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REF: GPIL/NSE&BSE/2024/5712

Date: 24.12.2024

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001.
Scrip Code: BSE: 532734

To,
National Stock Exchange of India Limited
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai-400051.
Scrip Code: GPIL

Dear Sirs,

Sub: Submission of Transcript of Conference Call held on 19th December, 2024 exclusively discussing the acquisition of Jammu Pigments Limited, a metals recycling company ("JPL").

This has reference to conference call held on 19th December, 2024 to exclusively discuss the Acquisition of Jammu Pigments limited, a metals recycling company ("JPL") for Analyst/Institutional Investors/Fund House/Investors etc.

Please find attached herewith the Transcript of Conference Call held on 19th December, 2024.

The aforesaid information is also being hosted on the website of the company viz., www.godawaripowerispat.com.

Thanking you,

Yours faithfully,

For **Godawari Power And Ispat Limited**

Y.C. Rao
Company Secretary

Encl : As Above

Godawari Power & Ispat Ltd. GPIL Raipur (C.G.)

Yarra Chandra Rao

Digitally signed by Yarra Chandra Rao
Date: 2024.12.24 16:21:04 +05'30'

"Godawari Power and Ispat Limited Conference Call"

December 19, 2024

MANAGEMENT:	**MR. B. L. AGRAWAL – CHAIRMAN AND MANAGING DIRECTOR – GODAWARI POWER AND ISPAT LIMITED** **MR. VINAY AGRAWAL – EXECUTIVE DIRECTOR – GODAWARI POWER AND ISPAT LIMITED** **MR. DINESH GANDHI – EXECUTIVE DIRECTOR – GODAWARI POWER AND ISPAT LIMITED** **MR. RAMESH AGARWAL – MANAGING DIRECTOR – JAMMU PIGMENTS LIMITED**
MODERATOR:	**MR. AMIT LAHOTI – EMKAY GLOBAL**

Moderator: Ladies and gentlemen, good day and welcome to Godawari Power Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Lahoti from Emkay Global. Thank you and over to you, sir.

Amit Lahoti: Thanks, Sagar. Good afternoon, everyone, and welcome to Godawari Power Conference Call to discuss the acquisition of Jammu Pigments, which is a metals recycling company. We have with us today Mr. B. L. Agrawal, Chairman and MD of Godawari Power, Vinay Agrawal, Dinesh Gandhi, Executive Director of Godawari Power, and they are joined by Ramesh Agarwal, who is Managing Director of Jammu Pigments. I would also highlight that a presentation was uploaded on the exchanges on 7th of December, which could be used as reference material for this call. I would like to now hand over to the management for opening remarks.

Management: Thank you, Amit. Good afternoon, ladies and gentlemen. Thank you for joining the call to discuss the acquisition of Jammu Pigments Limited.

The presentation on acquisition as well as investor presentation has already been uploaded on the Stock Exchange website, as well as on the website of Godawari Power and Ispat Limited. I believe that you had a chance to review the same. I'll first give you brief details about the acquisition, post which we will have question and answer session.

As you're all aware, JPL is a fully integrated steel company that operates across the entire steel value chain, beginning from R&R mining to from two captive R&R mines to production of R&R pellet and value-added steel products. As a part of diversification into non-ferrous metal, JPL has recently ventured into a business of recycling of non-ferrous metals by signing a definitive agreement to acquire 51% stake in Jammu Pigments Limited at a cost of INR255 crores on post-money valuation of INR500 crores approximately on a fully diluted basis.

GPIL has already completed acquisition of 49% stake in JPL and balance is to be acquired on compliance of certain conditions precedent to the transaction. Out of INR255 crores of the acquisition cost, GPIL has infused INR175 crores for acquiring 35% stake in JPL by way of issue of compulsory convertible preferentials of INR297 each. One CCPS is convertible into one equity share of INR10 each at a premium of INR287 per share.

Further, GPIL has acquired 14% stake from JPL promoters for a cost of INR79.52 crores and balance 2% shall be acquired by JPL after compliance of condition precedence. Accordingly, GPIL will have 51% stake in the company and balance will continue to be held by the existing promoters.

Out of INR175 crores of funds infused into JPL, INR75 crores is used for acquiring remaining stake of promoters held in various group companies, associate companies, partnership firms and proprietorship firms. The balance amount is being used for working capital and future growth plans of the company. The business in proprietorship and partnership firm is transferred to JPL and its subsidiaries on location and synergy basis. JPL will hold 100% stake in all subsidiary companies either directly or indirectly through any of its subsidiary companies.

Coming on the business of JPL, JPL is a partner in non-ferrous metal recycling business refining and transforming waste to wealth. It has plants spread across Kathua in Jammu and Kashmir and Kota in Rajasthan. It is renowned for its impeccable quality standards in the field of processing and recycling and refining of non-ferrous metals.

JPL is engaged in recycling of non-ferrous metal business with operations covering lead-acid batteries, other secondary lead-based materials and hazardous industrial waste of non-ferrous metals. The company and its subsidiaries are also equipped to process complex mixture of hazardous industrial waste to recover lead, zinc, silver, tin, copper, cadmium, cobalt, antimony, etc. JPL's advanced technical expertise enables it to efficiently extract waste material from waste material, ensuring highly cost-effective operations.

It has demonstrated strong financial performance in the past with last three years CAGR revenue of 28%, EBITDA growth of 38% and PAT growth of 48%. It has a flexible and integrated business model with multiple industrial waste and scrap being sourced across the globe and it has adopted innovative process, hydro, pyro and other metallurgical processes to recover the materials. It has diversified revenue stream as it recycles various metals like lead, copper, zinc, etc.

JPL has also its own fleet of 90 vehicles which is IBA and hazardous waste approved for transportation of raw material and finished products. JPL also enjoys certain tax benefits under J&K industrial policy of state government as well as central government and also engaged in commodity hedging on AMA to mitigate the price fluctuation risk. The rationale for acquiring JPL is diversification into non-ferrous metal through recycling of metals which is low capex, high asset turn business.

Recycling is a futuristic and emerging business. India being not importer of non-ferrous metals, we believe that green and sustainable metal is future which will give boost to the recycling of non-ferrous metals in coming years. There will be also synergy benefits in the form of recycling of zinc residue waste left over in the process of galvanizing done undertaken by GPIL at its plant in Raipur.

With introduction of BWMR 2022 and this recycling industry is expected to see significant boost with reduction in informal sector recycling. JPL has a capacity of almost about 196,000 tons. As per environmental approval, the actual production capacity of plant depends on the input material and therefore present volumes are lower.

The company is working to optimize and improve the capacity utilization of plant over the period of time. JPL is also in process of expanding the existing recycling capacity and real mark capex of INR200 crores for the same. In conclusion, I want to highlight the fact that

GPIL strategic acquisition of majority stake in JPL is aligned with its objective reinforcing commitments to portfolio diversification and environmental sustainability.

This steps analysis GPIL asset base reduces risk, offers new market opportunities, reflecting companies focus on responsible growth. We are confident this acquisition will foster sustained growth and generate substantial value for all stakeholders. With this, I conclude my opening remarks and we can now open the floor for question and answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from Vikas Singh from PhillipCapital. Please go ahead.

Vikas Singh: Hi, sir. I just wanted to understand, we already have a well-defined capex program for next three, four years in the ferrous side. Still, we went into an unchartered territory. So, what was the thought process behind it and how big we would like to make this non-ferrous business in future?

Dinesh Gandhi: See, as I said in my opening remarks, recycling is a future. We are already into the metal business. We are doing ferrous metal. We are also mining. Now non-ferrous metal, you are aware that it is very difficult to get the mine and venture into that kind of production. So if recycling in the future, there is a limited amount of material available on that and recycling of non-ferrous metal is to go a long way. Even a lot of industrial waste is available globally, which can be processed. And therefore, we thought that this is a lucrative opportunity to enter into and diversify the business of the company.

So far as the expansion plan of GPIL is concerned, those expansion plans are substantially higher. What we are doing presently, out of this acquisition is we have invested INR255 crores. And that is hardly about 7%, 8% of my total net worth and about 25% of my annual profit. So there is -- investment is a smaller investment as compared to th size of the balance sheet, the cash flow of the company and future cash flow requirement.

We thought it's proper that it is better to diversify the revenue stream of the company and venture into this business. This is already a profit-making company for the last couple of years, the company already has a turnover of more than INR1,000 crores, EBITDA of INR80 crores, INR90 crores. So this fits within the overall objective of GPIL. And we believe that this investment and the acquisition will go in a long way in creating shareholders value.

Vikas Singh: Understood. Sir, given we don't have much experience in this business, though we have the 51% economic interest, would we will be running the business or the existing management will continue to run the business and gradually, we will be taking control? So how that thing goes ahead?

Dinesh Gandhi: Yes, you are right. The business will continue to be run by Ramesh Agrawalji, present MD of the company, who is also present in this call. It will be a joint management here on. And most of us will continue to expand and grow the business of the company. Ramesh Agrawalji has huge experience in this industry. They have been processing the kind of material which nobody else is doing in India and maybe globally, I don't know. And he has a lot of experience.

We have an understanding with him. He will continue as Managing Director for a period of five years. Support and grow the business of the company, and our team will also be there and we have already joined hands with them in running the day-to-day operations of the company. And despite this, we have right of first refusal for 49% stake he is having in the company.

Vikas Singh: Yes, I was coming to that, that do we have the option to purchase that the remaining...

Dinesh Gandhi: Yes, yes, we have the first refusal...

Vikas Singh: Is there any milestone or the valuation would be defined whenever you decided to purchase the remaining 49%?

Dinesh Gandhi: No, timeline is not decided. Valuation is not decided. It will be valued at the particular point of time as and when we decide to offer the share.

Vikas Singh: Understood. And sir, this INR200 crores capex in JPL, so the money which we are investing, some part would go into this capex or this would be entirely funded through the debt taken by the JPL and the internal accruals? So how that goes ahead?

Dinesh Gandhi: See, as I said in my opening remarks, out of INR255 crores we have paid for acquisition of 51%, INR175 crores we have infused in the company. So out of this INR175 crores, INR75 crores JPL is paying to the promoters for acquiring the remaining stake in all subsidiary companies as well as proprietary and partnership firms. So that whatever business which was there under the part of Mittal Group is under the one umbrella of JPL, and INR100 crores will be used for working capital and gross funds of JPL, plus internal accrual of JPL will use for expansion plan. And whatever is debt required, we'll raise the appropriate amount of debt in due course of time.

Vikas Singh: Understood. And sir, just one last question on the hedging part since we are dealing with the high-value items like zinc and lead. Basically, while extracting from the basically scrap, you probably would not know the exact quantum of the lead and zinc which probably would be extractable. So how did you hedge basically in a forward context in the LME so that you actually fixes up the margin and don't run into a risk of losing money?

Dinesh Gandhi: Rameshji, can you answer this question?

Ramesh Agarwal:

Moderator: Sorry to interrupt, sir. We are not able to hear you clearly.

Ramesh Agarwal: See, we are the physical hedger. And whatever -- whenever we purchase any material, we do know how much is the lead content, how much is the content of the metal in the purchase. So immediately, we hedge it. And nothing we keep unhedged on our account. 100% hedging we are doing, keeping our margin impact.

Vikas Singh: Understood. So that answers most of my questions. I'll come back to the queue if I have further questions. Thank you, sir, and all the best.

Moderator: Thank you. The next question comes from Manav Gogia from Yes Securities India Limited. Please go ahead.

Manav Gogia: Dineshji, I wanted to know, like you mentioned that currently the utilization rates are quite less in terms of output. So also the JPL is going for capital expansion. So can you just give me a brief about what are the reasons behind the lower production volumes and what bottlenecks are the company - is the company currently facing?

Dinesh Gandhi: See Manav it is like this. The capacities which we have given in our presentation is based on the whatever approvals they have. Now we are doing a detailed diligence on that and trying to find out the bottlenecks that wherever there are bottlenecks to improve the capacity utilization, the capex will be done in that. And number two the production in this plant.

Management: Basically, we are the recycler and the machine capacity is based on the input, not on the output. And the output depends on the metal available in the input. So sometimes, PCs is remaining the same, how we are buying sometimes final into LME minus treatment done So we are getting a treatment as is fully and rather in a low procurity we are getting a higher treatment done.

So it depends on the input towards we are using out. So our capacity, we are running all the plants at full capacity, not at a lower capacity. The thing is production is not right because the input is containing lower content of the metal. And volume of the recycling is going increase every day because as Mr. Gandhi mentioned in the opening remarks that next generation is only by recycling. And recycling generation is too high that…

Manav Gogia: Sir could you repeat the last part? I mean, your voice broke down quite a bit over there. I couldn't get you.

Management: I mentioned that the output depends always on the input quality material means how much content in the input. Suppose we purchase higher input material, then production capacity will be full because capacity is based on the highest possible input and our treatment charges, how we are buying that content into LME minus treatment charges. So treatment charges are always intact with us. And availability is ample because the generation is increasing day by day. Conjunction is increasing, that's why recycling is increasing.

Dinesh Gandhi: See Manav as Rameshji has explained, the output depends on the quality of input material. Suppose, input material you are putting in 100 tons into a kiln furnace and say lead is or the zinc is 20%, then the production will be 20%, but your input capacity is 100. So therefore, the utilization it looks like lower utilization, but all plants are operating at full capacity.

Manav Gogia: Sure. That was very interesting. Thank you so much, sir. Sir just one more thing, any debottlenecking capex taken will be up and above the INR200 crores or is it already accounted for in the INR200 crores?

Dinesh Gandhi: We are currently earmarked INR200 crores. We are studying it, the entire operations of the company and wherever we feel that there is a debottlenecking required this much of capex will be done.

Manav Gogia: Okay, so any idea on what that number could be or are we still in the early stages?

Dinesh Gandhi: We are in the early stage. We are in this early stage.

Moderator: Manav sir you have any other follow-up questions?

Manav Gogia: Are we still in the early stages?

Dinesh Gandhi: Sorry, Manav, come again.

Moderator: Manav sir we are not able to hear you.

Manav Gogia: Yes, I wanted to know for the debottleneck activities, the capex that you're going to be incurring, are we still in early stages of determining what the capex amount is going to be or is there any ballpark figure that the company has in mind?

Dinesh Gandhi: No, Manav, as I said, we have earmarked INR200 crores for the capex. We are trying to find out wherever there is a debottlenecking, the decision will be taken and if some amount is to be tweaked plus minus, then we'll do it as required in the business, but the amount is not yet determined.

Manav Gogia: Okay, sure. Thank you so much, sir.

Moderator: Thank you. The next question comes from Amit Lahoti from Emkay Global. Please go ahead, sir.

Amit Lahoti: Thanks for the opportunity. So, scrap procurement is a critical process in the recycling business. So, if you can give a break-up in terms of how much scrap you procure from OEMs, how much you import and how much from the unorganized players in the market? If any percentage break-up that you could give will be helpful?

Management: Yes, our most of the raw materials, 95% is from metals and the primary features of the metals. Because they expect only zinc, lead, silver, but in the ore there is a small quantity of helium, antimony, cobalt, nickel, cobalt, many metals. So, that left out things we are buying and we are processing. And the first time we have done it for Hindustan Zinc in 2013.

And we were processing almost 80,000 tons of them to buy and sell. And similarly, other metals are also doing the same thing. We can add in cobalt metals is also doing the same thing. So, every metal generates this type of waste. So, they only expect primary metals. The rest of the metals, either they leave it or get it exchanged.

Amit Lahoti: Okay. And my second question is how much EBITDA per kg the business is generating?

Management: Normally, this is the company like Hindustan Zinc they have a fixed EBIDTA of 10%

Amit Lahoti: I'm sorry, but I couldn't hear clearly. If you can say it again.

Management: We have a fixed formula to determine the profit around 10% of the EBITDA.

Amit Lahoti: Okay, 10% of the EBITDA. And if I could squeeze in one more question like could you talk about GST incentives available to the business?

Management: GST incentives are available in the Jammu and Kashmir. In Jammu and Kashmir yes it is available, any amount paid by cash in the GST form are getting refund. And the GST is paid immediately.

Moderator: Really sorry to interrupt. Ramesh sir, your voice is coming very feeble. If you're using the speaker mode, may I request you to use the handset mode, please?

Management: Normally, whatever GST we are paying in the cash we are getting a refund from the government and interest subvention of 5% on the working capital. And electricity is very cheap, INR3.80 per unit in the Jammu and Kashmir. Like that, many benefits are available in Jammu and Kashmir.

Amit Lahoti: So can you give some quantification in terms of amount in crores, how much GST credit you got, for example, in FY '24, if you can give that number?

Ramesh Agarwal: In FY '24 in Jammu and Kashmir, we have almost 50% turnover in Jammu and Kashmir. So quantum is around INR35 crores.

Moderator: Thank you. The next question comes from Jash, from Dalal & Broacha. Please go ahead.

Jash: Hi, sir. So, somebody mentioned that the INR200 crores will be the capex. So any further capex requirements for any of the plants at Jammu and Kashmir?

Management: No, as of now, we have not worked out whatever we have planned, we have given in our presentation. And we are in the process of identifying what could be the bottlenecks in terms of increasing the capacity utilization. To that extent, we will make some changes in the capex plan going forward.

Jash: Okay. And this investment does not hinder any of our organic capex plants, right?

Management: Yes, it doesn't hinder our organic growth plan.

Jash: And on the organic front, so where are we on the mining approval and the seal approval?

Management: We will take those questions separately. This call is exclusively to discuss Jammu and Kashmir.

Moderator: The next question comes from Aditya Welekar from Axis Securities. Please go ahead, sir.

Aditya Welekar: Yes, thanks, sir. Just one question from my side. If you can quantify the synergy by acquisition of these Jammu pigments to GPIL?

Management: No, you know, in terms of what quantification?

Aditya Welekar: Is there any synergy by this acquisition of?

Management: You know, there may not be more than INR150 crores of the turnover of Jammu pigments.

Moderator: The next question comes from Nilesh Gandhi from Meta Design. Please go ahead.

Nilesh Gandhi: It is a good congratulations on identifying a very rosy and sunrise sector of recyclability. As an architect and as an architectural architect, I think it is the best thing to be done. And recycling is the gold of the future.

Coming to that, I just wanted to understand how did we arrive at the valuation of INR500 crores? And if you could just read, I heard INR1000 crores is turnover for the pigments with an EBITDA of 90. Is that correct? Or if you could just throw aside as to how did you arrive at this INR500 crores valuation?

Management: No. INR500 crores valuation, there is no formula. This is with mutual discussion and negotiation.

Nilesh Gandhi: Okay. But there would be some guidelines as to how many times EBITDA or how many times turnover. What is the turnover of pigments?

Management: Jammu pigments is close to INR1000 crores.

Nilesh Gandhi: INR1,000 crores turnover. But if the turnover is INR1,000 crores and EBITDA is INR90 crores, it is 10% EBITDA?

Management: Yes. 8%-9% EBITDA margin.

Nilesh Gandhi: And that would add so to our like...

Management: So if you want to work out on the PE basis, it is closer to 14x to 15x times PE.

Nilesh Gandhi: Okay. So on our top line, it adds say around, will it add INR500 crores to GPIL's top line?

Management: No. Once it becomes 51%, the entire turnover will be added to GPIL turnover. EBITDA will be added to GPIL EBITDA. And after profit, there will be a minority interest calculation. So that's how the consolidation is done as per Ind AS accounting norms.

Nilesh Gandhi: Okay. And the second question was, sir, in this business, the entry barriers, is it how easy it is for competition-wise, it is good that we have entered now. But from the environmental norms, permissions, how are we placed? How is pigments placed? And how difficult it is for competition to enter into this business?

Management: Ramesh would you like to answer this?

Ramesh Agarwal: Yes. All the permissions and approvals are in place. And as far as the entrance of coming to other people is very difficult because we need to process all the matters, not one matter. And in such a huge capacity, huge approval, it is not one year, two years, eight, five, six years. It took almost seven years to reach 80,000 tons. They started 5,000 tons. And at our level, we started building every farm, every facility. It took eight years to build.

Moderator: Sorry to interrupt, sir. We were losing your audio once again.

Ramesh Agarwal: Hello. Yes, it's a long journey because we started in 2013 for 5,000 tons capacity in Hindustan Zinc. And we all were at the war level. It took eight years to build 80,000 tons capacity. So like that, and not only one metal, it's seven, eight metals to be accepted separately. And we need to use hydro, pyro, leaching, solvent extraction, influences. Many, many processes are involved. Technology is also a bottleneck, big bottleneck, because all the processes are developed by us. Some are non-art, some are built as per requirement.

Nilesh Gandhi: Yes. Are you a first generation entrepreneur, sir?

Ramesh Agarwal: Yes, sir. Yes.

Nilesh Gandhi: Very good. Do you have any patents? Are there any patents possibility?

Ramesh Agarwal: Yes, we have five to three patents, and we are likely to get approval very soon.

Moderator: Thank you. The next question comes from Sunil Jain from Nirmal Bang Securities Private Limited. Please go ahead.

Sunil Jain: Yes. Thank you for taking my question. Sir, my question relates to source of raw material. Where from you are sourcing domestic, international, and even if domestic, then who are all suppliers? Means, you collect it from traders, or how you collect it?

Dinesh Gandhi: We are sourcing the material mostly from the smelter of the metals, all smelters, domestically as well as international also.

Sunil Jain: Smelter in the…

Dinesh Gandhi: Like Hindustan -- yes, lead, zinc, copper, all the smelters.

Sunil Jain: So the supplier will be Hindustan Zinc for you?

Dinesh Gandhi: Hindustan Zinc and like other smelters, yes.

Sunil Jain: What is the composition domestic and international?

Dinesh Gandhi: Composition right now, it is almost 50-50.

Sunil Jain: So when it is coming from Hindustan Zinc, then the raw material will be of a standard quality, not very far from any particular quality?

Management: It is a residue. So normally, always the raw material is fixed, means ore is fixed for every smelter. So that composition continues the same almost. But they differ from smelter to smelter.

Sunil Jain: And second question, Dinesh Ji, for you, whether we will be consolidating it as a JV or it will be a line-by-line consolidation?

Dinesh Gandhi: It will be consolidated as JV, JV in the sense subsidiary company.

Sunil Jain: JV in the sense you will be consolidating just a profit or?

Management: No, no. We will be consolidating line-by-line item and subsidiary company. Because this will be subsidiary of GPIL, not in December quarter, but from March quarter onward, this will be consolidated line-to-line as a subsidiary company.

Moderator: Thank you. The next question comes from Jinesh Shah, an Individual Investor.

Jinesh Shah: Sir, I could see from the presentation that EBITDA is close to around 7%. So is there any range we have set to increase the EBITDA from 7% to let's say 10% to 12%? And what are those process improvements we are planning for?

Management: Sir, process improvement will happen in this. We can't give you more guidance right now but after next quarter's results, after March quarter we will give you full guidance. But what we know sir, the discussion between Ramesh Ji and us, there will be a 15%-20% turnover, EBITDA growth will come year-to-year.

Jinesh Shah: Secondly the question is on the capacity addition. Although we have mentioned from category wise what is the capacity we are going to add but in this we set some priority that first we will do work of copper or zinc or what will be first? And then the capacity of the other will increase. And why this timeline is for two years? This is also I want to understand. Why we cannot complete the expansion in 12-14 months from now?

Management: Sir we have to do land acquisition in this. We have to put up a new plant. And for new plant we will need new land and new approvals. So, some time will go into land acquisition and approvals etcetera. So, due to this, it will take some time.

Jinesh Shah: So, all these expansions that you have shown are not brown field expansions, they are all green field expansions, whatever you have shown?

Management: No, no, some are brown fields, it will take time. We have given target timeline, so FY27. So, it will continue to run in between, the units that will start, we will announce it.

Jinesh Shah: Sir, have you set any priority? Which one will you do first and which one later?

Management: No sir, we have not set any priority. We will do it according to the timeline.

Jinesh Shah: Okay. And if you are, although the management has said that the current capacity utilization is full, but what we can achieve the maximum revenue from the current…

Management: Because the number is difficult to give. Ramesh Ji can you give us the current capacity of the number? Plus the revenue of JPL 2.

Management: Sir, at present Jammu Pigment turnover is INR1200 crores. And we are adding one more unit in next 2-3 months. After that our volume or per annum will increase around INR400 crores.

So we are sure that it will certainly go by INR1700 crores. And bottom line will also be around INR125 crores EBITDA.

Jinesh Shah: Okay.

Management: And as you mentioned the priority wise, in the priority wise it's not like copper zinc lead plant, it's like hydro, pyro and electrolysis like this plant. So initially we will be proposing pyro because pyro is short now. After that we will be going for hydro plant and like that. So it's like a sweet making machine. So like a sweet making machine, we can make sweet in a sweet shop. We can make rasgulla and we can make sweets in that all. That's the chemical process.

Moderator: The next question comes from Sri Krishna Agarwal, an Individual Investor.

Sri Krishna Agarwal: I just wanted to know this INR200-crores capacity, the capex you are making only in Jammu and Kashmir or to your Rajasthan unit also. Because you have mentioned in the Page 8 of your presentation that you will be getting the incentives from the Jammu Kashmir government. So is this INR200 crores fully eligible for all the incentives? This is my first question.

Next question is regarding the capacity utilization, you have mentioned that the bottleneck is at the capacity is as per the input, not as per the output. So my question is then when we are getting the raw material from the standard suppliers like Hindustan Zinc's and all these things. So others must be getting from that source also.

So why our revenue is much lesser than other our competition whereas their capacity is lesser than us. Like only they have won like 59,000 tons and the revenue is 1616. Whereas our capacity is won like 1,96,572 and the revenue is 1174 only. So that is my question.

Dinesh Gandhi: I will reply that we are planning for Rajasthan investment also. In Rajasthan also certain subsidies are available like interest submission and GST refund. And as regards to Pondy and our competition, they are totally different line. Although one common line is the lead recycling, apart from that we are recycling all the metals and whereas Pondy is recycling only lead.

And that too from only batteries, 90%. And our battery raw material is hardly 5%. 95% is the industrial residual waste. So we can compare apple-to-apple, not by this.

Sri Krishna Agarwal: Okay. That was mentioned in the presentation, that's why I have asked it.

Dinesh Gandhi: Okay. Not an issue.

Sri Krishna Agarwal: So I have one suggestion for the company that Gravita is coming up with the QIP of 2,200 and the Pondy is coming from 980. So they have a good plan to raise the fund. So my suggestion is that GPIL is a good banner under which we can raise further funds for the further expansion of the company, and it will go because GPIL is a net debt free company and that I hope that they will maintain that status.

Dinesh Gandhi: So you're right. But we will elevate -- we will take your suggestion and we will deliberate on this whether to fund raise, fund it because we can't raise funds from the market at JPL level. We have to raise funds and we have to raise this GPIL level. So we'll deliberate on this issue.

Moderator: Thank you. The next follow-up question comes from Manav Gogia from Yes Securities India Limited. Please go ahead.

Manav Gogia: Sir, one question is on the ESG front. Usually, lead acid battery recycling is a dangerous process, exposing the employees health to several diseases. I just wanted to know what precautions are taken on that front for the employees? And second, that are there any additional approvals, which the company requires when it comes to processing lead as a scrap material? So can you just give me a brief on that?

Dinesh Gandhi: There is a SOP, standard operating procedure let down by Central Pollution Control Board. So accordingly, we have to provide everything to the employee, then only they give the clearance on renewal and import permission for raw material and run the unit. So all these are in place. And every three months, we need to test blood test, lead content test, everything.

Manav Gogia: And sir, like these tests take place on a regular basis? Or is it like...

Dinesh Gandhi: They are on a regular basis. Every quarter there is a -- it's prescribed already in the operating procedure, there is a standard procedure; every six months, what to do, every three months, what to do. Who are exposure to the lead, they are every few months, who are in office they are once a year like that.

Manav Gogia: Okay, sir. Sir, just one question. I think I just was already asked earlier. This was on the EBITDA margin front, right? Currently, we are doing roughly 7%. And as per your comments, you are targeting a 10 and then step by step growth towards doubling from out over here. Is that a fair assumption?

Dinesh Gandhi: Doubling is not fair, I think, 7%, 8% to 10% is a correct. We are focusing on 10% EBITDA, that is correct, by improving the process, by improving the our knowledge.

Manav Gogia: And so barring the scrap procurement, what would be the major cost centers which this business model would incur?

Dinesh Gandhi: Basic cost is the fuel and electricity.

Manav Gogia: Certain chemicals.

Dinesh Gandhi: Certain chemicals, yes.

Manav Gogia: Okay. And the chemical requirement is done like domestically, right?

Dinesh Gandhi: Yes, yes, domestically.

Moderator: Thank you. The next question comes from Nilesh Gandhi from Meta Design.

Nilesh Gandhi: Just one follow-up I wanted to have, which was -- like I was just looking at -- I understand that we are still into the recycling business. So the other recyclers, they are working at 50% to 80% margins. So is there a possibility that we graduate because ultimately, it's the recycling business. So by mixing our product, is there a chance that we reach to the levels of higher margins? Because the standard manufacturing process has been done, 10% EBITDA, is there a possibility there?

Dinesh Gandhi: How much margin are you talking about?

Nilesh Gandhi: Sir, more than 50%-60% margin, like Ecoreco, they trade in the business of computer parts, computer peripherals. So their margin is substantial because the probable expenditure is less or I don't know what it is. But in the recycling business, should there be more margins or not? Or does capex first eat it up or…?

Dinesh Gandhi: Eventually, it comes. No, it's not that much in metals. It may be in the computer and other items you are telling the name of the company. But it may not be in the metals in recycling.

Nilesh Gandhi: Okay. Thank you.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Dinesh Gandhi: Ladies and gentlemen, thank you for joining this call. We hope that we have been to answer all your questions. If you still have some further questions, you can reach out to our Investor Relations team, and we'll be happy to answer the same. Thank you very much, and with this we conclude this call. Thank you very much. Thank you, everyone.

Management: Thank you, everyone.

Moderator: On behalf of Godawari Power, that concludes this conference. Thank you for joining us. You may now disconnect your lines.