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HIRA
GODAWARI POWER & ISPAT

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REF: GPIL/NSE&BSE/2025/5869

Date: 23.05.2025

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

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

Dear Sirs,

Sub: Submission of Transcript of Conference Call held on 21st May, 2025 regarding Q4 and FY25 Results.

This has reference to conference call held on 21st May, 2025 to discuss the results and performance of Q4 and FY25 for Analyst/Institutional Investors/Fund House/Investors etc.

Please find attached herewith the Transcript of Conference Call held on 21st May, 2025.

The aforesaid information is also being hosted on the website of the company viz., www.godawaripowerispat.com at Investors Information > Shareholders > Notices.

Thanking you,

Yours faithfully,

For **Godawari Power And Ispat Limited**

Yarra Chandra Rao

Digitally signed by Yarra Chandra Rao
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Y.C. Rao
Company Secretary

Encl : As Above

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"Godawari Power and Ispat Limited

Q4 FY '25 Earnings Conference Call"

May 21, 2025

MANAGEMENT: MR. ABHISHEK AGRAWAL – EXECUTIVE DIRECTOR – GODAWARI POWER AND ISPAT LIMITED
MR. DINESH GANDHI – EXECUTIVE DIRECTOR – GODAWARI POWER AND ISPAT LIMITED
MR. SANJAY BOTHRA – CHIEF FINANCIAL OFFICER – GODAWARI POWER AND ISPAT LIMITED
GO INDIA ADVISORS – INVESTOR RELATION

MODERATOR: MR. AMIT LAHOTI – EMKAY GLOBAL FINANCIAL SERVICES

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of Godawari Power and Ispat Limited, hosted by Emkay Global Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Lahoti from Emkay Global Financial Services. Thank you, and over to you, sir.

Amit Lahoti: Thanks, Pooja. Good morning, everyone. Welcome to Q4 FY '25 Earnings Call of Godawari Power. We have with us today Mr. Abhishek Agrawal, Mr. Dinesh Gandhi and Mr. Sanjay Bothra. I thank the management for giving us the opportunity to host this call.

I now hand over the call to Mr. Gandhi. Over to you.

Dinesh Gandhi: Thank you, Amit. Good afternoon, ladies and gentlemen. Thank you for joining us today for Q4 and FY '25 Earnings Conference Call of Godawari Power and Ispat Limited. Our financial results press release and earnings presentation have been uploaded on our website as well as on the Stock Exchanges website. I believe you have had a chance to review that. I'll briefly take you through the operating performance and financial results, after which we will have question and answer session.

At the outset, I would like to mention that over the last 5 years, GPIL has shown consistent financial strength with compounded annual growth of 10% in revenue, 14% in EBITDA and 36% in PAT. Coming on the operational performance for Q4 FY '25 and full year FY '25. I'm happy to share that GPIL has achieved highest ever production in sponge iron, steel billets, ferro alloys and power in FY '25.

The company has fully met its FY '25 production guidance for iron ore mining, pellet, sponge iron while surpassing the target in ferro alloys and rolled products with 126% and 106% achievement. FY '25 production of iron ore mining, steel billet, HB wire, ferro alloys, galvanized products shown an increase whereas pellet and sponge iron were almost flat. On a quarterly basis, iron ore mining pellet and galvanized product shown consistent increasing trend both on Q-o-Q and Y-o-Y basis.

The iron ore mining was also helped by the commencement of production in Boria Tibu mine. For FY '25, shallow pellet, sponge iron, HB wire, ferro alloys shown a growth. On a quarterly basis, iron ore pellet, galvanized product shown an increasing trend both on quarter and Y-o-Y basis. As you would have observed in our result publication, FY '25 realization for almost all products, excluding ferros was in the downturn, they are ranging between 1% to 8%. There was a fall in realization.

On a quarterly basis, realization of pellets declined, while rest of the steel products were largely flat, except for ferro alloys, which saw an increase of 9% Y-o-Y and 5% quarter-on-quarter basis. Our Ferro Alloys division has also performed remarkably during the year with Hira Ferro achieving an EBITDA of INR80 crores. During the quarter, the company has resumed production in Boria Tibu mine, which has helped improve iron ore mining production.

The company has also started commercial production of rolled products in the form of structural steel in our newly commissioned rolling mill in our galvanizing division, which has reduced the dependence on market for structural steel for galvanizing division. The company is further awaiting approval of GPIL steel billets for HT grade that is grade E350 and once the PGCIL approval is received, GPIL will be able to offer full range of galvanized products for PGCIL transmission projects.

Coming to the volume guidance for FY '26, company expects iron ore mining and pellet production of 3 million tons each in FY '26, sponge iron production of 5.94 lakh tons, steel billets 500,000 tons, rolled products 375,000 tons and ferro alloys around 90,000 tons.

Coming on the consolidated financial performance. In Q4, revenue increased to INR1,464 crores on quarter-on-quarter basis while decreased slightly on Y-o-Y basis due to drop in realization. EBITDA and PAT increased 44% and 53% respectively to INR318 crores and INR221 crores on quarter-on-quarter basis due to increase in production and sales volume of pellets, galvanized products and rolled products. On a yearly basis, the revenue remained flat almost as compared to FY '24 level.

The increased production and sales volume were offset by drop in realization. Fall in consolidated EBITDA and PAT was mainly due to decrease in realization. Despite challenges, EBITDA margin and PAT margin stood strong at 22% and 15%, respectively. The company has a net cash of INR863 crores as on March 31, 2025, with healthy balance sheet. The Board has recommended a dividend of INR1 per share, that is 100% on the paid-up share capital of the company.

I would now like to take you through the certain updates on the growth plan of the company. On the capacity front, approval for expansion in iron ore mining capacity in the Ari Dongri mine from 2.35 to 6 million tons. The same is expected by Q3 FY '26. The approval is further delayed owing to compliance of an additional condition by mining department; however, company is confident of getting the final approval by Q3 FY '26.

The 2 million ton mining pellet expansion is progressing as per plan and is expected to be commissioned in Q2 FY '26. Additionally, company plans to increase capacity of steel melting shop by another 50,000 tons, bringing the total capacity to 575,000 metric tons. This expansion is expected to be commissioned by Q4 FY '26. To support the power requirement of additional steel melting capacity, the company has decided to set up an additional 30 megawatts of solar power plant.

Hence, the total capacity of under construction solar project increased to 125 megawatt which is for the -- meeting requirement in additional pellet capacity beneficiation plant at Ari Dongri mines and steel melting expansion. The company has already acquired the land for the solar project and has finalized the contracts for execution of project. Following this expansion, the overall solar power capacity will rise to 290 megawatts entirely for captive use.

On decarbonizaton front, GPIL has signed an MOU with Siemens Energy to implement waste heat recovery project, which is currently underway and targeted completion by March '26. Furthermore, a letter of intent has been issued to IIT Mumbai for technology transfer for technology transfer for 5 ton per day carbon capture unit also expected to be completed by March '26. These initiatives along with replacing diesel and petrol vehicles with electric ones for internal transportation mark important steps in our journey towards becoming net carbon zero emission by 2050.

Our CO2 emission per ton of steel has shown significant reduction in the last 3 years. The company has got approval of PGCIL for supply of steel billet for the structural steel manufacture of galvanized product for transmission project. This is further expected to improve our operating margins once the HC grade of billets are approved by the PGCIL for which an inspection has already been done, and we are awaiting the approval shortly.

I would also like to mention that during the current financial -- during the financial year '25, the company has acquired 43.96% stake in Jammu Pigments on a fully diluted basis. The company is engaged in recycling of nonferrous metals and JPL has expertise in processing complex mixture of industrial waste of non-ferrous metals.

Although the company had acquired 51% stake in this company, however, this stake has gone down to 43.96% on account of allotment of an additional shares to the promoter of the company to repay their outstanding loans. The loans -- the company was having certain loans from the promoter, which has been converted into the equity by raising additional capital.

In FY '25 company has achieved a net sales of INR860 crores, EBITDA of INR79 crores and PAT of INR37 crore. And in Q4 FY '25 net sales was INR237 crores, EBITDA of INR34 crores and PAT of INR14 crores. The company is confident of growing volume is Jammu Pigments Limited and is actively engaged with the promoters and the company management to increase the productivity across the various units.

GPIL has also identified the land for purchase of -- for capacity expansion and consolidation of operations to a single large location. The management believes that JPL will create substantial value for GPIL shareholders. The company has received final approval from -- consent to operate for enhanced capacity of 495,000 tons to 594,000 tons. It will be mentioned that earlier the approval was given on provisional basis and now the company has received the final approval.

The company has also initiated ESG rating by appointing CARE to rate the company-owned ESG score. It is -- we were given an ESG rating of 3 with a score of 51. The company is working towards improving the ESG score in consultation with the rating agencies. CRISIL has reaffirmed credit rating of AA minus Stable and CRISIL A1 plus for long-term and short-term credit facilities of the company.

Coming on the market outlook. On international front, global iron ore prices have remained within the range of $95 to $105 so far this year. Currently, hovering at about $100. The first half of the year was supported by weather-related production losses. The second half will see increased supply and might put pressure on the iron ore pricing.

The recent geographical tension continues to weigh on global demand supply dynamics. There is a hope that China will continue to provide stimulus to support the economy. At the same time, post 4, 5 years of decline in China's housing sector is also expected to stabilize. This, along with rising cost curve will support the iron ore prices on decline. For FY '25, we expect the iron ore prices to range between $90, $105 or maybe around closer to average of $100.

On domestic front, iron ore prices, NMDC – Fines 64Fe have been on upward trend year-to-date, currently trading at approximately INR5,500 a ton. This increase is driven by rising steel demand in domestic market supported by implementation of strategy. Iron ore pellet prices have traded around INR9,000 to INR10,000 a ton with current level of about INR9,500. Going forward, prices are expected to fluctuate with INR9,000 to INR11,000 range.

Government in its recent budget has earmarked INR11.2 trillion capital expenditure for '25-'26, reflecting 10% rise from previous year. This major investment in infrastructure, including road, railway, urban development support from the government in terms of Safeguard Duty is set to significantly boost steel demand.

With our 4 decades of experience in iron and steel industry, business leadership is committed seeing GPIL stays on a strong foundation of expertise and resilience, our solid cash position combined with the advantage of captive iron ore mined, highlight pellet production provides competitive edge in the market.

The company's forward-looking capital expenditure plan under consideration and strategic diversification into recycling business reflect our commitment to innovation and sustainability. In addition, our cost-saving initiative investment in solar power plants and many other environment-friendly steps to reduce carbon emission demonstrate our dedication to responsible growth. Supported by all stakeholders, GPIL is confident towards moving a future of sustainable and enduring success.

We can now open the floor for question and answers. Thank you.

Moderator: The first question is from the line of Manav Gogia from Yes Securities.

Manav Gogia: First of all, congratulations on the good set of numbers for the quarter. So my first question comes on the mining ECs for Ari Dongri. I just wanted to know that looking at the FY '26 guidance for iron ore mining, are we building in any part of the ore to start flowing through from Q4 onwards?

Abhishek Agrawal: Manav, so just to update on the mining part. So the current set of numbers, which we have proposed for the FY '26 we have partly considered a very small quantity from iron ore mining. So against last year's -- so this year, we have considered iron ore mining at 2.7 million, 2.8

million tons against 2.4 last year. So partly, we expect in Q4 January onwards, we should be able to ramp up the mining capacity, so that's why a very part quantity has been considered.

Plus our second mine Boria Tibu, which has also started operations a couple of months back, some quantity will be consumed there as well. So put together, this year's mine target is about 2.7 million, 2.8 million tons by FY '26.

Dinesh Gandhi: No, no. 3 million tons.

Abhishek Agrawal: Sorry, 3 million tons, sorry. Yes, Boria plus the expansion and, of course, the old capacity is 3 million tons.

Manav Gogia: Got it, sir. Sir, additionally, I know, I mean, you guys are quite confident on getting the ECs. My question is, just in case the company faces any challenges where the ECs are not received, what would be our plan to...

Abhishek Agrawal: Just to interrupt, just to -- I do understand that it's a very important question because there has been delays from past few quarters. So unfortunately, the LOI has been issued by the state government, which is part of the document, but there was a condition which we were not aware of, where we have to do some more testing and finally give them a composite report done by a third party.

So now they want to report from a third party. Earlier, we had given them reports, but now they want a third-party report. So that is still another 6 to 8 weeks. So that is why it is delayed. Otherwise, the process is on. We should be able to get this report by first half June. And basis that, we will start filing for the public hearing and filing the mining plan. So there's just a delay. We are very confident, and there is no need for plan B. I can assure you that.

Manav Gogia: Sure. That was really, really helpful, sir. Sir, one more question I have on the mine is -- so early in April, we had received an update that the Boria Tibu mine had went out of operations, suspended, I think, temporarily. So we are back in production at that mine, right? We don't...

Abhishek Agrawal: No. So finally -- okay, so there were some lapses in the renewal of Boria Tibu as per IBM. So we have completed all the formalities now. We are waiting for the clearance from IBM, so that clearance we should get this week. So from end of May, the Boria Tibu mine will be back in operation at full flow.

Manav Gogia: Sir, my second question is on the operational front. The sponge iron production volume saw a 39% fall on a quarter-on-quarter basis. So can you just highlight the factors behind the same? And wanted to know that did we meet the needs for billet production captively? Or did we have to source the material through the market for this quarter?

Abhishek Agrawal: Okay. So a couple of things. Firstly, so currently, the capacity of sponge iron we have is 5.94 lakhs, so we had achieved that same capacity by mid of February. So we had purposely planned a modification in a couple of our kilns along with the turbine. So we have changed with a more efficient turbine. So the entire shutdown period was planned because we had already achieved the capacity of 5.94 sponge iron, which we make. So there was no sudden breakdown.

The sales -- the volume growth is less because we have already achieved 5.94 in past 11.5 months. That is why, because we can only produce 5.94. But you see this quarter also, my both kilns after modification have started in first week of May. So again, the volume in Q1 will be less. But eventually, for the entire year, we'll be able to achieve 5.94. So that's how we have planned it.

Manav Gogia: Sure, sir. Sure, sir. And just following up on the same thing. For pellets, I think this quarter, we have seen a massive jump on the sales side of the things. So I wanted to know that usually we sell around 400,000 in the market and the rest is used for the captive need. So what were the reasons behind this jump? And were...

Abhishek Agrawal: Yes. So if you remember, in end of Q3, there was a pile of inventory of pellets because of the subdued market conditions, plus my 2 bigger kilns, so almost for 45 days in this quarter, my captive consumption was only 40% for pellets. So that additional 60% of pellet volume for Q4 as well as the inventory in Q3, both were sold and cleared in this quarter. That's why you can see a big jump in the pellet sale volume. Otherwise, no specific reason. This is the only reason. It's a onetime thing.

Manav Gogia: Got it. Got it. And did we export any of the volumes during the quarter? Or was it...

Abhishek Agrawal: We did. We did export one vessel during January month. Apart from that, everything is going domestic. And right now, everything is going domestic.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: Sir, my first question regarding, sir, after government of India just recently put the Safeguard Duty. So can we see any price increase from your side in pellets in Q1 or you have taken any price increase in Q1?

Abhishek Agrawal: See, of course, so we know government has imposed a duty for 6 months with a minimum pricing mark. But we all need to understand the duty has been imposed on basically the HR coil or value-added products, which are usually catered by the primary steel market, right? Because of sentiment, there was a slight increase in the pricing for 2 months, you can say between 15th of March until, say, end of April, early May.

But since second half of May, the market has again reversed. The market has again touched the same levels, which was in Q4. So there was a slight jump in the pricing owing to sentiment, but now since monsoon is approaching, so demand is quite weak right now. So market has reversed. So not much of a difference, I would say, in the last 2 months. It went up about a 10%. It came down a 10%. So it's at the same levels now.

Rakesh Roy: So we have not taken any price increase? And for Q1, we can say for Q4 price or Q1 price is same for pellets?

Abhishek Agrawal: So see, there will be a slight price difference, but what happened, so usually, we have an order book of almost 45 days. So early Q1, there was a price jump, but end of Q1, there'll be again a price low. So you can consider Q4 and Q1 prices on the same level for pellets, more or less. More or less.

Rakesh Roy: And sir, my next question, sir, how much margin you are targeting for FY '26 after this, lot of prices in the global market is changing daily on daily for iron ore coke, how much margin you are expecting for FY '26?

Abhishek Agrawal: See, as per our current guidance volume for FY '26, we are confident we should be able to achieve what we have achieved in FY '25, which is about 20%, 20% plus. But of course, subject to how market remains. But if you take today's market conditions, we are confident we can achieve what we have achieved last year on a similar level.

Rakesh Roy: And for revenue side, sir, how much top line we are expecting?

Abhishek Agrawal: Sorry, come again?

Rakesh Roy: For revenue side, how much top line we are expecting for FY '26?

Abhishek Agrawal: See, so there will be 2 couple of things in this year. One is my new pellet plant will be commissioned by end of Q2 as we have informed everybody. So the additional volume of pellets will start giving us additional revenue. And secondly, my new subset rolling mill, which has just got commissioned last quarter, so that will be -- that will give us an additional volume of about 1 lakh tons. So we can say roughly about 5 to 7 additional -- or probably 5%, 7% of additional volume we can see this year in terms of profit top line, 5% to 7%.

Moderator: The next question is from the line of Sahil Sanghvi from Monarch Networth Capital.

Sahil Sanghvi: I appreciate the volumes that you have done in pellet in just 1 quarter, and warm welcome to Dinesh sir also. My first question is, I see that the ore mining target is 3 million tons, and we are also targeting a 3 million ton pellet production. So I believe we will require more than 3 million tons of ore. So just if you can break down your ore requirements with respect to Ari Dongri, Boria Tibu and some external buying for the pellets.

Abhishek Agrawal: Yes. So this year, we have given a guidance volume of about 3 million of pellets with additional 0.5 million, 0.6 million coming from my new plant. So basis that and 3 million of mining out of which 2.4 million will be from Ari Dongri, about 0.4 million, 0.35 million will be from Boria Tibu, and about 0.2 million, 0.25 million will be from expansion of the EC, which is from the Q4 onwards. So that's how the breakup of 3 million of iron ore, which we've envisaged in this financial year.

The remaining Fines, roughly, say, about 0.7 million to 0.8 million, including my new plant capacity, we will be sourcing from the market. So right now we do about 0.5 million annually. So plus the additional requirement for my new pellet plant will be met initially. So on the year whole, you can consider about 0.7 million to 0.8 million of iron ore will be bought from the market for FY '26.

Sahil Sanghvi: Got it. Got it. And roughly, just wanted to understand the demand scenario. So monsoon right now will be a little weak. But otherwise, any kind of -- I mean, any kind of slowdown are you seeing from the ground level?

Abhishek Agrawal: See, so market has reversed compared to probably in the month of April. The demand has gone down definitely at least for the secondary market, which has impacted the entire supply chain, right from sponge iron, domestic coal and even the pellet prices. So pellet prices have softened compared to a high of INR10,000 in last quarter to about, say, INR9,400, INR9,500 this quarter at the moment currently.

So we have seen a little bit of downside about 5% to 7%. Monsoons are still away. I would say we're still only in second half of May. Usually, monsoon arrives in July. So let's see how the market plays. Difficult to really envisage right now.

Sahil Sanghvi: Right. And assuming that we have our approvals in place, as you have guided with respect to the EC, are we targeting a 4 million ton kind of mining, ore mining from Ari Dongri for FY '27?

Abhishek Agrawal: 100%. So -- no, so FY '27, we are targeting the entire capacity. So right from 2.35 million, so we're targeting about 4 million of iron ore and 1.5 million of BMQ for my beneficiation plant from FY '27. Plus FY '27 will also give us the entire volume of the new pellet plant.

Sahil Sanghvi: Right. 4 million tons of iron ore and how much of BMQ?

Abhishek Agrawal: 1.5 million of BMQ.

Sahil Sanghvi: Okay. Okay. This is both from Ari Dongri or some...

Abhishek Agrawal: No, no, both from Ari Dongri. So if I see our current EC expansion of Ari Dongri, we are saying 6 million iron ore, out of which 4.5 million is iron ore and 1.5 million is BMQ.

Sahil Sanghvi: Right. And do you also expect some contribution from Boria Tibu in FY '27?

Abhishek Agrawal: 100%. So this year, Boria Tibu should do about 0.4 million, 0.35 million, 0.4 million. Next, Boria Tibu will ramp up to 0.5 million. That's how we have planned it. And eventually, third year onwards, we will want to get entire 0.7 million from Boria Tibu as well. So next year, you can say 0.5 million Boria Tibu, 4 million from Ari Dongri and 1.5 million BMQ from Ari Dongri itself. That's how we have planned it.

Sahil Sanghvi: 6 million tons is what -- okay, okay.

Abhishek Agrawal: Yes, yes.

Sahil Sanghvi: And lastly, sir, I mean, we had some approvals awaited for the structural steel side of the -- what we are doing at the plant. So any developments on that front? We were trying to...

Abhishek Agrawal: So you're talking about the new steel project at Tilda, you're talking about the structure mill we've just commissioned?

Sahil Sanghvi: Yes, yes. Just currently on the developments over there and any kind of further approvals we've got over there?

Abhishek Agrawal: Yes. So on the Tilda front, we have progressed well for the land allotment. Finally, the file has started moving. So we are confident we should be able to get the land by next 4 to 6 weeks. And once the land is there, we should get the EC by a couple of months. So as of now, we expect the EC -- we should get the EC by Q2 of this financial year.

Sahil Sanghvi: Right, right. And any further approvals on the customer level for the structural steel that we were trying to push?

Abhishek Agrawal: No. So basically, so there are 2 grades of transmission line tower. One is the MS grade for which we have already got the PGCIL approval, where we have already started supplying to our end consumers. And for the second lot, which is the HT, high tension grade quality, the inspection has been done by the PGCIL team in last week. We hope to get their approval by end of this quarter, which is June. And from July onwards, we will offer the entire range of PGCIL-approved products in the market to our end consumers.

Sahil Sanghvi: Got it. Got it. And my last question is on Jammu Pigments. If I have to see your numbers in Q4, they were really extraordinary as to the margins also and the revenue also. So any kind of internal targets do we have for the growth on revenue and the margin that we're targeting on Jammu for FY '26? Jammu Pigment?

Abhishek Agrawal: Dinesh ji?

Dinesh Gandhi: No, Sahil, we'll not be able to give you the guidance on Jammu Pigment. But I can only tell you that we are actively engaged with the company. And a lot of improvements have been done over a period of last 3 months and more improvements are on the way in terms of productivity improvement. And as the productivity improves, the margins and the volumes will definitely increase. That is what our confidence is based on our working so far in the company.

And JPL really is on the right track as of now. And you will see the improvements over a period of time, but I will not be able to give you any kind of guidance on that company because we are still -- a lot of things we are trying to get hold on it before we can give any guidance.

Sahil Sanghvi: Sure, sir. Sure, sir. But just are the Q4 margins sustainable? Or should we assume that's more of a quarterly phenomenon?

Dinesh Gandhi: Quarterly volatility will continue to be there depending on the product mix, etcetera, because there are various products other than lead like tin, cadmium, zinc, these kind of value-added products, we are focusing on those products and certain assets have also been commissioned. So those products will give a substantially higher margin than what we are getting on the lead. So yes, but the margins will depend on the product mix and final output.

Moderator: The next question is from the line of Aditya Welekar from Axis Securities.

Aditya Welekar: My question is on the ferro alloys realization. So it has bucked the trend. So basically, we have seen in this quarter, steel price realizations have fallen, but ferro alloy realizations have improved on a quarter-on-quarter basis. So any outlook on the prices on ferro alloys? And the kind of guidance we have for ferro alloys is slightly less than what we have achieved for FY '25. So we have achieved 1 lakh tons and the guidance is slightly lower at 0.9. So any color on that?

Abhishek Agrawal: See, for the ferro alloys, yes, the margins have slightly improved compared to Q3 because Q3 was quite subdued in terms of entire steel market and ferro alloys is definitely a part of supply chain. Q4, the market improved. And Q1, the market remained stable compared to Q1. So we can see the license on the similar levels as Q4 for Q1. On the volume side, yes, we did cost 1 lakh tons. This year, the guidance is slightly less because we are planning some energy-efficient systems to be modifying the system regarding the new polishing equipment and new polishing norms.

That's why the guidance is slightly on the lower side. If we're able to achieve the modification, then in time, we are sure we can produce as per last year's volume. So that's why we have given a little conservative volume depending on our modification work, nothing else.

Aditya Welekar: Sure. And sir, the drop in the sponge iron production in this quarter, so have we sold our pellets externally, means directly to the third-party market?

Abhishek Agrawal: Yes. That's why the sale base of pellet in Q4 is much higher compared to Q3 because of the shutdown in sponge iron.

Moderator: The next question is from the line of Divya Agrawal from Ficom Family Office.

Divya Agrawal: Sir, I just wanted to know the iron ore pellet realizations have declined by 4% quarter-on-quarter and 6% year-on-year. So do you expect the realizations to improve from here on? And what was the reason for that? And how are the realizations in the international markets? Was it above -- were it more as compared to domestic market or like it was in the similar lines?

Abhishek Agrawal: See, currently, so last year, I would say most of the year, the export market was quite subdued compared to domestic market. The domestic prices were much, much higher. So if you see the entire pellet volume going out of India last year was much lower compared to a year before that. And right now also, the export market of pellet is quite subdued.

To give you a delta, so currently, the delta is almost at $15, $20. So domestic is much -- realization of domestic is about $15, $20 more compared to the international market. And looking at the current trend, it seems to be on a similar lines. So that's why the export volumes from our company was close to nil last year. That is one. Secondly, on the pricing side, see, 4%, 6% is not a big number because eventually, it's a commodity.

And steel demand does play a big factor in terms of deciding the pricing as well. So 4%, 5% is, I think, much acceptable. And this year as well, so if you say April was good, again, May is still better, but June onwards, you can see the demand and the pricing is on the lower side. So our guidance of 5% plus/minus is, I think it's quite acceptable. No major change for that, I would believe.

Divya Agrawal: Fair enough, sir. Fair enough. And in terms of domestic market, what kind of traction are you seeing? Like are there new capacities oversupply? How is the demand-supply situation in pellets in the domestic market?

Abhishek Agrawal: See, you have to consider region-wise, if you see the Eastern market, which is Bengal and Odisha, there is oversupply of pellets because of additional capacity being installed, plus limited sources of fines available, which is mainly the Odisha market. But for Raipur market, the demand is much more because of the DRI capacity, which has been added in last 2, 3 years since COVID.

So abnormal capacities of DRI has been added in the Raipur market in the last 2, 3 years, because of which, for us, the pressure of selling is very seldom. Probably once in 4, 5 months, we will feel the pressure of selling the pellets. Otherwise, it's a cakewalk for us.

Moderator: The next question is from the line of Hitesh Popat, who is an Investor.

Hitesh Popat: Many congratulations to the management. The way GPIL is shaping up as a responsible ESG company with green initiatives not only benefiting stakeholders on cost saving, but also being environmentally sustainable.

Abhishek Agrawal: Thank you so much.

Hitesh Popat: Sir, I would like to know details on the loans we have extended, which is reflected in our balance sheet. And along with that, if we do have any intercorporate loans, whether taken or extended?

Abhishek Agrawal: Dinesh ji, Bothra ji. Dinesh ji, can you please...

Dinesh Gandhi: Yes. The loans, which includes on the long-term side, there are 2 parties, INR118 crores. On the short-term basis, we normally -- it is a part of the treasury management and short-term period, we get substantially higher rate of interest as compared to the rate offered by the banks. And as a part of treasury management, some loans have been given, which is to the external parties in the form of intercorporate deposits. So total exposure will be in the range of INR200 crores to INR250 crores, including long-term loans. So it will be a mix of long-term and short-term loans.

Hitesh Popat: Yes. If I am able to understand correctly, we are planning a fresh borrowing for the expansion we are pursuing. Am I correct?

Dinesh Gandhi: Yes. This INR300 crore borrowing, which we have proposed and took the approval of the Board is in order to manage the cash flow. In that, our actual requirement may not be there to the extent. We may draw some amount, we may not draw. But in order to maintain the cash flow and have some cash balance with the company because otherwise, our cash balances are tied up with the current expansions in the plant. So just took an approval for INR300 crores from the Board, and we will take the sanction also. We'll draw as and when it is required.

Moderator: The next follow-up question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: Sir, my first question regarding just -- sir, new pellet plant for FY '26, we are expecting 0.5 million tons for FY '26?

Abhishek Agrawal: Right. Correct, correct.

Rakesh Roy: And for rolling mill, we are expecting 0.5 lakh, 50,000?

Abhishek Agrawal: No, no. So there are 2 expansions. One is the new pellet plant. Second is we have taken an additional rule from the Board to expand the steel capacity from 5.25 lakh to 5.75 lakhs. So that is the 50,000 tons. And from the new structural rolling mill, which we have commissioned. So this year, we envisage production of 1.5 lakh tons.

Rakesh Roy: 1.5 lakh tons?

Abhishek Agrawal: So total put together, the rolling capacity will be 3.75 lakhs, out of which 2.25 lakh, 2.3 lakh will be wire rod and 1.5, 1.75 lakh tons will be the structured, which we just commissioned in last quarter. Yes. So put together about 3.7 lakh to 4 lakh tons of rolling, yes.

Rakesh Roy: So totally is 3.75 lakh?

Abhishek Agrawal: Yes, yes, put together both the products, both the mills.

Rakesh Roy: Okay. Right, sir. And sir, one more question regarding, sir. Sir, suddenly, sir, we see some -- every North or Western part, we are seeing some unexpected raining happening. So do you see also any problem in Raipur or unexpected rain or you have faced any problem in operation?

Abhishek Agrawal: No, no. See, we have spent well in the infrastructure catering because the monsoon in Raipur usually is quite good. It's from July till mid of October. So basis that, we have spent well in infrastructure. So even if there is a untimely monsoon, we are very well prepared and doesn't harm our operations at all. And our achievement of production guidance year-on-year clearly shows that.

Rakesh Roy: Okay. And sir, last question, sir, as you say, you get the EC by Q3 FY '26 for mining business?

Abhishek Agrawal: Very much, very much.

Rakesh Roy: And the mining operation from next year, FY '27?

Abhishek Agrawal: No. So you can see a slight ramp-up from Q4 onwards. But yes, majorly, you can see an incremental volume happening from FY '27. But you can see a slight increment from Q4 onwards.

Moderator: The next follow-up question is from the line of Manav Gogia from Yes Securities.

Manav Gogia: Sir, one question I wanted to ask on the high-grade pellet premiums. Considering the drop in the pricing of pellets, are the premiums getting impacted as well?

Abhishek Agrawal: No, no. So we ensure that the premiums are always basis the commercial pellets. So premiums remain the same, plus INR500 is not a big number. But majorly, our premium remains quite constant for the entire year. We -- basis it are the commercial pellets. That's how we are marketing the product because of the quality and other parameters.

But -- so for example -- today, for example, the pricing is INR9,500. So pellet will be at INR10,000, INR11,000. If the pricing becomes INR9,000, our pellet will be INR10,500. So the delta between both the grades is constant.

Manav Gogia: Got it. Got it. Yes, sure, sir. So one question. Can you just let me know what was the landed cost of coal for us during Q4? And how do you see it shaping up during Q1?

Abhishek Agrawal: See, for Q4, the landed cost of coal was close to about INR11,750, the imported coal. And for Q1, the pricing will be somewhere about INR11,500, a slight reduction. But from Q2 onwards, we can see a sharp drop of almost 10% because even the international market has corrected quite a bit.

Manav Gogia: Got it. That was helpful. Sir, one more question is going to be on the CapEx expectation, right? What would be a number that we can see for both FY '26 and FY '27 going ahead?

Abhishek Agrawal: See, FY '26 with the current pellet project mines beneficiation, mines expansion and a few other energy incentive initiatives, we envisage the total outflow will be about, say, INR850 crores for this year. And next year, hopefully, we are able to start work on a new steel plant. So if that happens, then of course, the numbers has to change. But still it will be difficult to give you a right number right now. This year, it will be about INR800 crores to INR900 crores.

Dinesh Gandhi: No. We have given the number on the capex plan for the current year in our presentation that is capex sheet. So more or less all these expansion projects are likely to get commissioned in the current year and that is in the range of about INR1,000 crores remaining capex. So there is a pending beneficiation plant capex of INR150 crores, pellet plant is INR334 crores yet to be spent. All these numbers are based on March '25. Solar power project, there is a INR380 crore requirement. Energy efficiency project, INR56 crores. Altogether, INR950 crores to INR1,000 crores approximately.

Manav Gogia: Sure. Perfect. That was very, very helpful. And sir, on the new steel plant that is right now under discussion. So we are going -- like any idea on that we can get, whether it's going to be a greenfield expansion or probably a brownfield expansion at the current capacity?

Abhishek Agrawal: No. So the steel plant at the new complex will be definitely a greenfield expansion. There won't be brownfield. As I said, we are waiting for the land approval and hence, the EC. We should be able to get it in the next 3 to 4 months. And our plan is more or less ready. But once -- until the time Board doesn't approve it, we really can't come into the market. So we're waiting for the EC to get approved. Once we have the approvals, we will definitely share with you. But it's going to be a greenfield complex.

Manav Gogia: Okay. Okay. And will it be for flat for long?

Abhishek Agrawal: No, so it won't be flat. So, you can -- so structure is -- so it will be more on the section mill side, the section side. So, the whole idea is what we're commissioning is a light to medium structured mill and the remaining products, which is medium to heavy structured mill, we want to establish in this complex so that Godawari can offer full range right from light to heavy in the longer term. That's the whole idea.

Moderator: We'll take our last question from the line of Aditya Welekar from Axis Securities.

Aditya Welekar: My question is on the macro front. So currently, what is the kind of differential between CFR China iron ore prices versus our domestic iron ore prices? And at what level of differential, does it impact our pellet prices? Means, if the iron ore prices decline in future, then what will be -- at what level it will start pinching us? So, I want to understand from that perspective?

Abhishek Agrawal: See, to be honest, the impact of national iron ore market compared to previous years, there is a lot of dilution because earlier we were doing a lot of export volumes, so there was a direct impact. But in the last couple of years, the entire dynamics have changed because additional DRI capacities have been added in Chhattisgarh region, for which the pellet demand has gone up exponentially.

So that's why if you see from the last 18 months, we have hardly exported any vessels. So I don't see in the longer term, any major change in iron ore will have a big impact on the pellet pricing. And as for this year's guidance by all the big agencies like Goldman Sachs and all, iron ore should be at between 90 to 100 level this year as well. So we don't see much change unless there is a drastic change in the economics. So yes.

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

Dinesh Gandhi: Yes. Thank you. We would like to express our heartfelt appreciation for joining this conference call, and we are confident that we have adequately answered all your queries. Should you have any further questions or need additional information, please feel free to reach out to us or our Investor Relations agency, Go India Advisors. Once again, we sincerely thank you for your participation and your unwavering support. Thank you very much.

Abhishek Agrawal: Thank you.

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