# Godawari Power & Isp

20 May 2026

**Operator:** Ladies and gentlemen, good day and welcome to Godawari Power And Ispat Ltd. Q4 and FY26 earnings conference call, hosted by Monarch Networth Capital 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 Sahil Sanghavi from Monarch Networth Capital Limited. Thank you and over to you Sahil.

**Sahil Sanghavi - Monarch Networth Capital Limited:** Sure, thank you Danish. Good afternoon everyone. It is a pleasure to welcome you on behalf of Godawari Power And Ispat Ltd. Please note that today's discussion may include certain forward-looking statements and therefore these must be viewed in conjunction with the risks that the company faces. We are joined today by Mr. Abhishek Agrawal, Executive Director, Mr. Dinesh Gandhi, Executive Director, and Mr. Sanjay Bothra, Chief Financial Officer. May I now invite Mr. Sanjay Bothra to present the company's business outlook and performance after which we will open the floor for Q&A. Thank you and over to you sir.

**Management:** Thank you Sahil. Good afternoon everyone and thank you for joining us on today's call. Our financial results and investor presentation have been uploaded to our website as well as the stock exchanges, and I trust you have had an opportunity to review them. I will now briefly walk you through the key highlights of the results followed by which we will open the floor for a question and answer session.

We are pleased to share that FY26 has been a year marked by several significant milestones and strategic achievements. Despite soft realization, GPIL delivered a good set of numbers with revenue remaining steady and EBITDA and PAT margins strong at 23% and 15% respectively. On the operational front, GPIL delivered a strong performance in FY26, successfully achieving its production targets across key segments. Sponge iron, structural rolled products, and ferro alloys surpassed their targets with production exceeding 100% of planned levels. Meanwhile, mining, pellets, and billets achieved 92%, 95%, and 96% of their targeted production levels respectively.

In FY26, a healthy production ramp-up was seen across iron ore mining, pellet production, and structural rolled products. Q4 witnessed robust year-over-year growth in pellets, sponge iron, and structural rolled products supported by capacity ramp-up and healthy demand. The sales volume in FY26 showed an increasing trend in pellets, sponge iron, galvanized fabricated products, and structural rolled products. In Q4, the growth momentum of sales volume remained strong led by pellets and structural rolled products. Q4 witnessed sequential improvement in realization driven by better pricing momentum across the steel value chain, while FY26 realization remains softer across key products.

Coming to the consolidated financial performance, FY26 revenue remained stable while Q4 FY26 revenue recorded a strong 41% quarter-on-quarter growth supported by a healthy production ramp-up, higher sales volume, and improved realizations. FY26 EBITDA stood stable at 1,253 crores whereas Q4 FY26 EBITDA increased by 38% year-over-year and 91% quarter-on-quarter to 439 crores. FY26 PAT also remained stable at 802 crores with Q4 FY26 PAT rising to 280 crores. Cash

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flow from operating activities improved by 29% to 1,157 crores driven by a strong operational performance and efficient working capital management. GPIL continues to maintain a healthy balance sheet with a cash position of 837 crores.

The standalone performance during FY26 also remained stable and healthy. The standalone PAT growth of 19% represents dividend income from Ardent Steel and exceptional income on the sale of stake in Ardent Steel. However, in the consolidated results, the stake held in Ardent Steel has been de-recognized upon divestment of the stake held in Ardent Steel. Further, dividend income and profit on the sale of stake in Ardent Steel does not form part of consolidated results and therefore consolidated PAT was lower as compared to the standalone PAT.

Coming to the key achievements and strategic updates, I am pleased to share that GPIL received environmental approval and consent to operate from the CECB in February 2026 for the capacity enhancement of the Ari Dongri mines from 2.35 to 6 million tons. The ramping up of the capacities has already begun in a phased manner with full-scale operation targeted from FY28. The iron ore beneficiation plant capacity expansion at the Ari Dongri mines, increasing capacity tenfold to 6 million tons, is targeted for commissioning by Q3 FY27.

GPIL also received consent to operate from CECB for capacity expansion of the sponge iron division from 0.59 million tons to 0.65 million tons, HB wire from 0.1 million tons to 0.115 million tons, and for an additional 7-megawatt waste heat recovery based power plant taking the total waste heat recovery power plant capacity to 49 megawatts. GPIL commissioned its 2 million ton iron ore pellet plant in December 2025, taking total pellet capacity from 2.7 to 4.7 million tons. The plant is India's first to use advanced natural gas based Grate-Kiln technology, marking a shift from conventional carbon intensive processes.

GPIL is progressing on its 0.7 million ton CRM complex project with onsite construction expected to commission by July 2026. Orders for key equipment lines have been placed and advance payments have been released for all major process lines. The project is targeted for commissioning by March 2027. GPIL is setting up a 20-gigawatt BESS project for which soil testing has been completed and construction of the compound wall is currently underway. We have signed long-term agreements with EVE Power for grade one 628 LFP cells and with Shanghai Sineng Energy Technologies for BOS, balance of system supply, securing the project supply chain. The BESS project is expected to commission from March 2027.

The board has approved the setting up of a 1 million ton integrated steel plant for manufacturing structural steel and wire rods. Land acquisition and environmental approval are in place while the consent to establish is awaited. Discussions with equipment suppliers and project engineering are underway with construction expected to begin in October 2026. GPIL is also expanding its captive solar power capacity by over three times, from 165 megawatts to 540 megawatts to support captive consumption across iron ore mines, the additional 2 million ton pellet plant, CRM, and the upcoming integrated steel plant and plant operation. In addition to the current 165 megawatts, the company has commissioned solar power capacity of 25 megawatts yesterday only and an additional 100 megawatts is expected to be commissioned by July 2026.

On the ESG front, the company has completed most initiatives under its energy efficiency and decarbonization project, reinforcing its commitment towards achieving net zero carbon emissions

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by 2050. As part of its EV-led transition towards greener operations, GPIL invested in 10 EV dumpers, 24 EV loaders, and 15 EV excavators during the year. The adoption of electric transportation has reduced operating costs by nearly 75% and lowered carbon emissions by around 88% compared to conventional diesel vehicles. The company has plans to shift the existing transport fleet to an EV fleet to reduce emissions and achieve cost savings, which shall be announced in due course.

Now coming to the market outlook, global iron ore prices remained relatively resilient during FY26, supported by steady demand from China, supply-side disruptions, and healthy steel production in emerging economies such as India. Benchmark 62% FE iron ore prices largely traded in the range of 95 to 110 dollars per metric ton during recent months. On the domestic front, India witnessed a sharp rise in iron ore imports and reached a seven-year high of over 12 million tons in FY26, driven by strong steel demand and a shortage of high-grade ore required by domestic mills. Despite higher domestic production, imports increased significantly, highlighting robust consumption trends in the Indian steel sector.

Looking ahead, the medium-term outlook for iron ore prices remains cautiously balanced amidst steady demand in China and the expected ramp-up of new low-cost supply from the Simandou project in Guinea. However, rising steel consumption in India and increasing preferences for high-grade iron ore are expected to provide structural support to demand going forward for pellets and high-grade iron ore. On the pellet front, demand for premium-grade pellets continues to strengthen globally, aimed at decarbonization initiatives and the gradual shift towards gas-based DRI steelmaking. Industry reports project the global iron ore pellet market to grow at a CAGR of around 5-6% over the next decade, supported by increasing adoption of cleaner steelmaking technologies. Looking ahead, India's pellet demand outlook also remains positive, supported by ongoing steel capacity expansion and the industry's focused growth on low carbon and high-grade raw materials.

In conclusion, backed by the competitive advantage of captive iron ore mines, a strong net cash position, ongoing capacity expansion, and a steadfast ESG focus, GPIL remains well-positioned to drive sustainable value creation through operational excellence, solar-led cost optimization, and the continued support of all stakeholders. I would now like to open the floor for questions and answers.

**Operator:** Thank you so much, sir. Ladies and gentlemen, we will now begin with the question and answer session. Our first question comes from the line of Manav Gogia from YES Securities Limited. Please go ahead.

**Manav Gogia – YES Securities Limited:** Hi. A very good afternoon and thanks for the opportunity. Sir, first of all, congratulations on a good set of numbers for the quarter. My first question is on the iron ore mining guidance. I might have missed it in the opening remarks, but for FY27, if we go to slide 17, we have a guidance of 3.4 million tons. I think during the last call we were guiding that we would be doing somewhere around 4.5 to 5 million tons, so what has changed? Are there some delays in the ore production?

**Management:** Yes, so a couple of things. Firstly, the guidance we have given is the net usable iron ore which will be sent to the pellet complex for use, because we will be beneficiating the iron ore at the mines itself once our 6 million ton beneficiation plant commissions. The actual mining will be

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close to about 4 to 4.25 million tons this year. With a 1.5 million ton portion being Banded Magnetite Quartzite where the recovery will be less than 50%, about 0.75-0.8 million tons of iron ore will be wasted as tailings. So the actual iron ore mining production will be about 4 to 4.25 million tons, but the guidance we have given is the net usable iron ore coming to the plant for making pellets, which is about 3.4 million tons. This year, we will be doing about 4 to 4.25 million tons of iron ore production and by the end of Q3 or early Q4, we should be able to hit the rated capacity target of 6 million tons. From FY28, we should be able to mine 6 million tons and the actual output concentrated usable for the pellet plant will be about 4.5 million tons. That is how you should see it.

**Manav Gogia - YES Securities Limited:** Understood. And this 3.4 also includes ore from Boratipu or is it purely Ari Dongri?

**Management:** Boratipu mining last year was hardly about 0.3 million tons; this year we will be doing about 0.5 million tons. Again, Boratipu is very low-grade ore, so currently we are bringing it to the plant and beneficiating it where the recovery is hardly about 45%. So even if we do about 0.5 million tons this year, the usable iron ore will be about 0.2-0.25 million tons, which is not substantial. So 3.4 million tons will be the net usable iron ore this financial year which will be going to the pellet plant.

**Manav Gogia - YES Securities Limited:** Okay, understood. So to get it in a nutshell, we will be buying roughly 1-1.5 million tons of iron ore for our pellet requirement?

**Management:** About a million tons, but that will drastically come down post-Diwali in November once we are able to achieve the rated capacity post-monsoon. As a year as a whole, we can see total mining to be about 4.5 million tons including Boratipu, with net usable iron ore being about 3.4-3.5 million tons for this financial year.

**Manav Gogia - YES Securities Limited:** Got it. And with the new mine now putting in the ore from this year onwards, how do we see the landed cost of ore changing? Do we expect it in the 2,900-3,000 rupees per ton range?

**Management:** No. This year, because of the diesel escalation and the shortage all over because of the war, our transportation cost is already up by 200-250 rupees. But for the full year, we should see the value to be at the similar levels of 3,000 rupees. We have started talking to the transporters as we want to convert the entire fleet to EV trucks to have a substantial saving on the diesel side. This year, the guidance will be on similar levels, which is about 3,000-3,200 rupees, but from Q3 and Q4 onwards, we can see a substantial reduction in the pricing of mining.

**Manav Gogia - YES Securities Limited:** Sure, okay. My second question is how do you feel the pricing in Q1 performed compared to Q4 across products?

**Management:** In Q1, the pricing was pretty much at the same levels as Q4 for the first half of the quarter. But during the second half of Q1, say from the end of April and early May, the prices softened a bit, by almost 10% across the supply chain. It might be a war effect, or the summer season and the heatwave across India right now. Q1 prices have softened almost 10% across the supply chain from the end of April onwards.

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**Manav Gogia – YES Securities Limited:** That is helpful. Just one last question. I was looking at slide 25 where you have a vision for 2031 and we have our revenue and EBITDA growing substantially from the current levels. I wanted to get a sense of what all you are looking at from a company long-term strategy point of view? Is it the current projects that drive this estimate or are there certain projects which have not been announced?

**Management:** No, it is basically the revenue top line coming from all the projects we have announced. If you see the Battery Energy Storage System, which is about 20 gigawatt-hours, considering about 16 gigawatt-hours from there, we see a top line of about 15,000 crores. From the new steel plant, we see a top line of about 6,000 crores. From the CRM, we see a top line of about 3,000-4,000 crores. With the pellet capacity crossing 4 million tons this year, put together—the current complex and the projects we have already announced—we see a top line reaching close to about 30,000 crores in the next 4 to 5 years.

**Manav Gogia – YES Securities Limited:** Okay, got it. That is helpful. Thank you and all the best.

**Operator:** Thank you. Our next question comes from the line of Sunil Jain from Nirmal Bang Securities Private Limited. Please go ahead.

**Sunil Jain – Nirmal Bang Securities Private Limited:** Thanks for taking my question, sir. My question relates more to the EBITDA growth we saw quarter-on-quarter. Prices have remained more or less the same for pellets though we saw increases in other commodities, but the delta seems quite high in EBITDA growth compared to the price increase of pellets. Is there anything else there?

**Management:** There are two reasons. One is that there was a carryover inventory of iron ore pellets of about 80,000-90,000 tons in Q3 which was sold in Q4. So the additional EBITDA has come from there. Plus, our new pellet plant started production at the end of Q3 in December and we were able to reach a 70% capacity, so additional volume of pellets came from there. Lastly, our mining production was about 2.35-2.4 million tons until last year. We got the environmental clearance approval on February 3, so in March we could do extra mining of almost about 2-2.5 lakh tons. Majorly these three factors contributed to the additional EBITDA compared to Q3.

**Sunil Jain – Nirmal Bang Securities Private Limited:** And sir, my second question relates to BESS. You mentioned 20 gigawatt-hours overall. Can you give the timeline for how it will be starting? Will you start with 5 gigawatt-hours and thereafter scale up?

**Management:** With the current development, we should be able to commission the first line by the end of Q4, which is March 2027. For the first year, FY28, we expect to do about 5-6 gigawatt-hours of output, which is about 30-40% utilization. For the second year, we want to scale it to about 70%, which is about 12-14 gigawatt-hours. And from the third year onwards, we expect to do about 17 to 18 gigawatt-hours. Over the next 2 to 3 years, we should be able to reach a 90% capacity. That is how we have planned it for the phase one 20 gigawatt-hour line.

**Sunil Jain – Nirmal Bang Securities Private Limited:** Can you talk about the margin in this BESS business?

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**Management:** When we conceived this project, we were expecting a margin of roughly about 7-8%. Today, the price of one container is close to about 80 lakh rupees per megawatt-hour, which is about 4 crore rupees per container. When we conceived this, it was about 3.5-4 lakh rupees margin. But with current demand coming from the Indian sector, with grid stability and those things, margins have gone up almost to 12-13% at the moment. Still, if you consider a very conservative figure of 7-8% on 80 lakhs per megawatt-hour, we do about 4 lakh rupees of net margin, and based on that, you can multiply for a 16-18 gigawatt-hour line. A 4-4.5 lakh rupees per megawatt-hour margin on a 16 gigawatt-hour line comes to about 700-800 crores if everything goes well.

**Sunil Jain - Nirmal Bang Securities Private Limited:** Related to this, how are we safeguarded against potential increases in lithium cell prices?

**Management:** As Mr. Bothra announced, we have done a long-term tie-up with a tier-one Chinese company called EVE. The way we have priced the entire supply of cells is index-based, where we have captured few important components which contribute to the manufacturing. If the market goes up, the supplier will pass on the price to us, and if the market goes down, it will be vice versa. Six months ago, the prices of lithium cells were about 37-38 dollars per watt-hour, and it is now at about 55 dollars. In the same way, six months ago, the price quoting in India was about 70 lakh rupees per megawatt-hour and today the price quoted for the same container is about 85 lakh rupees. Ultimately, any substantial increase in the cell price will be passed on to the buyers in the Indian market to maintain margins. The pricing we have done with the supplier is index-based to ensure it is fair to both parties.

**Sunil Jain - Nirmal Bang Securities Private Limited:** Great, sir. Thank you very much.

**Operator:** Thank you. Our next question comes from the line of Equitas Investments. Please go ahead.

**Analyst - Equitas Investments:** Thank you for the opportunity and congratulations, sir, on the wonderful set of results. I wanted to get a current understanding of the iron ore environment. Recently prices have been hovering around 105-110, and currently around 107. Do you think these prices will be stable for the rest of the year?

**Management:** About 15 days ago, prices touched the 110-112 levels. With the war situation and currency fluctuation, prices softened a bit. But based on international reports, I feel this year prices should remain above 100 levels for the entire year. There is steady demand from China, and imports into India have started happening because the availability of high-grade iron ore in India is not up to the mark. I feel 100 or plus should be the target for the entire year on the iron ore side.

**Analyst - Equitas Investments:** Got it. And for the pellet plant, I think you mentioned it is a gas-based pellet plant?

**Management:** Yes. Earlier we were using coal gas; basically, we were into gasification. Now we have shifted from coal gas to natural gas. We have done a 7-year MOU with GAIL for the supply of natural gas. Our new pellet plant is running on 100% natural gas as the fuel.

**Analyst - Equitas Investments:** With that, are we looking more toward the export market?

**Management:** We definitely are. With CBAM coming into the picture and demand from the export market, along with additional pellet capacity being added in India, the whole idea was to be export-ready. Whenever we see domestic demand is weak—for example, today domestic demand is on the weak side—you might see Godawari start exporting pellets from next quarter. We want to be future-ready. Plus, we saved close to 100 crores of capex on the coal gasification side. So 100 crores was saved on capex and we are future-ready for export opportunities.

**Analyst - Equitas Investments:** And for coal, I think you mentioned last time that South African coal prices had increased. Can you give us an idea of how prices are hovering for this quarter?

**Management:** This quarter we are very well covered, so our average pricing should be somewhere around 12,500-13,000 rupees. But from Q2 onwards, because of the war impact, sea freight has gone up substantially. From 15-16 dollars, it has almost crossed 22 dollars. The dollar is up from 93-94 levels to 97 levels. So there is a substantial impact on the imported coal price from Q2 onwards, at least 15-20%.

**Analyst - Equitas Investments:** And domestically, we would not have a problem for the 40% mix that we have?

**Management:** Domestically at the moment, we are close to 100% using imported coal to maximize the production levels in the DRI. But at any point in time, we can always switch to domestic coal and the availability is abundant. There is no supply shortage in domestic coal sourcing. We are carefully monitoring this war situation and if we feel it is not dying down, going forward we might shift some portion to domestic coal for DRI.

**Analyst - Equitas Investments:** Perfect. Can you just give us a sense of how the BESS market is going to play out in India? A lot of players are announcing capex or expansions into BESS. How are your talks with potential customers or your early pipeline progressing?

**Management:** At the moment, we have not gone to the market yet. We want to get into the market once we know we can deliver after a certain time period. We intend to go to market at the end of Q2, say around August or September. It is an open market. People feel the initial capex is on the lower side, but it is actually not. The challenge will be securing a continuous supply of tier-one components across the globe. We feel the market is going to be competitive, but ultimately the quality of components and how you build the container will play out. Once we deliver in the market, you will see who is able to deliver.

**Analyst - Equitas Investments:** Got it. Since you are sourcing components from most of those tier-one Chinese tie-ups, I think we should be in a very good capability.

**Management:** Recently, just to inform stakeholders, we have also tied up with FIMER, which is an Italian-based company. They have a plant in India for PCS. And we have tied up with a Gujarat-based developer for EMS, which is mandatory as part of battery storage by the Indian government. We are continuously doing long-term tie-ups with key component suppliers so that we have a continuous supply on a regular basis.

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**Operator:** Thank you. Our next question comes from the line of Vinit Thakur from Plus 91 AMC. Please go ahead.

**Vinit Thakur – Plus 91 AMC:** Hi sir, thank you for the opportunity. Congratulations on a good set of numbers. Could you throw some light on the EBITDA margin and what our conversion ratios are from mining to pellets and pellets to sponge iron?

**Management:** The conversion from mining to pellet is close to 2,000 rupees. From pellet to DRI, including thermal coal, the total operating cost is about 1,500 rupees, and the remaining is your coal and iron ore cost. Iron ore is about 40%, coal is about 35%, and the remaining is operating cost. Today, if you see a breakup where the production cost is 20,000 rupees, out of that, pellet will be about 10,000, coal will be about 8,500, and the remaining 1,500 rupees will be operating cost. That is the breakup for DRI.

**Vinit Thakur – Plus 91 AMC:** And could you please throw some light on rolled structural products because there has been quite incremental quarter-on-quarter and year-on-year growth on those products?

**Management:** There are two things. First, we had taken the RR Ispat rolling mill, and there was some modification required to improve quality and upgrade production. That modification was over at the end of Q3. That is why you are seeing a substantial increase in rolled product production from Q4 onwards. You will now see this production on a continuous basis quarter-on-quarter because the mill is now stable and there is acceptability in the market. We have a healthy order book of almost 6 months at RR Ispat.

**Vinit Thakur – Plus 91 AMC:** What would be our capacity and the utilization we are expecting for FY27?

**Management:** Total rolled products including Godawari, we should do somewhere around 3.75 lakh tons for the entire year.

**Operator:** Thank you. Our next question comes from the line of Stuti Agarwal from Chhattisgarh Investment Limited. Please go ahead.

**Stuti Agarwal – Chhattisgarh Investment Limited:** Regarding the exceptional line item in the P&L, you mentioned that the difference between positive 36.69 crores at the standalone level to a negative 18.29 crores at the consolidated level is due to the non-inclusion of profit on the sale of Ardent Steel. Could you please give us the bifurcation between this profit and the write-off of pre-operative costs of the thermal power plant?

**Management:** In other income, there was a 91 crore item of dividend from Ardent Steel Limited, an associate company. There was around 73 crores profit on the sale of the stake in Ardent Steel, which is appearing as an exceptional item in standalone results. When consolidation happens through the equity method, the profit recognized in standalone on a cost basis is eliminated and only a 17 crore profit exists on the entire transaction of this Ardent Steel stake sale. So there is a 17 crore gain as an exceptional item and around a 36-37 crore write-off of the erstwhile Godawari Energy pre-operative costs. Net-to-net, there is a 17 crore loss in the consolidated balance sheet as

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an exceptional loss.

**Operator:** Thank you. Our next question comes from the line of Sinclair D'Souza from Lalkar Securities. Please go ahead.

**Sinclair D'Souza – Lalkar Securities:** I wanted to ask what the revenue and EBITDA margin guidance is for FY27?

**Management:** Revenue top line should be 6,000 crores plus with our new pellet plant operating at close to 80-90% capacity. There will be additional volume and revenue from there, while other volumes remain almost constant. For FY27 guidance at current market levels, we should be able to do somewhere about 24-25% at EBITDA levels. It is difficult to comment at such an early stage, but in the current scenario, we should maintain 25% EBITDA and top line should cross 6,000 crores.

**Operator:** Thank you. Our next question comes from the line of Sahil Sanghavi from Monarch Capital. Please go ahead.

**Sahil Sanghavi – Monarch Capital:** Congratulations again. On pellets, if we see the quarter-on-quarter realizations, it has not moved at all versus market pricing. What is happening there and how can pellet prices look for FY27?

**Management:** In Q4, pellet pricing has not moved much compared to the market because there was a phase where we were not able to do mining at full capacity due to EC restrictions. The EC got delayed from October-November until the end of February. Therefore, we were not able to produce the same volumes of high-grade pellets where we draw a premium of more than 1,000 rupees. We had to make 63 commercial grade pellets. Regarding FY27, as mining production goes up from Q3 onwards once the monsoons are over, the product mix of high-grade pellets will start going up drastically and that will definitely show a difference between pellet pricing for Godawari and others.

**Operator:** Thank you. Our next question comes from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.

**Yogansh Jeswani – Mittal Analytics:** Congratulations to the team on a good set of numbers. I wanted to understand the new mining and pellet plant scale-up. Earlier we used to mine 27-28 lakh tons of ore and convert that into pellet. Now you are saying that with the beneficiation plant, actual mining would be 4-4.5 million tons but pellet-ready ore would be 3.4 million tons. Why is there a change in that?

**Management:** There is a slight correction. Earlier we used to mine about 2.4 million tons. Last year's mining production was about 2.35-2.4 million tons. This year we have done about 2.7-2.8 million tons because we were able to get the EC in February and there was additional production in March. Boratipu was not in operation until last year; we started operations there and did a mining of hardly 0.2 lakh tons. If you compare it to a 2.4 million ton baseline, we will be doing about 3.4 million tons of net usable ore this year. That is almost a million-ton jump. From next year onwards at full capacity, the actual mining will be 6 million tons and usable will be about 4.5 million tons after beneficiation. Earlier, there was no beneficiation plant at the mines. The 0.6 million ton plant started last year, and further expansion will happen once we commission the new 6 million ton plant.

**Yogansh Jeswani – Mittal Analytics:** Can you explain how the economics and margin change once we do beneficiation? Theoretically, we are extracting more ore but converting to less pellet.

**Management:** Our average grade in the mines is about 59-60% FE. We want to beneficiate and upgrade that to a 67% concentrate, based on which we will be making high-grade 65% FE pellets. When you do that, about 15% of iron ore is wasted in the form of tailings. If you mine 100 tons, you get about 85 tons of concentrate for the pellet plant. Secondly, we will be mining Banded Magnetite Quartzite, a low-grade magnetite, where a 35-38% FE will be upgraded to 65-67%. In that case, the recovery will be close to only 40%. When you put it together, the average recovery from 6 million tons will be close to 75-80%. So 20-25% of the iron ore will be wasted as tailings. On a 6 million ton base, subtracting 25% gives about 4.5 million tons of 65% plus concentrate usable iron ore. If I do not beneficiate and use the 60% FE iron ore, I would have more volume, but the FE in the pellet would be below 59%, which is not sellable. We must beneficiate to upgrade the FE content.

**Yogansh Jeswani – Mittal Analytics:** You mentioned that beneficiating at the mine saves logistics costs. What is that saving?

**Management:** Currently the freight is about 1,000 rupees. If you can remove 10-15% of waste inside the mines, that is a 150 rupee saving on freight. Earlier we were doing beneficiation at the Raipur pellet complex and losing money on freight. From Q3 onwards, we will be beneficiating at the mines, so there will be a saving of about 150 rupees per ton on the concentrate sent to the plant.

**Operator:** Thank you. Our next question comes from the line of Vedant Sarda from Nirmal Bang Securities Private Limited. Please go ahead.

**Vedant Sarda – Nirmal Bang Securities:** Do we have any plans to soaring into new mining like rare earths or further increasing our iron ore mining capacity?

**Management:** At current production levels, we have already planned the expansion for Ari Dongri. On the Boratipu front, we have already announced plans to take mining capacity from 0.7 million tons to 4 million tons along with beneficiation at the mines because Boratipu is low-grade ore with about 35-40% FE content. That will take another three years from now. Boratipu should be online by FY30 including beneficiation. Once we are able to do that, the usable output will be close to 1.5 million tons. If new mines attractive to us come up in auction, we will always explore that, but at the moment, we do not see many good mines coming up in the area.

**Operator:** Thank you. Our next question comes from the line of Vandana Rathi from Korman Capital Investment Advisory LLP. Please go ahead.

**Vandana Rathi – Korman Capital Investment Advisory:** I wanted to understand how much the inventory gain was in Q4?

**Management:** We have roughly gained 20 crores on account of unsold pellet stock carried from last quarter and sold during this quarter. That higher realization was roughly 20 crores on 90,000 tons.

**Vandana Rathi – Korman Capital Investment Advisory:** I was seeing 150 crores of loans given to the education subsidiary for a residential school project. Can you explain that?

**Management:** We have taken an enabling resolution for the time being. The school will separately go for a loan from other sources. In the meanwhile, as a temporary arrangement, we have taken this enabling resolution.

**Operator:** Thank you. Our next question comes from the line of Divya Agarwal from Ficom Family Office. Please go ahead.

**Divya Agarwal – Ficom Family Office:** Regarding the 2031 guidance, you mentioned achieving a 3,000 crore PAT on a 30,000 crore top line. That is a 10% PAT margin. Is that because margins are coming down due to the BESS project?

**Management:** Yes, BESS and the CRM. Both BESS and CRM will be on the lower margin side. While the top line volume will go up heavily, BESS is a 7-8% margin business and CRM is a 7-10% margin business. That is why overall margins look lower, but there is exponential top line growth.

**Divya Agarwal – Ficom Family Office:** What is your outlook on the current domestic pellet situation? Are you seeing overcapacity coming in?

**Management:** At the moment, we do not see overcapacity. However, there will be a challenge for merchant pellet players who are solely dependent on purchasing iron ore from the market. We can see a squeeze in margins for them. But for people like Godawari who have captive resources, I do not see pressure on margins or demand. Plus, the export market is always open. At the moment, I do not see an issue; it all depends on how the steel market grows.

**Operator:** Thank you. Our next question from the line of Varun Mehta from Welting Investment. Please go ahead.

**Varun Mehta – Welting Investment:** I want to know about the steel plant cost, which looking at is 7,000 crores. Three or four years ago, we spoke about 1 million tons costing 4,000 crores. Has the installation cost gone up or are we doing something else?

**Management:** I had personally tendered an apology to all stakeholders because being our first time in a blast furnace route, we had a wrong calculation and estimation on the capex side. Please omit that earlier figure; we were wrong on the estimate. The current capex of 7,000 crores is very much on the practical side based on a thorough study with equipment suppliers. Plus, there are changes. Earlier we had no intention of putting up a coke oven plant because there was ample import of coke from Indonesia. But last year, to support the local domestic coke industry, the government of India imposed restrictions on imports, so now we are investing heavily in a coke oven plant. Secondly, we are entering into value-added products. It is not regular wire rod or TMT; the structure mill we proposed produces value-added steel which has a substantial cost compared to a regular rebar mill. On these two accounts, the capex is higher.

**Varun Mehta – Welting Investment:** What return are you looking at for this 7,000 crore investment?

**Management:** We expect an EBITDA of more than 20% once the plant is operating at full capacity. We are into value-added steel and there is not much competition in the Indian market. However, it is a commodity market and it is just an estimation.

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**Varun Mehta – Welting Investment:** Can you share our cost of production for pellets?

**Management:** If you consider iron ore at 3,000 rupees with beneficiation and everything, our current cost of pellets is around 5,500 to 5,800 rupees.

**Varun Mehta – Welting Investment:** And the 2031 guidance on sales includes the steel revenue?

**Management:** Yes, it includes the steel revenue, the first phase of BESS, and the CRM revenue. All three.

**Operator:** Thank you. Our next question comes from the line of Aryan Bhatia from Inveet Research. Please go ahead.

**Aryan Bhatia – Inveet Research:** What is generally the conversion ratio from mining to pellet? From the usable 4.5 million tons mined, what will the pellet conversion be and how much will we buy from the market?

**Management:** As said earlier, we will be doing about 0.8 to 1 million tons of procurement of iron ore this year to run at full capacity, and that should drastically come down from Q3 onwards. After beneficiation of all kinds of ore, if you mine 100 tons, you get about 75-80 tons of usable concentrate to feed to the pellet plant. So on 4 million tons of mining, you get about 3 to 3.2 million tons of usable iron ore.

**Aryan Bhatia – Inveet Research:** Could you provide the breakdown of our rolled product capacity? How much is wire rod, how much MS rounds, and how much galvanized product?

**Management:** For this financial year, wire rods will be close to 2.2 lakh tons, which will be further processed into 1.1 lakh tons of HB wire. On the structures side, that will be about 1.2-1.3 lakh tons. Put together, we are doing about 3.75 lakh tons of total rolled products this year.

**Operator:** Thank you. Our next question comes from the line of Ajit Sethi from Ico Quantum Solution. Please go ahead.

**Ajit Sethi – Ico Quantum Solution:** My question is on the CRM complex. In the previous call, we guided for 50% utilization in FY28. Are we on track?

**Management:** Yes, we are on track. We are hopeful to commission the first line by the end of Q4 or early Q1 of the next financial year. That is why we have taken a conservative guidance of 50%, which is about 3.5 lakh tons for the CRM complex for FY28. From FY29, we should be at about 90% capacity.

**Operator:** Thank you. Our next question comes from the line of Rohan Mehta from Startis. Please go ahead.

**Rohan Mehta – Startis:** Indian pellet prices seem to be around 10,000 rupees and global market is around 11,500. Due to higher freight costs, what delta are we looking at for exports?

**Management:** If we talk about shipping from my plant to China, including freight cost, it is somewhere about 13,000 rupees. If I am selling at 10,000 rupees ex-plant, my export price would

need to be 13,000 to match, which is not the case. But today Indian prices are about 9,500 rupees, and with dollar inflation, if we want to export, we can easily achieve more than 9,000 rupees ex-plant. The delta is now less than 10 dollars between domestic pricing and export pricing. If the Indian market remains dull and the export market remains at these levels, we might see some volumes going into export.

**Rohan Mehta – Startis:** Is the dullness in the Indian market due to new capacity or the monsoon?

**Management:** To be honest, new merchant capacity has not hit the Chhattisgarh market yet. 90% of our pellets go into the Chhattisgarh market. However, there is an overall lull in steel demand. There is no selling on the finished side. Prices corrected by almost 10% in the last few weeks. Since the overall sentiment is weak, we have started exploring the export market.

**Rohan Mehta – Startis:** On the BESS front, is the 5-6 gigawatt-hour year next year a conservative guidance? And in the 2031 vision, why have we not considered Phase 2?

**Management:** Yes, that is a very conservative guidance. We have not considered Phase 2 just because we want to establish Phase 1 and run the plant at full capacity first. We then need to decide whether we expand capacity or go into backward integration for cell manufacturing with a technology tie-up. We only give estimates based on the current projects taken up.

**Operator:** Thank you. Our next question comes from the line of Manav Gogia from YES Securities Limited. Please go ahead.

**Manav Gogia – YES Securities:** Just one clarification. Is the new 1 million ton steel plant a blast furnace or DRI route?

**Management:** It is a blast furnace route. We have no intention of getting into coal-based DRI because it becomes very challenging to be cost-effective and compete with big players. We pondered the gas-based DRI route, but looking at supply disruptions and dependency on natural gas imports, we thought it was better to go with the conventional blast furnace route for Phase 1. This will include a blast furnace for hot metal of 1.1-1.2 million tons, a 0.5 million ton non-recovery coke oven, and a 1 million ton sinter plant. Our idea is to use 50% pellet and 50% sinter for the blast furnace.

**Manav Gogia – YES Securities:** What sort of land parcel do we have, and would we have enough for brownfield expansion in the future?

**Management:** We have 450 acres, which is more than sufficient. We have left certain space for brownfield expansion plus we have identified adjoining land. If we decide to expand, we can use that space and buy additional adjoining parcels. But currently, we are just concentrating on Phase 1.

**Manav Gogia – YES Securities:** Will the focus continue to be on long products despite the CRM complex?

**Management:** For a hot-rolled mill, the minimum capacity that is commercially viable is a 2 million ton mill because the width has to be 1550 mm plus. To feed a 2 million ton mill, we did not have enough hot metal. The entire capex would have crossed 12,000-13,000 crores. With the capacities

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announced by big players, we feel the Indian market is over-supplied on HR coil. We decided to focus on CRM, which is value-added steel, and enter the long product structure segment.

**Manav Gogia – YES Securities:** How does the next couple of years look in terms of capex and debt numbers?

**Management:** We have already invested almost 40-50% in the CRM and BESS projects. This year, capex on the steel side will be about 10% for ordering equipment and advances. Major capex for the steel plant will occur in FY28 and FY29. Apart from that, we are self-funded from internal accruals. Debt will only be taken on from FY28 for the steel capex. For FY27, you can consider a capex of 1,500 to 2,000 crores including the balance of CRM, BESS, and solar. FY28 and FY29 will be about 3,000 crores each year.

**Operator:** Thank you. Our next question comes from the line of Equitas Investments. Please go ahead.

**Analyst – Equitas Investments:** I think in the last call we guided that pellet capacity would run at over 90% utilization, targeting around 4.1 to 4.2 million tons. Did you just guide for 3 to 3.2 million tons for next year?

**Management:** No, there is a confusion. The pellet guidance for this year is 4 million tons. The captive iron ore volume net usable for pellets is 3.4 million tons. Captive capacity consumption is about 1 million tons, so merchant pellet sales will be about 3 million tons.

**Analyst – Equitas Investments:** Regarding the increase in diesel costs, can you estimate the incremental cost for mining?

**Management:** We have invested heavily in EVs at the mines for loaders and excavators. Our major concern is transportation because our iron ore comes by road. Currently transportation is about 900 rupees. We foresee it can go up to 1,150-1,200 rupees if diesel prices continue to rise. We are working on replacing the fleet with EV trucks as soon as possible. Moving iron ore at full capacity requires 350 trucks. A full-scale capex project for that, including zero-emissions infrastructure, would be about 350 crores.

**Operator:** Thank you. Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management for the closing remarks.

**Management:** We would like to express our sincere appreciation for joining us on this conference call and we are confident that we have adequately addressed all your queries. Should you have any further questions, please feel free to reach out to our IR team at Go India Advisors. Once again, we sincerely thank you all for your active participation and support. Thank you.

**Operator:** Thank you so much, sir. Ladies and gentlemen, on behalf of Godawari Power And Ispat Ltd. and Monarch Networth Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect.

**Management:** Thank you.

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