareholders are protected and while we believe that this transaction is in the best interest of GPIL, to avoid any sense of impropriety on the part of GPIL and promoters of the Company, we have decided to withdraw the scheme of amalgamation.

GPIL and JPAL may enter into a separate agreement to acquire/ amalgamate the underlying power assets into GPIL.



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