



# HIRA

**GODAWARI POWER & ISPAT**



REF: GPIL/NSE&BSE/2024/5579

Date: 14.08.2024

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 8<sup>th</sup> August, 2024 regarding Q1 & FY25 Results.**

This has reference to conference call held on 8<sup>th</sup> August, 2024 to discuss the results and performance of Q1 & FY25 for Analyst/Institutional Investors/Fund House/Investors etc.

Please find attached herewith the Transcript of Conference Call held on 8<sup>th</sup> August, 2024.

The aforesaid information is also being hosted on the website of the company viz., [www.godawaripowerispat.com](http://www.godawaripowerispat.com).

Thanking you,

Yours faithfully,

For **Godawari Power And Ispat Limited**

**Y.C. Rao**  
Company Secretary

Encl : As Above



**Godawari Power & Ispat Limited**

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

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# “Godawari Power & ISPAT Limited Q1 FY25 Earnings Conference Call”

**August 08, 2024**



**MANAGEMENT:** **MR. ABHISHEK AGRAWAL – EXECUTIVE DIRECTOR,  
GODAWARI POWER & ISPAT LIMITED**  
**MR. DINESH GANDHI – EXECUTIVE DIRECTOR,  
GODAWARI POWER & ISPAT LIMITED**  
**MR. SANJAY BOTHRA - CFO, GODAWARI POWER &  
ISPAT LIMITED**

**MODERATOR:** **MR. AMIT LAHOTI – EMKAY GLOBAL FINANCIAL  
SERVICES**



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**Moderator:** Ladies and gentlemen, good day and welcome to Godawari Power & ISPAT Limited Q1F525 Earnings Conference Call hosted by Emkay Global Financial Services.

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 “\*” then “0” 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 Financial Services. Thank you and over to you, sir.

**Amit Lahoti:** Thank you, Aditya. Good afternoon, everyone. Welcome to Q1 FY25 Conference Call of Godawari Power. From the Management side, we have with us today, Mr. Abhishek Agrawal - Executive Director, Mr. Dinesh Gandhi - Executive Director and Mr. Sanjay Bothra - CFO.

I will now hand over the call to the Management for the “Opening Remarks”. Over to you, Mr. Gandhi.

**Dinesh Gandhi:** Thank you, Amit. Good afternoon, everyone. I welcome you all to the Earnings Conference Call of Godawari Power & Ispat Limited to discuss Q1 FY25 Earning Results.

Our Financial Results, Press Release and Earnings Presentation is available on the Website of the Stock Exchanges as well as the Company. I believe you had a chance to review the same. I will take you through the results post which we will have a question & answer session.

I am delighted to announce that GPIL has delivered strong performance in Q1 FY25, marking great beginning to the new financial year as we celebrate 25th year of our journey. The profitability increased significantly mainly due to cost reduction benefit on account of debottlenecking CAPEX done in earlier years and commissioning of our sponge iron ore, steel billet capacities etc.

Coming on the Operational Performance for Q1 FY25:

I am delighted to share that the Company is on track to achieve the volume guidance given at the beginning of the year. The achievement of production volume is available in our presentation. Production volume across division were higher on Y-o-Y basis, captive iron ore production was higher by 3% Y-o-Y, lower 9% quarter-on-quarter. Production volume of iron ore pellet was higher by 24% Y-o-Y, 3% quarter-on-quarter.

Blended production volume of iron and steel production was higher by 5%, decreased 4% quarter-on-quarter. Captive power generation increased by 52% Y-o-Y whereas the same



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increased 11% quarter-on-quarter. In view of the increased production volume, our sales volume numbers were higher across divisions.

Sale of pellet increased by 49% Y-o-Y, 9% lower quarter-on-quarter. Sale of other iron ore and steel products were higher by 4%, steel 9% quarter-on-quarter. The realization of iron ore pellet increased by 3% and 4% respectively on Y-o-Y and quarter-on-quarter basis to Rs. 10,500 a ton. Realization for finished steel products decreased in the range of 5% to 6% on Y-o-Y and increased 7% to 8% quarter-on-quarter basis.

Coming on the Consolidated Financial Performance:

Revenue from operations, net of the trading sale increased by 12% to Rs. 1,342 crores on Y-o-Y basis due to increased production volume and realization of pellet.

Quarter-on-quarter revenue declined due to reduced sales volume resulting from plant maintenance and shutdown of steel melting shop and MS rounds. EBITDA increased by 33% Y-o-Y and 24% quarter-on-quarter basis to Rs. 408 crore. This is primarily due to higher volumes as well as cost savings and operating leverage on account of debottlenecking done by the Company in the last two years.

EBITDA margin increased significantly to 30% as compared to 23% in Q1 FY24. PAT increased 24% and 35% Y-o-Y and quarter-on-quarter to Rs. 287 **crores**. GPIL had a healthy balance sheet with net balance as on 30th June was Rs. 1,261 crores.

Update on the CAPEX Plan and other Strategic Matters:

As you are all aware the Company has taken ambitious growth plans by nearly doubling the iron ore mining and pellet capacity and setting up an integrated steel plant with 4x current capacity. In this regard, I would like to update that increase in the mining capacity from 2.35 to 6 million tons, setting up the 6 million ton beneficiation plant. Basically, approvals are expected to be placed by December 2024. The project of increasing pellet capacity from 2.7 to 4.7 is running on schedule and same is expected to be commissioned by June 2026. The Company has received permission to stabilize for additional pellet capacity along with associated facilities.

As regarding integrated steel plant of 2 million ton capacity, the public hearing for the same has been completed as reported earlier. Environment impact assessment study is now finalized and being filed with MOEF for final presentation. The process is expected to be completed by December '24. After receipt of environmental approval, consent to set up the steel state pollution authorities, the implementation shall start after the mining lease for the project land is executed with the state government authorities. The project will take about 36 months from the ground breaking ceremony.



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I am happy to announce that modification of Rolling Mill for manufacture of its structural steel has been completed and production of structural steel has started. The structural steel will be partially used for captive manufacturing of galvanized fabricated products for supply to various agencies like Indian Railway, Power, Discom, etc., for which Company has applied to these agencies for approval as the approved vendor for this supply of galvanized product made by the captive rolling mill as well as the steel billets from GPIL existing manufacturing facility. This rolling mill unit is already registered with Indian Railways and other authorities for supply of galvanizing. We were earlier procuring these structural skill from the market and supplying it, now with our captive steel billet as well as the old product, it will be supplied which will be substantially cost and value accretive.

The Strip Mill, we are also commissioning Strip Mill along with this Rolling Mill with a separate line and that is expected to be commissioned by September. After that, our ERW pipes will be sourced the strips from the captive unit.

Coming on the update on Solar Projects:

20 MW captive solar power plant for meeting the power requirement of the Rolling Mill and Fabrication Division has been completed and synchronized. Further, GPIL has planned to set up an additional 70 MW solar power project to meet the power requirement of the upcoming pellet plant, which we expect to commission by Q1 FY26, coinciding with the commissioning of pellet plant. For this project, the Company is in the process of acquiring land for the same.

GPIL has been working towards the Net Zero Carbon Emission, has now let down a clear target of becoming Net-Zero emission by 2015. Last two years, the Company is focusing on maintaining the increased power requirement through capital solar project, which has resulted in carbon reduction from 2.75 tons CO<sub>2</sub> per ton of steel in FY22 to 2.43 ton in Q1 FY25.

Further, the Company is initiating wages energy efficient key and decarbonization projects like focus on energy efficient and R&D projects to cut on CO<sub>2</sub> emission by 9% by switching the fuel in the new pellet plant from coal gas to natural gas and also utilizing the waste gases of pellet plant and other units to generate additional power.

The Board has approved an investment of Rs. 75 crores for this energy efficiency project which will generate an additional power of 11 MW without requiring any additional fuel. The project expected payback for this project is about 2 years, with cost saving of Rs. 38 crores per annum and this is expected to result in additional carbon reduction intensity by 2,59,415 tons.

As a part of the group simplification structure, the Company has further increased its stake in Alok Ferro Alloys from 78% to 88.34%. This is direct effect and 97.62% along with this thing held through Hira Ferro Alloys Limited.



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GPIL has always attempted to reward its shareholders through consistent dividend payment, buyback bonus, split of shares, etc. Following the same thought process, the Company has recently completed the buyback of 21.5 lakh shares at a price of Rs. 1,400 per share in July 24. The Board has further approved a special dividend of 25% on face value of Rs. 5 each on the occasion of 25th Anniversary of GPIL will falls on 21st of September 2024. The Board has further approved the split of equity share from face value of Rs. 5 to Re. 1 each.

Coming on the market outlook:

On international front, global iron ore prices have dropped to around \$100 per ton from high of \$143 in 2024 January. Property sector in China continues to weigh on the steel sector and sentiment. However, based on the industry reports, the borne iron ore market remains in deficit for FY25 and should help stabilize the prices around current level. World Steel Association is forecasting steel demand to grow by 1.7% to 1,793 million tons in 2024 and another 1.2% to 1,815 million tons in 2025, despite China's steel demand plateauing. Iron ore supply is largely stable in 2025, Rio Tinto's project in Guinea is expected to start in December '25, depending on its ramp up. Some surplus can happen in 2026.

On domestic front:

Iron ore prices NMDC Fe 64 have seen a significant increase to \$4,610, Rs. 10 per ton from 3,616 January 23. The NMDC has reduced the prices yesterday. The prices have recovered well from the low steel cost imposition of export duty. On the other hand, pellet prices touched high of 11,000 during the year, in June 2004 has dropped currently to around 9,000 ton mirroring the global prices. India remains one of the brightest spot globally for steel demand, WSA forecast India steel demand to increase by 8.2% in 24 and 25 to 144 million ton and 156 million ton respectively.

WSA predicts India's steel industry will experience significant expansion, propelled by sustained growth across all sectors reliant on steel industry, particularly governed by robust infrastructure investment. The current falling domestic steel prices in the recent past are mirroring the impact of increased import from China and heavy monsoon impacting the construction activities.

To conclude:

I explained my heartfelt thanks to all employees, regulatory authorities, stakeholders, for the unwavering support throughout the journey of our Company for 25 years. I am also grateful to all the shareholders and the investor's community for their continued support ever since the listing of the Company in 2006. We look forward to ongoing support from all our stakeholders, coupled with our experience, promoters, management team and solid balance sheet,



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operational efficiencies, advantage of captive iron ore mines and ambitious capital requires for significant growth in years to come.

With this, I conclude my opening remark. We can now open the floor for question and answer. Thank you very much. Thank you all.

**Moderator:** Thank you very much. We will now begin the question and answer session. Our first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

**Amit Dixit:** I have two questions. The first one is essentially on the integrated steel plant and the proposed capacity expansion of 2 million tons, now in the past as well, at least, if I recall correctly, 4 years back, we had a similar endeavor to expand, I think at that point time it was 3 million tons capacity and now this is integrated steel plant that we are talking about. So, just wanted to understand the final product configuration of this, what kind of products are you targeting for all sectors?

**Abhishek Agrawal:** See on the final product side currently, so we are very much looking at flat products, which is HR coil. Since we are already into long products, we have no intention of getting to long products. So, we are focusing on flat product for the new steel plant of 2 million.

**Amit Dixit:** So, will these be narrow coils or your typical?

**Abhishek Agrawal:** No, this will be narrow coils. So, we will be able to, so what we are targeting is we should be able to produce right from 1 mm thickness and the bit should be 1250 above, so up to say. 1550-1650. So, its entire range from narrow as well as to wider ones.

**Amit Dixit:** And in this present configuration that you have thought about, you are stopping at narrow coil, there is no intent to go into at this point?

**Abhishek Agrawal:** No, there is no narrow coil thought. We are focusing on the ridership which is used for all the applications, automobile and piping, everything else.

**Amit Dixit:** And do we also want to go further downstream by putting cold rolled coil, let us say at some point in time or?

**Abhishek Agrawal:** Yes, of course, in the current environment, permission which have live, so we have included the downward stream as well, which is the cold roll and further processing. But at this stage, we will stop at making HRC and going forward we will start making in downwards technologies. That is all I get.

**Amit Dixit:** Typically blast furnace route.



**Abhishek Agrawal:** See at the moment, because of economics of the location and since natural gas is imported into India, so gas with DRI commercially becomes quite challenging to achieve the desired numbers. So, at the moment it is only blast furnace, but of course, we will be straightly working with other industries to see how we can replace scope with other technologies going forward.

**Amit Dixit:** The second question is on galvanized fabricated product, pretty interesting product if I look at it, but the sales volume we have seen that it declined Y-o-Y and Q-o-Q and then we also saw that among all your product Q-o-Q realization for this product also declined, though it is a premium product, so just wanted to understand that whether it was only because of elections or there is some other thing that is also happening?

**Abhishek Agrawal:** There were 2-3 factors for the low volume. One was of course, the state election and right next level center election. So, that was one part of it. But apart from that, a small thing is happening. There was a fire incident in one of the plant because of which entire one line was down, luckily there was no harm, but still it took time to come back to online. So, that is another reason, there was a small incident and third was since we are still buying billets from the market and acting more as the conversion agent, now with this commissioning of mill, the margins will go up substantially and that will also help to increase the volumes. So, there are 2-3 factors for us volume to go down this quarter.

**Moderator:** Thank you. Our next question is from the line of Vikas Singh from Phillip Capital. Please go ahead.

**Vikas Singh:** Sir, my first question pertains to the operating performance while the volume and realization was down our operating performance has improved largely on the other expenditures. So, what are the items which are different from the previous on a Q-o-Q basis?

**Dinesh Gandhi:** It is mainly on the power cost because we commissioned our power generation is higher by 52% and the solar capacity which is commissioned in the last year, new turbine, everything is adding to the operating efficiency.

**Abhishek Agrawal:** There is one more thing which is adding to that difference in the operating cost is so last quarter, there was a decent amount of volume of export of pellets out of India. So, the way accounting method, so in case of exports, so the evaluation comes at the selling price, but the entire cost to deliver to that port comes in the operating cost. So, that is why there is a difference also in the operating cost of this quarter compared to last quarter because this quarter there were no export volumes of pellet.

**Vikas Singh:** So, even considering that, we should assume that the larger part of the operating cost decline would be sustainable because majority of it came from the power side and only few from the?





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**Abhishek Agrawal:** Yes, definitely. So, going forward with the current coal dynamics and with completion of our backup project in terms of power, we think we can maintain this opening cost going forward as well.

**Vikas Singh:** Sir, my second question pertains to our growth CAPEX, if I just look at this slide 9 of your presentation, our crushing and beneficiation plant was supposed to take 15 months from their environmental clearance while our pellet and iron ore mining probably would come earlier. So, is that we can assume that for the pellet we would support pellet from the outside iron ore sales or alternatively, look at it as high-grade pellet sales would decline for few quarters significantly. How should we look at it?

**Abhishek Agrawal:** No, I think so that there is probably confusion understanding, so my current mining plus my expansion and the beneficiation in the mine and my pellet plant, all this will come into operations partially in sync with each other because the benefit that we are putting up in the mine is mainly for benefiting the BMQ, which is the low quality iron ore. But apart from that we will be able to raise the production, our iron ore grade which is high grade. So, that will keep applying to my pellet plant. So, everything goes well, we are confident we will not be in a position to buy iron ore from the market next, which is for FY26.

**Vikas Singh:** Currently, we are buying that....

**Abhishek Agrawal:** Currently, since we have shut down one of our mines last year, we are currently buying about 20%-25% of the requirement from the market.

**Vikas Singh:** And sir, my third question pertains to our JV, if you look at that where we have 3 JV shareholding between 30%-33%, so does JV has the option for us to buy out our stake in those JV in future point of time or we would something similar to what we have done 2 years back in the consolidation of the group. So, just wanted to understand, is there an option for us to buy out those JV's and who are the partners there?

**Dinesh Gandhi:** Vikas, I think you are talking about Raipur Infrastructure and Chhattisgarh Captive Coal Minding?

**Vikas Singh:** Yes.

**Dinesh Gandhi:** Now, Raipur Infrastructure, there are three partners, Sada Energy, Godawari Power and there is a Company called Vanda Global. We are in the process of winding up this Company or distributing whatever surplus funds are there. This JV is not operating, it is nonoperational company, and we are in process of winding it up. In regard to Chhattisgarh Captive Coal Mining, a similar process is being updated, except that in the anticipation of recovery of some money we are holding on to this Company. Otherwise, this is also non-operating Company. And Chhattisgarh Ispat Bhumi is a non-profit organization. This is a JV between the operating industrial area Siltara Industrial area and government of Chhattisgarh and it is a non-profit



organization. It is for the management of the industrial area. So, all these companies are not contributing anything to profitability or revenues etc., so two will get one, so one will continue to stay the way it is there.

**Vikas Singh:** Sir, just one last question. I am slightly surprised with the kind of the realization fall basically, which we have experienced because couple of our peers has seen the realization gain on the sequential basis. So, just wanted to understand that, is there any timing difference what we are experiencing right now, because some of the quantity probably was pre-booked and we couldn't enjoy the higher prices we had during April-May or something else is there? And secondly, how should we look at the realization in 2Q and the cost of production in 2Q?

**Dinesh Gandhi:** So, Vikas, you are talking about quarter-on-quarter realization or year-on-year?

**Vikas Singh:** Yes, sir. 4Q versus 1Q, so 1Q realization for sponge everything was 5% down. But if I just look at the steel prices of the rebar or couple of your peer group who operates in the similar visionary, they have shown Q-o-Q realization improvement. So, that was a surprise that why it hasn't flown to us?

**Dinesh Gandhi:** See, especially in steel billets and MS Rounds, there is production volume degrowth and maybe it was a falling trend, so this differences would be because of the timing of the production fault as maintenance shutdown. It could be one because this Q-o-Q realization across division is higher except galvanized fabricated product. Iron ore pellet in Q-o-Q 4%, sponge iron ore 7%, steel billet 7%, MS Round 7%, Y-o-Y number you are referring to?

**Vikas Singh:** No, I am referring to the quarter-on-quarter number, 4Q versus 1Q, we had on an average 4% to 5% fall in the realization.

**Dinesh Gandhi:** This is Y-o-Y, not quarter-on-quarter. We will send investor presentation again and we can discuss offline also if we can.

**Vikas Singh:** And how should we look at the realization, spot basis versus and cost spot basis versus what we have experienced in the 1Q FY25?

**Abhishek Agrawal:** Definitely, end of Q1 we will see down the line the Imported coal prices for DRI will be same in Q2 as compared to Q1. We can expect no Q1 realization continue to change.

**Moderator:** Thank you. Our next question is from the line of Aditya Welekar from Axis Securities. Please go ahead.

**Aditya Welekar:** Sir, my question is on the iron ore mining expansion side, as you said that we are expecting an approval from December 24. So, how much ramp up do you expect in Q4? And any color if you want to put on FY26, usually how much time it takes to ramp up that mine?



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**Abhishek Agrawal:** If a guidance, we have given 3 million basis, we have assumed there will be some production of additional capacity in Q4 of this financial year because the current mining capacity is 2.35-2.4. So, we expect we should be able to achieve 3 million if that was in place by the end of Q3. And from FY26, we should be able to ramp up the capacity at a much faster speed and coincide with our requirement of the pellet plant.

**Aditya Welekar:** And just one follow up on the cold rolling and further downstream assets for your steel plant of 2 million tons. So, our current CAPEX of Rs. 6,000 crores, does it include CRM or it is on your...

**Abhishek Agrawal:** No, as I mentioned that hot roll coil, there will be no downstream products in the 1st Phase, and we will have through in the same permissions but going forward we will start making downstream product as well but in the 1st Phase we are not going make downstream products. It will take some time.

**Aditya Welekar:** And last question is, if you are seeing the weakness in international iron ore prices and currently, they are hovering near \$100 per ton and there were reports that Simandou iron ore mine is also expected to come in future which will increase the supply of iron ore in global markets. So, from that perspective, how do you see the pellet prices which for our pellet prices, especially the price range for future?

**Abhishek Agrawal:** When it comes to Godawari per se, so already past few months there has some difference between, the domestic pricing for Godawari and export market for Godawari because of the existing steel capacity or the additional capacity which people are building in Chhattisgarh. There has been no addition of backward integration in terms of pellet supply or additional iron ore. The sources will be the same, which is NMDC, ONGC and the pellet makers. So, we feel there will be a shortage of iron ore in this area, the pellet prices will be on the higher side irrespective of the international market. For today example also there is a delta of \$20 more by selling domestic compared to the national market. So, we have not in the national market at all from last three months and going forward, we don't think so we will be in a position to even think of export. Domestic is quite strong right now in terms of iron ore.

**Moderator:** Thank you. Our next question is from the line of Jatin from Swan Investments. Please go ahead.

**Jatin:** Sir, just wanted to understand the key reason behind the sequential decline in the overall production volume, because once and you in the opening remarks, you indicated is because of the debottlenecking, the sponge and the billet, there was a benefit during the quarter. But if you look on the overall volume, we had seen a decline. So, what was the reason behind that?

**Abhishek Agrawal:** The reason was we planned an annual shut down for the entire year basis Monsoon and depending on the requirement because we need to shut down a few units so Quarter 1 for us



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where the plant is shut for 20 days in Q1 FY25 but everything is up and running should be increase in Q2 FY25.

**Jatin:** Sir, in terms of the operating efficiencies, the benefit of the power that we have seen in the last quarter that will now continue for the remaining part of the year?

**Abhishek Agrawal:** Definitely.

**Jatin:** And sir last question, we have seen the delays in getting approval and as per the latest update, we expect the mining approval and integrated plan approval to receive by December '24. So, is there any further requirement by the Center or by the States in terms of giving the approval that can be expected because both the approval?

**Abhishek Agrawal:** It takes it so long as if we go to MOEF and then to EC from there and it will be taken by the state board. So, the subsidiary side, so many players and due to last month, there was election so getting slightly delayed, but which is we really can't. We are trying our best to move as fast as possible. So, we confidently as committed by Q3, we should have the approvals in place.

**Moderator:** Thank you. Our next question is from the line of Manav from Yes Securities Limited. Please go ahead.

**Manav:** Sir, one question I wanted to know, would you be able to quantify the average imported coal cost per ton for the quarter?

**Abhishek Agrawal:** You mean Q1?

**Manav:** Yes, Q1.

**Abhishek Agrawal:** So, you want per ton of DRI cost, or you want the landing cost of raw material?

**Manav:** From a landed point of view?

**Abhishek Agrawal:** Landed point of view, our average cost in Q1 was about Rs. 11,500.

**Manav:** And how is it shaping up in Q2 right now?

**Abhishek Agrawal:** Q2 is more or less same because we do a lot of planning in terms of, we maintain an inventory of two months. Q2 looks on the similar level, there might be slight change in Q3 with the current international market but demand is weak. So, we are confident the market should pull back, but Q1 and Q2 are on the similar level.



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- Manav:** And sir, one question on the realization for me and I don't know if I have missed this, so what sort of corrections are we seeing in terms of billet pricing and long product pricing as of now during the monsoon?
- Abhishek Agrawal:** See as of now as of on 8th of August, so prices are down by almost 10% compared to last quarter. So, on absolute number there is about 44,500, billet is about 39,000 mark-to-market. So, there is a correction of almost 10%.
- Moderator:** Thank you. Our next question is from the line of Chirag from New Asset Management. Please go ahead.
- Chirag:** So, wanted to understand that traditionally you have been downstream producers. So, what was the real incentive for you to diversify to plants and how do you plan to compete with the biggies in the flat steel production and what could be the cost of production for HR coils?
- Abhishek Agrawal:** See, the reason for diversifying was the steel, in the long market, there is a huge supply from the secondary market as well, right people will need wire rods for their end use. So, secondary market is quite big in India, which almost 40% of entire steel production and that market is growing, but the secondary steel market cannot venture in, cannot make a flat product quality material. So, that is the reason to diversify to flat product to move away from the completion and feel the demand because of the automobile and with infrastructure growth. We thought getting to flat is much beneficial compared to a long product and if also see the price trend in last 4 years since COVID, so flat is almost Rs. 4-Rs. 5 higher in terms of realization compared to a long product of tiny players only. TMT is 50,000 and HR coil is of Rs. 55,000. So, that is also one of the reason we won't venture into flat product.
- Chirag:** How much is the cost of production for HR coil?
- Abhishek Agrawal:** See, the operating cost is about Rs. 2,500, between Rs. 2,000 and Rs. 2,500. But of course depending on other raw material, it is difficult to decide but your operating cost is only about \$30.
- Chirag:** And since you are setting up blocks on this, then going forward there are lots of issues coming up with respect to the pollutions coming from the blast furnace and all, do you plan and have plans to go towards electric arc furnace or will you still stick with the blast furnace?
- Abhishek Agrawal:** See, it is very difficult to comment. Right now, we want to hedge the iron ore of mining in pellets, we don't want to be only pellet player. It is better to hedge your iron ore belt. So, you want to iron ore premium the value we have and make value-added products. So, that is the reason and because of imported natural gas, currently the blast furnace would be viable commercially, importing gas and making steels through DRI route, it is quite expensive at the moment because of import of natural gas into India. So, we see the Middle East for reason, Middle East has cheap gas, but they don't have iron ore, so they import iron ore, but they have



their own gas. So, it is all about location dynamics. So, currently, we will proceed with the blast furnace only and finally we will explore with other industries in terms of carbon capture and other things that is available all over the world.

**Moderator:** Thank you. Our next question is from the line of Chirag Singhal from First Water Fund. Please go ahead.

**Chirag Singhal:** What is the asset turn for the integrated scale plan based on the normalized NSF?

**Dinesh Gandhi:** I will take up. You are asking about the asset turnover. If we set up 2 million ton capacity and just for example take a selling price of Rs. 50,000 a ton, it comes to about Rs. 10,000 crores turnover and CAPEX is Rs. 6,000 based on our estimate, so it is more than 1.3-1.4 times.

**Chirag Singhal:** And is it expected to come phase wise or this entire capacity of 2 million tons will be online by end of FY28?

**Abhishek Agrawal:** No, everything is going to come together because integrated steel capacity, so everything will be coming up together.

**Chirag Singhal:** And just one more thing on coal consumption cost, so what was the coal consumption cost per ton in Q1 and what is the trend in the current quarter?

**Abhishek Agrawal:** Coal consumption in terms of pricing or in terms of specific consumption?

**Chirag Singhal:** No, in terms of the consumption cost for your Company?

**Abhishek Agrawal:** So, my coal cost as I mentioned earlier, the coal prices is domestically drastically reduced from second-half of Q1 and continues to so I feel our coal cost will be slightly lower compared to Q1 because they are imported coal cost almost remain the same, flat. So, we can see a slight reduction in the coal cost for Q2.

**Chirag Singhal:** Can you quantify like how much would that be?

**Abhishek Agrawal:** Monthly, we consume about 90,000 to 1 lakhs on monthly basis in units. So, 50% is in imported coal which will remain flat and the other 50% is domestic, there will be a reduction in that cost.

**Moderator:** Thank you. Our next question is from the line of Chintan Patel from Abans Investment Managers. Please go ahead.

**Chintan Patel:** Sir, currently we have a captive power plant around 236 MW which can save up to Rs. 200 crores power cost and we are adding another 70 MW on a solar side and 10-11 MW on waste gas side. So, put all together or what would be cost save on a power side?



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- Abhishek Agrawal:** Currently, so there is a slight different understanding. Our current solar capacity stands at about 145 MW, which is already operational and.
- Dinesh Gandhi:** Now it is 165.
- Abhishek Agrawal:** And another 70 will be in pipeline. So, that will make it 235-240 and on the CAPEX side, we have about 28 MW of biomass, then we have 42 MW of gas base, and the remaining is coal base. So, if you want to know the average power cost till date, today average power cost today everything is about Rs. 3.5 and once the addition of the projects had taken up of 10 MW and for the solar it will further come down going forward.
- Chintan Patel:** So, how much it will come down?
- Abhishek Agrawal:** We expect to be about something about Rs. 3.1 going forward once everything is up and about.
- Moderator:** Thank you. Our next question is from the line of Rakesh Roy from Boring AMC's Omkara Capital. Please go ahead.
- Rakesh Roy:** Sir, my first question is regarding the realization side, sir, our pellet realization increase year-on-year and quarter-on-quarter basis to 3% to 4% so this is due to high grade pellet in this quarter or just any other reason?
- Abhishek Agrawal:** No, see our volume of the types of high grade pellets and the normal pellets remain the same throughout the year. But in Q1, especially since there was an increase in steel prices plus as I mentioned due to a shortage of iron ore in the domestic market, especially in this Chhattisgarh region, the prices were on the upside compared to last quarter and Q2 also it remains on similar levels.
- Rakesh Roy:** And sir, my last question, sir yesterday NMDC has reduced iron ore prices. This will impact on our future realizations in Q2 or Q3?
- Abhishek Agrawal:** It is very difficult to comment because we have an order book of say anything within 30 to 45 days plus I get pellets, I sell at tax premium, so I don't think we see pricing really sets on our pellet pricing. Because we have few customers who really demand our pellet because of the quality we made. So, I think we should be able to achieve the current addition in Q1.
- Moderator:** Thank you. Our next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.
- Pradeep Rawat:** So, we have two mines and one of the mines, Boria Tibu mine is currently non-operational. So, when could we expect commercial production from this facility?



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**Abhishek Agrawal:** See, as we mentioned last time as well we are working on joining the beneficiation plant inside the mines and start the mine eventually because today mining and bringing the quality of work we are getting, it is not commercially viable. So, we are working on the beneficial plant. We have started working on the desired approval. So, fully I think my once the new steel plant which gets commissioned in say FY28 or FY29, whatever, we are trying to coincide that production of that line with that. So, you can send it three years from now on, the mine should be operational with beneficiation.

**Pradeep Rawat:** So, we would be sending raw material from this mine to our steel plant?

**Abhishek Agrawal:** No, exactly, we will be benefiting, we will be making a grade which is technically usable and then we will be transferring to our new steel plant. That is the whole plant. That is the whole idea.

**Pradeep Rawat:** And I have one basic question. So, is there any extra amount of royalty that the miners have to pay if they sell the ore in open market without any value addition?

**Abhishek Agrawal:** See, for miners like companies like us which are mines which were allotted in as per their mining act. So, the MMDR Act policy says captive mine can sell 50% of their iron ore in the market, but then they have to pay an additional royalty of 150%. Basically, it means royalty and royalty which comes to about an additional 150%. So, before today's multi structure, I will have to pay Rs. 1,000 more as a royalty to the government if I want to sell my iron ore in the market.

**Pradeep Rawat:** And I have another basic question. So, I wanted to understand why like Tata Steel and JSW Steels are bidding 100% plus premium for captive mines, so don't they get such kind of rates by procuring iron ore from open market? So, why are they bidding 100% plus premium?

**Abhishek Agrawal:** To be very honest, it is very difficult to really comment, about my peer, what strategy they have in mind, what is the thought process. It won't be right for me to pass any commitment on that because their operation, their strategy. So, it is better if you can probably get in touch with them only, I would not comment on that.

**Moderator:** Thank you. Our next question is from the line of Vaibhav Dubey from BigMint. Please go ahead.

**Vaibhav Dubey:** Sir, I think Godawari produces 2 grades, currently Fe 63 grade pellet and Fe 66 grade pellet. So, may I know the ratio of the production of high grade and low grade and is it viable for exports? Are we considering any chance for the exports?

**Abhishek Agrawal:** So, the ratio is one third, two third, so produce about 33% 63 pellet and remaining is high grade pellets of 66. And in terms of export, no, we are not showing any export opportunity. As





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I have been mentioning again, domestic market is quite strong and we are happy to sell everything domestic because the price is much better compared to export right now.

**Vaibhav Dubey:** Sir, one more question, another as we have witnessed that capacity expansion of pellet plant is under doing, but we are also witnessing the refurbished production guidance has been lower from 2.6 to 2.4, sir any reason behind this lowering the production guidance?

**Abhishek Agrawal:** Yes. So, there is an annual shutdown plant for one or two plants which will take about 50 years of operation that happens every 4-5 years in cycle. So, that is why we have lowered the guidance in this financial year from 2.6 to 2.45.

**Vaibhav Dubey:** And when can we expect this shutdown?

**Abhishek Agrawal:** The shutdown is already undergoing, so it is planned for Q2. Shutdown is already going and the plant will be in operation in next couple of weeks. But the full year guidance remains the same, which is 2.45, yes, we will achieve that.

**Moderator:** Thank you. Our next question is from the line of Aman from Augmenta Asset Managers LLP. Please go ahead.

**Aman:** Sorry for repeating that question. So, can you highlight your strategy on the structural steel, like how big it can be and are we really testing the waters or what is the outlook on the same going forward like what can be the potential of the same? And given that we are coming up with the integrated steel plant, so just wanted a detailed thing on the strategy for the structural steel?

**Abhishek Agrawal:** To be honest, with the kind of capacity which are coming up, especially by the bigger players, which is about Rs. 50-Rs. 40 million by 2030-2035. So, it is kind of scary to probably enter that market, but until we don't have our iron ore mine has 0 premium. So, the only rationale behind going into the investment is to hedge our iron ore belts. We don't want to be exposed to iron ore pellets because a lot of capacities of pellets are also coming from India. For example, Lloyds itself has declared about 12 million tons in next 5 years, so to hedge iron ore belt, we want to make value added and of course there is competition everything going forward as well.

**Dinesh Gandhi:** Question is on the structural steel?

**Aman:** I just wanted to know the strategy about the structural steel, the ruling in which we have modified?

**Abhishek Agrawal:** My apology, I didn't understand the question correctly. So, on the structural steel side, we were already do galvanizing. So, currently we were buying the raw material from the market, delivering it and supplying to railways, tons and towers and all those projects. So, now with the backward integration, by modifying the rolling bill, our EBITDA margins will go up, our



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volumes will go up because our dependency on the raw material side will actually go down plus the rolling with design first, we will be able to produce the desired billets in Godawari itself. So, it is a complete backward to forward integration where right from billets two finished team will be done in the same roof and actually the volume will go up and in that your margins as simple as that.

**Aman:** Just to add on that, prior to this modification of Rolling Mills, we were acquiring the billets from outside, right the desired billets?

**Abhishek Agrawal:** Yes, the desired billets, some were being produced from Godawari, but not the entire requirement. Rest of this we get from the market.

**Aman:** Also Abhishek, can you throw some light on the Ferro Alloy market currently given that the prices are down, the manganese ore prices have increased and there was some disturbance on the Australian mining front, but this might have restored, I feel. So, what is your outlook on the Ferro Alloy market as a whole going forward given that the prices have consolidated around the same level, so how are we looking at the Ferro Alloy thing currently?

**Abhishek Agrawal:** As you mentioned, the mining effect in Australia which happened, three months back Saudi Arabia mine then that still continues and the latest update is the mines will be out of production for the next another six months, so they are looking at the production supplier from end of Q2 or earlier of Q4 of financial year, so that impact is still ongoing. So, the prices are high grade manganese ore which is said to 44 million is on a very higher side. The current index is about \$9, which was 4.5 three months back, so that impact is still there. See, on the finishing side, definitely the domestic market is quite weak because the demand is quite weak. So, there is pressure on the Ferro alloys, but for us, since we are always exposed to some kind of imports of manganese ore, we are in healthy position because of the lower prices which we have at inventory level right now. So, as far as Company, we are in a decent position not as bad as the market, but as a whole industry, the market is quite weak. MOIL has also increased the price of 40% as last option, hopefully should reduce going forward, but market is quite challenging at the moment.

**Aman:** So, even basically because the Ferro Alloy market is basically largely an export market. So, we are trying to say despite the domestic market is weak, the export market is also have consolidated. The prices have consolidated above Rs. 1 lakh term level, right?

**Abhishek Agrawal:** No, the prices are much below than that, so because we are in, we make silico manganese, which is quite a commercial grade. So, the prices are, even the export market is below that which so currently it is not viable to explain export but as the demand is also quite weak.

**Moderator:** Thank you. Our next question is from the line of Manav from Yes Securities Limited. Please go ahead.



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**Manav:** Sir, currently the premium on the high grade pellets is between Rs. 1,000 to Rs. 1,500 a ton. I wanted to know if this number can go up as well if you see strong demand for the high grade pellets from the market?

**Abhishek Agrawal:** Definitely, I would say we have already achieved a band of say between Rs. 1,300 to Rs. 1,500 slowly and slowly and I think the most important part in the pellet is the low cost which is very important element for making steel into secondary route. So, that is getting a lot of attraction in the domestic market. So, people who are looking to make quality steel, they are eventually getting convinced as we have to pay certain premiums if we are going to buy this product. So, slowly and steadily we are there, but the value of product is going up day by day.

**Manav:** Sir, just to follow up on that only once the beneficiation plant comes in that would roughly be an additional cost of, can I assume Rs. 250 to Rs. 300 per ton for beneficiation of the ore?

**Abhishek Agrawal:** So, that is in plant which is putting up is processing capacity of pellet. So, overall, at a volume of say 4.7 million pellet going forward, the cost of beneficiation remains the same for the pellet that would increase.

**Manav:** Sir, one question I had on the HRC plant, so the HRC plant will be targeting the automotive industry if I am correct, right?

**Abhishek Agrawal:** See, it is a binary application, automobile being one of them. So, then there are pipe manufacturers. So, it is a verified application. So, with the kind of quality we are targeting to produce, we won't be confined to a single market. You want to keep it like for every basket.

**Manav:** And sir, just post the pellet plant expansion which is coming in Q1 of FY26 and up till the HRC plant comes online. I just wanted to know what sort of market will GPIL be catering its iron ore pellets? Will it be within the state of Chhattisgarh and what sort of capacity and consumers are coming up over the next year and a half where this market will be opened?

**Abhishek Agrawal:** See Chhattisgarh itself, there will be additional requirement of close to say about Rs. 6 million of iron ore pellet because of additional GRI capacity coming up in Chhattisgarh because we will be producing high grade pellets going forward as well in the new plant. So, we will be able to pin a different market, who are looking for quality sheets. Exports will always be open. Of course, there is an opportunity, we will definitely start exporting again because our pellets are very well accepted in the outside market as well. So, the options are open right now. It is difficult to envisage, one year from now on, but the options are all open.

**Moderator:** Thank you. Our next question is from the line of Aditya Welekar from Axis Securities. Please go ahead.



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**Aditya Welekar:** So, just one color on the recent Supreme Court ruling that the states can levy tax on mineral rights. So, from that perspective, what are your thought processes, can we expect some demands from the state government going forward or how?

**Abhishek Agrawal:** We should be, to be honest, something we never would like to, but we really can't comment because it is a state matter. It is up to the state government, Jharkhand just passed in the assembly to impose Rs. 100 tax on the mine industry. So, we really can't comment. Hopefully, nothing imposes but if there is an imposition, we have to comply.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

**Dinesh Gandhi:** Thank you all participants for joining to the conference call of Godawari Power Ispat Limited. We believe that we have adequately addressed all your queries. Should you have any further questions or need additional information, please feel free to reach out to our Investor Relations Advisors. Once again, we sincerely thank you for your active participation and unwavering support. Thank you. Thank you all. With this, we close this call.

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