



NLC India Limited

(‘Navratna’ - Government of India Enterprise)
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Lr.No.Secy/Reg.30 of LODR/2022

Dt. 21.11.2022

To The National Stock Exchange of India Ltd Plot No. C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai-400 051. Scrip Code : NLCINDIA	To The BSE Ltd Phiroze JeeJeebhoy Towers Dalal Street Mumbai-400 001. Scrip Code : 513683
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Dear Sirs,

Pursuant to the Regulation 30 of SEBI LODR, the transcript of the Investors Conference Call held on Monday, November 14, 2022 is enclosed for reference.

Thanking you,

Yours faithfully,
for NLC India Limited

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Viswanath K
Date: 2022.11.21 17:11:13
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Viswanath K
Company Secretary



“NLC India Limited
Q2 FY 23 Earnings Conference Call”

November 14, 2022



MANAGEMENT:

**MR. RAKESH KUMAR, CMD AND DIRECTOR(HR)
AND DIRECTOR (FINANCE) (ADDL. CHARGE)
MR. NAGARAJU - ADDITIONAL SECRETARY,
MINISTRY OF COAL
DR. ALOK PANDE - JOINT SECRETARY, DIPAM
MR. SHAJI JOHN - DIRECTOR POWER
MR. K. MOHAN REDDY – DIRECTOR (PROJECTS
AND PLANNING)
MR. SURESH CHANDRA SUMAN - DIRECTOR
(MINES)
MR. MUKESH AGRAWAL, EXECUTIVE DIRECTOR (FINANCE)
MR. K.VISWANATH - COMPANY SECRETARY,**

MODERATOR:

MR. RAHUL MODI FROM ICICI SECURITIES



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Moderator: Ladies and gentlemen, good day and welcome to NLC India Limited, Q2 FY '23, post results conference call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen only mode. 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 "*" and then "0" on your touchstone telephone. Please note that this conference is being recorded.

I now hand a conference over to Mr. Rahul Modi from ICICI Securities. Thank you. And over to you, sir.

Rahul Modi: Thank you. Good evening, everyone, and welcome you all to the Q2 FY '23 post results conference call of NLC India Limited. Today we are pleased to host the entire senior management of the company led by Mr. Rakesh Kumar, Chairman and Managing Director; along with Mr. Kumar, we've got the entire management of NLC and few esteemed guests from the Ministry of Coal, Ministry of Finance DIPAM. The call will begin with the initial remark by the CMD, after which the floor will be open for Q&A session. I would like to now hand over the floor to CMD who will introduce the management representatives and give initial remark over to you. Thank you.

Rakesh Kumar: Thank you very much, Rahul ji for hosting this investor call. I would like to share this as an opportunity to interact with the NLCIL stakeholders and also reply to their queries in the financial results for the quarter and a half year ended 30th September, 2022. I am Rakesh Kumar, CMD, NLC India Limited, and also holding additional charge for Director Finance and Director HR. Shri Nagaraju, Additional Secretary Ministry of Coal, and Dr. Alok Pande, Joint Secretary, DIPAM, They're also joining from Delhi. Shri Shaji John, Director (Power) is also joining from Delhi, Shri Mohan Reddy, Director (Projects and Planning), and Shri Suresh Chandra Suman Director (Mines). They are joining from Neyveli and Shri Mukesh Agrawal, ED Finance along with Shri Viswanath Company Secretary; both the senior officials are joining from Chennai.

I welcome you all for this conference call. I would like to mention some of the performance highlights of NLCIL for the quarter and half year ended 30th September, 2022. In case of standalone power generation during the half year ended 30th September is 13104.90 MU against 13043.23 MU in the corresponding period of the previous year registering a slight growth of 0.47%, Lignite production during half year ended 30th September is 124.42 LT this year against 116.42 LT in the corresponding period of the previous year, registering a growth of 6.87%.

We witnessed a substantial augmentation of the coal production. Coal production during the half year ended 30th September 2022 this year is 49.75 LT against 18.76 Lakh ton in the corresponding period of the previous year, NLC average PLF up to September is 74.66% against all India average of 64.49%.

Consolidated power export during half year ended 30th September 2022 is 14,312.99 MU against 13,887.10 MU in corresponding period of previous year, registering a growth of 3.07%. And now coming to financial performance, standalone revenue from operation for the half year this year is Rs. 5,847.21 crore as against Rs. 4,853.63 crore in the previous year six months registering growth of up 20.47%. The total income of the company for the half year ended 30th September 2022 is Rs. 5,997.68 crore as against Rs. 5377.11 crore growth in the corresponding period of the previous year, registering a growth of 11.54%.

Profit for the period for the half year ended 30th September '22 is Rs. 873.29 crore, against Rs. 567.43 crore in the corresponding period of the previous year, registering a growth of 53.9%. If we look at the consolidated balance sheet revenue from operations of the group for the half year ended 30th September 2022 is Rs. 7352.19 crore as against Rs. 6130.26 crore in the corresponding period of the previous year registering a growth of 19.93%.



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The total income of the group for the half year ended 30th September '22 is Rs. 7545.16 crore as against Rs. 6535.52 crore in the corresponding period of the previous year, registering a growth of 15.45%. Profit and loss before exceptional item and tax of the group for the half year ended 30th September '22 is Rs. 1469.93 crore as against Rs. 1395.83 crore in the corresponding period of the previous year, registering a growth of 5.31%.

Profit after tax for the half year ended 30th September '22 is Rs. 985.86 crore as against Rs. 554.61 crore in the corresponding period of the previous year, registering a growth of 77.76%. Here I would like to add some more information that NTPL has declared 5% interim dividend which has not been accounted so far because it is yet to be received. –However it'll happen in this H2.

NUPPL There is one news to share. We have also mentioned in the stock exchange that Assam has come forward to express their willingness to take 25% of the power from Ghatampur which is 495 MW. That along with the consent, we have sent the proposal to Minister of Power for getting the allocation in favour of Assam. With this after considering 75% PPA with UP 25% with Assam, the power tie up will definitely be better. In case of thermal power station at Talabira, we have also got signed PPA with Kerala for 400 MW on 19th October this year. This is definitely going to get a better picture for proceeding ahead on the Talabira Power Project. Further, we have also awarded GA4 package in Ghatampur on 30th September amounting to Rs. 979.61 crore, this will also be a big factor to expedite the completion of the project timely.

Now I invite questions on the financial results. I welcome all the stakeholders.

- Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.
- Rabindra Nath Nayak:** Good evening, sir. Thank you for the opportunity. So can you please highlight why the mining profit has gone down on a quarter to quarter basis and regarding the interest cost, why the interest is high on a quarter to quarter basis. There is no capital addition or the capital commissioning of the new CapEx. Why the interest cost is high. These are the two questions. Thank you.
- Rakesh Kumar:** Yes, thank you very much. Mining profit if we see this this H1, the profit in first half year is Rs. 819.36 crore, whereas last year H1 was Rs. 377.24 crore. So it has substantially increased. And the main reason for this increase is because of the coal production
- Rabindra Nath Nayak:** Sorry sir. Sorry to interrupt. I'm just referring to the quarter to quarter from first quarter to second quarter. Worry why this is it dip in the profitability of the mining segment.
- Rakesh Kumar:** First quarter and second quarter always there is a difference if you see that our mining operations are affected by the monsoon. And because of the monsoon operations, the production is hampered and mining operations are also witnessing, and we are also facing some land acquisition problems. Because of that also lignite mining has also been adversely impacted.
- Rabindra Nath Nayak:** But the lignite production is actually, you can say last year in the quarter to quarter, there is a marginal decline in lignite production and also power generation is also, you know, you can say it is almost a flat kind of thing. So why it is so much decline, whether we saw decline in the coal realization or the internal price of lignite or the external price of lignite. If you can highlight something on that?
- Rakesh Kumar:** If you see the first quarter, for mining segment it was Rs. 2155.47 crore, and in the second quarter it is Rs. 1838.26 crore. This is what is but if we see the quarter of the corresponding last year corresponding quarter, it has increased from Rs.1624 crore, Rs.1838 crore. So these variations are due to various reasons. One is the monsoon because of the monsoon, our mining operations get affected in the second quarter. Second is that in case of lignite mines, we are



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adversely impacted because of the land acquisition. However, if you compare H1 of this year as compared to the H1 of the last year, the coal production has substantially increased from 1.9 MMT to 4.97 MMT, which has added a huge margin and huge revenue also.

- Rabindra Nath Nayak:** Can you please highlight, can you please tell me what is the total transfer price of lignite considered average lignite price considered in this quarter and what it was in the last quarter?
- Mukesh Agrawal:** Lignite price during first half and first quarter, and this quarter is Rs. 1950 per ton and it'll remain same till the lignite petition is approved by the CERC for the tariff period 2019- 24.
- Rabindra Nath Nayak:** I could not get the number, sir.
- Mukesh Agrawal:** Rs.1950 per ton.
- Rabindra Nath Nayak:** Okay. Okay. What about the coal realization?
- Rakesh Kumar:** Yes, we can find out in the meantime. I know for sure that the first quarter we could sell coal much better and Lignite also much better. And in the second quarter we have not been able to sell more coal or lignite. There was no question of selling Lignite outside because of the land acquisition problem. And we had where this lignite supply has put a constraint on the power supply also. So there was hardly any sale in the second quarter for Lignite, but in case of coal, also because of the demand in the power sector, more so we supplied more coal in the second quarter to NTPC rather than resorting to auction of coal in the market. So this one of the reasons that we do it.
- Rabindra Nath Nayak:** Okay, so can you please tell me what is the mix of the coal sales in tonnage to different entities, like NTPC, NTPL, and the auction? What are the mix?
- Rakesh Kumar:** Out of the 4.98 MMT we have sold the approximately 1 MMT to NTPC against our swapping arrangement to NTPL, we have dispatched 1.249, that is to 1.25 MMT of coal. And under the MOU route we have sold coal to NTPC 2.575 MMT, and n call E-auction is 1.61 MMT. This is the breakup of the 4.98 MMT of coal during the H1 of '22.
- Rabindra Nath Nayak:** Okay. So can you please tell me what is the coal EBIT for this quarter?
- Rakesh Kumar:** So actually coal EBIT for this H1 is Rs. 252.18 crore.
- Rabindra Nath Nayak:** Okay. Regarding the interest cost, why the interest cost is high on a quarter to quarter basis?
- Rakesh Kumar:** Actually main reason is that we have issued Rs.500 crore bonds in Q3, December '21 at rate of 6.85%. This is general purpose and for the purpose of our NNTPS plant. So because of this bond, we are getting slightly higher financing charges.
- Mukesh Agrawal:** If we see on H1 basis my interest cost has been slightly reduced and that reduction has taken at the times in the entire first half interest is on the rising. So during interest of rising side, we had our interest reduced during first six months.
- Rabindra Nath Nayak:** So how come it is reduced, I'm quarter to quarter referring and first quarter Rs. 221 crore in the second quarter, you have Rs. 337 crore so it is almost a rise of around Rs. 110 crore.
- Rakesh Kumar:** I think this may be on account of the revaluation of trade receivables.
- Mukesh Agrawal:** In Rs.425 crore trade receivables revaluation is also there.
- Rakesh Kumar:** So on 3rd June 2022 there was a circular issued by Ministry of Power based on which discoms are allowed to give their dues in number of monthly instalments ranging from 12 months to 48 months. So because of availing this scheme we have evaluated the options by discoms and we have provided the re-valuation of trade receivables to the extent of Rs. 88 crore in the H1.



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- Moderator:** The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Yes, Thanks for the opportunity, sir. The first question is on the, what is the status NLC Talabira coal power plant? When are we expected to give the order out? Has the bidding happen? And similarly, you can you can tell us about the Neyveli 1320 MW power plant.
- Rakesh Kumar:** Sure. Talabira tender for 3 into 800 MW which is under process. Now we are in the process of evaluation of the techno commercial bid, our Director P&P Shri Mohan Reddy is here, and I would like to request him to share more details about this.
- Mohan Reddy:** Talabira thermal power plant tender was opened, PQ evaluation is completed, in which L&T and BHEL have participated, and their bids are being evaluated on techno commercial aspects. That really is a big project having technical issues. Some deviations are there. Correspondence and discussions are going on between our contract department and BHEL and L&T. It is in progress.
- Mohit Kumar:** When Can we expect the order sir?
- Rakesh Kumar:** We are trying to expedite. But there are two more fronts on which we have to progress. One was PPA, another was land acquisition. So land acquisition second RPDAC meeting has been held on August 19th. And on the front of PPA, I have also already shared the good news that we have signed the PPA for 400 MW with the KSEB on 19th October. As you may, please recollect that we have already signed PPA with TANGEDCO for 1500 MW on 16th March, 2022, and with Pondicherry for 100 MW, PPA was signed on 9th May, 2022. So with the 400 MW signing PPA, we have completed 2,000 MW out of the 2,400 MW, balance 400 MW GRIDCO is willing to purchase for which, since it is a home state for the project, we don't have much doubt on their proceeding.
- They have already indicated that the process is going on, and we are going to get this done soon. Although our team is working round the clock for evaluation, as you are aware that it is a huge project with estimated cost of Rs. 19,422 crore and in which the package which is a combination of three important packages, we used to earlier divide the project into three packages. So leaving aside the peripheral outside utilities and facilities we have combined all the scope of work in this package. And we have got two offers, L&T and BHEL and this much huge order. Definitely we want to firm up and make everything very clear and transparent. Therefore, our team is working round the clock, and we are going to come up with the finalization of the technical bid, and based on that we will open the price bid. In the meantime land acquisition is also going on, so progress is going on this project. We are trying our level best to ensure that we endeavour and our best to award it within the current financial year. So regarding this second expansion...
- Mohan Reddy:** Tender is floated on the 1st October '22 and tender schedule to open on 23 November '22, this process is going on.
- Rakesh Kumar:** This is also a very ambitious project of NLC. And we are hopeful that we will be able to progress on this project very fast because the land is already in place and PPA consent is already given by TANGEDCO for the full quantum. Therefore we don't see much problem, and we are going to have the proven technology for Lignite as we have executed the projects in the past. So there does not seem to be much problem in progressing.
- Mohit Kumar:** Can we expect this tender to be finalized in this fiscal year, 1320 MW.
- Rakesh Kumar:** We are working on that target only that we want to finalize the award by this year, by the current financial year itself.
- Mohit Kumar:** Secondly, how much are the under recovery in the, in the quarter and in the half year?



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Rakesh Kumar: Yes, sure. if we see the under recovery we have as compared to the last year, we have improved. Last year, first half our under recovery on thermal was Rs. 243.30 crore. Against that, we have improved to Rs. 189.72 crore. And this Rs. 189.72 crore, mainly it is on account of the TS 2 extension where the problem is still continuing. And secondly, we have faced some problems TS 2 stage one and stage two, where the under recovery has gone from Rs. 4.55 crore or to around Rs. 40 crore. Otherwise I'm happy and comfortable to share that our newly commissioned plant NNTPS we have almost come to nil, under recovery only Rs. 1.65 crore as against Rs. 76.74 crore last year. And in on other front also we have improved slightly. So this is the situation on under recovery.

Mohit Kumar: The last question myself, what is the status of coal gasification plant? Can we expect tendering to happen in this fiscal or next fiscal?

Rakesh Kumar: Yes, coal gasification is a new upcoming business area of priority in our country. And accordingly, we have also taken up gasification of lignite and the project is going to convert not only lignite to syngas, but also to methanol. So we are progressing well on lignite to methanol, already our board has approved the project cost for an amount of Rs. 4,394 crore. And PFR and DFR is already approved. We have awarded the work of BMC to M/s Engineers India limited, they have carved out the first EPC first package contract that tender is already floated on 22nd October this year. And we are working on expediting the second package contract. Now the progress is going to be very fast as you are aware that we already have the land we have the infrastructure facilities initially to expedite the project activities. Water, power, all these things are in place.

Lignite reserves are already available, and we will be able to save on the execution period also substantially because team is in place. And we are going to and we have seen a lot of response from the EPC contractors. The tendering is on technology agnostic methodologies, so that we have identified two technology providers, air products and Sinopec and some 10 EPC contractors in the country. Very reputed parties, Tatas, L&T, and likewise, we are getting a good response. They have shown a lot of interest. They have also visited our project site. Top management had the interaction with them recently, and they're very enthusiastic for the other package contracts. Also, we don't have dearth of technology and EPC contractors are well positioned. We are hopeful that we will be able to get a very competitive price and we will be able to get the ball start rolling on the exhibition front.

Mohit Kumar: Does BHEL have the technology?

Rakesh Kumar: With BHEL, we have signed an MOU for development of indigenous technology since they have already, it is understood that they have proven technology for coal gasification. But so far they have not tried the lignite. So we are cooperating. We have signed an MOU, now since the Government of India has set a target of hundred million ton of gasification by 2030, we see a huge opportunity. Therefore lignite gasification throws a very big opportunity to NLC. And now this whole big business coming, it is always better to get the indigenous technology developed. And BHEL is confident that if they work together with us on lignite, they will be able to come out with indigenous technology. So initially we will have a pilot project, and then later on, once it is proven, we can go for expansion of this business stream in a big way with the help of indigenous technology, because obviously technology providers within the country is definitely more comfortable, better not only for the company, but for the country also.

Mohit Kumar: Understood. Thank you, and best of luck. Thank you.

Moderator: Thank you. Our next question is from the line of Anant Mundra from Mytemple Capital Advisors. Please go ahead.



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- Anant Mundra:** Good evening, sir. Thank you for the opportunity. So what is a regulated equity at the end of this quarter?
- Rakesh Kumar:** As on 30th September 2022, we have a total regulated equity of INR 6593.19 crore, out of which mine regulated equity is INR 2830.78 crore. And thermal regulated equity is INR 3762.41 crore.
- Anant Mundra:** So does this include the regulated equity of our subsidiary NTPL.
- Rakesh Kumar:** No, no, it is not including the regulated equity of NTPL, NTPL is a separate company. So these figures are without considering the NTPL.
- Anant Mundra:** Sir, how much would be the regulated equity of NTPL?
- Rakesh Kumar :** NTPL We have a regulated equity of Rs.1490 crore and the total equity is Rs.2200 crore.
- Anant Mundra:** All right. And how much is the equity that is invested in the renewable projects? Both under construction and commission?
- Rakesh Kumar:** Right now there is no under construction solar project, we have completed 1,421 megawatt of renewable energy out of which 51 megawatt is wind. And balance is solar projects. Total investment made in these projects is be INR 6,594 crore out of which equity deployment is INR 1,675 crore.
- Moderator:** Thank you. We'll take our next question from the line of Nikhil Abhyankar from DAM Capital. Please go ahead.
- Nikhil Abhyankar:** Thank you, sir, for the opportunity. I've got a couple of questions. So what is the current inventory level of coal that we have and how do you see the H2 sales of coal fields basically?
- Rakesh Kumar:** Yes, so inventory level, actually, we it is not advisable to store more coal because we cannot keep the coal in safe condition for long duration. So our inventory is ranging from 2 lakh to, 4 lakh ton at Talabira pit head, And as of now, it is reaching around 2 Lakh ton only. As far as the future prospects of coal is concerned, as we can see, that there is a rise in the demand for power and Talabira mines were allocated to us to primarily meet our end use plant NTPL and Talabira pit head power plants. And in the meantime, since some sometime is there for us to get the Talabira pit head power plant constructed and commission, it'll take few years. Therefore, we applied to Ministry of Coal for allowing us to sell coal because our mine is ready, we are able to increase the production. Last year it was 6.35 million ton. This year we have set a target of 13 million ton against which we have met the target of the first half of 5 million ton almost same level. So, but our priority would always be, first priority would be to meet the demand of our NTPL end use plant for which directly we are supplying to NTPL. And we are also through swapping arrangement with NTPC MCL we are getting from MCL and supplying to NTPC. In addition to that, we have signed an MOU of 3 million ton to NTPC. So our second most priority will be to give the coal, sell the coal to NTPC. So up to 3 million ton under MOU route, an additional also we can give to NTPC. NTPC is also making efforts to augment their power generation by taking coal from Talabira also. But in case we end up in some surplus coal then we are ready to auction the coal through eauction. But definitely we can see a lot of demand coming up in the coming months for coal. And we will also try to augment our coal production. In the short and medium term coal future is bright and we want to avail this opportunity to its maximum.
- Nikhil Abhyankar:** Any guidance on the volume of e- auction coal.
- Rakesh Kumar:** Yes, e - auction. As I shared with you earlier also we would be giving first priority to end use plant, second priority to NTPC. We have also applied for seeking permission of Ministry of Coal for supplying coal from Talabira to Ghatampur also, because our linked mine for Ghatampur is going to take a few more years to come up for operations. Therefore, in case



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permission is granted, we will be supplying coal to Ghatampur also, and in case we get some surplus coal in then we will be auctioning it. Permission is already in place and e-auction mechanism is also there.

Nikhil Abhyankar: And the final question, sir our receivable have increased by Rs. 700 crore? Any specific reason for it, sir?

Rakesh Kumar: Yes as you're aware that we are continuously pursuing our level best to reduce the receivables. It all depends on beneficiaries that in case they opt for discounting of bills or they are able to earlier period, we were able to get the dues liquidated because of the Atmanirbhar schemes, and we were able to get substantial reduction in the reduced dues realization. However, since there are some difficulties being faced at their end, and some of the issues between beneficiaries and NLC based on the truing up order and other orders, such disputes are also prompting, deduction of unilateral deduction of payment of our bills by Tangedco and others.

Moderator: Thank you. We'll take a next question from the line of Anshuman Ashit. Please go ahead.

Anshuman Ashit: Thank you, sir, for the opportunity. So the first question, so you have mentioned that we have taken a charge of INR 88 crore on reevaluation of receivables. So what was the total amount? And if you can tell us, the statewise receivables, which have been converted into installments?

Rakesh Kumar: Actually as per the circular they have the option and these were to be finalized after getting the clarity on the dues. However, based on the letters, which different discoms have given, they have started paying in installment at their own. And we are in discussion with the discoms to arrive at the final figure. But in order to give some picture, mostly Tamil Nadu has opted they have opted around INR 735 crore in the installment as of now. However, they keep on changing their amounts. As of now, this is the picture.

Anshuman Ashit: Which are the other states that we are in discussion with?

Rakesh Kumar: Other states Telangana and Karnataka.

Anshuman Ashit: Okay. Sir, what has been the PAF of TPS I expansion and NNTPs during the quarter or the first half?

Rakesh Kumar: Yes, I'm working on that. Please go to the next, I have got PLF figures right now. Okay. In case of TS1 expansion, we have achieved a PLF of 68.46% in the H1. In the case of TPS1 expansion first half PAF is 86.29%. And in case of NNTP, the PAF is 92.27%, in the first half.

Anshuman Ashit: Okay. So what has been the CapEx in the first half and what is the target for FY '23, '24 and '25. And can you please split it for our thermal projects and renewables?

Rakesh Kumar: Yeah, So our CapEx target was INR 2960 crore in the '22- '23 INR 2,920 crore against which if we see the bifurcation of the target. But against which, you know, mainly our mining projects are Talabira mine two and three. Then we have area extension of mine one and extension of mine one. In addition to this, we have a target for the mining project in joint venture for the south pachwara mine. I'll give you the breakup of INR 2920 crore shortly. And again, the power thermal projects, we have the balance of NNTPS and NUPPL is in the joint venture, or Odissa thermal power plant is the main contributor to the CapEx plant this year. Out of INR 2,920 crore we have the mining projects, CapEx of INR 190 crore, and power sector is INR 860 crore. And joint ventures, if we see coal block pachwara INR 110 crore .NTPL, since we are coming up with the FGD project, INR 250 crore is the target, and NUPPL Ghatampur, we have an ambitious target of INR 1,510 crore, and this comes to INR 2,920 crore. This is the breakup.

Anshuman Ashit: So for what is the target for FY '24 and '25?



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- Rakesh Kumar :** FY '24 and '25 we are having even ambitious target, actually, we have set our target for the next -- up to 2030 total CapEx during the next eight years is going to be INR 72,000 crore plus INR 71,000 crore plus. In '23, '24, as per our corporate plan, we have set target of CapEx of INR 8,244 crore, and which is likely to increase thereafter.
- Anshuman Ashit:** So given the high CapEx targets we have, so will this impact in any case, our dividend payout going forward, or will it remain as per the policy?
- Rakesh Kumar :** Definitely initially when we see our corporate plan of 2015 wherein we had an ambitious CapEx plan of 10 years for an amount of Rs 129,000 crore, and in which we had kept a provision of getting equity of around INR 3,500 crore in the third or fourth year that was the time when we were facing difficulty. However, keeping in view the changing scenario and based on the clarity that we should not seek any financial assistance in terms of equity. So we have reviewed and revised our corporate plan. Now, it is based on our projects, which are under formulation and future projects are also very visible concrete. I do not think that it is going to affect the capacity to service the shareholders with respectful dividend because year after year we are adding the capacity. For example, and NNTPS has started giving us revenue, as you can see, the turnover rising. And our network is also consolidating. So therefore in the time to come, as we can see, the visibility that our Ghatampur project of 1,980 megawatt is going to be commissioned in the next one year of time, which will start giving revenue and profit. So by the time we take up expansion projects, our internal generation will also grow substantially with the completion of these projects. And we will definitely like to keep a balance between servicing of the shareholders with the respectful dividend and also will see to it that our growth plans are not adversely impacted. This is what we believe.
- Anshuman Ashit:** That's very reassuring, sir. One final question. If you could give us the status on the South Pachwara coal block and also the commercial mining bid, which we had done for the two coal blocks. Thank you.
- Rakesh Kumar :** Yes, so in case of South Pachwara, the project is progressing very well. Our phase one of the mining is almost over, and we are seeing that we will be able to progress on the project, although there is a setback on the railway siding which was to come up with the approximately INR 2,500 crore kind of, CapEx in which three partners are there. I would request Director Mines to share the latest status on the project.
- Suresh Chandra Suman:** South Pachwara coal block is progressing well as informed by CMD, so we have achieved phase one activity. Phase one activity means geological report, completed mining plan approved, and we have a plan for FC and DC, our forest clearance proposal has reach to state government. So it is to be recommended very soon to MoEF& CC also, ToR has been approved. Public hearing for Environmental Clearance has been conducted Jharkhand State Pollution Control Board, the compliance parameters and mitigations had been included in EIA/EMP. MoEF&CC has also conducted meeting for Environmental Clearance and they have recommended for certain studies. So those studies are on the way. PSCB R&R benefits has been approved by the Board, also District Authority/Dumka had constituted R&R committee, so one meeting supposed to be scheduled very soon for the approval of R&R benefits. After that, we will proceed with the land acquisition. Land Compensation will be paid as per RFCTLARR Act. At the same time under CBA act section 11(1) notification by which government acquire the land, and give the possession to NUPPL. At the front of railway siding, what the CMD have said, for rail connectivity, SPV has been formed between WBPDC, PSEB, NUPPL, RVNL and GoJ. Feasibility Report of Rail connectivity has been prepared by M/s RITES and the same was submitted to eastern railway for their concurrence. Bankability meeting supposed to happen in next week, where the finance decision will be taken up. So I think this project will take a bit time and since there is rail road line connection, 40 kms away from the project, and this rail line will serve the purpose of three of the mine, Pachwara South, Pachwara Central, and Pachwara North, so this is broadly the status of Pachwara project.
- Rakesh Kumar :** And we are regularly monitoring all the aspects of this very important project for us. And we will, we are hopeful that we will be able to get good results in the time to come.



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- Anshuman Ashit:** And on the commercial coal mining bit,
- Suresh Chandra Suman:** Yes, commercial coal mining already we have applied and of course, because of high rate, we could not be successful bidder. But again in this also, we are going to apply for two more mines, one in Talcher coal field another in state of Chhattisgarh. So we are working on it and we will come back with the development.
- Moderator:** Thank you. We'll take a next question from the line of JK Jain from JK Jain and Company. Please go ahead.
- JK Jain:** Yes, I have joined a little late. One thing is your other income has reduced by about INR 300 crore year-on-year, and your other expenses has increased by about INR 200 crore year-on-year, kindly through light on this, why this has.
- Rakesh Kumar :** Yes, sure, sure. Now, as I shared earlier that we have provided some INR 88 crore because of the June, 3 circular. And secondly if we see last year H1, we had received dividend income of approximately INR 194 crore from our subsidiary and NTPL. And our surcharge has reduced substantially because our realization has improved on an invoice to invoice basically month to month basis. And the surcharge, which was although adding to the income, but it was not very happy moment for us, and it was adding risk to our business we are able to mitigate that risk and we are able to consolidate our position on real business through other sources like selling of lignite and coal and reducing our fixed, you know, under recovery.
- JK Jain:** Okay. Another point is the, there is a lot of notes being given by the auditor qualifying the your -- this result. And one particular is point number 13, that is note number 20 to the statement where the company has not made any provision with regard to dispute dues of INR 1050 crore on account of water consumption and all these matters. Is there any contingent, liabilities are there going to be any contingent liability risk for this account?
- Rakesh Kumar :** No, Basically this 2019 to '24 tariff period is a transition period in which Ministry of Coal, which earlier used to issue the guidelines for fixing the price of Lignite and based on which CERC used to approve the tariffs that has undergone change. And initially, Ministry of Coal delegated the power of fixing the Lignite price to NLC in the limited board. And once NLCIL board in line with the thermal tariff by exercising the past practice, the approval of board of directors of NLCIL, the guidelines were issued however the discoms disputed these guidelines. Let me just give you the background, then we will, we will be able to get a good picture of this INR 1000 crore. So based on, based on this order, they we have taken out the security charges and water charges in line with the thermal power tariff, because as you can see, the thermal power tariff has undergo change where water charges and security charges are taken out of the base tariff. Similarly, we have had also done that, and which discoms did not agree because they wanted this tariff to be part of the base area itself. Therefore, these disputes were raised by them, and later on CERC issued the guidelines for the Lignite price fixation. And we this keeping in view the dispute and discoms got some reason to deduct some amount from our bills and tariffs. So they stopped paying security charges and water charges, which was not denied as a part of the cost element of the tariff. We have lodged our petitions with CERC, which is not including the security and water charges, a separate item, but the part of the base tariff and the total amount of these petitions are more than what we claimed in the earlier period where in security and water charges are shown separately, but still, they are disputing. And based on that, CERC has also come out with the guidelines in which security and water charges are not excluded. So keeping visibility that the CERC has also agreed with the beneficiaries, CAG has issued a comment that this is amounting to INR 1050 crore is not recoverable, and to this extent, the revenue is overstated. So, but we understand that this is recoverable. We are not required to pay. There is no feasibility, there is no such ground that we should believe that, accordingly against the CAG comment, we have given the replies also in our annual report, which can be seen on page number 201. And because of the deduction, we are fighting the case. And because of this observation by CAG, statutory auditor, have also been raising this issue, which we have given them the assurance that security and water charges as a part of the O&M cost is never denied by any beneficiary as a part cost element of the tariff, but it is just a structure.



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JK Jain:

Another thing, because I have seen that your company balance it sizes approximately INR 20,000 crore, but I find that there are INR 2000 crore of regulatory deferred debit and INR 3000 crore of regulatory deferred credit. Do you think that there would be any problem in realization of these deferred debit balances or any chance of any contingent liability on this aspect? One thing is I find that there is a lot of tariff trued up orders, and these are being filed very late. The first note is for the mines for 2014 to '19, the tariff trued order was filed in May '22 for an amount of INR 581 crore. Is it a normal feature in this generation business or there are a lot of notes out there. Don't you think that the right time that these things would be given proper attention? if you add up all the total, it would be something like INR 8,000 crore, the INR 2000 crore deferred debit balance, INR 3000 crore deferred credit balances. We feel a little bit sceptic. So any, any view about these things?

Rakesh Kumar :

Sure, sure, sure. I would like to clarify here, nothing to worry. Because NLC India Limited is an integrated company in which mining and power generation both are equally strong and built up over a period of time. And NLC India Limited is the only company who's both the businesses are regulated. Lignite was regulated long back along with the thermal. Therefore, it is a very specific company in which this regulatory mechanism works.

Now, you know that as far as the power tariff is concerned, because of so many players and so many decisions the situation is very clear and therefore not much disputes on the thermal power aspect. However, because the lignite mining there is always a possibility to caution any aspect wherever either it is tax, Lignite mining capacity, overhead production details. So many aspects are there, but we can see that in spite of the fact that the regulatory balances are more. But on case to case basis, we have formulated our accounting policies in 2016 based on the IND AS in such a way that that gives a lot of comfort to the investors. Also, because we have adopted a conservative approach.

Wherever, when we file a petition, we start booking the revenue based on the petition file. As soon as the order is issued by CERC, we readjust and we take cognizant of the revenue which is agreed by CERC. Later on, even if we have a strong feeling that the indecision is against us, and even if we go to APTEL till such time, APTEL gives a decision, we do not change it. Therefore, in spite of the strong notion that we have a claim and we have a rightful amount due from the beneficiary, we are not able to get the money because till such time regulatory orders are issued, we are not able to realize the amount.

But all these dues are definitely from time to time we are getting the orders. And we are hopeful that we will be able to get our truing up petitions also in line with our claims. The legal battle is long, but the power industry is definitely one sector where these disputes are inevitable. Government of India is also trying to come up with the regulation from time to time to realize the dues, to reduce support, to punish the defaulters through merit ordering through various circulars healthy mechanism, through Atmanirbhar Bharat. So we are hopeful that in the time to come, the power sector will also witness clean slate. Um, however, that will take some more time.

Moderator:

And, we'll take our next question that's from Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

Rabindra Nath Nayak:

What is the e-auction price for coal for October? Or if you can give the e-auction for Lignite also, that would be helpful. Thank you.

Rakesh Kumar :

Yes, Lignite, we have not auctioned in the month of October. As I shared with you that we are facing issues in the land acquisition, in case of Barsingsar mines in the month of October we have e-auctioned, and the price is INR 4830 to INR 4930 per ton. And for coal, the average price, the range between the price lowest and is INR 2,690 lowest and INR 2,740 per ton as the highest price for the recent auction of 2.5 lakh ton coal auction.

Moderator:

Thank you. Our next question is from Sanjeev Dabani from SKD Consulting. Please go ahead, sir.



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- Sanjeev Dabani:** Sir first question regarding the realization. You said Lignite you realized Rs.4,800 per ton in Rajasthan Barsingsar , and here you realized only Rs.2,750 per ton for coal.
- Rakesh Kumar :** Yes, yes. because of obvious reasons that coal supply is more, and it is, you know, the coal buyers are near to the mines definitely the supply factor is more and more auction is taking place not only by NLC, but by Coal India also. But in Rajasthan, the availability of coal up to Rajasthan is less. And Lignite availability in the market was also less because earlier we were not given the permission to sell. Now only we have been given, so definitely there is a huge demand. So we are trying to augment the supply in Rajasthan so that the customers can be satisfied. We get the supplies augmented.
- Sanjeev Dabani:** Actually, our discussions have really gone long, and I have lot of questions, but one request I want to make that if we can make a small presentation after every quarterly results on location wise, unit wise position has to installed and power produced or mine, mined materials, quantity, realization, etc, then lot of questions would get eliminated and we'll rise above this to understand certain other things from you. I mean Rajasthan location, you have Neyveli location , you have some Talabira mines, you have an UP location. You have some mines in Odissa and some more power plant is coming up, So if a status can be given based on the location wise, unit wise, then it'll be very easy for anybody to understand the business. This is what I feel, sir. I want your opinion
- Rakesh Kumar :** Yes, definitely. We have taken note of your suggestion. We will try to give more information in our corporate presentation, which is hosted on our website before the investor call. But we have taken note of your suggestion. Secondly, whatever questions are left out please arrange to send an email. We will try to respond to the extent possible.
- Moderator:** Thank you, ladies and gentlemen, that was the last question. I now hand the floor back to the management for closing comments. Over to you, sir.
- Rakesh Kumar :** Thank you very much. It is really heartening that lot of interest is now getting generated in the investors and a number of questions on different aspects of our business are is being asked. And we are hopeful that we are able to give our comments on all the aspects. I will request in case Shri Nagaraju ji, is there Addition Secretary, Ministry of Coal, Government of India, and Joint Secretary Shri Pande ji available. Maybe they can just say a few words.
- Moderator:** It looks like the line just got disconnected, sir.
- Rakesh Kumar :** It is also very heartening that lot of support from the Ministry of Coal and DIPAM is being extended to support the cause of the investors and try to bring a lot of information transparently about the business of the company. And we will continue to strive for making the investors call and investors interaction and presentations more informative and more transparent and more giving insight into the complex issues which are coming in the mind of investors. We are thankful to all the investors and all the agencies who are finding interest to connect to us on the investors calls. Thank you very much.
- Moderator:** Thank you. Members of the management on behalf of ICICI Securities Limited is limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Okay.