Disclaimer:

- I am not a SEBI registered advisor.
- This presentation is only for the knowledge purpose and nothing in this presentation should be considered as investment advice.
- I am currently not invested in the company but may do so in future.
- Please do your due diligence before making any investment decision.

Agenda:

- Products Understanding
- Business of the Company
- Management of the Company
- Management Quality
- Growth Drivers
- Demand Scenario
- Financials of the Company
- Any Red flags?
- Antithesis
- Valuations
- What technicals say?
- Q&A

Products Understanding:

Pellets:

- Iron ore pellets (small, hardened iron balls), used as raw material for iron/steel manufacture, are made from iron ore fines and beneficiated low-grade ore.
- Pellets are suited for efficient iron making over other feeds due to their uniform size, high metallization rate and increased permeability in blast furnaces.

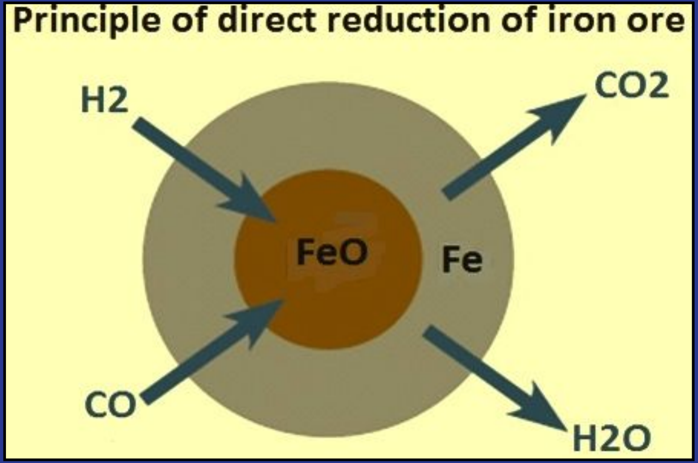
- Pellets are manufactured heating the mixture of iron ore, limestone, olivine, bentonite, dolomite etc. in the range of 1,250 deg C to 1,350 deg C.
- Palletization has gained growing traction owing to growing demand of high-grade iron content which is scarce globally.

Products Understanding:

Sponge Iron:

- Iron ore is usually available in Fe2O2 or Fe2O3 (Iron Oxide), which has impurities and can not be used directly in downstream processes like steelmaking etc.

- Sponge Iron, also called as - Direct Reduced Iron (DRI) is produced by removing oxygen from Iron oxide, by a reducing gas or elemental carbon, produced from natural gas or coal. Due to its porous nature, it is called sponge iron.



- The direct reduction process is comparatively energy efficient. It is used as energy efficient feedstock in the steel industry.

- Steel made using DRI requires significantly less fuel DRI is most commonly made into steel using electric arc furnaces to take advantage of the heat produced by the DRI product.

Products Understanding:

Iron & Steel Billets:

- A billet is a section of metal used for rolling into bars, rods and sections. Usually sponge iron is used for the production of billets.
- Billets are used as raw materials or feedstock in extrusion, forging, rolling and other metal-processing operations. Billets have limited use before they have been formed into more functional shapes and sizes.
- Proper casting of billets is important because it determines the billet's strength and flexibility. Billets undergo a number of tests before they are sold.

Products Understanding:

Iron rods:

- These are nothing but the TMT rods.
- Intermediate inputs for steel plants as well as for industries like construction and infrastructure

Hard Black Wire:

- Made from rolled steel through wire drawing; serve as raw material for construction and infrastructure

Business of the Company:

- Incorporated in 1999, GPIL is an integrated steel company with a presence across the steel value chain extending from iron ore (two mines) to iron ore pellets and value-added steel products.

- The operations of the company can be broadly divided into 2 segments
  1. Mining Operations.
  2. Manufacturing

Mining Operations: The company has 2 captive mines

1. Ari Dongri iron ore captive mine, Chhattisgarh.
2. Boria Tibu iron ore captive mine, Chhattisgarh

Manufacturing: The company operates 5 plants

1. Integrated Steel Plant, Siltara, Chhattisgarh
2. Urla industrial Area, Chhattisgarh
3. Biomass Plant, Chhattisgarh (HFAL)
4. Windmill, Kundur, Karnataka (HFAL)
5. Pelletisation plant, Odisha (ASPL)

Business of the Company - Iron Ore Mining:

Ari Dongri iron ore captive mine, Chhattisgarh

- Capacity of 2.35 MTPA
- Estimated reserves of 80 Million Tons.

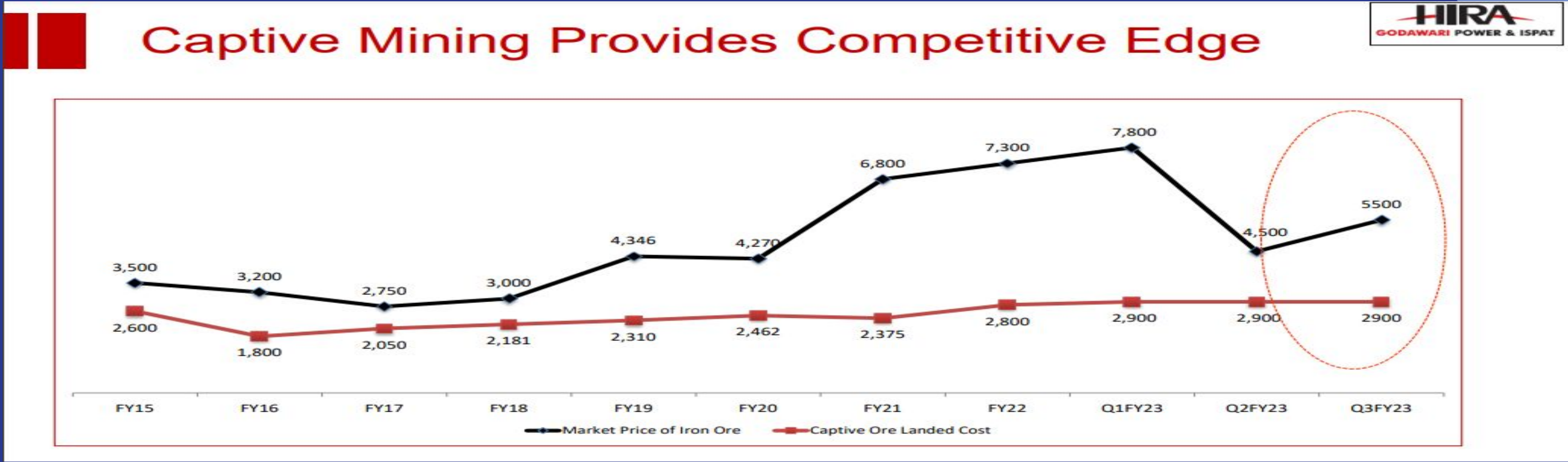
Boria Tibu iron ore captive mine, Chhattisgarh

- Capacity of 0.7 MTPA
- Estimated reserves of 85 Million Tons.
- Lease area of 110 hectares.
- Mining lease valid upto Mar-2060.
- Planned expansion of 4.705 MTPA is under process of EC approval

The iron ore from the mines is delivered to the company's plant by road, even when there is proximity with the railway, because as per the management, the road transport generates much needed employment to local population.

Business of the Company - Iron Ore Mining:

- Having captive mines helps the company with the secured supply of Iron ore at much lesser prices as compared to market prices.



Payroll and sales volume for GPIL and HFAL both increased 50% quarter-on-quarter on 50% and 20%, respectively. The market price of iron ore for Q3 stood at INR 5,500 a ton, whereas company's captive iron ore landed cost was about INR 3,000 a ton showcasing competitive advantage for the company as in the captive iron ore mine.

Business of the Company - Manufacturing:

1. Integrated Steel Plant, Siltara, Chhattisgarh

3.3 Million MTPA iron ore beneficiation	2.4 Million MTPA iron ore pellets	0.5 Million MTPA sponge iron	0.4 Million MTPA steel billets
0.2 Million MTPA wire-rod mill	0.3 Million MTPA HB wire	73 MW captive power	25 MW power from JPAL
16,500 MTPA ferro alloys	0.4 Million MTPA rolling mill		

- The company produces iron ore pellets of high grade (~65% Fe).
- The sponge iron plant runs on RB1 South African coal.
- Out of 73 MW capacity,
  42 MW is from waste heat recovery
  11 MW is from coal thermal plant
  20 MW is from Biomass

- For Billets, the company uses 92% of DRI Iron and 8% scrap.
- The company is in process to increase the billets manufacturing capacities from 0.4 MTPA to 0.6 MTPA, with CAPEX of 60 Cr, which is expected to be commercialized by Q4 FY23.
- The company mainly manufactures silico-manganese ferroalloys & 40% is used captively.

Business of the Company - Manufacturing:

2. Urla industrial Area, Chhattisgarh
    - 0.2 MTPA wire rod mill
    - 0.11 MTPA fabrication shop
    - 60,500 TPA ferroalloys (HFAL)
    - 20 MW captive power (HFAL)

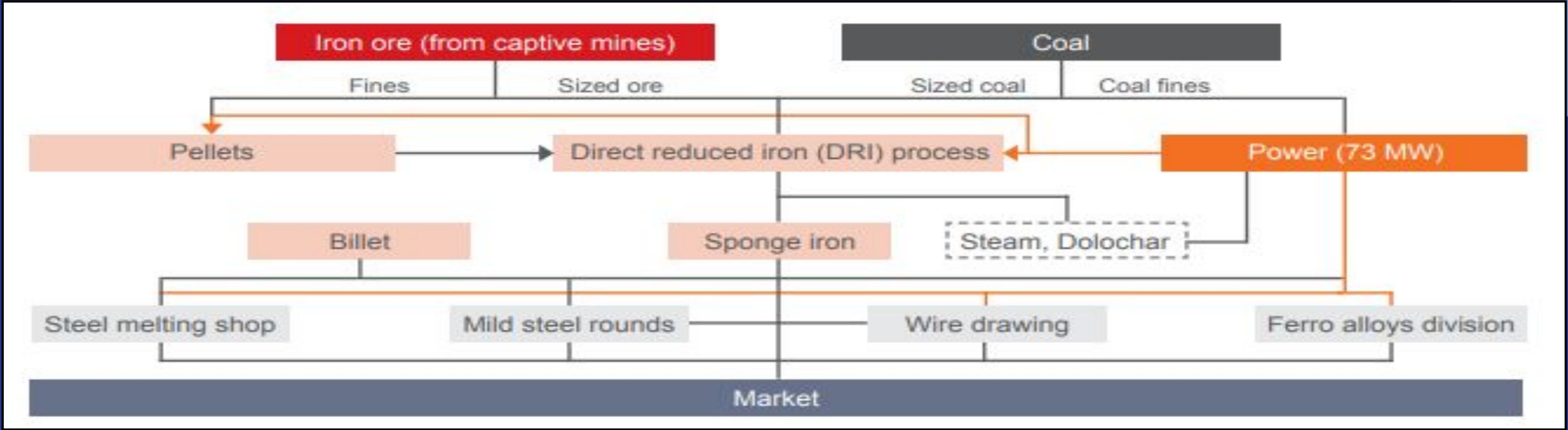
3. Pelletisation plant, Odisha (ASPL)
    - 0.8 MTPA pelletisation plant

4. Biomass Plant, Chhattisgarh (HFAL)
    - 8.5 MW biomass plant

5. Windmill, Kundur, Karnataka (HFAL)
    - 1.5 MW windmill

Business of the Company - Manufacturing:

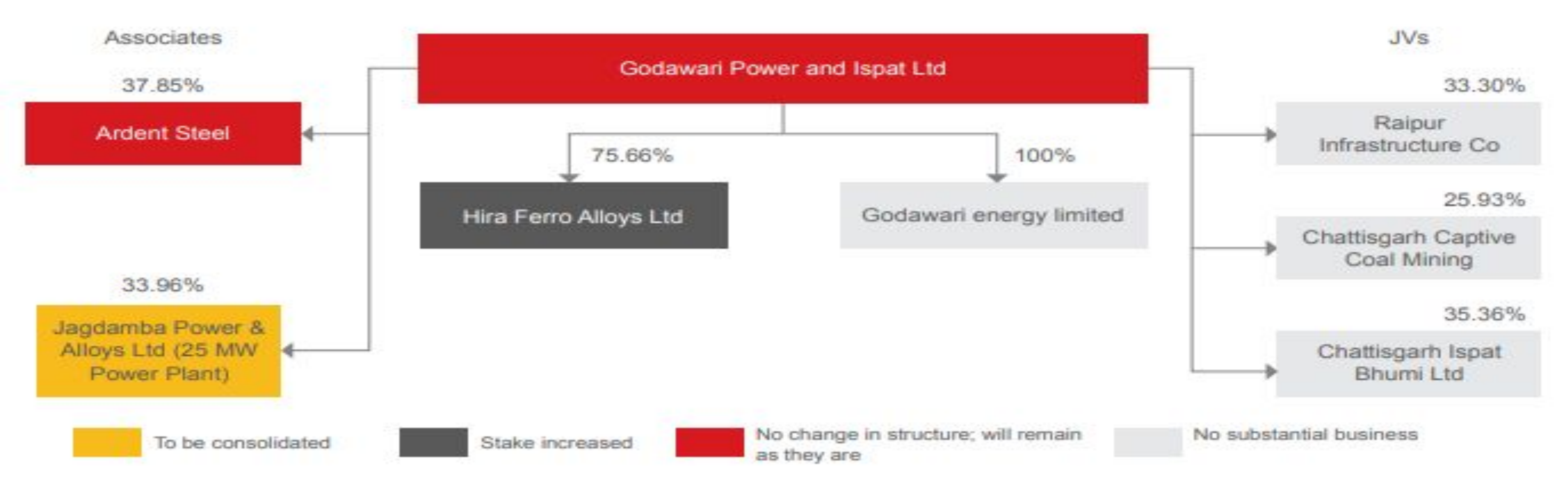
The company does captive consumption of various products to produce more value added products, thus increasing realizations and margins.



Yes. No. The difference in the sales volume, like I'll just give you an example. In pellet, we consume almost about 33% of our production for captive using in sponge iron. Similarly, the sponge iron whatever is produced, almost 80% is used for captive consumption in making steel billet. And billet goes into rolled products, rolled goes into the wire. And therefore, each product we sell in the market and there is a value addition as well. And therefore, there would be a difference in sales production volume and sales volume.

Business of the Company - Group Structure:

- The group structure is little complex, however the management is trying to simply it by selling the stake in non-core businesses and consolidating its stake in related businesses.
- The company has divested its stake completely in GGEL (Solar Thermal Power Plant) and has Consolidated its stake in subsidiaries - Stakes increased in HFAL , GEL & AFAL to 95.15%, 100% & 91.32% respectively.



Management of the Company:

Mr Shashi Kumar

(Chairman & Independent Director):

4+ decades of experience; B.Sc. In Mining Engineering; Advisor to NTPC, IFFCO & Chhattisgarh Power Ltd. Former Chairman of Coal India Ltd.

Mr B.L. Agrawal

(Managing Director):

1st generation entrepreneur with almost 4 decades of experience; graduated as an electronic engineer; started GPIL

Mr. Dinesh Agrawal

(Executive Director):

2+ decades of association with GPIL; 2nd generation entrepreneur; Electrical Engineer; overseeing the setting up of a captive power plant

Mr Abhishek Agrawal

(Executive Director):

Second generation entrepreneur; Master's in international business from Leeds University Started a pellet plant in GPIL

Mr. Siddharth Agrawal

(Non-Executive Director):

Managing Director of erstwhile subsidiary Godawari Green Energy Limited; MBA with over 10 years of experience in various competencies

Mr. Dinesh Gandhi

(Non-Executive Director):

3 decades of experience in Accounts, Finance & Project Financing; Chartered Accountant and Company Secretary

Mr. Vinod Pillai

(Executive Director):

2+ decades of experience in Sales, Administration, Liaison & Logistics; Commerce graduate; plays a vital role in commissioning new projects of Hira Group of Industries

Mr. B N Ojha

(Independent Director):

Bachelor of Electrical Engineering from BIT Sindari with over 4 decades of experience; Member of Export Committee, Department of Atomic Energy, Govt. of India.

Mr. Harishankar Khandelwal

(Independent Director):

Almost 3 decades of experience in corporate planning & strategy, financial analysis, budgeting etc. Chartered Accountant by profession

Ms. Bhavna G. Desai

(Woman Independent Director):

Over 2 decades of capital market experience; Bachelor of Commerce from University of Mumbai

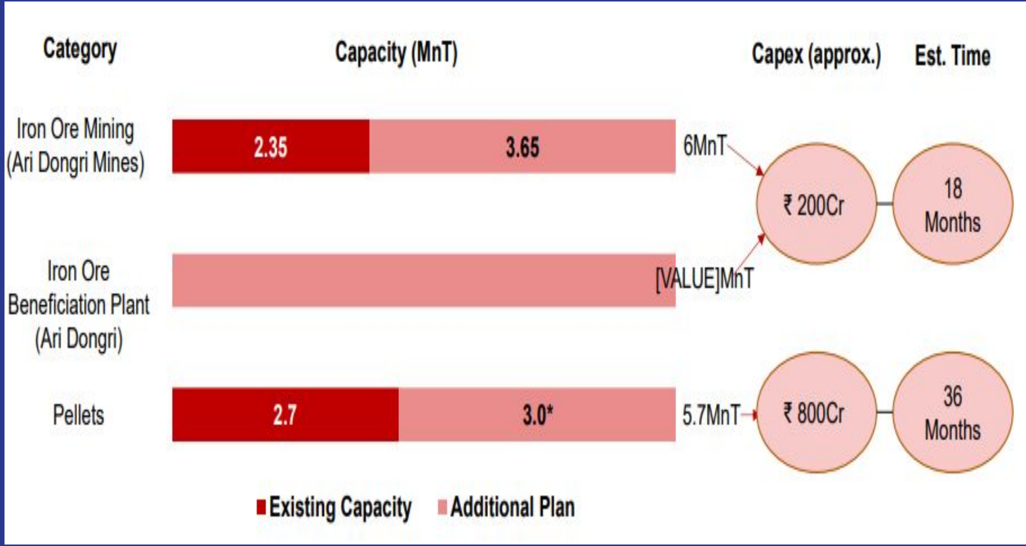
** Mr. Dinesh Gandhi has been appointed as Executive Director with effect from 01.04.2022.

Management Quality:

- It is a family run business, which was started by Mr. B.L. Agrawal (first generation entrepreneur) and the 2nd generation are also working in the same business.
- The management has skin in the game, with 67.5% holdings in the business.
- The management has been sharing the wealth with minority shareholders through dividends and buybacks.
- The management has removed the pledging it had in the past.
- The management seems open about sharing the information with the minority shareholders, through detailed presentations & concalls.
- The management is conservative at the same time understands the nature of the business and thus want to diversify into related businesses in order to remove over-dependency on one particular segment.
- The company has undertaken lot of initiatives for the welfare of employees & local communities.

Growth Drivers/Moats:

1. Capacity Expansion:



Iron Ore Expansion:

- The EC is expected in Q2 or early Q3 FY24
- Once the EC is received, it will take 18 months to expand the capacities.
- Commercialization expected - Q1/Q2 FY26
- CAPEX required = ~200 Cr

Pellets expansion:

- Groundwork expected to start in Q3/Q4 FY 24 & will take 24 months time
- Thus commercialization expected in Q4 FY 26 (Nov Dec 2025). CAPEX of ~800 Cr

Growth Drivers/Moats:

Iron & Steel Billets expansion:

- The company is expanding Steel Billets capacity from 0.4 MTPA to 0.5 MTPA.
- The CAPEX required was 41 Cr, out of which 35 Cr is already incurred.
- Commercialization expected by Q2 FY24.

Greenfield Steel Plant

- The company plans to set up 1 Mn Ton steel plant, approvals for which are pending (More details will emerge as and when approval is in place)

Optionality - Captive Coal mines:

- The company is bidding for a coal mine so as to protect its input costs and have better stability, however there is no success so far.

I want to add one more point on the coal. We have been waiting coal mine as whole so in order to protect the long term requirement of the company and regarding price fluctuation we are bidding for the coal mine as and when we are successful in the generation of fuel cost after that the dependency on the other market will reduce.

Growth Drivers/Moats:

Solar Power for captive usage:

- Total capacities to be setup ~155 MW.
- With all new solar power plants coming on stream, the company expects to achieve self sufficiency in terms of power requirements.
- Also because of solar power, there will be significant cost savings. On average for steel melting & ferroalloys business expected savings of about INR 3.5 per unit and for the mining business, the saving would be around INR10 per unit.

Particulars	Capacity	Capex (in Rs. Mn)			Current Status
		Total	Already incurred	Balance to be incurred	
Solar PV Projects					
GPIL - Rajnandgaon	70 MW	2475	2475	0	Plant commissioned on 6th August'2022 and started generating power for captive consumption.
GPIL – Khairagarh	38 MW	1300	660	640	Land acquisition and procurement of Solar modules completed. Construction activities started. Project Commissioning expected by end of June 2023.
HFAL - Bemetara	60 MW	2650	2315	335	Land Acquisition and procurement of solar modules completed. Project Construction activities & installation of solar modules started. Project Commissioning expected by 31st March FY23.

We will be self-sufficient for our existing operations. Including whatever is capacity under conditioning, there is a self-sufficient. For new projects, we will have to look for fresh power projects. But for requirement we don't need any additional power from here on.

See, GPIL, 70 megawatt has already been commissioned and we have started using the power in our steel smelting plant, integrated plant in Siltara. There, we are buying power from the grid for INR5.5 per unti. Now, so against this, our cost will be less than INR1.75 including the grid charges, the power banking charges. So, net-net there will be more than INR3.5 per unit saving. The 25 megawatt power plant, where the effective power generation would be about 4.5 megawatt, we will be using in our mines. So, mines, we're buying power at about INR12 per unit. The grid tariff for mines is higher. So there will be replaced with the power cost of INR1.75 from the solar. So, the entire saving will progress to the profitability. So, against INR12, you take INR2 cost, so INR10 saving is expected there. Similarly, HIRA Ferro Alloys, we because of the very high cost of coal, we are using the power from the grid rather than running the coal-based power plant and same will also get replaced with the solar power by the end of the current financial year. So, net-net, our steel melting and Ferro Alloy business, we expect the saving of about INR3.5 per unit and in our mines, our savings will be close to INR10 per unit.

Growth Drivers/Moats:

There is supply side dominance when it comes to pellets produced by GPIL. The company sells its pellets at the premium because

a. The grades of the pellets are high, with high Fe content, which helps in the saving cost for its customers.
b. The phosphorus content is low, which helps in producing better quality steel.

Pellet being one of major drivers. We do not find any challenges because of our premium quality we have established a good domestic market and we have also added new clients on the list so on the pellet side we do not see any issue selling the product, the export duty is not evoked we are totally okay with that.

On a pellet side what has happened is as you must be aware, as we go ahead, the quality of iron ore India is going down, Orissa being one of the major surprises of iron ore which is the basic raw material for pellet, earlier the benchmark was 63. Now, the benchmark is 62. So, now the pellets produced on average basis all over India is about 62.5, which is a high you know, alumina silica content, and which is the mass production. In case of Godawari,. the advantage we have is one is the high grade pellets, where the x is about 65 and we produce about 65% in the entire charge mix. So, buyers are totally different, you know, players like Tata, JSPL, who are running the blast furnaces, the reason behind using our pellet and paying a premium is because the high coking coal costs, the cocking coal by the way deliver to India are bove 300 which gives them an advantage to use the pellets in the charges. So there is a prime reason we're still getting a decent premium over and above the other players in the market because of lower middle and higher FP that is one thing and on the on the strategic side, the second advantage we have is you know, our phosphorus is quite low. Because of own iron ore mining, because of which there are few players in the domestic market who specifically wants a palette because of the steelmaking because like no, you know, everybody in India is moving towards making quality steel so phosphorus does play an important role. And the average phosphorus, all over India, it's quite high. So that is the reason you know, I keep mentioning again, again, when it comes to pellet for Godawari, we don't have any selling, rather we get a premium in the market. For example, our Orissa plant in Ardent, which is based in Orissa, the average selling is about INR6500 whereas Godawari is about INR8000., so straightaway EDITDA in addition of 1500 per tont, which is huge in the volume game.

Since the company produces upstream products, it has the ability to pick and choose which products to produce more, based on the realizations and better margins.

For instance if sponge iron prices are up, then the company may choose to produce more sponge iron from its pellets and sell sponge iron more rather than selling pellets directly.

Demand Scenario:

- As per the management of GPIL, Domestically, steel demand is very strong.

- Indian government in it's recent budget has increased capital outlay by 33% to Rs 10 lac Cr and also increased railway outlay by 75% to Rs2.4 lac cr. This augurs really well for the steel demand in the country, specially for long steel products.

- Governments other initiatives such as Gati Shakti Master Plan and Infrastructure Development, Bharatmala, Sagarmala, Regional Connectivity Scheme – UDAN etc. are going to aid steel demand in India.

- As per Data Bridge Market Research report, the demand for iron ore pellets is expected to increase at CAGR of 3.6% between 2021 to 2028.

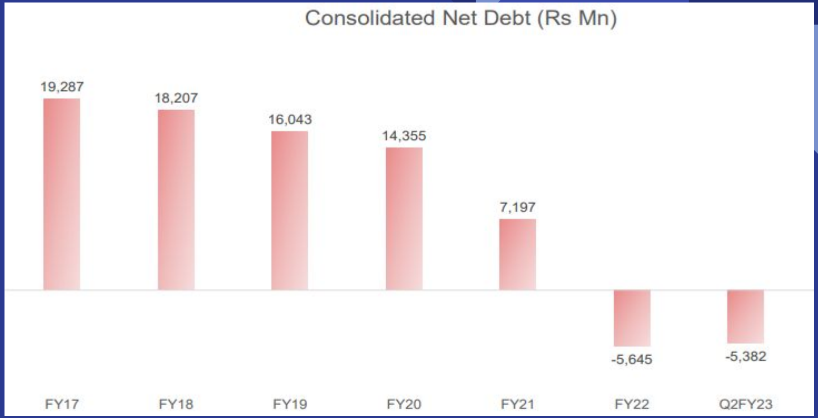
- India's finished steel consumption is anticipated to increase to 230 MT by 2030-31 from 133.596 MT in FY22.

- In short term, opening of Chinese economy and the government's push to revive its real estate sector is positive for the demand and pricing of iron ore & related products

Financials of the Company:

- **Balance sheet view:**

- The company managed to reduce it's long term debt from 1980 Cr in FY17 to just 10 Cr in FY 23. The company is now net cash positive (excluding short term borrowings of 430 Cr)



- The reserves of the company have increased from ~750 Cr in FY13 to ~3500 Cr in FY23.

- The company has been paying dividends and had done buy back recently.

- The company plans to undertake most of its expansions through internal accruals and is confident that very less or no debt would be required for funding of the future CAPEX.

Financials of the Company:

- **Balance sheet view:** Trade Payables

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Sep 2022
Share Capital +	32	32	33	33	33	32	34	34	64	34	34	66	65
Reserves	573	646	745	831	892	763	663	889	1,135	1,344	2,001	3,246	3,557
Borrowings +	765	961	1,684	2,084	2,038	2,007	2,214	2,124	1,856	1,697	896	428	429
Other Liabilities -	**323**	**376**	**655**	**566**	**786**	**613**	**342**	**405**	**486**	**407**	**542**	**1,149**	**873**
Non controlling int	76	92	157	163	167	103	153	160	167	125	72	130	41
Trade Payables	66	194	345	260	483	444	125	161	203	178	194	530	369

- The trade payables have increased in FY22, however seem to be reducing now.
- The D/E ratio of the company is 0.12, thus servicing the trade payables doesn't look problematic.
- Also, the trade payables are not very aged.

Trade payables ageing schedule for the year ended as on March 31, 2022 and March 31, 2021: (₹ in Lacs)

Particulars	Outstading for Following periods from due date of Payment as on 31.03.2022						
	Unbilled	Not due	< 1 Years	1-2 Years	2-3 Years	> 3 Years	Total
(i) MSME	-	-	16.56	-	-	-	16.56
(ii) Others	19.55	40,018.21	12,840.88	16.64	48.41	-	52,943.69
(iii) Disputed Dues- MSME	-	-	-	-	-	-	-
(iv) Disputed Dues- Others	-	-	-	-	-	-	-
Total	**19.55**	**40,018.21**	**12,857.44**	**16.64**	**48.41**	**-**	**52,960.24**

Financials of the Company:

- **Balance sheet view:** Inventories

KPI	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Inventory	348	402	419	410	304	432	616	557	504	874

- The inventories have increased on account of Raw Materials.
- This could be because of manganese ore that company needs for its ferroalloys and coal required for DRI & thermal power plant.

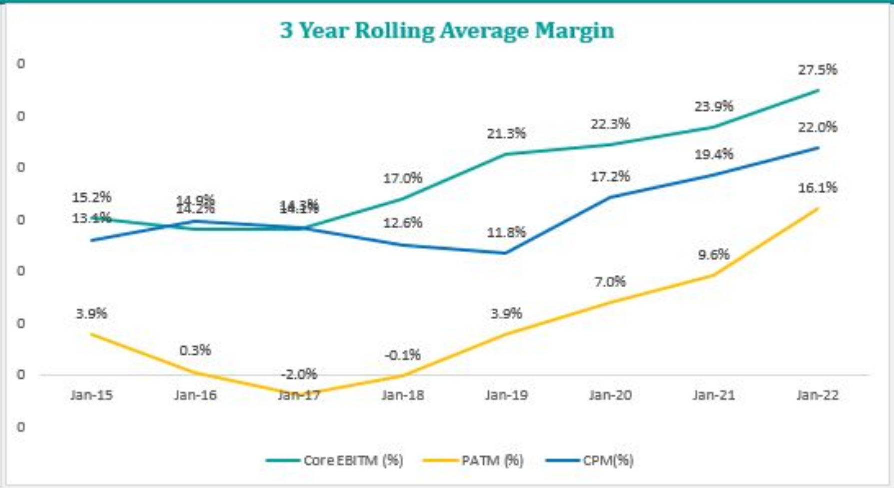
9. Inventories (valued at lower of cost and net realizable value)

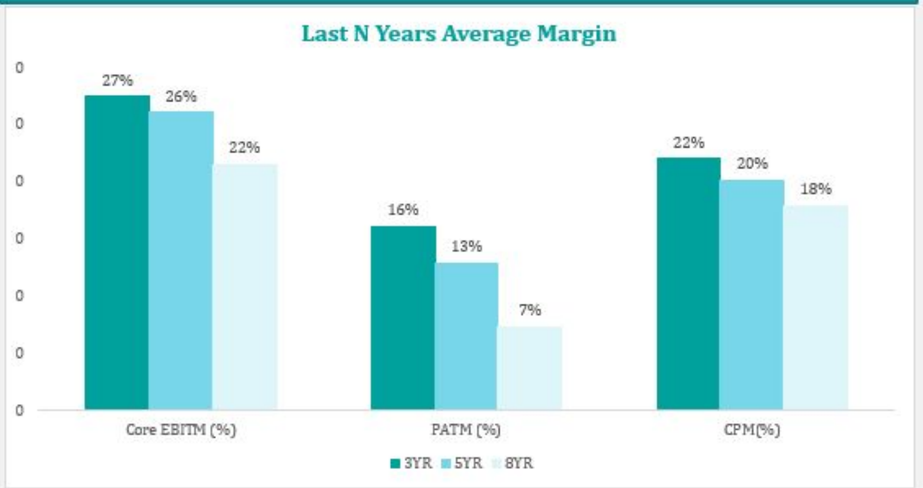
(₹ in Lacs)

	As at 31.03.2022	As at 31.03.2021
Raw Materials	54,696.99	26,528.67
Work-in-progress	3,337.81	1,808.97
Finished goods & by-products	14,692.25	8,490.69
Stock-in-trade	-	2,725.21
Stores & spares	14,635.68	10,813.92
	87,362.74	50,367.46

Financials of the Company:

- P&L Statement and Margins View





- The company operates in the cyclical industry. Better to look at the margins on longer term.
- On 3 years rolling, the margins are trending upward.
- On 8 years, 5 years and 3 years view as well, the margins are on upward trajectory.
- All the current CAPEX are towards cost reduction thus there can be margin improvement.
- The company varies its product mix based on the realisations of various products, thus can maintain better margins than other such companies.
- Higher grade pellets provide premium and thereby higher margins compared to peers.

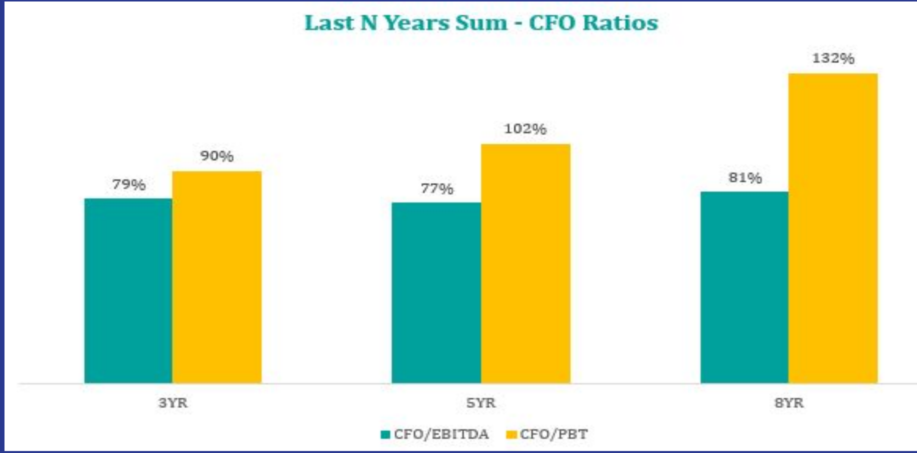
Any Red Flags?:

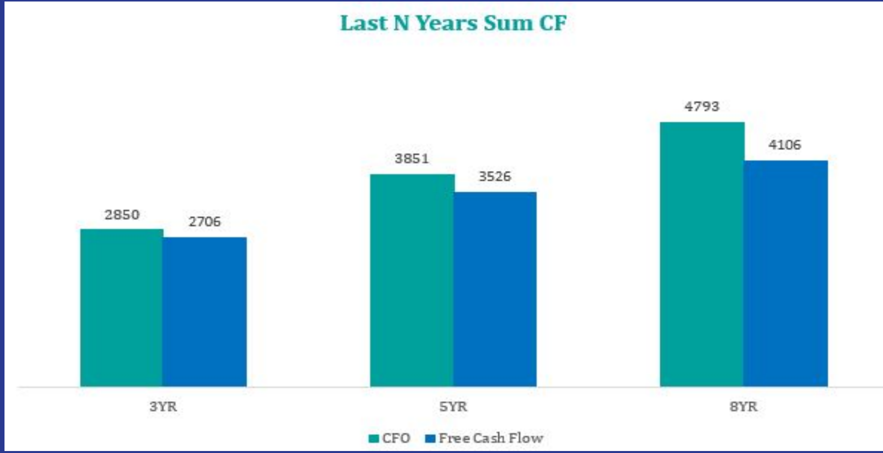
- Debt to Equity: The D/E ratio is at 0.12 as the company has reduced the debt over period of last few years.

- Capital misallocation: There is no capital misallocation. In fact company has sold its stake in non-core business and has consolidated the stake in related businesses.

- Sharing of wealth with minority stakeholders: The company has been paying out the dividend and has done buy back as well.

- EBITDA/CFO & CFO/PBT - The conversion has been good and consistent historically. The company has managed to convert CFO into FCF as well.





Any Red Flags?:

- Related Party Transactions - There are related party transactions amounting to 12.5 Cr, out of which majority of transaction is done with Jagdamba Power & Alloys Limited, which was possibly done for the acquisition of the acquisition, which got completed on 07.06.2022.

39. Information on Related Party Disclosures are given below : (Contd.)

(₹ in Lacs)

		2021-22	2020-21
k)	Directors' Sitting Fees :		
	Shri Bhrigu Nath Ojha	7.50	5.60
	Shri Biswajit Choudhuri	5.00	5.60
	Shri Harishankar Khandelwal	6.25	4.40
	Shri Shashi Kumar	6.05	3.40
	MS. Bhavana Govindbhai Desai	6.40	5.00
l)	Commission Paid :		
	Shri Bhrigu Nath Ojha	12.00	6.00
	Shri Biswajit Choudhuri	12.00	6.00
	Shri Harishankar Khandelwal	12.00	6.00
	Shri Shashi Kumar	12.00	6.00
	MS. Bhavana Govindbhai Desai	12.00	6.00
	Shri Dinesh Kumar Gandhi	25.00	25.00
m)	Outstanding - Receivables		
	Jagdamba Power & Alloys Limited	1,052.67	839.68
n)	Outstanding - Payables		
	Hira Ferro Alloys Limited	-	70.64
	Chhattisgarh Ispat Bhumi Limited	28.53	61.14
	Hira Cement Ltd.	35.56	43.08
	Chhattisgarh Captive Coal Mining Pvt. Ltd.	-	79.02

Any Red Flags?:

- Contingent Liability as % net worth - Approx 230 Cr of contingent liabilities are there on the BS and company has given loans worth 189 Cr to other related companies. Though this number is not very big (11% of net worth), one should keep eye on it.

33. Contingent Liabilities and capital commitments :-

Claims against the companies not acknowledged as debts:

i) Disputed liability of ₹ 181.06 lacs (Previous Year ₹ 144.45 lacs) on account of Service Tax against which the company has preferred an appeal.

ii) Disputed liability of ₹ 772.21 lacs (Previous Year ₹ 329.68 lacs) on account of CENVAT against which the company has preferred an appeal.

iii) Disputed liability of ₹ 356.87 lacs (Previous year ₹ 286.55 lacs) on account of Sales Tax against which the Group has preferred an appeal.

iv) Disputed liability of ₹ 10 lacs (Previous Year ₹ 10 lacs) on account of Custom Duty against which the company has preferred an appeal.

v) Disputed energy development cess demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh ₹ 8315.89 lacs (Previous Year ₹ 5546.24 lacs). The Hon'ble High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June,2008. The State Govt. has filed a Special Leave Petition before Hon'ble Supereme Court, which is pending for final disposal.

vi) Disputed demand of ₹ 192.66 lacs (Previous Year ₹ 192.66 lacs) from Chhattisgarh State Power Distribution Company Limited relating to cross subsidy on power sold under open access during the financial year 2009-10. The company has contested the demand and obtained stay from CSERC and expect a favourable decision in favour of company.

vii) Disputed demand of ₹ 68.77 lacs (Previous Year ₹ 68.77 lacs) from Mining Department of Chhattisgarh against which the company has preferred an appeal.

Guarantees excluding financial guarantees:

i) Counter Guarantees given to banks against Bank guarantees issued by the group Banker aggregate to ₹ 13184.37 lacs (Previous Year ₹ 3429.64 lacs.)

Capital Commitments:

i) Estimated amount of contracts remaining to be executed on capital accounts ₹ 13963.49 lacs (Previous Year ₹ Nil).

Loan given by the Company as at 31st March, 2022

Name of Company	As at 31.03.2022
Aim Infrastructure and Developers Pvt. Ltd.	500.00
Shubham K.Mart Pvt. Ltd	300.00
Sumeet Synfab India Pvt. Ltd	700.00
M R Buildtech Pvt. Ltd	500.00
Super Ispat Raipur Pvt. Ltd	1,000.00
Fortune Infra Services Pvt. Ltd	500.00
R.k.transport and Constructions Ltd	500.00
Sambhv Sponge Power Pvt. Ltd	500.00
Nandan Steel & Power Ltd	1,000.00
Hira Power & Steel Ltd	4,300.00
Kanker Contract Carrier Pvt. Ltd.	103.00
Jai Jagdish Transport	250.00
Shree Shivam Attires Pvt. Ltd	300.00
Fortune Resources & Properties Llp	1,000.00
Mahendra Strips Pvt. Ltd.	6,000.00
Antardhara Properties & Finance Pvt. Ltd.	1,000.00
Omax Minerals Pvt. Ltd	500.00
	18,953.00

Any Red Flags?:

- Any Auditor's red flags? - None.

- CFO Changes in last 5 years - None. Sanjay Bothra has been CFO for more than 5 years.

- Goodwill as % of total assets - 34 Cr of goodwill, which is just 0.6% of the total assets.

- Miscellaneous Expenses - Miscellaneous expenses are hardly 0.2% of the total expenses.

- Auditor resignations, if any? - JDS & Co has been the auditors of the company for more than 7 years.

    - JDS and Co. was incorporated on 01 January, 1970
    - JDS and Co. is an auditing and consulting firm, based in Raipur, Chhattisgarh.
    - Could not find any other listed company audited by JDS & Co.

- How is the corporate structure - It is bit complex, however the company is trying to simply its structure by consolidating its stake in related businesses and selling the stake in non-related businesses.

- Any unaudited subsidiaries - None, however the associate company and the 2 JVs are not audited by the same auditor.

- Promoter Pledges? - There is no pledging currently. Earlier there was pledging done by promoter, which was removed.

Antithesis:

- Over capacity in pellets business

Yes, the reason we don't want to -- only do pellet because a lot of expansion is happening even in India in terms of pellet capacity. Lot of our current buyers will turn into producers rather become a machine sell in the market. And depending only on 1 product, lifelong, I don't think is the right strategy. Because I guess see the iron ore price has also gone on to below $40 when the market was -- globally, market was at quite a low level.

- Government intervention in the sector can have huge impacts.

Coming on the domestic outlook. Government has levied export duty on iron ore from 30% to 50%. On pellets from nil to 45% and steel from 0 to 15% in May 2022 This has led to sharp drop in the domestic iron ore prices. NMDC has cut iron prices by approximately INR2,000 per tonne. Iron ore production in FY23 is estimated to be lower. Pellet prices decreased from INR14,000 a ton in April'22 to INR7,450 per ton and is presently trading at INR8,000 a ton.

when we were planing for the buyback but with the imposition of export duty. Now we want to very conservative and keep the cash in hand rather than going out of the cash. One simple government order they change the head of the industry.

Antithesis:

- All the CAPEXes that company is doing are towards the cost reduction.
- The company is not expecting any substantial volume growth for the next 2 to 3 years.

Growth in volume we have been trying and that is there. Whatever capex which we have done on recently 500 Crores it is more aimed towards the cost reduction rather than increase in the volumes except the steel billets everywhere it is cost reduction like solar power plant we are reducing our cost rather than adding on volume of the sale beneficiation plant in the mine. Earlier we were aiming at 1.8 million tonne now we are aiming at 1.2 million tonne.

three years time some top line growth may be there for next two to three years I am not expecting any substantial top line growth in Godawari Power expect whatever acquisition we have done Hira Ferro and Alok to that extent it will end.

- The premium that the company gets for its higher grade pellet can be affected if the coking coal prices go down. The higher grade pellets require less coal and thus saving the cost, but if the coal prices go down, then the premium also goes down.

If coking coal goes from probably 400 to 200 then definitely the premium will come down, that is direct relation with the coking coal so if the coking coal price goes down then the premium should go down.

- CAPEX approvals and execution risk.

Antithesis:

- The company imports the coal for its DRI operations and uses domestic coal (mainly from coal India) for its power plant. Any sudden change in the coal prices can affect the margins.

On the coal side, at the moment, I have told this earlier this as well, we are importing coal for our DRI operation. We've already doing that. And we still continue to import. We import from Africa. We import from Australia and currently, we imported from Russia as well. So, depending and as all are aware, currently, finally, the coal prices have started cooling down. They've almost cooled by $100 in last six weeks. So, we are trying to obtain minimum inventory so that we can take advantage of the lower price. And for the power plant we are sourcing domestic coal. We have linkage from Coal India, as well as we are buying from the domestic market.

- Possibility of inventory losses in Ferroalloys business because the company has to import manganese for this business.

And one more point I want add about the loss in the Ferro Alloy business is, we are holding a lot of inventories of manganese ore, which we have procured at a higher prices and the same is getting consumed or consumed during the last quarter and continues to get consumed and therefore the impact of inventory loss is also there, as against the pellet inventory where we are not impacted because the our inventory of pellet was hardly seven, eight days and iron ore the cost is fixed because of the captive iron ore. So, the inventory loss is mainly there with us in the Ferro Alloy business.

- **At the end, it is a commodity and cyclical company**

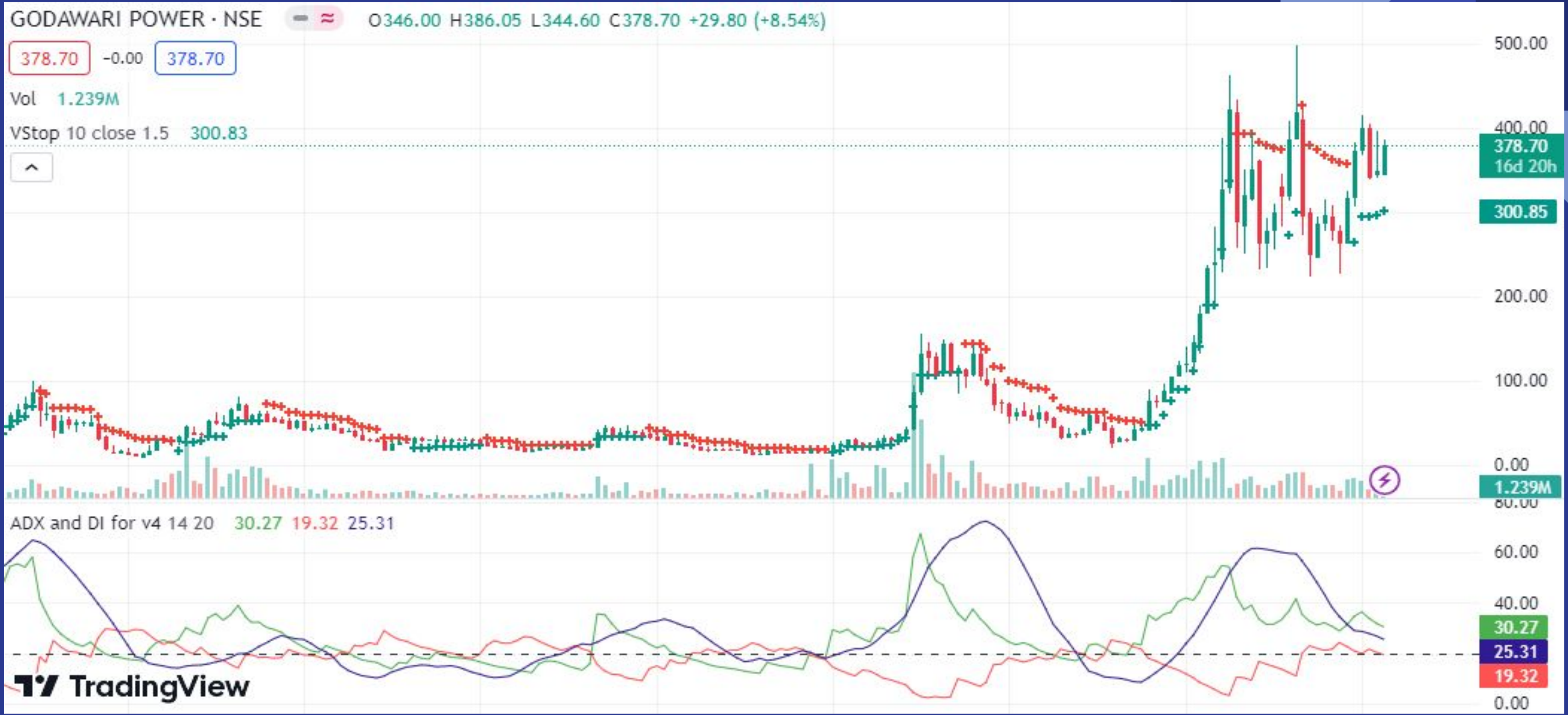
Valuations:

https://docs.google.com/spreadsheets/d/1QsoKH0e4ac2t3VnIlV7cTuboX0kYouNbjDu6T7tSiHE/edit?usp=sharing

What technicals say?:

The stock seem to have entered into Phase-3 consolidations.

What technicals say?:



- The Vstop is green, however the volumes are low.
- The ADX is above 20, but it is trending lower. DI+ is trending low and DI- is moving up, which looks like a bearish sign.

What technicals say?:

- The RSI had formed lower high, lower low pattern, however it has started trending upwards.
- On CRS as well, the stock is showing strength as compared to NIFTY 50.
- Overall, there is no clear pattern on technical front.

THANK YOU !