REF: GPIL/NSE&BSE/2025/5788 Date: 17.02.2025

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 13th February, 2025 regarding Q3 FY25 Results.

This has reference to conference call held on 13th February, 2025 to discuss the results and performance of Q3 FY25 for Analyst/Institutional Investors/Fund House/Investors etc.

Please find attached herewith the Transcript of Conference Call held on 13th February, 2025.

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

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

Yarra Chandra Rao

Digitally signed by Yarra Chandra Rao
Date: 2025.02.17 16:23:57 +05'30'

Encl : As Above

"Godawari Power & Ispat Limited

Q3 & 9M FY25 Earnings Conference Call"

February 13, 2025

MANAGEMENT: **MR. ABHISHEK AGARWAL -- EXECUTIVE DIRECTOR -- GODAWARI POWER AND ISPAT LIMITED**
MR. SANJAY BOTHRA – CHIEF FINANCIAL OFFICER – GODAWARI POWER AND ISPAT LIMITED

MODERATOR: **MR. AKHILESH KUMAR – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to Godawari Power & Ispat Limited Q3 and 9 Months FY '25 Earnings Conference Call, hosted by Emkay Global Financial Services Limited. 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. Akhilesh Kumar from Emkay Global Financial Services. Thank you, and over to you, Mr. Akhilesh.

Akhilesh Kumar: Good morning, everyone. Welcome to Godawari Power Q3 FY '25 Earnings Conference Call. I would like to take a moment to thank the management for giving us opportunity to host this call. We have with us today Abhishek Agarwal, Executive Director; and Sanjay Bothra, CFO.

I now hand over the call to management for the opening remarks. Over to you, Mr. Bothra.

Sanjay Bothra: Thank you, Akhilesh. Good afternoon, everyone. Thank you for joining us today for the Q3 and 9 months FY '25 earnings con call of Godawari Power & Ispat Limited. Our financial results, press release and earnings presentation are now available on our website and on stock exchanges. I believe you have had a chance to review the same. I will briefly take you through the results, post which we will have question-and-answer session.

GPL has maintained a stable performance over the past 9 months, despite facing challenges from lower realizations. Now coming to key strategic updates for this quarter. The approval for mining capacity expansion of Ari Dongri's mines from 2.35 million to 6 million ton is expected to be in place by Q1 FY '26.

GPL has also restarted mining operation at Boria Tibu iron ore captive mines having a capacity of 0.7 million ton per annum. 0.6 million ton iron ore benefaction plan for B&Q out of proposed 6 million ton capacity situated at Ari Dongri mines has also started. The increase in pellet plant capacity from 2.7 million to 4.7 million ton is expected to be commissioned by Q2 FY '26.

The plan to set up a greenfield integrated steel plant with a capacity of 2 million ton has been dropped. Company is evaluating different alternative projects with lower capacity and lower capex for which announcement will be made once the project is finalized. In addition to 70MW solar power plant that is planned to be set up for additional capacity of pellet plant, an additional 25MW solar power plant is also decided to be set up for additional power requirement of new verification plant at Ari Dongri mines. The plan to venture into OPVC pipe manufacturing has been dropped due to changed market scenario.

GPL has completed acquisition of 49% stake in share capital of Jammu Pigments Limited on a fully diluted basis as on 31st December '24. The company has entered into an agreement with GAIL for supply of electrified natural gas for GPLI's upcoming pellet plant for a period of 7 years. The company is eligible to supply steel blades to all manufacturers of galvanized steel structures for the transmission projects of Power Grid Corporation of India Limited. CARE has assigned CareEdge ESG III rating with a rating score of 51. This is the first ESG rating assigned to the company.

Now coming to operational performance, of the production guidance set for FY '25 for iron ore mining, iron ore pellets, sponge iron and ferro alloys, the company has already achieved 69%, 73%, 84% and 96%, respectively. Iron ore mining and pellet production dropped slightly, whereas production volume of sponge iron, HB wires, ferro alloys and power increased on both quarterly and 9-month basis.

In Q3 FY '25, sales of iron ore pellet decreased on Y-o-Y basis due to shifting of export consignment from Q3 to Q4 FY '25. Sponge iron steel billets and MS round decreased on Y-o-Y basis due to increase in production of HB wires. Sales of HB wires and ferro alloys increased significantly on both quarterly and 9-month basis. Pellet realization increased by 2% on a 9-month basis to INR10,387 a ton, whereas realization for other products were down in the range of 3% to 8%.

Now coming to consolidated financial performance. On a quarterly basis, our revenue, EBITDA and PAT dropped due to lower production of iron ore pellets and drop in realization of almost all the products, except ferro alloys. On a 9-month basis, the company achieved flat revenue of Rs 3,908 crores.

EBITDA and PAT was down on account of lower realization of finished products. Despite the challenges, EBITDA margin and PAT margin stood strong at 22% and 15%, respectively. The company has a healthy balance sheet with net cash balance of INR725 crores.

Now coming to the market outlook. First international iron ore scenario. As of February 25, the global iron ore market is experiencing notable shifts influenced by various economic factors. Recent trade policies, including tariffs imposed by U.S. and China counter measures have introduced uncertainties in the global iron ore market. These developments could indirectly affect major exporters like Australia.

The global iron ore market in 2025 is characterized by an anticipated decline in prices, increased production and evolving demand patterns, particularly in China. Stakeholders should monitor these developments closely to navigate the changing landscape effectively.

Domestic steel demand scenario. India's steel industry is navigating a complex landscape characterized by robust domestic demand, increased imports and evolving global trade dynamics. India's steel demand is projected to grow by 8% to 9% in 2025, driven by increased construction in housing and infrastructure sector.

While India's steel demand is on upward trajectory, the industry faces challenges from increased imports and global trade policies. Proactive measures, including potential safeguard duties and strategic investment are being considered to support the domestic production and maintain market stability.

To conclude, I would want to say that as we approach the end of FY '25, we remain hopeful about restoring our pellet production and sales to previous levels. Our robust net cash position, combined with a well-planned capex strategy focused on substantially expanding our iron ore mining and pellet production capacities provides a solid foundation for future growth.

Improved operational efficiencies and cost savings from solar energy will further strengthen our performance. Moreover, the benefit of having captive iron ore mines and producing high-grade pellets, coupled with steadfast support from our stakeholders, position us for remarkable success in the years ahead.

I would like now to open the floor for question and answers.

Moderator: We have our first question from the line of Vikash Singh from Phillip Capital.

Vikash Singh: Sir, just wanted to understand that you find that this steel probably you have taken a call that now is not the right time. But for the plastic pipes, why we have -- what are the difficulties we have faced for which we have to drop the project? And now since both the large-scale projects has been dropped, what is the plan to -- for the cash which we are holding?

Abhishek Agrawal: So just to correct, the pipe project was not a very large scale. It was a small capex of about INR125 crores. The reason we have dropped the OPVC project is so when we had entered into an agreement with the equipment supplier, that time, hardly there were any manufacturer in India who were firstly aware and other they ordered any machines.

What has happened is suddenly Chinese technology came into India, which we are not aware of. And now there is a flurry of orders given by different companies who are already into the pipe segment, be it local, say, Bajarang, Sambhav, be it big guys like, Apollo. So I would say the USP though get advantage of, say, at least 1 to 2 years where we will be the first mover, the advantage has totally gone away. We were totally blind by Chinese technology. And that's the reason we decided we want to drop this project because the first move advantage will not be there and everybody is putting a pipeline now.

So again, as in India, we thought since we are not very strong in the pipe business right now, let's enter into a segment where we have to start working from scratch. So the whole idea has been dropped. The capex was about INR125 crores out of which we have only spent INR14 crores on the order of equipment, where we have already spoken with the supplier and he has agreed to return the money in due course of time. So there will be no financial loss to the company, and that is why we have dropped the pipe project OPVC for ever. That's the whole reason behind it.

Vikash Singh: And now the plans for the cash because our cash generation.

Abhishek Agrawal: Just to add -- yes. So see, the idea of dropping the 2 million steel plant was, as a management, I want to be very honest. The capex we envisage initially, we got it wrong. So usually what happens, we thought 60% is equipment cost and 40% will be the intra cost. But what has happened is it is opposite. So 40% is your equipment cost 60% is your intra cost, so the entire capex which is about INR5,000 crores to INR6,000 crores 2 million plant will probably cross INR8,000 crores.

So, with so much of capital investment where we would have gone to the bank on a long-term basis to keep the project running on time, we don't want to go back into the same debt cycle, which we had entered last 10 years back. So it's hard to drop the project.

But the entire project is not dropped. We are re-allotting on a smaller capacity, say, from 0.8 million to 1 million tons, and that will be announced in due course of time because we want to invest in steel value-added steel, but with a smaller capex so that we don't have to take a long-term loan from the bank. That's the whole idea.

Just to add to it, there is the delay to acquire the land and the EC has been very long now. And unfortunately, luckily, I would say, during this course, the market also reversed quite a bit. There were a lot of additional capacity by the big players in the coil flag segment. So I thought it is the right opportunity that we actually take a call. So we went to the Board, we discussed on this, and that's why the communication to the shareholders.

Vikash Singh: Sir, how much we have already spent for this steel plant, any money?

Abhishek Agrawal: Nothing very peanut. We have done some license, some approvals and certain plantation and all as per government the value is hardly below INR1 crore. So nothing is spent on the new steel plant, certain consulting fees and all, which is very minimum.

Vikash Singh: Sir, second question is regards to pellet pricing. So last 1, 1.5 months, we've seen that the international iron ore prices have been continuously increasing. So just wanted to understand over 3Q versus current pellet prices and how is the mix between export or domestic, if at all, any exports you are doing right now?

Abhishek Agrawal: See, we did export a shipment last quarter. December, we started exports. Primarily, what has happened is post Diwali, the steel market usually the demand picks up. But this time, the demand was quite sluggish. So what has happened is the demand of pellet was quite weak in the domestic market because new pellet plants, emerging pellet plants also were commissioned in Chhattisgarh and around Chhattisgarh. So that is the reason the pellet sales in domestic market was quite weak, and we had to export shipment, which got loaded in month of January.

Right now, we are not exporting anything because the domestic -- so what has happened is with the news of duty being put on steel before the budget, the domestic market picked up slightly, and there was a good demand of pellet. So we have booked in domestic market, and we are not exporting pellets anymore.

Vikash Singh: And sir, spot prices versus export price, what would be the difference, positive or negative?

Abhishek Agrawal: Okay. So if you export right now, the realization will be about INR1,000 less compared to domestic market.

Vikash Singh: On net level, you are talking about?

Abhishek Agrawal: Yes, net level, of course. Yes.

Vikash Singh: Sir, just one more question on the Boria Tibu. Have we completed the beneficiation plant basically there and this capacity has been started?

Abhishek Agrawal: See, again, the whole logic behind starting the Boria Tibu was -- there is no beneficiation plant in Boria Tibu right now. And we have plans to put up one, but that will take about 3, 4 years down the line, as we have declared earlier as well. So what we've done is we have created the circuit in Godawari to benefit the Boria Tibu ore because the Boria Tibu ore is low grade. It's about 55 average.

So earlier, we couldn't benefit that ore and we have to blend it in our charge mix. But now we are benefiting that ore and raising it to 65 concentrate. So that is why we have restarted the mines again and bringing the ore to Godawari and benefiting along with other iron ores.

Vikash Singh: And sir, just one last question. Given that the domestic prices of iron ore has been a weaker trend, while the international is improving. So what's your take on the domestic prices, whether do you see a scope of domestic prices going up or the demand is still too weak for any such thought process?

Abhishek Agrawal: You see national market, the prices have not moved up much. It's hardly 5%, 7%. The low was about 97%. China was on holiday, right, it's about 106%. So it's hardly 7% to 8%. So I wouldn't see a substantial increase in the national market.

Domestic market, there is a shortage of iron ore and it will continue to remain till the supply starts improving. There's still a big gap between demand and supply. The domestic iron ore pricing is still very strong compared to international market. That in turn will keep the pellet price on the higher side.

Moderator: The next question is from the line of Manav Gogia from YES Securities Limited.

Manav Gogia: Just building up on Vikash's question on the steel plant. You mentioned that your -- according to your competition, it came out to be around INR8,000 crores. So did this include the coke oven as well? Because as I recall, we were not setting up a coke oven trial.

Abhishek Agrawal: If you are aware, about a month back, Government of India has restricted the import of coke into India to merchant cokeries in India, right? So merchant cokeries have been -- to help them support them by imposing certain duties. So what Indian government has done is they have limited the quota of imports from respective countries for a period of 6 months.

So based on such policies, we were forced to put up a coke oven because if the decision continues for longer-term, we can't import coke and then you have to buy coke from the local cokeries, which will increase the operating cost by substantially. So unfortunately, we had to envisage the capex for coke oven during the final discussion which happened because of the government change in government policy. And the capex almost close to INR50,000 crores.

Manav Gogia: Sure, sir. And sir, as I recall from the one of our past calls, we had stated that the minimum requirement that the company needed to set up an HRC plant was for 2 MTPA. So now how with the new -- how currently the discussions are going for the new plant, what sort of route are we going to go for? Will we still go for an HRC plant? Or are we evaluating to expand?

Abhishek Agrawal: No, no. So to be honest, the way primary producers have been increasing capacity, for example, NMDC just started the 3 million plant. JSPL started their 5 million plant and about 20 million further capacity is going to be online in the next couple of years by the big guys. So we have completely dropped the HRC project because it's no point going for a narrow section with flat. It has to be a complete range of products from 1,250 to say, 2 meters. So we have dropped the HRC product.

We are exploring other products in flat segment like heavy structures, beams and at the same time, also the long products because we go into long market. So we know how long market works. So we are evaluating on both sides. And once we decide, we'll probably inform all the shareholders.

HRC is definitely out of picture now. We're not going to go with HCR now.

Manav Gogia: That is very helpful. The other question comes on the pellet plant, which we are about to commission. I think about majority of the capex is still about INR432 crores is balance which has to be incurred probably over the next couple of quarters, I assume. So I wanted to know like are we going to do it? What's going to be the split between Q4 and Q1, if that is something that you have in mind right now?

Abhishek Agrawal: See, in terms of capex, the capex is ongoing. We have already started the election of the equipment. So China shipments have started receiving from all the suppliers. So we envisage the pellet plant will start trial production by early Q2. And by the end of Q1 of FY '26, the entire capex will be done. So between Q4, which is already going halfway. So next 4 months, the entire remaining INR432 crores will be spent. And we are confident we can start the trial production of the new pellet plant in FY '26, Q2.

Manav Gogia: Sure. And sir, how much time do we expect from the ramping up to full utilization levels for the pellet plant?

Abhishek Agrawal: See, 3 to 6 months maximum. So end of probably Q3 or mid of Q3, we can expect full production.

Manav Gogia: Got it. So from FY '27 onwards, we can expect the full flow of volumes to kick in?

Abhishek Agrawal: No, I think in the worst-case scenario, I think Q4 FY '26.

Manav Gogia: Okay. Sure, sir. So just following up on the capex earlier guided about the capex expectation for FY '26. Now are we looking to cut that number down considering the steel plant is off the charts? So what sort of capex can we expect for FY '25?

Abhishek Agrawal: See, so the mining, the beneficiation in the mines along with about 95 megawatts of solar for mining as well as pellet and the remaining capex for the pellet plant. So all these will be incurred in the next 3 quarters, which is Q4 FY '25, and the remaining will be probably for FY

'26. So solar will take about INR5 crores and mining, which is about INR150 crores balance to be incurred and about INR400 crores. So about INR80 crores to INR100 crores of capex will be incurred in this quarter and next financial year. Everything will be good because we still have a healthy balance sheet, and we are generating enough free cash flows every quarter.

Moderator: We have our next question from the line of Sahil Sanghvi from Monarch Networth Capital.

Sahil Sanghvi: My first question is, sir, we are seeing a drop in the realization of the pellet in Q3. Now if I check the steel at Raipur prices, I don't see that kind of Q-on-Q drop, and Y-o-Y, it's quite flat. So if you can help us understand because the drop in prices really hits our margins. So what was the reason for the low price for the pellet?

Abhishek Agrawal: So I'll tell you what happened in Q3, especially what happened post-Diwali. We were expecting the steel demand to go up, which rather it happened the vice versa side. And a couple of new pellet plants, merchant pellet plants got commissioned in the Raipur area, right? So there was an oversupply of pellets. And because of sluggish finished demand, the uptake of pellets was not very high. So we had to export a vessel.

We were carrying an inventory of more than about 53,000 tons, which never happened happens. So on the inventory, we've exported a vessel. And the end of December, the market picked up, and we have a healthy order books. So it was a one-off situation where prices were a little corrected, plus we had a higher inventory than we maintained. So all these factors impacted the EBITDA for Q3. But I'm confident going forward, in Q4, you will see much better results compared to Q3.

Sahil Sanghvi: Right, sir. And would you be able to give us a quantum of the dispatches or the export shipment we were expecting the production to be somewhere around 40,000, 420,000 for pellets, which we have done around 3 lakh?

Abhishek Agrawal: No, no. 3 lakh is the sale. It's not the production. Production is very much within the range. Sales were down because the inventory was almost about 1 lakh tons. So finally, we exported a vessel. And now the inventory is down to below 20,000 tons. So all the carrying for inventory from Q3 will be sold in Q4.

We have no intention to export further because domestic demand has again picked up, and we have a healthy order book till March end. So all the inventory will be cleared and the carryforward EBITDA will be seen in Q4 going forward.

Sahil Sanghvi: We are sticking to the 2.4 million tons.

Abhishek Agrawal: 100%. So whatever guidance we give in terms of production volume and sales, we are sticking to that. And we will achieve that for sure.

Sahil Sanghvi: Got it, sir. And like the kind of say, the supply surplus kind of situation you faced in pellet for Q3, do you think that could come again because we'll be unleashing a big supply of pellet once our new pellet plant comes in? So do you find that difficulty...

Abhishek Agrawal: That is quite possible because eventually, the pellet is a part of the supply chain. So we are very well prepared because the new pellet plant will be producing high grade. So we have a bigger market in India, people, and bigger players like JSPL, and Coastal movement. And of course, export is always open. So we are prepared, given the situation, we have to send something out of Raipur, we will do it.

There may be some certain probably impact on the pricing. But in the longer term, we don't see any challenge because our mines should be fully operational by then. So our input cost and our operating costs will be very healthy. So we will always keep making money. See, INR1,000 here and there is not a big difference. But with such a volume, things can happen. Sometimes the demand is good, sometimes the demand is bad. So we have to be prepared for all the situations.

Sahil Sanghvi: Right, sir. And sir, if at all things go by our plan Q1 is when we get the EC from mining. We don't intent to start -- I mean the pellet plant will start only in Q2 after we get the EC, right? I mean we don't intend to use the Boria Tibu for the pellet.

Abhishek Agrawal: See, I'll tell you. Once the mining EC is received, we will need a few months to ramp the capacity. So pellet plant once gets operational, right, usually takes 3 to 6 months to get stabilized. So in any situation, we are on a shortfall of iron ore for the trials and we will buy from the market. So then we get a very temporary phase, hardly probably say 3 to 4 months. So I don't see a challenge because the pellet plant will take some time gradually to reach the production capacity. If you take some iron ore from the market for the trial and we'll buy it, no big deal.

Sahil Sanghvi: Got it, sir. And lastly, sir, what gives you this surety or security that we will receive the EC for mining by Q1 FY '26?

Abhishek Agrawal: Okay. So there was there was approval desire by the state government where eventually they referred case to the mining ministry and eventually the law ministry. So that took almost 6 months for that desired approval or recommendation from the mining ministry in our favor. So that approval has been received by the center, by the state government now.

So now everything has started at a very rapid pace. IBM has already approved our new mining application. So we are very confident by Q1, we will get the EC. The major hiccup was that approval from the center. That approval has already come 2 months back. So now we're confident we will get the EC by Q1. Because we do understand the entire business of right now, Godawari is been on the mine side. So it straightaway impacts our EBITDA levels.

Moderator: We have our next question from the line of Siddharth Gadekar from Equirus Securities.

Siddharth Gadekar: The first question is on the public hearing. Have we received any date for the public hearing or that still 1 or 2 months away?

Abhishek Agrawal: Okay. So last week only, IBM accepted the proposal. So now the State Pollution Board will issue the final guidelines along with the public hearing. So expecting the public hearing to be announced probably in the next couple of weeks. So we expect the public hearing to happen somewhere in post Holi end of March. And once that is done, so in a couple of months, we'll get the EC. So as I said, everything is now moving at a very rapid pace.

Siddharth Gadekar: Okay. Got it. Sir, secondly, our crushing and beneficiation come online 6 months after the EC approval. So how should we think about the ramp-up of the new pellet capacity? Will be buying iron ore from outside then? Or how should we think about our operations?

Abhishek Agrawal: Just to give you a very clear picture. So the new beneficiation plant, there are 2 parts. One is 1.5 million beneficiation of BMQ, which is the low iron ore of 35. It's called banded magnet cost, out of which 0.6 million has already been commissioned and the plant is already running in full flow, right? The remaining 0.9 million of BMQ will take about 6 months after getting the EC to commission the plant, right?

Parallelly, there's a 4.5 million beneficiation for the iron ore lumps. So till the beneficiation gets completed, which about 6 months, we'll keep sending the iron ore, which is about 60 to 61 to the plant where we already have the capacity to beneficiate. So once the plant is commissioned in mines, so we'll stop beneficiating in Godawari, we'll start benefiting in mines. That will help in reducing the cost. So that's the whole idea.

Siddharth Gadekar: So there will not be any impact in terms of our -- because of the delay in beneficiation that our mining.

Abhishek Agrawal: No, no, no. There will not be because we already have a capacity in plant premises to beneficiate the raw materials. The beneficiating mines will help us in reducing cost. So we have invested in mines, that's the reason.

Siddharth Gadekar: Sir, secondly, in terms of beneficiation cost, can you give us some sense what is our beneficiation cost going from INR35 to INR65?

Abhishek Agrawal: So my delivered cost to my plant currently, which we are beneficiating is about INR2,200 after beneficiation.

Siddharth Gadekar: And the royalty in this would be around INR50?

Abhishek Agrawal: No. See, the royalty is payable on the dispatch. So we are beneficiating from INR35 to INR65 in the mines. So we are paying royalty of IINR65 concentrate, which is about INR750 as per IBM. Because you're not paying INR35 to plant. We are beneficiating INR35 in the mines itself and dispatching only the concentrate of 65 grade.

Siddharth Gadekar: Okay. Got it. Secondly, just one more question around this that if we transport the low-grade iron ore to the plant, our royalty rate will reduce drastically, right?

Abhishek Agrawal: Royalty will reduce drastically. What will happen is if you beneficiate the low grade at the plant site, you are incurring a cost of INR1,000 on the transportation. So transportation cost will go up 2.2x. So saving the royalty of INR500, but you will lose INR150 on the transportation.

Siddharth Gadekar: Okay. Sir, secondly, now given that we are reworking on our steel plant capex, how should we think about the capex number over '26 and '27?

Abhishek Agrawal: See, for FY '26, the mining, the beneficiation, the pellet plant, the solar for both mining and pellet plant and a few other capex, which we envisage that all be done in FY '26. So roughly capex of about, say, INR1,000 crores to INR100 crores will be spent in FY '26. And FY '27, hopefully, we are able to come up with a concrete plan for the revised steel capacity. And if we are able to get the EC, so that expansion will happen in FY '26. But major expansion will start from '27. So depending on the revised steel capacity, we will come with the revised capex plan.

Siddharth Gadekar: But sir, any ballpark numbers?

Abhishek Agrawal: For example, if we do a 0.8 million capacity or 1 million capacity, the figure be somewhere about INR300 crores to INR400 crores. If you even consider INR400 crores to INR 450 crores per 1 lakh ton of steel. So 0.8 million, INR3,500 crores for 1 million, probably INR4,000 crores. That's a ballpark figure.

Moderator: The next question is from the line of Mohammed Sheikh Sahil from IDBI Capital Markets.

Mohammed Sahil: Can you please provide the guidance for FY '26 in terms of revenue and EBITDA margins?

Abhishek Agrawal: The mining will start in FY '26 and the pellet plant. And unfortunately, the mining will not start until at least Q2. So in terms of revenue, you can consider probably additional production of say, about 0.5 million to 0.6 million of pellet for the new pellet plant. So probably we produce about 3 million pellets. So that additional revenue will be added.

And EBITDA, we expect the current market scenario to be somewhere probably you can add the additional volume which will come from pellet additional EBITDA you can add. So not much improvement compared to FY '25. But FY '27, there will be a substantial jump because the mining will be at full capacity and the new pellet plant will get full capacity.

Mohammed Sahil: Okay. And what are we targeting for FY '27 EBIDTA?

Abhishek Agrawal: To be honest, 4.5 million capacity of pellet and plus addition everything bare minimum is about INR50 crores to INR800 crores of EBITDA FY '27. But of course, it's a very -- I would say, it's a very assumption-based because you don't know where the market is going to be in next 15 months being a commodity market. But yes, for current market scenario, you can easily assume an additional EBITDA of close to INR600 crores from any pellet plant.

Mohammed Sahil: Okay. And sir, second question is regard with the Jammu Pigments. Sir, what was the contribution to the top-line for that subsidiary?

Abhishek Agrawal: Sorry, can you please come again?

Mohammed Sahil: Sir, in regards to Jammu Pigments, sir, what was the contribution to the top line in terms of percentage?

Sanjay Bothra: What happened in this quarter in Jammu Pigments, we have acquired only 21.46% till December '24. So the top line is not added line by line. It is considered as a joint venture company. The share of profit is only considered in our numbers. And this acquisition was made on 20th November '24. So for a limited period of 40 days, around INR50 lakhs profit is considered as a share of profit from joint venture company.

Moderator: The next question is from the line of from Jash from Dalal & Broacha.

Jash: My question is on the steel plant. So earlier, so there was a lot of back and forth on the steel front and now we have finally decided to drop it. So was there any concern from the environment clearance perspective because we were expecting -- we had a lot of delays on the environment front. So was that the case and that's why we are dropping? Or is that because of the higher capex?

Abhishek Agrawal: See there are 2 things. One is, if you have got the environment clearance last year, we have definitely started the 2 million project. And of course, we would have -- but in the meantime, what has happened in the last 12 to 15 months when we have done the detailed capex planning, we revised our envisaged number was not correct, right?

So from INR6,000 crores, the minimum is about INR8,000 crores. So that is one probably mistake I would admit, it was done from our side in charging the initial capex. Plus with the current market scenario with so much of steel capacity in flat segment only added by primary, which is coming already in line and coming in future, we decided it's better to probably look at some other products rather than competing with the big guys. So these 2 situations, there was a reason for us to scrap the 2 million project.

Jash: Right. And sir, because the Boria mines will be coming on board in FY '27. And so because of that itself, we are venturing into this steel capex. So are we confident that we will be on -- this 1 million ton that we are envisaging will be on that frame so that the earnings don't take a hit?

Abhishek Agrawal: No. See, definitely, we want to invest into steel because eventually, so much pellet capacity is also not right, right? You put everything in one basket with so much of pellet as a merchant sale. So you want to convert a pellet into steel with a lower capex. So the idea is not to borrow from land, convert a pellet into value-added steel and go with a lower capacity. So the steel plant will definitely come up. Does that mean we are -- probably we will need some more time to come at a complete plan and a concrete capex.

Moderator: We have our next question from the line of Aditya Welekar from Axis Securities.

Aditya Welekar: Sir, my question is with regard to this drop in the realization of the pellet. So you alluded to that the pellet capacity coming in the vicinity of Raipur and in Chhattisgarh. So in the medium to long term, structurally, do you see any risk from these pellet plants coming up and putting pressure on the pellet prices structurally going in future?

And how easy for someone is to put the pellet plants? Do these pellet plants have the iron ore as a backward integration or people can set up the pellet plant and it can put risk to our pellet price realizations in the future?

Abhishek Agrawal: See, firstly, buying fines in the market and investing in pellet plant, I don't see a business proposition there. I don't see -- it's always going to be a struggle to buy fines in the market and make money in the pellet business. In our case, because we have captive iron ore mines, so 100% iron ore from captive, so we'll always be making the money, right?

In terms of competition, there will be competition because see even Lloyd is coming out a 4 million plant in Maharashtra, right, which is very close to Raipur, right? So even he'll be targeting the areas around Chandipur and Chhattisgarh. So there will be competition. So that is the reason in the longer term, we want to hedge our pellet beds and use those additional pellets into captive steelmaking in the longer term.

Moderator: The next question is from the line of Chirag Singhal from First Water Fund.

Chirag Singhal: Just 2 questions from my end. The first is on the industry. So can you please share what was the pellet capacity that was commissioned over the last 1 year? And how much capacity are you expecting to come up, excluding our expansion in the near term?

Abhishek Agrawal: So the capacity which has come up in last 12 months is close to about 2 million tons, and which is -- I'll tell you there's another difference also. What has happened is now -- so for Orissa people, the merchant pellet plant, Bengal was a big market for them in terms of the pellet sale. What has happened is in Bengal, every steelmaker has invested in a pellet plant and now rather than buying from Orissa, rather they are selling into the market. So a buyer has become a seller.

So what has happened is all the Orissa pellet plants are now focusing towards Chhattisgarh because that is the closest to them. So there is additional volume which are coming to Chhattisgarh from Orissa pellet makers. That is one reason.

Secondly, in terms of additional capacity, which is added, so there's another Lloyds is 4 million tons, which will come up in again Q1 of FY '26. And in Raipur itself, additional capacity of 2.5 million tons is also coming up. So put together, Lloyds plus commissioned 2 million and an additional of 2.5 million. So apart from Godawari, about 8 million tons of pellet plant is being commissioned in the next 6 to 8 months, which is a good capacity.

Chirag Singhal: 8 million tons of additional capacity, excluding Godawari?

Abhishek Agrawal: Excluding Godawari commissioned and to be commissioned.

Chirag Singhal: Okay. So this includes 2 million tons, which has already been commissioned?

Abhishek Agrawal: Yes. Yes, 2 million already commissioned and another 6 million will be commissioned in the next 6 to 8 months.

Chirag Singhal: And what is the total capacity in India and how much of that is exported?

Abhishek Agrawal: So currently, the pellet capacity in India installed capacity is close to about 150 million tons with an average utilization of 80%. So I think in FY '25, India probably will produce about 110, 150 million tons of pellets.

Export is hardly because only port-based players like BRPL or say, Mandovi Goa or say, Asit Mittal, only these players are exporting certain volumes because for them being at the port, the logistics cost to transport the material from inland to port is very minimum. So those plants become commercially viable for export. But apart from that, right now, there are no exports of pellets happening from India.

Chirag Singhal: And my second question is on the price trend. So you mentioned that the prices were lower during Q3 because you have to export more because of the overcapacity. Now if I look at, let's say, we are now going to have the normal realizations because of higher domestic sales. If I look at the steel mill data, prices are almost flat for this quarter versus the previous quarter. So is it fair to assume that our realisation will be at least higher by INR1,000 over the reported quarter, which is Q3?

Abhishek Agrawal: See, the pricing, we only exported 50,000 tons of pellets against the volume of 3 lakh tons, which is hardly about 18%. So for the evangelization of Godawari in Q4, the impact will be bare minimum. But what has happened is the volumes which are accumulated in the plant as an inventory in Q3, all those volumes sold in Q4. So the Q4 volumes plus additional Q3 inventory volumes will be sold in Q4. So that will add to substantial EBITDA for Q4 in Godawari.

Chirag Singhal: So you are saying that in Q4, we should not expect a lot of improvement in the pricing versus Q3?

Abhishek Agrawal: Yes. Pricing will not be a substantial difference, but the volumes of sales in Q4 will be much higher compared to Q3. Substantial difference will be there.

Moderator: The next question is from the line of Suraj Khan from SKP Securities.

Suraj Khan: My first question was for the pellet plant. So we actually sell high-quality SE content pellets. So it uses less of coking coal. Now that prices of coking coal has gone down, how do you see this thing because the coal prices are -- high-quality pellets are more in demand as it saves cost on coal. So was that the reason why our pellet sales have gone down apart from the new plants that have been set up?

Abhishek Agrawal: So, I'll tell you, for Godawari, the pellet sale has been in the domestic market, where 90%, 95% buyers are of coal-based GRI. We hardly sell pellets to any blast furnace. We do get orders here and there, probably once in a couple of months by a blast furnace. For example, currently, we are giving order for JSPL, for the blast furnace.

So the pellet pricing for Godawari is totally based on the domestic market, which is coal-based GRI, and there is substantial demand because our pellets are low alumina and low force for which we continue to drive the same premium as before. The only reason the sales were down, so you can see an impact on the numbers. When the sales are up, you'll see -- you won't see a difference in the numbers.

Suraj Khan: Sir, my second question is regarding the expected capacity utilization after the new plant is set up. So what is the guidance for FY '26 and FY '27 for this pellet plant?

Abhishek Agrawal: See, for FY '26, we'll continue to produce about 2.4 million, 2.5 million from the current capacity, and you can see additional 0.5 million or 0.6 million from the new plant. So about 3 million, 3.2 million of pellets we can assume in FY '26. By FY '27, we will produce a full capacity of, say, 4 million, 4.5 million tons of pellets.

Suraj Khan: And sir, my follow-up question will be regarding the margins of each product. We are selling 5 products. So how much margins are we realizing from each product, like, for example, pellets, HB wires and its kinds?

Abhishek Agrawal: See pellet everything in market where everything is stable, we do about roughly -- so our pellet cost is about INR6,000 per ton and the average selling price is about INR10,000. So we make a margin of about INR4,000 on pellets on ex plant basis. And we sell finished, which is wire rod and HB wire. So if you see from sponge because sponge is captive. So from sponge to a finished sale and with all the infra and the power cost, we make about INR5 to INR7 there. So INR4 from pellets plus additional INR5 to INR7 from the steel capacity.

Suraj Khan: And one more question was regarding who are the top 3 players whom GPL sell pellets? And what is their percentage?

Abhishek Agrawal: The top 3 buyers for GPL. So Prakash Industry, which is in has been a big buyer, plus there are a couple of local guys. One is a group called Real Ispat Group is a big buyer and another group called Kanukripa. So all the domestic players which are the major buyers of Godawari pellets on a long-term basis.

Moderator: We have our next question from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: Sir, my first question to check the new pellet plant is we are increasing from 2.7 to 4.7?

Abhishek Agrawal: Right, correct.

Rakesh Roy: And you are saying for FY '26, you will do for 2.7, 2.4, 2.5...

Abhishek Agrawal: What I told you was -- so current guidance, if you see from last 2 years, about 2.5 million tons of pellet we are doing, right? 2.5 million plus additional, say, about 0.7 million to 0.8 million tons from the new plant because the plant will get commissioned in Q2. It will take about 6 months for stabilization. So you can consider 40% capacity. So FY '26, we'll do about 3 million to 3.25 million tons of pellet. But FY '27, we should do about 4.5 million tons of pellets.

Rakesh Roy: So for new pellet ton we have tied with GAIL. It is totally gas operating now?

Abhishek Agrawal: So yes, we have done an MOU with GAIL. So currently, we use producer gas as a fuel for pellet plant. For the new pellet plant, we will switch to natural gas. And depending on the commercials and how the plant performs, given the situation, we might convert the entire on the 3 pellet plants to natural gas. It depends on the scenario going forward.

Rakesh Roy: Sir. If we use gas, definitely, our margin will improve. How much margin we are looking for improvement in margins?

Abhishek Agrawal: No. See, to be honest, natural gas for India, especially for where our plant is, will never be cheap because natural gas is imported in India, then there is logistics cost. So commercially, there will not be any benefit by switching from coal gas to natural gas.

The only reason is going forward with so much of capacity, if we have to export. So we're looking at -- if you look at the Europe market, the CBAM will be in place from January '26, right? In all those scenarios, we want to start natural gas. And in longer term, probably we'll see if there is saving or there is no saving. We want to keep options open.

Moderator: We have our next participant from the -- we have next question from the line of Yogansh Jeswani from Mittal Analytics.

Yogansh Jeswani: So Abhishek, sir, can you also share how much was our contribution from the high-value export that we used to do? And how will that shape up given the entire scenario that you have discussed so far in terms of new capacity coming in and we're also coming up with the beneficiation plant and bigger pellet capacity?

Abhishek Agrawal: See, currently, our high-grade production is about 65%, 35% is the high grade, right? And the new capacity, which will be coming up will be totally high grade. So going forward, our high grade will be close to about 80% and 20% will be the commercial grade, which is in the domestic market.

We are open with options of selling high grade in the domestic market if there is a demand -- if there's no demand, we're also open to doing exports, probably supplying to big players like the blast furnace like JSPL, Tata if there is a demand in the market. So the options are open. The quality is there. We deserve a certain premium. So depending on the situation, we will keep selling it there.

To be honest -- we really can be fixed about we have to export and we don't have to export. Depending on the focus of the companies to realize the maximum value of every ton of pellet we sell.

Moderator: We have our next question from the line of Manav Gogia from Yes Securities Limited.

Manav Gogia: So one question I wanted to ask was on the maintenance shutdown that we did for Q2 for the pellet plant. Were there more days during Q3 as well where we did some shutdowns were in place?

Abhishek Agrawal: See I'll tell you what happens. So there is a big annual shutdown, which we usually take during the monsoon. And then there might be small shutdowns of 3 days, 4 days for certain maintenance. So that's a part and parcel of the business. But eventually, it doesn't impact the year volume. So if you see our guidance for this year, and we are on track, and we will be able to achieve that.

Manav Gogia: Sure. Got it. And the annual shutdown...

Abhishek Agrawal: You need to get one big shutdown, annual shutdown and then there are probably a couple of small shutdowns of 4 to 5 days only, just to keep the plant running at full capacity.

Manav Gogia: Got it. And sir, what would be the duration of the full shutdown that like the big one that you take on an annual basis?

Abhishek Agrawal: See, it's about 30 days, 25 to 30 days.

Moderator: We have our next question from the line of Siddharth Gadekar from Equirus Securities.

Siddharth Gadekar: Sir, just one question on the external pellet purchases. How much have we purchased this year in 9 months? And what would be the full year's purchases?

Abhishek Agrawal: You mean fines because you mentioned pellets.

Siddharth Gadekar: Yes.

Abhishek Agrawal: Okay. So see, roughly, our current mines capacity gives us about 70%, 75% of the requirement. So we purchased about 50,000 tons of iron ore from the market, 50,000. So about 6 lakh tons annually we purchase from the market currently.

Siddharth Gadekar: Sir, and going ahead into FY '26 from the mine start, this will go to 0, right?

Abhishek Agrawal: Sorry?

Siddharth Gadekar: Once our mines start the expansion comes in, this will go to 0, right?

Abhishek Agrawal: 100%, yes. So once the mining capacity is full capacity, so our current requirement, which is buying from the market plus the additional requirement, everything will become captive.

Moderator: We have our next question from the line of Divya Agarwal from Ficom Family Office.

Divya Agarwal: So just wanted to know what's the yield rate that you get on the beneficiation plant?

Abhishek Agrawal: Okay. So on the BMQ side because it's low grade, we do about 50%. And on the plant side, so the yield is about 80%, 85% on an annual basis.

Divya Agarwal: You mean BHQ, you do BHQ as well?

Abhishek Agrawal: So BMQ is about 50% and iron ore, which is about high grade, 60-61. From that, we get about 80%, 85% on an annual basis. To maintain the pellet quality.

Moderator: We have our next question from the line of Chirag, an individual investor.

Chirag: Sir, can you provide a brief overview of the entire production process at GPIL starting from iron ore to pellet production, moving downstream to sponge iron and pellet. How does the integrated operation function?

Abhishek Agrawal: So basically, it's mining, then pellets, pellets affect to the DRI for making sponge iron, sponge iron now effect to the steel making, which is in furnaces along with a little bit of scrap. And then billets are being hot charged to the rolling mill for making wire rods and structures, which we recently commissioned and wire rods are further rolled into cold rolled into HB wires. So basically, we sell wire rod and we sell HB as a finished product. And pellet because we have additional capacity. So that is the entire process. That, of course, the captive power.

Chirag: Yes. Regarding the 0.5 million ton integrated steel plant, what specific products are produced within this capacity? If you consider the combined production of MS round, iron HB wire, the total exceeds 1 million tons.

Abhishek Agrawal: No. So see, currently, our steel capacity is about 0.5 million tons of crude steel, which is billets. So 0.5 million, about 0.2 million- 0.25 million is wire rods and about 0.2 million- 0.25 million will be structures. The new mill which is commissioned in RR ISPAT, right? So going forward, once the RR ISPAT mill gets fully operational to at full capacity, so billets, so 50% will be structured and 50% will be wire rods as finished products.

Moderator: Ladies and gentlemen, due to time constraint, that would be the last question for today. And I now hand the conference over to the management for closing comments. Over to you, sir.

Sanjay Bothra: Thank you. We would like to express our heartfelt appreciation for joining us on this conference call, and we are confident that we have adequately addressed all your inquiries. Should you have any further questions or need additional information, please feel free to reach out to our Investor Relations team at Go India Advisors. Once again, we sincerely thank you all for your active participation and unyielding support. Thank you. Thank you very much.

Abhishek Agrawal: Thank you.

Moderator: Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.