

Godawari Power & Isp

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Godawari Power And Ispat Ltd. Q1 FY27 earnings conference call, hosted by Monarch Network Capital. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this call is being recorded. I now hand the conference over to Mr. Sahil Sanghvi from Monarch Network Capital. Thank you, and over to you, sir.

Sahil Sanghvi – Monarch Network Capital: Thank you, Shriti. Good afternoon, everyone. It is a pleasure to welcome you on behalf of Godawari Power And Ispat Ltd. to the Q1 FY27 earnings conference call. Please note that today's discussion may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company faces. Today, we are joined by Mr. Abhishek Agarwal, Executive Director; Mr. Dinesh Gandhi, Executive Director; and Mr. Sanjay Bothra, Chief Financial Officer. May I now invite the management to present the company's business outlook and performance, after which we will open the floor for Q&A. Thank you, and over to the management, please.

Management: Thank you, Sahil. Good afternoon, everyone. Thank you for joining us on today's call. Our financial results and earnings presentation have been uploaded to the stock exchanges and our website. I trust you have had an opportunity to review them. I will briefly walk you through the key highlights of the results and progress on various projects, following which we will open the floor for Q&A.

GPIL has made a steady start to FY27, delivering a resilient performance in Q1 FY27, supported by healthy revenue growth, improved sales realization, and stronger realization across key product segments. Sequentially, profitability was impacted by higher input costs, driven by increased iron ore sourcing from the market and elevated coal prices following the West Asia crisis. These pressures are expected to ease upon commissioning of the beneficiation plant, enabling higher captive mining, improved raw material availability, and enhanced cost efficiencies.

Coming to the operational performance, our iron ore mining volume declined primarily due to space constraints for dumping overburden, in view of the delay in obtaining tree-cutting permission on the additional allotted land. This resulted in higher market procurement of iron ore for pellet production, leading to elevated input costs. Despite this, production grew year-on-year across product categories, except iron ore mining and galvanized products. On a quarter-on-quarter basis, production remained subdued across most segments, with sponge iron and wire ferro-alloys being the key exceptions.

We remain on track to deliver our FY27 guidance, with Q1 volume achieving 16–29% of the full-year guidance. Our value-added products also recorded healthy year-on-year growth in Q1, led by sponge iron, billet, and iron ore production. This was further supported by improved realization of most products, both year-on-year and quarter-on-quarter, contributing to healthy revenue growth during the quarter.

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Talking about the consolidated financial performance, Q1 FY27 revenue recorded both year-on-year and sequential growth, supported by healthy sales volume and improved realization. EBITDA and PAT remained broadly stable year-on-year, although profitability softened sequentially due to elevated input costs, primarily on account of higher procurement of iron ore from the market and coal prices. EBITDA and PAT margins stood at 19.1% and 12.7%, respectively. We expect margin improvement from Q2 FY27 following the commissioning of the beneficiation plant, enabling greater utilization of captive iron ore pellets.

Now coming to our key growth projects, the Ari Dongri iron ore mine expansion is progressing as planned, with ramp-up expected from Q3 following the commissioning of the beneficiation plant and full-scale operation targeted from FY28. The beneficiation plant will strengthen captive iron ore security and improve ore quality for pellet production. Capex of ₹ 218 crores was incurred in the beneficiation plant up to June 2026.

The 4.7 million-tonne expanded pellet capacity operated at 77% utilization in Q1 and is expected to ramp up to around 80–85% in FY27 as operations scale up. Regarding our integrated steel plant and CRM project, the company has decided to keep the proposed 1 million-tonne integrated steel project in abeyance due to on-ground challenges and delays in approvals, especially approval for water allocation, which has resulted in a delay in the final EC and consequently in obtaining consent to set up the integrated steel plant.

Consequently, in order to leverage the benefits of state incentives and subsidies and the synergies from the proximity of the base plant, the 0.7 million-tonne CRM complex is proposed to be relocated to Maharashtra near Sambhaji Nagar. Identification of land for the proposed CRM project has been completed, and an application for allotment of land has been submitted to the Government of Maharashtra. We expect land allotment approval by the end of August 2026. Project construction activities are expected to start from October 2026. The project is now targeted to be commissioned by December 2027, with plant capex of ₹ 1,100 crores to be funded through ₹ 550 crores of debt and the balance through internal accruals.

The ₹ 20 gigawatt BESS project is progressing well and is scheduled for commissioning in Q1 FY28. Soil testing has been completed, and construction of the compound wall is underway. Key supply agreements for major equipment and raw materials have been finalized, including long-term solar procurement, keeping project execution on track.

The project is also supported by incentives from the Government of Maharashtra. We have already incurred capex of ₹ 501 crore to date in the project. Regarding the expansion of the solar project capacity from 165 to 290 megawatts, the iron ore mines, and the additional 2 million-tonne pellet plant for captive use, the 25-megawatt solar plant was commissioned in May 2026, and the 100-megawatt project is under construction and targeted for commissioning by September 2026. The proposed 250-megawatt solar project has been kept in abeyance due to the relocation of the CRM project to Maharashtra, where the solar power was proposed to be consumed, and also due to the delay in land allotment for the solar project.

The 45-megawatt BESS project for storage of captive solar power is under implementation and was initially targeted for commissioning by Q3 FY27. It is targeted for commissioning by Q3 FY26, not Q3 FY27. Sorry. Upon completion of the solar project, captive solar power capacity will reach 290

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megawatts, and solar storage capacity will reach 45 megawatts.

CRISIL has reaffirmed the company's credit rating at AA-, with a stable outlook, for long-term facilities. I am also pleased to mention that GPIL has been recognized among India's 500 most valuable companies in the 2025 Burgundy Private Hurun India 500 list, reflecting growing scale, strong business fundamentals, and sustained value creation.

Under the ESG fund, the company has completed initiatives under the energy efficiency and decarbonization program. The 6.9-megawatt WRHBP plant has commenced commercial production, taking total WRHBC capacity to 49 megawatts. GPIL is also advancing its decarbonization efforts through a 5 TPD carbon capture utilization project in collaboration with IIT Bombay, for which civil work is underway and completion is targeted by the end of FY27.

The company has demonstrated a strong focus on reducing carbon intensity, with CO2 emissions per tonne of steel tracked under two internationally recognized frameworks: the Carbon Border Adjustment Mechanism (CBAM), calculated and independently assessed by SGS, and the World Steel Association ISO 14064 standard. Under the CBAM methodology, based on total carbon emissions, emission intensity stood at 3.180 tonnes of CO2 in Q1 FY27, improving by 1.9% quarter-on-quarter and 4.2% year-on-year from {? 3.244 ?} tonnes of fixed carbon.

Under the World Steel Association methodology, based on fixed carbon, emission intensity stood at 2.485 tonnes of CO2 per tonne of steel production in Q1 FY27, remaining broadly stable quarter-on-quarter and year-on-year, as against the target of 2.4920 fixed by the Government of India. Overall, Q1 FY27 reflected improved carbon efficiency under the CBAM framework, while WSA-based emissions remained stable. As part of its EV transition towards greener operations, GPIL added 5 new dumpers during the quarter, taking the fleet to 15 EV dumpers, 24 EV loaders, and 15 EV excavators. The adoption of electric transportation has reduced operating costs by nearly 75% and CO2 emissions by around 88% compared with conventional diesel vehicles.

Now coming to the market outlook, India's iron ore production is expected to rise by 8% to 340-345 million tonnes during FY27, with most incremental supply coming from captive mines. Pellet production stood provisionally at 120 million tonnes in FY26, up from 109 million metric tonnes in FY25, led by Odisha and Maharashtra. Demand remains supportive, driven by rising steel production and higher pellet usage, with a shift towards higher-grade DR-grade pellets. However, industry utilization remains constrained at 65% due to high exports, limited iron ore availability, and margin pressure.

Globally, iron ore prices remained resilient at approximately 95-105 dollars per tonne, supported by healthy mill margins and inventory restocking, despite peaking Chinese steel consumption. Additional low-cost supply from the Guinea Simandou project presents a downside risk. Domestically, iron ore prices broadly remained stable at approximately 5,000-5,500 for 62% Fe, while pellet prices are in the range of 9,000-11,000 per tonne, with current levels at around 10,000 rupees per tonne. Meanwhile, India's steel demand outlook remains strong, supported by infrastructure, housing, railway, and manufacturing investments.

In conclusion, I would like to mention that, backed by strong captive mining assets, a strong balance sheet, ongoing capacity expansion, and a focus on ESG and cost optimization, GPIL

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remains well-positioned to drive sustainable long-term value creation. With a clear roadmap and strong execution focus, the company remains confident of achieving its Vision 2030 targets of a 4x increase in revenue and 3x growth in EBITDA and PAT. We remain committed to delivering on our growth ambition and creating value for all stakeholders. With this, I would like to conclude my opening remarks and open the floor for Q&A. Thank you, and over to you, moderator.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Manav Gogia from Yes Securities Limited. Please proceed.

Manav Gogia – Yes Securities Limited: Hi, very good afternoon, and thank you for the opportunity. My first question is regarding the steel plant, which is now getting delayed again. I wanted to understand whether you could help me with any specific milestones or conditions that need to be satisfied before the board revives this project. Also, going ahead, should we continue to include this steel plant in the company's medium-term expectations, or should we now view it as an optional growth project rather than a committed capex plan?

Management: Good morning. On the first question...

Management {? Abhishek ?}: The milestone we are waiting for is water allocation. Earlier, we were given a LOI by the state government for water allocation. However, when we went back to them for the confirmation letter, there were challenges, because of which the entire water allotment of 9.4-something MCM has been delayed. It has been almost 6-8 months now. That is the reason the project has been kept on hold. From an investor's perspective, I think you should now keep the steel plant as an optional project for medium-term growth.

Manav Gogia – Yes Securities Limited: So we are keeping it as an optional project.

Management {? Abhishek ?}: Yes. Until we get the water approval and everything else, we really do not know what is going to happen. It is therefore better to keep the steel plant as an optional project for now.

Manav Gogia – Yes Securities Limited: That is quite clear. I have a follow-up on the same topic. Your slide on Vision 2030 shows the revenue and EBITDA numbers, which I believe still include commitments from the steel plant. How should we now view that Vision 2030 plan?

Management {? Abhishek ?}: No, that does not include the steel plant. It is mainly based on the CRM complex, which will be commissioned in Q3 FY28, or December 2027, and the battery storage project, which is well on track. We have revised our guidance. If you look at our earlier presentation, it was 4x at the EBITDA level, but we have now removed the steel component from the entire investor presentation. Yes, we have.

Manav Gogia – Yes Securities Limited: That is quite helpful. My second question pertains to the challenges we are seeing with the steel plant. Do these have any impact on the rest of the projects,

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such as BESS or the CRM mill, especially since the CRM is also shifting to Maharashtra?

Management {? Abhishek ?}: The CRM was coming up on the same land as the steel plant, and we were not getting the desired approval for water allotment. That is why we decided to take this step and move the CRM complex to Maharashtra. In Maharashtra, we have opted for a mid-industrial belt with a plug-and-play model, just like the battery storage project. Land allotment will happen by the end of this month. As Mr. Gandhi said, we should commence activities on the ground by October. There is a delay of almost 6 months for the CRM, but the CRM will remain on track. Please consider the steel plant to be on hold for the medium term.

Manav Gogia – Yes Securities Limited: Understood. As a follow-up on the CRM, we are now moving closer to our BESS facilities, correct?

Management {? Abhishek ?}: Yes.

Manav Gogia – Yes Securities Limited: What benefits will this provide, either for the CRM complex or for BESS, in terms of cost? I mean, from moving the product from Chhattisgarh to Maharashtra or by moving the plant directly there.

Management {? Abhishek ?}: On the battery storage side, it was always planned for Maharashtra. Therefore, there have been no changes in the battery storage project from day one. On the CRM side, the additional advantage we envisage is the local consumption of the value-added steel that we will be producing. Maharashtra is an automobile hub, and a lot of our products will be consumed by the automobile industry. We therefore expect local demand growth in Maharashtra, which will add to the benefits of the CRM project. For raw materials, there is significant supply available. JSW is in Dolvi, and ArcelorMittal is in Gujarat. Therefore, we do not see any challenge in procuring HR coils. On the consumption side, Maharashtra is a large state for consumption, and that is why the industrial policy of the Government of Maharashtra is giving us benefits in terms of SGST and other incentives. We feel that shifting the CRM to Maharashtra is actually a boon for us compared with keeping it in Chhattisgarh.

Manav Gogia – Yes Securities Limited: Understood. My next question is regarding the Ari Dongri mining front. We faced some challenges during this quarter in terms of mining production. Are these expected to continue in Q2 and Q3?

Management {? Abhishek ?}: I will explain. The mines basically have two types of land. One was private land, where we have already started dumping. All the formalities are complete, and we have started using the land for dumping. On the government land, last year's approvals are pending. Once those approvals are received, we will be allowed to enter the land and carry out tree cutting and other activities. That should happen in Q2. From Q3 onwards, we expect mining production to ramp up and eventually achieve full capacity from Q4 or early Q1 of the next financial year.

Manav Gogia – Yes Securities Limited: We will therefore continue to have higher procurement from merchant miners in Q2?

Management {? Abhishek ?}: In Q2, there will be an impact. As we informed investors last month, we have shut down one of our new 2 million-tonne plants because of iron ore availability from the

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market as well as cash pricing. Q2 will therefore be subdued in terms of pellet production and mining volumes. From Q3 onwards, we expect to run the pellet capacity at full production. Mining ramp-up will happen from Q4 and eventually reach full capacity from Q1 FY28.

Manav Gogia – Yes Securities Limited: Understood. One more follow-up: the beneficiation plant is coming up in Q3, correct?

Management {? Abhishek ?}: Yes.

Manav Gogia – Yes Securities Limited: Could you help me understand the quarterly trajectory of captive iron ore availability? You are saying that Q4 is when we will ramp up to full mining production. After the beneficiation plant comes on stream and iron ore mine production ramps up, should we expect merchant iron ore procurement to be completely eliminated? Would that be the right way to look at it?

Management {? Abhishek ?}: In Q3, we will still be running the pellet plant at full capacity, but market purchases will still be about 25–30%. From Q4, they should gradually come down below 10%, and finally, in FY28, the business should be 100% captive. That is the target.

Manav Gogia – Yes Securities Limited: Understood. That is helpful. I have more questions, so I will join the queue again. Thank you.

Management {? Abhishek ?}: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. To ask a question, please press star and one now. The next question is from the line of Aman Kothari from Equirus Securities. Please proceed.

Aman Kothari – Equirus Securities: Hello, and thank you for the opportunity. My first question is a follow-up to the previous one. The 3 million-tonne guidance you have given for iron ore includes beneficiation, correct?

Management {? Abhishek ?}: Beneficiation is primarily on the input side. The 3.4 million-tonne full-year guidance for mining production, which is essentially usable ore for the pellet plant, remains on track. It is very much on track. We are not revising our full-year mining guidance. We have given a guidance of 3.4 million tonnes for this year, and that remains very much on track.

Aman Kothari – Equirus Securities: The rest would be market purchases, an additional 1.2–1.3 million tonnes?

Management {? Abhishek ?}: In that case, our pellet production will be on the lower side. Accordingly, our market purchase for the full year will also be lower, because we shut down one of our pellet plants last month and I think it will continue to remain shut this quarter. Accordingly, market purchases in terms of volume will be slightly lower.

Aman Kothari – Equirus Securities: Understood. The reason for shutting down pellet production was obviously iron ore availability, but how significant is the gas supply issue for us? Is it expected to normalize after Q2?

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Management {? Abhishek ?}: To be honest, there was a slight misunderstanding. We are able to take 100% of the gas from the supplier. The issue is that, under the new guidelines of PNGRB, the purchase price of gas has gone up drastically, by almost 40-45%. Purchasing iron ore from the market and also obtaining gas at a higher price makes pellet plant operations commercially unviable. That is what we stated in our statement last month. In the current market scenario, where steel prices are down and pellet prices touched an all-time low of about 8,700 rupees at the beginning of July, it is commercially unviable to purchase iron ore from the market and use expensive gas in the pellet plant.

Aman Kothari – Equirus Securities: That makes sense. My second question is on iron ore pricing. This year, we have seen iron ore come down to around 94 dollars. We expect the Simandou project to ramp up by the end of this year and to further double its output next year. How do you see iron ore market pricing over the next 1-2 years?

Management {? Abhishek ?}: I feel iron ore will continue to hover between 90 and 100 dollars, because the Simandou project will take some time to ramp up. In addition, demand for iron ore in India is definitely growing. A lot of port-based plants have started importing iron ore. I therefore feel iron ore should remain between 90 and 100 dollars, depending on the market. We do not expect iron ore to fall below 90 dollars soon.

Aman Kothari – Equirus Securities: With the beneficiation plant, will we be able to command a much better price in terms of quality?

Management {? Abhishek ?}: Beneficiation will mainly help us reduce mining costs. At present, I am beneficiating the entire ore at the factory complex and paying transportation costs of 1,000 rupees. By beneficiating the ore at the mines, my mining cost for the usable concentrate that will feed the pellet plant will go down. The objective is to reduce mining costs and improve profitability. That is why we are now setting up a beneficiation plant at the mines.

Aman Kothari – Equirus Securities: Understood. My last question before I rejoin the queue: do we conduct any sensitivity analysis for iron ore pricing? For example, if iron ore prices fall by 5-10%, what could be the impact on revenue or profitability?

Management {? Abhishek ?}: If iron ore pellet prices decline by 100 rupees, we will lose 40 crores annually, based on 4 million tonnes of iron ore pellet production. It is very simple. Iron ore costs do not have as much impact on pellet prices. Pellet prices are mainly driven by steel sentiment. For example, steel sentiment is slightly weak today, which is why pellet prices were below 9,000 rupees. However, over the last couple of weeks, the domestic market has revived by almost 10%. Pellet prices are therefore back to the 10,000 level in the domestic market. I would say that pellet pricing plays a more important role in our cost economics than iron ore fines prices.

Aman Kothari – Equirus Securities: Pellet prices, as you mentioned, are entirely driven by steel economics and steel demand.

Management {? Abhishek ?}: Yes, definitely.

Aman Kothari – Equirus Securities: Thank you. I will rejoin the queue.

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Management {? Abhishek ?}: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. To ask a question, please press star and one now. The next question is from the line of Yogansh from Mittal Analytics. Please proceed.

Yogansh – Mittal Analytics: Thank you for the opportunity. Am I audible?

Management {? Abhishek ?}: Yes.

Yogansh – Mittal Analytics: Thank you, Abhishek, for the detailed answers. I have one question on the three things we are doing. The pellet plant is already up and running, correct? As you said, we are not operating it, but it is up and running. We will also have the beneficiation plant coming up and the mining scale-up. Once all three of these major initiatives come into force, say by the end of FY27, what kind of benefits do you see coming into our books from FY28 onwards? Could you broadly quantify them? You mentioned that we save 1,000 rupees per tonne in transportation with beneficiation at the mine. Could you break it down in a little more granular form and help us understand how much our EBITDA per tonne can change with all three initiatives combined?

Management {? Abhishek ?}: To give you a brief breakdown, our current mining cost stands at approximately 3,000–3,500 rupees, depending on production. Our target is to bring mining costs below 2,700 rupees from FY28. Beneficiation is one part of this. EV deployment in the mines is another part. The overall objective is to bring down mining costs. A 100-rupee saving in iron ore directly gives us EBITDA of 45–50 crores on 5–6 million tonnes of iron ore production. The objective is to reduce mining costs, which is why all these initiatives have been undertaken. That is the first aspect. We expect pellet production to be at full capacity from FY28, which is approximately 4.5 million tonnes. Higher volumes will directly give us a higher level of profitability. These are the two major factors for iron ore mining and pellets.

Yogansh – Mittal Analytics: With the additional iron ore mining that we can undertake, will this volume help us generate revenue, or can we not sell it because of the ceiling of 40 million—something on pellets? 47 million—47 lakh on pellets, sorry.

Management {? Abhishek ?}: Under the new MMDR Act, as a captive miner, we are allowed to sell 50% of our iron ore in the market at an additional royalty of 150%. However, that is possible only if we are able to feed 100% of our pellet plant. In the longer term, we have no intention of selling iron ore in the market. We want to make 100% of the iron ore captive to the pellet plants. Going forward, perhaps 2–3 years down the line, if we feel there is an opportunity and we still have surplus iron ore, only then will we consider selling it in the market. At the moment, we have no plans to sell iron ore in the market. Instead, we will preserve it and keep the mines running for longer.

Yogansh – Mittal Analytics: At least in FY28, we have no plans to sell it.

Management {? Abhishek ?}: No.

Yogansh – Mittal Analytics: Could you help me understand the conversion rate from your beneficiated iron ore to pellets?

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Management {? Abhishek ?}: The conversion cost remains the same and depends on various factors. It is approximately 1,500–1,800 rupees on an annual basis.

Yogansh – Mittal Analytics: Sorry, your voice broke and I could not hear.

Management {? Abhishek ?}: It is between 1,500 and 1,800 rupees on an annual basis—1,500 to 1,800.

Yogansh – Mittal Analytics: Broadly, as you said, we are not currently looking to sell iron ore. If we decide to sell it in the future, what kind of delta would we capture? Is it safe to assume that the delta captured in pellets is much higher than what we would capture in iron ore?

Yogansh – Mittal Analytics: You capture in iron ore, and hence we do not want to sell iron ore externally.

Management: The first point is that if we want to sell iron ore, we have to pay 150% royalty on lumps and 250% royalty on fines. Therefore, 1,000 rupees of delta immediately goes away if we intend to sell iron ore in the market. The delta in pellets is almost {? 400 rupees ?}. Commercially, therefore, it does not make sense to sell iron ore in the near term. Unless pellet prices really crash below 8,000 rupees, we may consider selling iron ore in the market, but I do not see that happening very soon.

Yogansh – Mittal Analytics: Understood. I have one last question. In FY28, there will be very limited volume growth, correct? The major growth will come from the steel business once the CRM comes up, correct? Apart from that, the main driver of EBITDA growth will be BESS once it comes online from Q1 FY28 onwards.

Management: Correct.

Yogansh – Mittal Analytics: Perfect. Thank you very much, and all the best to you and your team.

Management: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. Participants who wish to ask a question may press star and one at this time. The next question is from the line of Sumit Jain from Nirmal Bang Securities. Please proceed.

Sumit Jain – Nirmal Bang Securities: Thank you for the opportunity. This is regarding the iron ore mine. You said that part of the land was private and part was government land, and operations have started on the private land. First, in relation to the pending approval for the government land, what type of approval is it, and could the approval delay production for a longer period?

Management {? Dhananjay ?}: The pending approval is the final approval from the state government for entry to the land and tree cutting. Since it is government revenue land where plantation has been carried out, there is a process we have to follow that also involves the forest department. The file is under application. We are very hopeful that we should receive the desired approvals by the end of September. On that basis, from October onwards, we will get the land to

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start dumping.

Sumit Jain – Nirmal Bang Securities: Thereafter, will the key iron ore production take some time to ramp up?

Management {? Dhananjay ?}: Ramp-up will start from October onwards. However, as I said, full ramp-up capacity will eventually be achieved by the end of Q4 or early Q1 of the next financial year.

Sumit Jain – Nirmal Bang Securities: On the private land, can we independently start producing iron ore, or do both areas have to be available?

Management {? Dhananjay ?}: We can start producing iron ore at a 6 million-tonne capacity from today itself. We need additional land for dumping overburden. On the private land, we have started dumping the overburden, which is why we are still able to produce iron ore at the current capacity. Once we receive the government land, dumping capacity will improve and iron ore production will eventually improve.

Sumit Jain – Nirmal Bang Securities: So, basically, after that...

Management: Dhananjay, let me clarify. The land for the dumping ground is separate from the land for mining. The mining area and the dumping area are slightly different. This additional land that has been allotted is only for the dumping ground. There are also two types of land within that area: one is private land and the other is government land. Tree cutting on the dumping-ground land is what is delaying the mining operations. I hope that is clear. The entire mining land is available.

Sumit Jain – Nirmal Bang Securities: It is available. For dumping, you need the area, and there...

Management: This land was specifically for dumping overburden.

Sumit Jain – Nirmal Bang Securities: The point is that without that dumping area, you cannot increase the volume?

Management: I do not have the space to keep the overburden in the mining area.

Sumit Jain – Nirmal Bang Securities: Understood. My second question relates to the project that has now been shifted to Maharashtra. Will we have better profitability in the BESS project or in the cold-rolled mill capacity? Is there any possibility of a higher margin because of this, or will you continue with your earlier guidance?

Management {? Dhananjay ?}: In terms of profitability, we do not see much change. The only positive aspect of Maharashtra is that local consumption in Maharashtra is very high. We already have demand available, which will save us transportation costs on the finished product. That is one advantage we will get in Maharashtra. In addition, the industrial policy incentives in Maharashtra are much better compared with Chhattisgarh. The incentives we receive annually will also add to the profitability of the CRM complex. The ISP was planned for Maharashtra from day one, and that project remains on track. Nothing changes there.

Sumit Jain – Nirmal Bang Securities: Will these incentives improve the margin?

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Management {? Dhananjay ?}: Yes. The incentives will improve the margin by another 2–3% on the CRM complex side.

Sumit Jain – Nirmal Bang Securities: Earlier, you were targeting approximately 7–8%, so it can move up to what level?

Management {? Dhananjay ?}: It should, exactly, reach 10–11% with the incentives.

Sumit Jain – Nirmal Bang Securities: Great, sir. Thank you very much.

Management {? Dhananjay ?}: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants to press star and one. The next question is from the line of Tanuj from SKP Securities. Please proceed.

Tanuj – SKP Securities: Thank you for the opportunity. I wanted to understand the increase of approximately 10% in iron ore production costs. What is the reason for this? Is it related to fuel?

Management {? Dhananjay ?}: Iron ore costs have increased because of higher purchases of iron ore from the market. There is no other reason.

Tanuj – SKP Securities: I am referring to mining costs.

Management {? Dhananjay ?}: The mining cost has also increased. It is mainly because of lower production in the mines. Other operating costs have increased only because of the lower production. Once we are able to achieve the desired capacity, the mining cost will automatically come down.

Tanuj – SKP Securities: This is the highest mining cost in the last 10 years.

Management {? Dhananjay ?}: Yes. Because of lower production on the mining side, the cost has increased. Once we achieve the production level, the mining cost will automatically come down. There is no other reason.

Tanuj – SKP Securities: My second question is—

Management {? Dhananjay ?}: In addition, as Mr. Gandhi mentioned, diesel consumed in the mines for operations has also had an impact. That has also affected mining operations.

Tanuj – SKP Securities: Understood. I have another question. I have seen an increase in pellet sales volume. Peer companies have also recorded a substantial increase in pellet production and sales. Is there any specific reason for this?

Management {? Dhananjay ?}: Our new pellet plant was running at full capacity. In Q1, we were operating all three plants. That is why additional production occurred, and that is why pellet sales also increased. Captive consumption of pellets remains constant based on our DRI capacity, so any additional pellets produced are sold in the market. That is why you see a substantial jump in pellet sales in Q1.

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Tanuj – SKP Securities: Can you give us your view on demand for pellets?

Management {? Dhananjay ?}: Demand was quite subdued at the end of June and in early July. Prices had touched the COVID low of below 9,000 rupees. That was why we had to shut down one of our plants, as operations were commercially unviable. However, the steel market has revived over the last 2–3 weeks, so pellet demand is better compared with July. Prices have also risen by almost 10%.

Tanuj – SKP Securities: We are not proceeding with the integrated steel plant. Do we have any plans to use the internally produced pellets to make sponge iron or something similar? How are we moving forward if we have cancelled the ISP plant, and what is the capex pipeline? Are we considering starting sponge iron production or anything else?

Management {? Dhananjay ?}: First, we have not cancelled the project. We have kept it on hold. Once we receive the desired approvals, we will probably reconsider what to do. Regarding pellet consumption, we have no plans to expand DRI capacity because obtaining new land and pursuing the EC is a long-drawn process. We therefore have no plans to increase our DRI capacity. Whatever pellets are produced will be sold in the merchant market. There is good demand for high-grade pellets in both the domestic and international markets. We started exporting and exported two ships at the end of Q1 and the beginning of Q2 before shutting down our pellet plant. We will continue selling pellets in the market over the longer term.

Tanuj – SKP Securities: I was going through your past conference calls, and there seems to be a tendency for significant delays in obtaining approvals. Is there any specific reason, or is it simply the—

Management {? Dhananjay ?}: I would say it is simply unfortunate that there have been enormous delays at different stages when it comes to approvals from the state government. However, that is not in our hands. Hopefully, we will receive whatever pending approvals remain as soon as possible. That is all I can say. It is very unfortunate, but it is genuinely not in our hands.

Tanuj – SKP Securities: Understood. Thank you very much, sir. That is all from my side.

Management {? Dhananjay ?}: Yes.

Operator: Thank you. The next question is from the line of Vineet Thakur from 91plus91 Asset Management. Please proceed.

Vineet Thakur – 91plus91 Asset Management: Thank you for the opportunity. Most of my questions have been answered. Could you help me understand the iron ore cost? Previous participants have also asked about it. By when do you expect to receive approval for the expansion of the dumping area?

Management {? Dhananjay ?}: As we mentioned earlier, we are very hopeful that we should receive the pending approvals by the end of Q2. From Q3 onwards, you can see improvement in mining production and eventually full-rated capacity from FY28. That is what we envisage.

Vineet Thakur – 91plus91 Asset Management: What is the update on BESS?

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Management {? Dhananjay ?}: The project is very much on track. Groundwork has started, and everything has been placed. Machine deliveries will start from December. We expect to roll out the first container in Q1 FY28. The BESS project is very much on track.

Vineet Thakur – 91plus91 Asset Management: Coming to the realizations of iron ore and pellets, they saw a good peak in Q4 and at the beginning of Q1, but they have been somewhat softer in Q2, as you mentioned. Do you expect somewhat lower realization going forward?

Management {? Dhananjay ?}: Over the longer term, we still feel that iron ore pellet prices will hover between 9,000 and 10,000 rupees. The lower side would be 9,000 and the higher side would be 10,000. If you also look at the last 5 months, average pricing and our selling price have remained around the 10,000 level. In addition, this is a commodity and a cyclical business. Ups and downs will continue depending on the market. We do not see a major change in iron ore pellet prices over the long term.

Vineet Thakur – 91plus91 Asset Management: You also mentioned that you were exploring exports as an option for pellets if the domestic market—

Management {? Dhananjay ?}: We exported two vessels in June and July. We then had to stop exports because we shut down another pellet plant. Export opportunities will always be available. Depending on domestic demand and pricing, we remain open to exports.

Vineet Thakur – 91plus91 Asset Management: What realization did you receive for exports in June?

Management {? Dhananjay ?}: It was slightly, or almost, at par with the domestic market. It was approximately 9,000 rupees ex-plant when the domestic market was at 9,000 rupees in June and July.

Vineet Thakur – 91plus91 Asset Management: Understood. Thank you, sir.

Management {? Dhananjay ?}: Thank you.

Operator: Thank you. The next question is from the line of Karthik Gada from Multiples Wealth Management. Please proceed.

Karthik Gada – Multiples Wealth Management: Thank you for the opportunity. I apologize if this is repetitive; I joined a little late. During the quarter, we sold down our stake in Jammu Pigments, in which we had invested a couple of years ago. I wanted to understand the thought process—what changed and what led to this decision?

Operator: Dinesh, hello.

Dinesh: We have not sold much of Jammu Pigments. We have sold shares worth approximately 25 crores. We are still considering our strategy regarding Jammu Pigments. In fact, we had the option either to increase our stake or exit, but we have not yet fully decided. The promoters' other family members, such as their daughter and son-in-law, have also joined the business. Earlier, the stated position was that they did not have any succession planning and were therefore planning to exit. We also have many other things coming up in Chhattisgarh and now in Maharashtra, including the CRM

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project and other activities. Operationally, that location is becoming slightly difficult for us in Jammu and Kota. We are therefore in the process of taking a decision.

Management: We have partially sold the stake to the promoters. If they desire and want to do so, we can also offload some additional quantities going forward.

Karthik Gada – Multiples Wealth Management: Are there any expected timelines, or will it happen as and when required?

Management: There are no timelines. We are still discussing how to proceed with this.

Karthik Gada – Multiples Wealth Management: Understood. That is all from my side. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Aman Kothari from Equitree Investments. Please proceed.

Aman Kothari – Equitree Investments: Thank you for taking me back in. In the previous conference call, we discussed Boria Tippu and the TEFR that we were going to file in Q1 of this year. What is the update on that filing?

Management: The Boria Tippu expansion plans are very much on track. We have started preparing the documents. We will also be setting up a beneficiation plant inside the mines, for which trials are under process. Once everything is finalized, we will file the TEFR for Boria Tippu. We expect the Boria Tippu expansion to happen sometime around April 30, FY31. That is the plan. The current mining capacity is 0.7 million tonnes. From next year onwards, Boria Tippu will be running at its full capacity of 0.7 million tonnes. Currently, it is running at approximately 0.2–0.3 million tonnes. Eventually, in FY31, we will increase the mining capacity from 0.7 million tonnes to 4 million tonnes.

Aman Kothari – Equitree Investments: Will the beneficiation plant also have a capacity of 4 million tonnes?

Management: Yes, mining capacity will be 4 million tonnes and beneficiation capacity will also be 4 million tonnes. Since the grade of the mines is on the lower side, we expect output of approximately 1.5–2 million tonnes of usable concentrate for pellet feed.

Aman Kothari – Equitree Investments: Understood—1.5–2 million tonnes of usable concentrate.

Management: The recovery will be approximately 40%.

Aman Kothari – Equitree Investments: The tail loss would therefore be much higher in this case?

Management: Yes, because the grade is on the lower side. The average grade in the mines is approximately 45–50. Therefore, the tailings will be substantially higher in order to maintain concentrate output at 65% or above.

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Aman Kothari – Equitree Investments: You gave a detailed update on how BESS is progressing in terms of supply arrangements and the domestic EMS being finalized. Are we having any conversations or discussions regarding commercial arrangements, customer discussions, or how we intend to progress in this area?

Management: We have already tied up with a domestic EMS. We have also tied up for domestic PCS, as required under the directive of the Government of India, under which 20% of the entire system currently has to be Made in India. We have already achieved that. In terms of commercial sales, from August onwards we have started quoting our containers in the market, and we will start participating in tenders for future supplies.

Aman Kothari – Equitree Investments: These are the tenders in which we will be participating?

Management: Exactly. These will mainly be supported by a back-to-back guarantee to the developer participating in the tenders. If the developer wins the bid, we will provide a back-to-back guarantee and become the supplier for that particular project. That is how we intend to proceed with sales.

Aman Kothari – Equitree Investments: Regarding the ferro-galvanized products, I think we also saw a decline in galvanized product volumes this quarter. Is there any particular reason for the decline?

Management: Usually, during the monsoon, deliveries are lower and projects get delayed. That is why galvanized product volumes are on the lower side. Once the monsoon is over, volumes will return to the desired levels. It is simply a seasonal effect.

Aman Kothari – Equitree Investments: My last question is regarding the difference between BF and DR pellets, which you explained very well on the last conference call. Since you mentioned that we have already started exporting and that DR pellets, being gas-based, command a much higher premium, is this something we will pursue in the near term, or will we focus only on the domestic market?

Management: We very much have plans to enter the DR market, which is primarily the Middle East. However, that can happen only once we are able to feed 100% from our mines, because customers in that market are very specific and quality-conscious. Once we are able to do that, we plan to enter the DR market as well because of the higher premium.

Aman Kothari – Equitree Investments: Once Ari Dongri is operational with the beneficiation plant, can we then produce DR pellets?

Management: That will happen only once we are able to feed 100% of our pellet capacity from our mines. Then we can start managing the quality of the product. This will happen in FY28 once we achieve 100% mining capacity.

Aman Kothari – Equitree Investments: FY28, understood. Thank you very much for taking my questions, and good luck.

Management: Thank you very much.

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Operator: Thank you. The next question is from the line of Nidhi from Bigmint. Please proceed.

Nidhi – Bigmint: Good afternoon, and many thanks for the opportunity. Since one of your pellet plants is shut down, should we expect any change to the company's FY27 pellet production guidance of 4.0 million tonnes?

Management: Although we have not revised the guidance, we are still evaluating the situation, and you can expect volumes to be slightly lower. Once we have finalized the guidance internally, we will inform all investors. You can expect slightly lower guidance for the full year, since one of our pellet plants has already been shut for almost 45 days.

Nidhi – Bigmint: Should we still expect it to reach 4.0 million tonnes?

Management: Production will be slightly lower. We will provide exact guidance once we have full clarity.

Nidhi – Bigmint: My second question is how you view the pellet market outlook for this fiscal in terms of demand, pricing, and margin, particularly with rising domestic supply and subdued export demand.

Management: Prices touched their lowest level 2 months ago. However, with steel demand increasing slightly, prices have risen again by 10%. I still feel that, over the longer term, prices will continue to hover between 9,000 and 10,000 rupees ex-Raipur.

Nidhi – Bigmint: Thank you very much.

Management: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. To ask a question, please press star and one now. The next question is from the line of Rohan Mehta from Star Teck, StarEasy. Please proceed.

Rohan Mehta – Star Teck: Good afternoon. Am I audible?

Management: Yes, please go ahead.

Rohan Mehta – Star Teck: I have a couple of questions. First, our material costs have increased by 40%. As I understand it, we procure the materials one quarter in advance. We may therefore have procured the material in February or March, when the West Asia crisis was not as significant. Could you segregate this cost for me?

Management: Total raw material cost mainly comprises iron ore and imported coal for us. Domestic coal was largely stable. Iron ore contributed approximately 75% of the increase in cost, while imported coal contributed 25%. To be specific, our imported coal cost was approximately 10,500 rupees in Q4 and early Q1. It has now almost reached 13,000 rupees. Therefore, 25% of the impact is directly due to the West Asia crisis, while 75% is mainly on account of purchasing iron ore from the market instead of using material from our own mines.

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Rohan Mehta – Star Teck: This will be more impactful in Q2 because, as you said, imported coal costs have increased significantly.

Management: Q2 will continue to remain on the higher side because prices have still not declined compared with Q4 levels. The dollar remains elevated, and shipping freight is still high. The index is slightly lower because of the current crisis, but it remains at a high level.

Rohan Mehta – Star Teck: Regarding natural gas, when do we expect some normalcy? Is there any timeline for the force majeure to expire so that we can obtain gas at—

Management: There is no clarity, to be honest. We have been in touch with our supplier, GAIL, but there are no clear guidelines. It is an evolving situation depending on how the war unfolds each day. As you know, things are very irrational right now. We can only hope for the best.

Rohan Mehta – Star Teck: At what pellet prices does it make sense to produce at these gas prices?

Management: At these levels, we are evaluating the operation of the third plant. We are also speaking with suppliers to determine whether we can secure the required quantity of gas to run the pellet plant. If we are able to do so, we will come back and announce it to investors. At present, the plant is shut down, and we believe August will also be a shutdown period. In September, there may be a possibility of restarting operations at the third plant.

Rohan Mehta – Star Teck: My last question is regarding current capacity expansion. If the steel plant does not come into the picture, we will not need any debt, correct?

Management: To be honest, as we have clearly stated, the steel plant has been put on hold. We have no clarity on it. The steel plant would have required a substantial amount of debt for funding. Since it is now on hold, we do not need to borrow money to fund our current projects. We have sufficient free cash flows to fund all the current projects.

Rohan Mehta – Star Teck: Perfect. Thank you very much. That is all from my side.

Management: Thank you.

Operator: Thank you. The next question is from the line of Swati Agarwal from Chhattisgarh Investments. Please proceed.

Swati Agarwal – Chhattisgarh Investments: Thank you for the opportunity. I wanted to know whether there has been a revision in the budgeted capex for the CRM unit project.

Management: Earlier, the envisaged capex was approximately 900–950 crores. It is now approximately 1,100 crores. This is mainly on account of the one-time cost we will incur for land in Maharashtra and other basic infrastructure. Earlier, the entire complex was coming up in Chhattisgarh along with the steel plant, so a significant portion of the common infrastructure cost was being absorbed. Since the CRM project will now be independent, there will be a one-time cost to start the plant, including land, infrastructure, transmission lines, and other items. That is why capex is higher by approximately 15–20% compared with the previous capex announcement of 950 crores.

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Management: One point regarding the margin: the entire 200-crore increase is not due to higher capex. Some working capital margin money is also included in the 1,100 crores. Therefore, the actual increase will be much lower.

Swati Agarwal – Chhattisgarh Investments: What is the estimated land cost for the Maharashtra land?

Management: It will be approximately 45–50 crores. Land cost will be about 50 crores. The land parcel is approximately 35 acres.

Swati Agarwal – Chhattisgarh Investments: What is the expected commissioning date?

Management: December 2027, which is Q3 FY28.

Swati Agarwal – Chhattisgarh Investments: Thank you. That is all.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference, please limit your questions to two per participant. The next question is from the line of Mitul Shah, an investor. Please proceed.

Mitul Shah: Good afternoon. My question is regarding cash utilization. We already have healthy cash on the books, and at a steady-state pellet price we would be generating more than 1,000–1,200 crores every year. Now that the steel plant has been shelved, what are your plans regarding utilization of this cash?

Management: We will come back on this. Let the CRM and BESS capex be completed, and let us have full clarity on the integrated steel plant. We will then come out with a plan for the cash.

Mitul Shah: Thank you very much.

Operator: Thank you. The next question is a follow-up question from the line of Manav Gogia from Yes Securities Limited. Please proceed.

Manav Gogia – Yes Securities Limited: I have one question regarding capex. How should we now look at FY27 and FY28, given that the steel capex is no longer part of the plan?

Management: We have given the numbers in our presentation. The presentation provides the capex for FY27 and FY28.

Manav Gogia – Yes Securities Limited: Understood. In terms of pellet production during Q2 FY27, should we assume 675 KT? Would that be the right way to look at it?

Management: Could you please repeat the question?

Manav Gogia – Yes Securities Limited: For pellet production during Q2 FY27, should we assume 650–700 KT for the quarter?

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Management: If we keep the plant shut for the entire quarter, the numbers will be lower. At the moment, we are discussing approximately 500 KT.

Manav Gogia – Yes Securities Limited: Understood.

Management: Yes.

Operator: Thank you. The next question is from the line of Vineet Thakur from Plus 91 Asset Management. Please proceed.

Vineet Thakur – 91plus91 Asset Management: Since you said that we will fund all our capex going forward through internal accruals, what will be our new capex for the next 3 years, excluding the plant, if the ISP is not part of our near- to medium-term growth plan?

Management: For the CRM, we have envisaged capex of 1,100 crores, of which approximately 80 crores has already been spent. Therefore, approximately 1,000 crores remains on the CRM side. On the battery storage side, we have already spent close to 500 crores. The remaining capex of approximately 700–800 crores will be spent this year and next year. In addition, for the remaining mining capex, we envisage total capex of approximately 2,000 crores for the remainder of FY27 and all of FY28.

Vineet Thakur – 91plus91 Asset Management: For FY27, are you saying total capex will be 2,100 crores and for FY28 it will be 2,000 crores? And for FY—

Management: All the numbers, including the amount to be spent in each year, are provided in the presentation. You can refer to the presentation. Shall I tell you the exact numbers?

Vineet Thakur – 91plus91 Asset Management: I have the numbers, but they are only available up to FY28. I wanted to know whether you have any projections for FY29.

Management: There is no projection for FY29 as of now.

Vineet Thakur – 91plus91 Asset Management: Understood. Thank you.

Operator: Thank you. That was the last question for today. I now hand the conference over to management for the closing comments. Over to you, sir.

Management: Thank you very much for joining us on this call. We hope that we have been able to address all your questions. Should you have any further questions or require any clarification, please get in touch with our investor relations team at Go India Advisors. Thank you very much. With this, we conclude the call.

Operator: On behalf of Godawari Power And Ispat Ltd., that concludes this call. Thank you for joining us, and you may now disconnect your line.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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