



“NLC India Limited  
Q1 FY '24 Earnings Conference Call”

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MODERATOR : MR. MOHIT KUMAR – ICICI SECURITIES LIMITED

**Moderator:** Ladies and gentlemen, good day and welcome to the NLC India Limited Q1 FY '24 Earnings Conference Call Hosted by ICICI Securities. 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. Mohit Kumar from ICICI Securities Limited. Thank you and over to you, sir.

**Mohit Kumar:** Thank you, Yusuf. Good evening. On behalf of ICICI Securities, I would like to welcome you all to the Q1 FY '24 earnings call of NLC India. Today, we have with us, Shri M. Prasanna Kumar, Chairman and Managing Director of NLC India; Shri K. Mohan Reddy, Director, Planning and Projects; Dr. Suresh Chandra Suman, Director, Mines; Shri Samir Swarup, Director, Human Resources; Shri M. Venkatachalam, Director, Power; and Shri Mukesh Agrawal, Executive Director, Finance.

The call will begin with brief remarks by the management, after which we'll open the lines for the Q&A session.

I would now like to hand over the line to CMD sir, for his opening remarks. Thank you and over to you, sir.

**Prasanna Kumar:** Okay, thank you. Good afternoon, everyone. Thank you very much, Mohit ji, for hosting this investor conference call, and greetings to all participants for showing interest in NLCIL and thanks to all investors for extending continuous support. I would like to take this as an opportunity to interact with the NLCIL shareholders and also reply to their queries in the financial results for the quarter ended 30 June, 2023 and company's capacity addition program.

I am Prasanna Kumar Mottupalli, Chairman and Managing Director of NLC India Limited, and joining with me today through conference call are Shri K. Mohan Reddy, Director of Planning and Projects; Shri Suresh Chandra Suman, Director, Mines and Director of Finance, Additional In Charge; Shri Samir Swarup, Director of Human Resources; Shri M. Venkatachalam, Director of Power; and Shri Mukesh Agrawal, Executive Director of Finance, along with senior management of the company.

Before the interaction, I would like to brief on the highlights and performance of NLCIL during the quarter 2023-'24, major events. NLCIL secured the bid for solar 600 megawatt including 300 megawatt under Green Shoe option in the auction conducted by GUVNL. NLC India Renewables Limited, a wholly owned subsidiary, has been incorporated for pursuing asset monetization.

On 13 June, 2023, power purchase agreement was signed between NUPPL and APDCL of Assam for power supply of 492.72 megawatt to the state of Assam. With this, the entire power capacity of NUPPL has been tied up. NLCIL has been awarded first place under Timely Payments in CPSUs for GeM purchase in the presence of Honourable Minister of State of Commerce and Industry. And Telangana has consented to take 200 megawatt of solar power under CPSU scheme of SECI.

On standalone basis, the revenue from operations for the quarter ended 30/6/2023 is Rs.2,601 crore as against Rs.3,094 crore in the corresponding period of the previous year. Revenue from sale of coal during the quarter ended 30 June, 2023 is Rs.461 crores as against Rs.449 crore in the corresponding period of the previous year, registering an increase of 2.83 %.

The total income of the company for the quarter ended 30/6/2023 is Rs.2,690 crores as against Rs3,177 crores in the corresponding period of the previous year. Profit for the period for the quarter ended 30/6/2023 is Rs331 crores as against Rs.506 crores in the corresponding period of the previous year.

And on consolidated basis, the revenue from operations of the group for quarter ended 30/6/2023 is Rs.3,316 crores as against Rs.3,863 crores in the corresponding period of the previous year. The total income of the group for the quarter ended 30/6/2023 is Rs.3,428 crores as against Rs.3,966 crores in the corresponding period of the previous year.

Profit before tax of the group for the quarter ended 30/6/2023 is Rs.614 crores as against Rs.854 crores in the corresponding period of the previous year. Profit after tax, (PAT), for the quarter ended 30/6/2023 is Rs.414 crores as against Rs.569 crores in the corresponding period of the previous year.

While wholeheartedly thanking the investors for the sustained support and encouragement all these years, I hope the same would continue in the future also. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. First question is from the line of Abhineet Anand from Emkay Global Financial Service.

**Abhineet Anand:** I was just trying to understand the dip in profitability on a Y-o-Y basis for the quarter. If you can just let us know what could have been adjusted for last quarter 1Q and this quarter 1Q?

**Prasanna Kumar:** Okay. Actually, the dip in the profit for the quarter 1 is mainly attributed to the reduced production from lignite mines at Neyveli and the corresponding power generation from the lignite-based power stations at Neyveli. This was mainly on account of the non-availability of land for expanding the mining activities. This is the reason why the lignite production is less than the requirement for power generation. And because of that, there is a fall in revenue and the profit.

**Abhineet Anand:** So what is the status now, sir? I mean, there have been some media articles with respect to this. So for the year, will we be able to match availability and decrease the under-recovery?

**Prasanna Kumar:** With the support from the central government, state government, and district administration, almost all the issues are sorted out and the process of taking over of the land already started. The first activity for taking over the land, the diversion of the river, has also already started. So we are hopeful that the possession of the required land will be made available to NLCIL at the earliest and we will reach to the lignite production level as per the requirement of our thermal power station.

**Abhineet Anand:** Okay. Second thing is, sir, what is the status of Ghatampur? I mean, is there some further delay from 4Q? We had talked about this year, I think H2, it will get commissioned, the whole plant. Is there some delay on that further?

**Prasanna Kumar:** As committed earlier, all the 3 units of Ghatampur, we are committed to declare the COD in the current financial year. So the first unit, unit number 1, the COD will be declared in the month of October. The second unit will be in the month of January and the third unit will be in the month of March. In the current financial year, all 3 units, COD will be declared and works are progressing in line with this target.

**Abhineet Anand:** And last one sir, this Talabira, the ordering for this, when do we expect that to happen?

**Prasanna Kumar:** At Talabira, the main issue was land, already we tendered for the power plant package and all the activities in that package are completed. Only we are waiting for some substantial part of land to be in our possession. There is a tremendous improvement in the land acquisition process. In last 2, 3 months period, things are moving very fast. With the support from the state government and the Ministry of Coal, the things are moving very fast and this project is under priority, so being monitored by highest authority in the country.

That's why in all the areas, the land acquisition process is progressing with encouragement and already around 174 acres of land is acquired in the last 1.5 to 2 months. So we are hopeful that by October we will be able to take possession of substantial portion of land and complete the awarding process by around November, December.

**Moderator:** Next question is from the line of Jitendra Jain. Please go ahead.

**Jitendra Jain:** I'm little surprised by the rather a little dismal performance for this quarter. However, as I have understood that because of the lignite mining, the production was hampered. But what will be the position in the month of, say, in the quarter ending September or December, because this is a perennial problem which you are facing in lignite mining and unless you are able to get lignite, I think the production will suffer. And as I understood that you are still adhering to the schedule of October for the UP for this year. But are you sure that this will happen or it may also get delayed? And the third question is about the regulatory issues which I had raised about 2, 3 times in con call. What is the present position about the regulatory issues, that appellate tribunal and thank you so much? Please elaborate.

**Prasanna Kumar:** Okay. Sir, as I already communicated, there was some problem because of land in the quarter 1 of this financial year. But whatever actions we are taking and whatever actions are in process, with that, we are going to get a substantial portion of land with us that is sufficient for next 5 years. So I am confident that whatever actions we have taken now and the land possession activities are also already started and our lignite production also started increasing. So whatever measures we have taken now, they are not the short term measures. They will ensure the continuous production of lignite for next 4- 5 years without any interruption as per the requirement of our thermal power station. So we are confident about that. That is the first point.

**Jitendra Jain:** And about the second question of UP, are you sure that in this year itself all the 3 will be initiated?

**Prasanna Kumar:** Yes, yes. We are sure that all the 3 units will be commissioned in the current financial year and we are initially targeting for the COD of unit #1, which we are targeting by the end of October. All the activities that are required for COD of the unit are progressing as per plan and we are 100% sure that we will be completing that process by October and declare the commercial operation of unit number 1 in October and subsequently the next 2 units also.

- Jitendra Jain:** The third question is, as we understand, the Tamil Nadu government has withheld the payment because of that regulatory order of about RS.2,500 crores. So are you going to get payment -- have you received that payment or they have still withheld that payment because of the passing of local order? So the matter is pending at appellate tribunal but you have not received the payment. So that will hamper the cash flow position of the company. Kindly elaborate on this subject.
- Prasanna Kumar:** Yes. I request our ED, Finance, Mukesh Agrawal ji to respond to this question.
- Mukesh Agrawal:** As we have already intimated that our one lignite transfer price regarding 2009-'14 is under appeal in the appellate, APTEL. The court has scheduled hearing on 25 July, 2023 and APTEL has directed the methodology for treatment of O&M cannot be changed in the truing up exercise and should be in line with the methodology adopted for the provisional tariff determination and has remanded back the case to the CERC. Thus the case is in favour of the NLCIL. Now the second leg is regarding the '14-'19 for which TANGEDCO has withheld an amount of Rs.1,200 crores, around. That will also be get resolved through this regulatory order. First they will redo the '09-'14 prices and after that they will revisit the '14-'19 prices because the '09-'14 -- '13-'14 will be the base for the '14-'19. So in this process now the money will come back in a very short time, 2, 3 months it will take in the -- both the orders should be get set right from the CERC.
- Jitendra Jain:** During this intervening period, I think the cash flow is getting affected, isn't it?
- Mukesh Agrawal:** Cash flow, as such, we are not facing any cash problem but definitely this will come and will be utilized -- when this will be released, it will be utilized for the CAPEX addition program. It will support us in that way.
- Moderator:** Next question is from the line of Rabindra Nath Nayak from Sunidhi Securities.
- Rabindra Nayak:** First of all, I'd like to thank the management for coming out with the Q1 results a little bit early this quarter and this year and there is no big negative line item. So good thing to know. So regarding this land issue, sir, you have already mentioned that what is the issue there. So how much land we are in possession right now to meet the FY '23 production of lignite? And how much is going to be acquired and how much is in possession right now for at least for this year FY '24? So if you can answer that.
- Prasanna Kumar:** Actually, as on date, for maintaining the lignite production levels as per our requirement, the critical land requirement is 81.79 hectares of land. This is the critical land that is required to augment the production to the required level. But in the next 5 years, we require around 1,000 hectares of land with around 200 to 220 hectares of land every year. So as on date, whatever possession orders are passed, around 379 hectares orders are already passed and around 675 hectares orders are in the process of issuing the notification. So immediately, the requirement is 80 hectares of land only and subsequently around 235 hectares of land to maintain the production levels in next 2 years.
- Rabindra Nayak:** Okay, so will we be able to meet the last year's production with the kind of -- if we -- whatever land we are in possession, from second quarter onwards, the run rate will increase and also meet the last year production or it is very difficult to meet the last year's production of lignite?
- Prasanna Kumar:** No, no, no. Certainly, we will cross the last year's production. I think all the problems regarding land are going to be sorted out and already some positive effect we are seeing in the production of the lignite. So

lignite production already started improving. So we are hopeful that we will cross all the production we achieved in the last financial year and ensure that the generation is maintained.

**Rabindra Nayak:** Okay. And the coal realization, Talabira and EBIT number for coal for this quarter, if you can help me to -- these numbers, that will helpful, sir.

**Prasanna Kumar:** Okay, in Talabira, we produced around 21.04 lakh metric ton and we supplied around 23.74 lakh metric ton. So the sale value is around Rs.461 crores compared to Rs.448 crores in the last financial year. And if you want further bifurcation in that, the coal sale through e-auction is around 9.10 lakh metric ton. Coal sale to NTPC is 6.21. Coal sale to NTPC coal swapping is 3.40. And coal sale to NTPL is 5.03.

**Rabindra Nayak:** Okay, okay. And sir, from this Rs.481 crores of mining profit, how much it is from Talabira?

**Prasanna Kumar:** From Talabira, our mining profit is -- last financial year it was Rs.677 crores. And in the current quarter, the profit is RS.198 crores against RS.94 crores in the previous financial year, quarter 1.

**Rabindra Nayak:** Okay. Okay. Sir, is it possible to give under-recovery because of the -- due to low generation and also the under-recovery due to the plant? Is it possible to give this number, the under-recovery?

**Prasanna Kumar:** Certainly. Certainly. See, in the current financial year, the thermal under-recovery is Rs.185.52 crores against previous year's of Rs.81.25 crores. And if we add NTPL also, for the total NLC group, the under-recovery is Rs.211.72 crores against previous year's of Rs.125.30 crores.

**Moderator:** Next question is from the line of Somnath Saha from B&K Securities India Private Limited.

**Somnath Saha:** Can you share me the PAF for the quarter and versus the last quarter, last year same quarter?

**Prasanna Kumar:** Plant Availability Factor?

**Somnath Saha:** Yes, sir. For this quarter and last year same quarter, sir.

**Prasanna Kumar:** Okay. So, like if you go by the plant- wise, TPS I expansion against 100% PAF of last financial year, this year it is 77%; TPS II, against 86%, this year is 42%; and TPS II expansion, against 57%, it is 51%; and Barsingsar, it is -- against 62%, it is 80%; and NNTPS, against 90%, this year it is 92%; and NLCIL overall, against 83%, it is 63% this quarter.

**Somnath Saha:** Okay. Sir, can you repeat the under-recovery figures for this quarter?

**Prasanna Kumar:** Okay. The under-recovery in the current quarter, total NLC thermal is Rs.185 crores against the previous year's Rs.81.25 crores. And if you include NTPL also for a total NLC group, the under-recovery is Rs.211 crores against the previous year's Rs.125 crores.

**Moderator:** Next question is from the line of Nikhil Abhyankar from ICICI securities.

**Nikhil Abhyankar:** I wanted to ask you about the coal to chemical project that you have taken up. So should we expect the award to happen in this year?

**Prasanna Kumar:** Yes. Actually, I think you are talking about the lignite to methanol project.

- Nikhil Abhyankar:** Yes, sir, lignite to methanol.
- Prasanna Kumar:** See, the lignite to methanol project as on date is in the top of the list. It's already tendered. Both the packages of this lignite to methanol project, one from lignite to syngas and another from syngas to methanol, both the projects are under tendering. We already tied up technology provider, Air Products of USA, and 4 parties are interested to participate in the bid. The vendors already signed NDA with the technology provider and also paid requisite fees to them. So the bid will be opened on 7 August, 2023.
- So we are hopeful that we will be awarding both the packages in next 2 months and start the work. Parallely, the site preparation activities at the NLC Township already started. And the tree felling activities and preparation activities are in fast progress. So we are hopeful that once this is awarded, the work will start immediately. And the total capex requirement for this project is Rs.4,394 crores. And we are expecting some VGF from the government also.
- Nikhil Abhyankar:** Understood. Sir, just to clarify again, NLCs overall PAF for Q1 was 63% as against 80% last year, you mentioned, right?
- Prasanna Kumar:** Yes, yes, yes.
- Nikhil Abhyankar:** Yes. So what can be the overall PAF in the month of July?
- Prasanna Kumar:** In the month of July, we are expecting around 70% it will be around 70% to 75%.
- Nikhil Abhyankar:** So under-recovery will definitely reduce in Q2.
- Prasanna Kumar:** Yes, yes. Certainly it will reduce. And as we move on, I think that under-recovery gets reduced.
- Nikhil Abhyankar:** Sir, what can be the target under-recovery for the entire year?
- Prasanna Kumar:** So, our target, obviously, will be 0. But we are putting all efforts to reduce it to 0 level. But it will be certainly less than the whatever under-recovery was there in the last financial year.
- Moderator:** Next question is from the line of Abhineet Anand from Emkay Global Financial Service.
- Abhineet Anand:** Yes, from this Talabira coal mine, we supplied 23 lakh metric ton this year. What was the number for last year, 1Q?
- Prasanna Kumar:** , Last financial year, the supplies from Talabira were 27.12 lakh metric ton that was supplied and 25.46 LT was the production.
- Abhineet Anand:** So just trying to understand, the production was lower and revenues have been average realization has been higher. But e-auction prices would have been lower, right? I'm assuming that e-auction prices have come down. So I'm just trying to fill the gap that our e-auction was 9 lakh. So whether the e-auction volume was far higher this year, which actually led to a higher overall revenue in coal mining or how is the case? So what is the average pricing for the quarter in e-auction?
- Prasanna Kumar:** Exactly. Last quarter, the coal sale through e-auction was only 0.75 lakh metric ton. But at that point of time, the rate was Rs.8,337. But this quarter, the e-auction quantum jumped to 9.10 lakh metric ton, with

a base rate of around Rs.2,370. So as the quantum of the e-auction increased, so the revenue increased to Rs.273 crores through e-auction compared to Rs.76.53 crores in the last financial year.

**Abhineet Anand:** Rs.273 crores versus what did you say, sir?

**Prasanna Kumar:** Rs.273 crores in this financial year and last financial year Q1, it is Rs76.53 crores.

**Abhineet Anand:** Okay. So this year, is it fair to what could be your I mean, now that we have done 9 lakhs, for the full year, is there any estimate for what could be the e-auction, sir?

**Prasanna Kumar:** See, actually, we are not targeting for any quantity in e-auction. After supplying to our NTPL plant and the country's requirement like NTPC and other, and whatever balance coal is there, that we will go for e-auction. So obviously, this will be certainly much more than whatever was achieved last financial year. But we are not targeting any quantity for e-auction.

**Abhineet Anand:** Still, I mean, last year, I think we did around 1 million, right?

**Prasanna Kumar:** Yes, yes, yes.

**Abhineet Anand:** And we have already done around 1 million in 1 quarter around, I'm saying.

**Prasanna Kumar:** Yes, yes, yes.

**Abhineet Anand:** Is it fair to assume for this year that those numbers could be 2, 3 million at least?

**Prasanna Kumar:** Yes, of course.

**Abhineet Anand:** And sir, in terms of one of the unit's under-recovery was because of the CFBC boiler and you have -- last analyst meet and all, you had mentioned that you will be taking some structural changes which could lead to lower under-recovery. So can you just throw some light, where is that status in terms of

**Prasanna Kumar:** Last, I think, investor meet, we told some action plan about improving the availability and reliability of the CFBC boilers. In line with that, we already placed order on BHEL for doing the modifications in line with the suggestion given by the original technology provider, Doosan Lentjes. We engaged the original equipment manufacturer Doosan Lentjes for recommendations and we studied in the contemporary units also and finally, we formulated, we designed some modifications and those modifications are already ordered on BHEL. They're in the process of manufacturing the required material. And we are expecting that by the end of this year, we will be able to take one of the units for the modification. And once this modification is done, then the availability of these units will be substantially improved.

**Abhineet Anand:** So you're saying one of those units will be I mean, BHEL will be able to replace the required material by the end of this year, so availability improvement for one of the units will happen next year and for the other units, probably subsequent year, right?

**Prasanna Kumar:** For other unit, we will take immediately after this unit. So in continuation to that unit, we'll do the modification with the second unit also. So by the quarter 1 of next year, I think both the units, the modification will be completed.



- Abhineet Anand:** And is there any gestation period when you order to BHEL, how much time it would take to manufacture and all? This is a large stuff or is it a small order, sir?
- Prasanna Kumar:** It is a big order of Rs.57.8 crores plus GST. The order is already placed on BHEL and we are planning to combine this activity along with the annual overhauling of the units also so that the availability reduction will be minimal.
- Abhineet Anand:** And each unit will take how many months for this, sir?
- Prasanna Kumar:** So this actually, the OEM is asking for more, but we are targeting for around 45 to 50 days for completion of this.
- Moderator:** Next question is from the line of VK Sonthalia from VK Associates.
- VK Sonthalia:** So before I ask my question, there is some background I would like to share with all the esteemed members of the management committee here. So NLC, as a public sector organization, the ownership of the company belongs to the people of India represented by the President of India.
- Moderator:** Sorry to interrupt, Mr. Sonthalia, your voice is breaking, sir.
- VK Sonthalia:** So, President of India being transitory administrator, and each government, every 5 years, have different policies. This background I'm giving with a view of clarifying the direction given to NLC to part with the Talabira coal to NTPC. By giving this major chunk of the Talabira coal to NTPC, which should have gone into e-auction, I am estimating that company is losing up to RS.500 crores per year. So is the management of the view that some of these NTPC coal can be retrenched back to the e-auction route? And what is the compulsion for the company to give coal to NTPC at the subsidized rates of Rs.850 per ton? Why does the NLC has to obey these orders?
- Prasanna Kumar:** See, you must have already seen, compared to last year e-auction quantity of 0.75 lakh metric ton, this year, e-auction is already 9.10 lakh metric ton. And being a government of India public sector enterprise, the priority of nation is our first priority. There was a situation when the country was in the power crisis and the coal supplies were not meeting the requirement. And we also wanted a long-term type of coal supply agreement. That's why that was given to NTPC and that is the same thing is being continued.
- And as I already told you, after ensuring supplies to NTPL, our own plant, and NTPC as per the MOU, which we signed, after that, whatever is left, that will be going for e-auction and as we are already targeting 12 million metric ton this financial year and the supplies we are committing to others is much less than that, that's why we are expecting that we will be increasing our e-auction almost 2 to 3 million metric tons in the current financial year and accordingly the revenue also will improve.
- VK Sonthalia:** So is there any escape route like -- can you bypass the NTPC allocation entirely? Or are you bound by the Ministry of Coal direction to supply coal at RS.850 to NTPC?
- Prasanna Kumar:** No, no. There are no such directions for supplying at that rate or for this MOU. This MOU is signed with NTPC to ensure proper evacuation of our coal to different stations and the above the base rate, we are getting 10% up to 3 MTPA. And beyond 3 MTPA, we will be getting 20% through the MOU route. So

I think we are hopeful that we can maximize the revenue by supplying to NTPC also, more than 3 million metric tons in an annum.

**VK Sonthalia:** Is the swapping arrangement beneficial to the company? Is it substituting imported coal, the minimum requirement of 10% imported coal? Are you being compensated by supplying to NTPC?

**Prasanna Kumar:** See, whatever compensation we are getting, that is in the form of the rate only, the base rate of Coal India, plus 10% and base rate of Coal India plus 20%.

**VK Sonthalia:** No, no, no. What I'm saying is, is the company bound to use 10% imported coal? So by supplying to NTPC, is that quantity being compensated in some way or you're still bound to import -- use imported coal up to 10%?

**Prasanna Kumar:** No. Actually, see, as on date, we are having the coal base station of only NTPL. That NTPL is a 70-30 plant, where it is designed for 30% import and 70% indigenous coal. So that 10% requirement is not there for NLC because we are not importing any other coal other than for NTPL. So that application of 10% is not there for NLC India Limited and second point is that one more point I want to highlight here, see, if you see by the e-auction trend, as on date, the demand for coal is reduced, that's why our prices for e-auction also got reduced substantially from almost RS.8,500 to now almost RS.2,600. So that also getting reduced day by day.

**VK Sonthalia:** So are we using any imported coal now for NTPL?

**Prasanna Kumar:** We are using imported coal for NTPL because that is designed for higher GCV coal.

**VK Sonthalia:** 30% are imported coal.

**Prasanna Kumar:** We are not using 30% but we are using the coal at NTPL.

**Moderator:** Next question is from the line of Rabindra Nath Nayak from Sunidhi Securities.

**Rabindra Nayak:** Sir, I have a question regarding this renewable power. We have a total capacity of around 1,421 megawatts currently. So where are we in sort of setting up a different subsidiary and also when you're unlocking renewable energy side, we have already got an order from GUVNL for setting up a renewable capacity there in Gujarat. So whether it will be in a separate subsidiary or it is in the standalone entity? That is my first question. And where are we in the green power -- the subsidiary monetization, if at all it is there? So where are we right now?

And secondly, you have, in a recent interview, you have commented that NLC is going to enter into exploration of different minerals or other minerals. What minerals you are looking at currently, beyond lignite and coal? What are the other minerals the company is looking at right now?

**Prasanna Kumar:** Okay. Regarding the renewable capacity, as you already mentioned, we are having, as on date, 1,421 megawatt of renewable capacity and NLC India Limited was the first public sector to add 1 gigawatt of renewable capacity. And we are aggressively trying to add more renewable capacity and as per our corporate plan, we want to be a 6-gigawatt plus company by 2030 regarding renewable power capacity addition and already, efforts are on in this direction. Our 500 megawatt CPSE scheme, 300 megawatts were awarded at Rajasthan and work is in progress.

We want to complete the project at the earliest in the current financial year itself. And 200 megawatt already we got consent from Government of Telangana for signing PPA. We'll be going to sign the PPA at the earliest and the 10-megawatt solar project at Neyveli under Smart City, that is already commissioned and in addition to that, we won 600 megawatt in the GUVNL tender and the Khavda Park in the Gujarat, where we are trying to install and commission the projects at the earliest.

So in this way, we want to add every year around 1,000 megawatt capacity to reach 6-gigawatt company by 2030. In addition to that, one more important aspect is for having so much solar capacity added, the requirement is the land. So to ensure that the problem of land is addressed, we tendered for capacity addition of around 50 megawatt solar in our mine reclaimed land, and this is the first of its kind in the country where so much huge capacity is being added in a mine reclaimed land. And we are exploring the possibility of doing the same in more land area with more solar capacity addition.

And second to your second question, exploration of minerals...

**Rabindra Nayak:** Sir, just sorry to interrupt. What about the subsidiarization of plant of the renewable energy capacity?

**Prasanna Kumar:** We incorporated a 100% owned subsidiary, NLC India Renewables Limited. And whatever renewable assets we are having as on date, all those assets will be transferred to this subsidiary and for doing the asset monetization and in all our future activities, we will be doing business of renewables under this subsidiary to get the advantage of tax.

**Rabindra Nayak:** Okay. Okay. So there is no plan for any sort of listing or monetization of this subsidiary by the company in the near future?

**Prasanna Kumar:** No, no. finally, the asset monetization that will result in the listing and sale of the stake.

**Rabindra Nayak:** Okay. Okay, sir, regarding the other minerals?

**Prasanna Kumar:** Regarding other minerals, when there is some encouraging policy in the exploration of minor minerals, as we are having experience of mining for the last 65 years, what I told at that point of time was that we will look into the opportunities with the experience we are having in the mining sector, we will explore the possibility of exploring the minor minerals like lithium in the future. That is only a futuristic statement, because we are having experience in the mining sector.

**Rabindra Nayak:** Okay. So lithium mining near-term the opportunity in lithium mining you're expecting?

**Prasanna Kumar:** Yes, yes. If the opportunity is there, then we will use our expertise in the mining and explore the feasibility at that point of time.

**Moderator:** Next question is from the line of Ashwani Sharma from ICICI Securities.

**Ashwani Sharma:** So my first question is on the capex. What was the capex during the Q1? And what is the target for FY '24 and '25?

**Prasanna Kumar:** Okay. Our capex target for the financial year '23-'24 is RS.2,880 crores. So if you consider the target in quarter 1 target is RS.878.34 crores. Against that, the actual expenditure is RS.744 crores, which is up around 85%. And you asked about the capex for '24-'25 also. capex for '24-'25 is RS.2,386 crores.

- Ashwani Sharma:** Okay. Secondly, just a clarification on the Talabira. The awarding, you're still confident of doing in the month of October?
- Prasanna Kumar:** Yes, in the month of October, we are expecting possession of substantial portion of the land. So immediately, we will take forward that award progress. And we are hopeful that before the month of December, we will be awarding the contract at Talabira.
- Ashwani Sharma:** And Neyveli?
- Prasanna Kumar:** Neyveli also we are targeting for award before the month of December 2023.
- Moderator:** We have our next follow-up question from the line of Abhineet Anand from Emkay Global Financial Service.
- Abhineet Anand:** Just for Ghatampur our coal linkage was for Pachwara South Coal Block, right?
- Prasanna Kumar:** Yes.
- Abhineet Anand:** So I think that is going to probably start sometime later. So how are we thinking about the linkage there then?
- Prasanna Kumar:** Actually, the Pachwara Coal Block, for that, the end use plant in Ghatampur. And we are expecting production of coal from this Pachwara Block from January, or February of this financial year. But before that, we already got the start-up coal from Northern Coalfield Limited for start-up activities and the commissioning activities. And also we got bridge linkage of 2.64 million metric tons for this plant for supplies from Coal India subsidiaries till the coal supplies from Pachwara Coal Block are established.
- So I think there is no problem for the coal supplies to Ghatampur. Initially, already, we are having the start-up coal tie-up with NCL and the contract is also awarded for the logistics. And subsequently, we will be getting the bridge linkage from Coal India subsidiaries till the time we get our coal supplies from Pachwara Coal Blocks are established.
- Abhineet Anand:** So you said Pachwara will be ready from Feb '24.
- Prasanna Kumar:** At least full operations of coal extraction will start in '24, but we are expecting some coal extraction from the month of January, February.
- Abhineet Anand:** Because why I'm saying is that, bridge linkage 2.5 million is not good enough for its PAF, right?
- Prasanna Kumar:** Yes. 2.64 million metric ton. So taking our scheduled COD into consideration and already we are having start-up coal for running the unit at least for 1 month or 1.5 month, so this 2.64 million tons, I think, is sufficient. If not, we are having a plan to move Talabira coal to Ghatampur, if any shortfall is there at that point of time.
- Abhineet Anand:** Okay. So whatever extra we might have mined in F '25 in Talabira, we can move that.
- Prasanna Kumar:** Yes, yes, yes.

- Abhineet Anand:** And Talabira, what's your mining plan for F '25?
- Prasanna Kumar:** Talabira, this financial year, we are targeting 12. Next it is going to be 15 and 18. And finally, it will be 20, the peak rated capacity.
- Moderator:** The next question is from the line of Gaurav Lohiya from Bowhead India Fund.
- Gaurav Lohiya:** I just wanted to check, sir, out of this RS.200 crores under-recovery in Q1, could you give the break-up, how much would be due to lignite-related issue and how much would be due to, let's say, CBFC boiler-related issue in TPS II?
- Prasanna Kumar:** See, it is very difficult to exactly bifurcate these 2, but most of this under-recovery, other than TPS II expansion, is on account of lignite only. If a clear bifurcation is required, out of this RS.185 crores of under-recovery in NLC thermal -- if you remove the TPS II expansion RS.20 crores, RS.25 crores, around RS.150 crores is on account of lignite shortfall and the balance RS.35 crores is on account other reasons.
- Gaurav Lohiya:** Okay. And last year, sir, in FY '23, your total under-recovery was close to RS.500 crores. And was that -- a similar proportion can be taken for that? Or again, that TPS II-related under-recovery was much higher over there out of that RS.500 crores?
- Prasanna Kumar:** No, no. We are hopeful that this year, the under-recovery will be much less than the financial year '22-'23. Although there is some problem in the quarter 1, we are hopeful that this will be covered in the subsequent quarters as it is on annualized basis.
- Gaurav Lohiya:** Yes. But our TPS II plant-related issue will get resolved only by Q4 end or Q1 of FY '25...
- Prasanna Kumar:** That is TPS II expansion you are talking about. In TPS II expansion, already, we have taken short-term measures to improve the availability and those measures are working. Where we -- mainly, it is because of lignite short fall, there is -- availability shortfall is there. So we are hopeful that once the lignite supplies are maintained, then we will be able to maintain substantial recovery in the under-recovery.
- Gaurav Lohiya:** Okay. So you expect the overall under-recoveries to go down in FY '24 itself, not just FY '25.
- Prasanna Kumar:** Yes, yes, yes.
- Gaurav Lohiya:** And sir, you said that the possession of the land required for this lignite production, everything would be done in 1 month. But when do you expect the full production to come out? Because from possession of the land to extraction of coal can take time, right, or lignite coal can take time. So when do you expect the full production to start? Or are power plant to start production at full utilization?
- Prasanna Kumar:** See, actually, our lignite production got affected because ours is fully mechanized mining and some pockets of land are not available for facilitating the mechanized production. So once we get to this 80 hectares of land, immediately, we will be able to increase the production, not to the full level, but gradually that will pick up and finally we'll reach the full level. So with the possession taking possession of some critical land, it will immediately increase and for other land, after taking possession, it will take 2 to 3 months again to start extraction and augmenting the production.



- Gaurav Lohiya:** Okay. Understood. And sir, there were news report about some unrest due to we taking over those lands. So what's your view on that? Do you think that, again, the courts can then stay on we taking the possession and again, we may see some delays in ramping of the production?
- Prasanna Kumar:** See, there were some problems, both at site level as well as what you are highlighting there were problems. But now all the issues have been sorted out. There was a court hearing also which was supporting the land acquisition at the earliest. So we are hopeful that this will be done at the earliest.
- Moderator:** Ladies and gentlemen, this was the last question for the day. I would now like to hand the conference over to the management for the closing comments.
- Prasanna Kumar:** Thank you. Thank you very much for your continuous support, and I hope for the same will continue, encouraging the NLC India for diversifying and maximizing the revenue as well as profit. Thank you, thank you very much.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.