

एनएमडीसी



NMDC

एनएमडीसी लिमिटेड NMDC Limited

(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.
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1. The BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	2. National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
3. The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata – 700001	

Dear Sir / Madam,

Sub: Transcript of NMDC's post Q1 FY 2021-22 Results Conference Call

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; NSE Symbol: NMDC; BSE Scrip Code: 526371

Reference the captioned subject, please find enclosed Transcript of NMDC's post Q1 FY 2021-22 Results Analyst / Investors Conference Call held on 17th August 2021 at 4.00 p.m. (IST), which is also being uploaded on the website of the Company.

Please take note of the above information.

Thanking you
Yours faithfully,
For **NMDC Limited**


A S Pardha Saradhi
Company Secretary

Encl: A/a



**“NMDC Limited
Q1 FY2022 Earnings Conference Call”**

August 17, 2021



ANALYST: MR. VISHAL CHANDAK – DAM CAPITAL LIMITED

**MANAGEMENT: SHRI SUMIT DEB – CHAIRMAN AND MANAGING
DIRECTOR – NMDC LIMITED
SHRI AMITAVA MUKHERJEE - DIRECTOR FINANCE –
NMDC LIMITED**



*NMDC Limited
August 17, 2021*

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY2022 earnings conference call of NMDC Limited hosted by DAM Capital Advisors Limited. As a reminder, all participants' 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 "*" then "0" on your touchstone phone. Please note that this conference is being recorded. I now have a conference over to Mr. Vishal Chandak from Dam Capital Advisors. Thank you and to you Sir!

Vishal Chandak: Thank you Margaret. Good day everyone and welcome to the Q1 FY2022 earnings call for NMDC. I would like to thank the management of NMDC Limited for allowing us to host this call. We will have with us CMD, Shri Sumit Deb and Director Finance, Shri Amitava Mukherjee. We will hand over the floor to Shri Sumit Deb for his opening comments and then we will open the floor for the Q&A. Over to user Sir!

Sumit Deb: Good evening everyone. It has been a great quarter for NMDC in terms of production sales, profits, so good quarter for us and we have in fact broken all sorts of records the first quarter in terms of production has been all-time high 35% increase even in terms of revenue from operations 6500 Crores, all of them in fact the EBITDA margins or the PAT so it has been a great quarter.

Obviously, we believe that things will continue in this fashion. We hope to continue in this fashion especially in terms of production, we have targeted 44 million tons and we hope to achieve that target we are on 44 is something which we need to do and we will do it and in terms of profitability also we believe that prices have almost stabilized.

Monsoon season albeit a little bit of aberration, otherwise we believe that going forward I think the demand should be strong. There is a lot of demand in the market and we believe that things will work out in terms of production and sales also. That is the scene we are planning to start our coal operations also in this financial year probably from Q2, Q3, we should be Q2 end we should be able to start our coal mining operations in Jharkhand. That also will add on to our bottomline. So these are things going forward we believe and we are also in discussion with governments, state governments for additional mining blocks. So things are looking good for us. That is it. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles the first question is from the line of Amit Dixit from Edelweiss Securities. Please go ahead.



*NMDC Limited
August 17, 2021*

Amit Dixit: Good evening everyone. Thanks for the opportunity and congratulations for a good head of numbers. I have two questions; the first one is on the status of steel plant commissioning where we are on that front? When we do we see it getting commissioned and also if you can share the status of the new company formation for which board had already given its approval? That is the first question.

Amitava Mukherjee: Let me answer that this is the steel plant, we are targeting the commissioner in the Q3 or rather early Q4 late Q3 or early Q4 so we are waiting for what you call the byproduct plant to get ready and simultaneously we are planning to start the coke oven heating very soon hopefully. It is a four or five month process so that is the target as of now. Let us hope that we will be able to keep it we are working towards that only and the second is you asked for demerger well the board has already approved the draft scheme. Now it is to be filed with these stock exchanges and SEBI. So I think this week or maybe on 20th will be able to file it all the requisite certificate from the auditors etc., filing has been received and this week definitely either tomorrow or on Friday we will be able to file that.

Amit Dixit: That is reassuring. The second question is on a medium term perspective just wanted to get your idea that in medium term that is next three years if you can just let us know the key projects that you are targeting and what is the approximate capex outlay for the same?

Amitava Mukherjee: Approximate capex outlay for this FY is around 3750 Crores that we are anticipating but a large chunk of it is related to NISB that is the steel plant which is 2150 Crores. Apart from this the major capexes where which we are expecting a) is in the slurry pipeline around 250 Crores to 300 Crores on that this year and b) is the third trading plant that we are setting up at Kirandul with 12 MTPA that is another 200 Crores we were expecting. Apart from that we will be spending some money in the coal blocks, which are in the nature of strategic payments and some Nagarnar payments so the total is 37.50 that we are targeting of which 2150 Crores is from Nagarnar and another 1600 Crores from these other projects.

Amit Dixit: Sir when do you expect this slurry pipeline to get commissioned and functional?

Amitava Mukherjee: It is supposed to come up by 2023, calendar year 2023 Q3 is supposed to come up. We have already awarded the major contract to L&T for the 1000 Crores contract for laying of the pipeline. The work is underway. They have started the work and we have the award of the two end projects one is the verification plant at the beginning end and the other is the pellet plant at the finishing end at. Those tenders are an advanced stage of finalization so we hope that in about a month's time we would be able to award them.



NMDC Limited
August 17, 2021

- Moderator:** Thank you. The next question is from the line of Kamlesh Jain from Prabhudas Lilladher. Please go ahead.
- Kamlesh Jain:** I was asking on the part of this sales volume like the MNDR act amendment like say effective from 28th of March so prior to that whatever production we had so there was let us say incidence of 32.5%, royalty on that part so out of this 9.4 million ton how much of the quantity is related to prior to this amendment?
- Amitava Mukherjee:** Around 5.1 million tons, 66%. That is why our EBITDA is at 66% because normally you cannot have with 22.5% coming in the normal EBITDA would be less than for 60% because this quarter it was 66% because more than half of my sales were from my opening stock that is the pre-28 stock.
- Kamlesh Jain:** This 9.4 included 5.1 million from the inventory?
- Amitava Mukherjee:** 5.1 from the opening inventory.
- Kamlesh Jain:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Ashish Kejriwal from Centrum Broking. Please go ahead.
- Ashish Kejriwal:** Good evening Sir. Two questions from my side again once you said that you are going to file with the exchange so I think in that exchange when we are filing is it safe to assume that we are going to file demerger value and after that we will go for JV and other approvals?
- Amitava Mukherjee:** We filed with SEBI and the exchanges. The draft demerger scheme and all these statistics then they revert back to us if they have any modifications to suggest, if they do not then we take it to the MCA, the Ministry of Corporate Affairs. If they do suggest something then we make those small changes and then file it with MCA and thereafter the entire process takes around four to five months.
- Ashish Kejriwal:** So still we are sticking to December 2021 deadline and after that we will list the shares?
- Amitava Mukherjee:** That listing will be happening only when the demerger is complete.
- Ashish Kejriwal:** But after the merger is complete we will list the shares in the exchange?
- Amitava Mukherjee:** Yes, the new company will list the share in the exchange.



NMDC Limited
August 17, 2021

- Ashish Kejriwal:** That we are expecting by December end?
- Amitava Mukherjee:** It is a four to five month process so it could be 10, 15 days this side or that side depends on how much time SEBI takes and stock exchanges take, how much time the MCA takes but our transaction advisors have advised that it will be around anything between four to five months that is what they should. That is the normal time that they advise that they take.
- Ashish Kejriwal:** Second is on iron prices because we have seen global iron ore prices falling by around 25% in a month's time and I think at this price exports will become somewhat less liquidative so do you foresee some incremental supply coming in the domestic market which will lead to further correction in our prices?
- Amitava Mukherjee:** Number one, we do not speculate in prices. We see it we take the variety of factors export prices are only one of them, domestic availability is one of them so obviously domestic availability as you know Odisha, there has been a major change from the merchant mining sector to the captive sector some of the mines are still not producing, some of them are have been surrendered, so as CMD said we are very optimistic about the situation and the prices as well but we will refrain from making an exact speculation but nonetheless we are very optimistic about the future scenario of demand and prices.
- Amitava Mukherjee:** I would like to add there what happens is basically that the exports which do take place are in the 60 FE plus categories are less so the higher grade exports are very less from the country. It is more or less most of it is in the below 60. That is number one. Now number two is that we have what we have been seeing is that there is no comparison with export prices. Export prices at the peak where are the domestic prices were at a discount. So that is why we do not see any major changes in the prices.
- Ashish Kejriwal:** Lastly on your coal operation you said that Q3 will start so is it possible to share some numbers on that in terms of volumes, what we are likely to have in this year or next year?
- Amitava Mukherjee:** We do not have any volume for the this FY because most of the mining that will start is basically RNR and preparatory services commercial mining will take maybe a little more time, a couple of more quarters but the other activities prior to that would start in Q3.
- Ashish Kejriwal:** Thank you. All the best Sir.
- Moderator:** Thank you. Thank you. The next question is from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.



*NMDC Limited
August 17, 2021*

- Yogansh Jeswani:** Thanks for the opportunity. Sir my question is on the volume side for last couple of years the volume has more or less stayed stagnant, so going forward how do you plan on where exactly, you touched upon point briefly but if you could elaborate on what are the plans, versus where you are going forward, what kind of volume growth are we targeting if you could share that number?
- Amitava Mukherjee:** As CMD already said that we are targeting at least 44 this financial year so we did 35 last year and we have Donimalai this year so that will add straight away 7 million ton and another incremental from our existing mines would be 2-3 million ton, so 35 plus 7 is 42 and another 2-3 hopefully from our existing mines. We have got a new line in Kirandul which we will account for at least 2.5 million tonne, new screening line there so that will account for at least 2-2.5 million ton so we are very confident that we will do 44 at least this financial year.
- Yogansh Jeswani:** Sir any similar target for FY2023?
- Amitava Mukherjee:** 2023 hopefully we will be having a marginal increase on that but we are having a big time. We are drawing up a big capex plan so that we can go up to 100 million ton in 4-5 years time. We are drawing up the capex plan for that.
- Yogansh Jeswani:** Sir again going back to the pricing side of scenario. Like how we are seeing in the prices come down internationally, so in near term are we expecting anymore price cut like we have taken I think two in the last month, so are we looking at any further price cut?
- Amitava Mukherjee:** As I said we do not speculate on prices at all number one. Number two we have already said that we are very optimistic about the demand and the stability of price scenario and the two price cuts we took recently were essentially very marginal, Rs.100 in the first Rs.200, Rs.300 in the next and the lumps so basically those have been much more token cuts has compared to the price increase earlier but we have already said in the previous answer that we are fairly optimistic about the scenario as of now, I think that should answer your question.
- Yogansh Jeswani:** Sir one last question from my end. Now that the cash flow generation that we are having is quite strong and quite good and then we have a demerger coming up so going forward any thoughts you can share around maybe having a buyback at these prices or putting out more money in the hands of minority by way of higher dividend, any thoughts that management can share around these things.



NMDC Limited
August 17, 2021

Amitava Mukherjee: These things are something that is confidential information; I would not like them to speculate on them on a recorded call. As and when the board would decide on whether buyback or dividend this is very difficult to speculate in an open call but I am sure that the board will take cognizance of this whether it is buy back or dividend at appropriate point of time.

Yogansh Jeswani: That is it from my side Sir. Thank you and all the best.

Moderator: Thank you the next question is from the line of Bhavin Chheda from ENAM Holdings. Please go ahead.

Bhavin Chheda: Good afternoon Sir. Currently, you have EC limit of close to 51.8 million ton. Last time you mentioned that company plans to expand it to 83 million what are the current filings to increase the EC limit, what is the progress on that and if you can update the same?

Amitava Mukherjee: Yes Donimalai in the Karnataka sector we have already filed for Kumaraswamy mines from 7 million ton to 10 million ton. In the Karnataka sector also we have filed for deposit 14 but these are long drawn processes. These do not happen overnight. These are the processes that take anything between 6 months and 18 months depending on what sort of things are there. We have drawn out of plan and these have to be filed for each mine separately, so deposit 14 we are filing, deposit 11 we are filing, some of them we have already filed in the initial stages so it is a continuous process that goes on and depending on what is your reserve base and it is continuous process so we are on that. Donimalai we are hopeful that we will be able to get it by Q3 or Q4.

Bhavin Chheda: Sir for mining volume up to 51 million you do not need to do additional capex or any other regulatory process to increase your volumes from this year say 44 million?

Amitava Mukherjee: We do not need up to 51 but we are targeting 44 so that is almost more than 90% there. Our plant capacity utilization is also if you see is 97% and we are investing in debottlenecking in Kirandul and Bacheli where Kirandul we have already put in the fifth screening lines and Bacheli the work is going for the fifth screening line, so those are there so up to 51 by these two debottlenecking we will be able to reach that and apart from that for the enhanced EC we have tendered out. We are almost on the verge of finalizing in about 2 or 3 months we will finalize the SP3 in Kirandul, the screening plant 3 which is 12 million ton capacity so we are also augmenting our screening and dispatch and conveying capacities. We have got two more work sanctioned of relocating our crushing plant in deposit 14 so that will go from 5-10 million ton, similarly on deposit 11 also we are relocating the crushing plant



*NMDC Limited
August 17, 2021*

again that will go from 7-10, so these are in various stages of process. Some of them have been tendered out some of them the work has been sanctioned are yet to be tendered out but these are happening continuously.

Bhavin Chheda: Sir my last question on the steel demerger. Is the proforma balance sheet of steel if you can share for March 2021 numbers on demerger what kind of borrowing cash and gross block and networth you intend to transfer to steel company?

Amitava Mukherjee: We have spent on March 31, something around 18500 Crores approximately and we had on that day a loan of around 524 Crores which was taken through the NCD route and these are the blocks that will be transferred and this will be forming a part of the scheme if you read the scheme once it is filed so these numbers are well mentioned there.

Bhavin Chheda: Any cash balance also you intent to transfer to the steel company?

Amitava Mukherjee: No. There is no cash balance there because that has not generated any cash so there will be no cash balance or such transfer but we have taken a loan of 4500 Crores we have got it sanctioned which will be transferred to the new company obviously and all the cash requirements can be met from that.

Bhavin Chheda: Thank you.

Moderator: Thank you the next question is from the line of Nishtha Mukherjee from Steel Mint. Please go ahead.

Nishtha Mukherjee: Thank you for taking my question. Do we have any idea on which all mine blocks we want to augment or capacities further, are any mine block auctions scheduled in Karnataka as well?

Amitava Mukherjee: There are two mine blocks as you know deposit 4 has been awarded to our subsidiary company of NMDC that is NMDC CMDC Limited deposit 4. We are also talking to the various state governments in Chhattisgarh, we are requesting them to give us deposit 1 and deposit 2 there. We are also in talks with Government of Odisha and Government of Jharkhand for various blocks. We have no immediate plans hopefully as of now to participate in any auctions because we are on the reservation routes but we are pursuing with various state governments. CMD itself is pursuing. He has met all the senior officials in the state government and we are pursuing very seriously of having fresh blocks in Odisha, and Jharkhand, as well as in Chhattisgarh.



*NMDC Limited
August 17, 2021*

- Nishtha Mukherjee:** All right Sir and any mine block auction expected in Karnataka in the coming months for C category?
- Amitava Mukherjee:** That I will have to see. I will not be able to say because what the state government is auctioning or not.
- Nishtha Mukherjee:** All right thank you so much Sir.
- Moderator:** Thank you the next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Firstly you told that out of the opening stock of 5.1 million ton the EBITDA margins were higher, so if we remove this opening stock before in the earlier regime, what would now be EBITDA margins going forward, not the blended one but the one which we did?
- Amitava Mukherjee:** Going forward the EBITDA margins should be in the vicinity of anything between let us say in the range of 42% to 50% depending on the prices.
- Saket Kapoor:** Sir, import parity basis, what is the valuation at that grid for us?
- Amitava Mukherjee:** I did not get your question? What do you mean by import?
- Saket Kapoor:** I am talking about import parity prices. If imports happen what are the prices and what are our selling prices the difference between the same?
- Amitava Mukherjee:** As of now we are at discount to import parity prices in the east coast by around 40%, so if you are importing ore of our quality at Vizag my ore from Bailadila would be around 40% cheaper.
- Saket Kapoor:** Right Sir. I will come in the queue for follow up, thank you.
- Moderator:** Thank you the next question is from the line of Abhishek Poddar from HDFC Mutual Fund. Please go ahead.
- Abhishek Poddar:** Thank you for the opportunity. Sir regarding the steel plant you mentioned about 500 Crores of debt which will be there. How much will be the retention in other payments that has to be made which will go with the plant?



*NMDC Limited
August 17, 2021*

- Amitava Mukherjee:** The revised cost estimate for completing the steel plant is 31940 Crores in fact, of which we have spent already by the year end around 18500 Crores by March 31 and currently I think the figure is around 18731 Crores so that makes anything 2500 Crores most of this would be towards commissioning payment, anything between 2500 Crores and 2800 Crores or 2900 Crores.
- Abhishek Poddar:** Sir how will the ramp up of the plant be let us say in 2022, 2023 or 2024 what kind of utilizations should we expect?
- Amitava Mukherjee:** Once the plant is commissioned, I am told that this is the most modern plant and having one of the largest capacities of blast furnace, so I do not think the ramping would be a major issue. Our technical people tell us it is because of the design of the plant ramping up is not the issue, the issue is commissioning once we commission it and the plant stabilizes ramping up I am told it can be done in a very compressed time frame.
- Abhishek Poddar:** Sir the finished output that will come out of the plant would be 2.65 million ton or it would be little different?
- Amitava Mukherjee:** It is actually 3 million ton plant. We expect to finish output of 2.7 million ton which is basically flat products only.
- Abhishek Poddar:** Sir the customer segment or any sense on what kind of market should we targeting initially?
- Amitava Mukherjee:** These are all flat products. Right now the prices of flat product are on the peak and all the industry expert do say the flat products are likely to remain there for some time. Our total HRC production is around 2.9 million tons in all grades so these are good times to roll out flat product soon as possible. We do not have any long products in this.
- Abhishek Poddar:** My sense was whether it will be export market, domestic market or any such bifurcation?
- Amitava Mukherjee:** There is enough demand in domestic market but that will depend on how the market is behaving at that point of time. I think there is lot of steel producers who are exporting their material and there is lot of domestic interest in our products in any case so I do not think marketing whether domestically or even as an export market would be any of the constraint.
- Abhishek Poddar:** Thank you Sir.



*NMDC Limited
August 17, 2021*

- Moderator:** Thank you the next question is from the line of Noel Vaz from Ashika Stock Broking. Please go ahead.
- Noel Vaz:** Sir thank you for taking my question. Actually, just one question regarding the steel plant so the raw material the iron ore and coking coal what would the sourcing arrangement?
- Amitava Mukherjee:** Iron ore would be obviously from our mines at Bailadila but it will be on arms length basis like any other customer, like RINL is our customer, like JSW is our customer, like ArcelorMittal, Nippon Steel is our customer. This plant will be another of our long term customers. We will be entering into a long term agreement as we do with our major customers and this will be with arms length pricing and coking coal as you know is mostly imported in India for this plant also mostly the coking coal will be mostly imported.
- Noel Vaz:** But has the arrangements for coking coal been done already because right now the prices...?
- Amitava Mukherjee:** See we already have our standing what is called for the PSUs what is called EGSC that is joint committee where SAIL and RIL also participate we are also a member for that so once we are on the verge of starting the plant we can use that forum to order the coking coal. Generally from order to dispatch is less than 3 months. The sourcing of the coking coal is not a problem because there is already a standing mechanism of which we are member. We just have to put in on demand in 2 to 3 months time. It is the safe source it is the same mechanism that SAIL and RIL use for sourcing the coking coal the same mechanism.
- Noel Vaz:** Sir just one other question. I am just curious has the company made any commitment or plans to make any inroads towards driving in direction of decarburization I mean discussion in that matter?
- Amitava Mukherjee:** You see the latest environmental norms which has been recently revised for which we are making additional capex I think these norms are one of the strictest that is possible so we will have to be with them to commission the plant without the authority being sure of us meeting those pollution control norms we will not be able to commission the plant. Normally it is planned within the execution and commissioning process.
- Noel Vaz:** That is all from my side.
- Moderator:** Thank you the next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.



NMDC Limited
August 17, 2021

- Pallav Agarwal:** Good evening Sir. I had a question on the quarterly results sales being higher than the production numbers we had a net gain in inventory or a change in inventory so was that due to some impact of the additional royalty or there were some other factors?
- Amitava Mukherjee:** Just because the valuation changes we took the price hikes, this 22.5% also came in, the book number is because of valuation changes increase in inventory.
- Pallav Agarwal:** Sir also just to understand the realization that we report that already includes the royalty right when I computing this 40% royalty so that is already included...
- Amitava Mukherjee:** This realization that we report of 6800 that we have reported this quarter is exclusive of royalty.
- Pallav Agarwal:** That is exclusive of all royalty or only the addition premium.
- Amitava Mukherjee:** It includes addition premium but excludes royalty. We have reported the average realization of 6823 per ton. Sorry this includes royalty and all charges.
- Pallav Agarwal:** On a like-to-like comparison can we say what you have reported in early quarters?
- Amitava Mukherjee:** Yes, it will be a like-to-like.
- Pallav Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jitesh Umalkar from A1 Investments & Resources Limited. Please go ahead.
- Jitesh Umalkar:** Thank you. Basically the letter dated 13th July we have said that we are searching for investor to handover steel plant, any progress on that or any management thought on that?
- Amitava Mukherjee:** NMDC management is responsible for demerging the steel business into a new company and once it is demerged, it will have a mirror shareholding of NMDC that means the Government of India would own around 60.38% of the shares of the new steel company thereafter the sales of those shares are within the jurisdiction of the Ministry of Finance or DIPAM. We as NMDC management is not involved in that share sale except for the fact we would be participating in the various road shows etc., etc., but the actual disinvestment through the sales would be done by the Ministry of Finance that is DIPAM, so that question needs to be addressed to DIPAM as management we have no visibility or no take on that.



NMDC Limited
August 17, 2021

- Jitesh Umalkar:** As I understand it is a location advantage for any buyer to invest in that steel plant but I would like to know is there any disadvantage also or any local issues for opposed to the demerger?
- Amitava Mukherjee:** That is very difficult to comment you see. Everybody says that this is fantastic plant to buy because the steel cycle is in the top. It is a readymade plant you invest today you start producing tomorrow and it does not have any employee baggage or any baggage to be handed over, so it is a clean plant the best modern technology plant almost without any employees. It is expected that it will be a very, very hot cake for sale. I think local disturbances well that is a political call of that local area. I am sure those who buy will take that into account.
- Jitesh Umalkar:** Thank you. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Anuj Jain from Globe Capital. Please go ahead.
- Anuj Jain:** Good evening Sir and congratulations on good set of numbers. Can I have the bifurcation between lumps and fine in the total sale?
- Amitava Mukherjee:** The rule of thumb is basically 30% would be lumps and 70% would be fines and this quarter I think it is 65-35, 65% fines and 35% lumps. Exact it will be difficult for me right now.
- Anuj Jain:** On an average 60:40 ration we can understand or 65:35?
- Amitava Mukherjee:** It is actually 70:30, 65:35 max.
- Anuj Jain:** Okay 70 is for fine, 30 is for lump. Thank you Sir.
- Moderator:** Thank you the next question is from the line of Vikas Singh from PhilipCapital. Please go ahead.
- Vikas Singh:** Good afternoon Sir. I just wanted to understand what is the July average selling price vis-à-vis monthly average prices how much it is higher?
- Amitava Mukherjee:** July average prices are slightly lower than Q1. The current prices are in July and slightly lower than the June prices. The lumps would be around Rs.400 lower than the June prices



*NMDC Limited
August 17, 2021*

and the fines would be around four to five hundred lower than the June prices prevailing as of now?

Vikas Singh: Basically I was talking about the June quarter average, how much it would have been higher because these have an increasing rising trend last quarter?

Amitava Mukherjee: On an average basis it will not be to less because we took major hikes in April and May only. On an average basis we have not worked out but I do not expect it to be more than the average of Q1.

Vikas Singh: Assuming this would have been on a flattish basis, so my second question pertains if I take the 994 Crores of premium which we have paid for the remaining 4.4 million ton inventory then the percentage comes out somewhere around 33% so just want to understand why it is a little bit on higher on the remaining inventory sold or there is something else which I am missing out?

Amitava Mukherjee: I have to get back on that. I am not getting figures exactly. I will have to verify whether your figures are correct or not.

Vikas Singh: Okay 9.45 you have sold actually and you are saying 5.1 is the older inventory so that left us with 4.2 at 990 400 Crores comes around Rs.2280 versus our average prices if Rs.6800.

Amitava Mukherjee: We will have to see how much of that is on the inventory. Part of it will also be accounted for the inventory evaluation also. So we have to check that. I think 535 has been accounted for the inventory, so I will have to check that and come back to you, but the 995 is not completely on sales some of it is on production which is added to our inventory.

Vikas Singh: Understood that is two questions from my side. Thank you Sir and all the best.

Moderator: Thank you. The next question is from the line of Rahul Jain from Systematix. Please go ahead.

Rahul Jain: Good evening. Thanks for taking my question. On the steel plant could you clarify again what was the pending capex? I just missed that point?

Amitava Mukherjee: You see the revised cost estimate for the steel plant is 21940 Crores so that is around 22000 Crores. We have already spent around 18700 Crores so that is around anything between 2500 to 3000 Crores is still left over.



NMDC Limited
August 17, 2021

- Rahul Jain:** There is no escalation to this number right.
- Amitava Mukherjee:** No we are confident that the overall, when we commission the plant and everything happens I think we are very confident that it will remain well within the estimate of 21940 Crores.
- Rahul Jain:** Does the management and running of the plant well in place or you will leave it to the new buyer, how is it going to work?
- Amitava Mukherjee:** We plan to commission it ourselves and run it as and when it is required. We have tied up with Nippon to source capable and experienced industry hand to commission and run the plant for whatever time it takes to get a new player.
- Rahul Jain:** I believe you will have some arrangement with POSCO as well to lift the material for cold roll or something like that?
- Amitava Mukherjee:** No they had sort of made enquiries regarding sourcing of that. Our steel for their cold rolling but that was sometime back but what we are confident is that these products I need not bother too much about selling because this has a readymade market whether POSCO or others a lot of people have.
- Rahul Jain:** No plans to do downstream processing as of now.
- Amitava Mukherjee:** No we are comfortable on that.
- Rahul Jain:** Sir also on the additional premium part what you are saying that entire material while in Donimalai was subject to the additional royalty?
- Amitava Mukherjee:** Kumaraswamy was not.
- Rahul Jain:** So this is the number what we should expect going forward right. So this is a run rate?
- Amitava Mukherjee:** It should be anything between 40% and 50% depending on the prices.
- Rahul Jain:** Come again how much percent?
- Amitava Mukherjee:** The EBITDA would be around 40% to 50%.



NMDC Limited
August 17, 2021

- Rahul Jain:** Not EBITDA I am asking whether on the premium percentage, so I think the last quarter is the right run rate or is it going to go up significantly from here.
- Amitava Mukherjee:** It will go up a little bit. The weighted average would be around 19.5% of the net sales value excluding royalty.
- Rahul Jain:** 19.5%.
- Amitava Mukherjee:** Because Kumaraswamy at the end of the year we expect 7 million ton. So out of 44 million tons you take out 7 million ton 37 million ton will be subject to the additional 22.5, so roughly the weighted average at the yearend would be around 19 point something.
- Rahul Jain:** Sir was there any plans to get into pelletization or any of that or not at cards right?
- Amitava Mukherjee:** You see we already have a pellet plant in Donimalai for 1.2 million ton. We are doing very well now. The technical problems have been solved, so we expect by the end of Q3 both the filter process to be there from Q3 onwards we will be producing at the stated capacity of 1.2 million ton, so that is going to be substantial increase on the topline and bottomline as well because these comes fines, that is number one. Of course, we are making our slurry pipeline and at the end of Nagarnar we are planning to set up a 2 million ton pellet plant as well. That is fair capacity for a company like 3.5 million ton.
- Rahul Jain:** Like what SAIL had done that reevaluation of old inventory do we have anything like that. We are also very old company in that sense.
- Amitava Mukherjee:** I will not commit on what SAIL has done but we do not plan to value our inventory.
- Rahul Jain:** Do we have such inventory or is it like everything is exhausted.
- Amitava Mukherjee:** We have certain amount of inventory at all the locations. We follow the FIFO method anyway but we have slime inventory at Kirandul, at Bachel, and at Donimalai. These are waste material having no intrinsic sales value. Somebody who buys it fine, otherwise we do not value that. That has been the consistent stock valuation philosophy of NMDC for years.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Thanks for the opportunity. Couple of questions, one has there been any update on national mineral index?



*NMDC Limited
August 17, 2021*

- Amitava Mukherjee:** We cannot comment on that as of now it is drive note stage, if and when our inputs are requested we will be happy to provide them.
- Ritesh Shah:** Sir second is would it be possible for you give color on what is the sort of production which is possible from the state of Odisha, Chhattisgarh, Jharkhand, and Karnataka from industry standpoint?
- Amitava Mukherjee:** You want state wise so we will have to look at this. Basically we are calling for our numbers but those are the numbers that we will have to revisit and see what the marketing teams say but right now I would not have it.
- Ritesh Shah:** Sir any color on how the ramp could be from likes of OMC I think they got recently and they have increased the EC limit as well, any color on that?
- Amitava Mukherjee:** This is not the right forum to comment on other company's plan and performances be it OMC, be it SAIL, be it anybody else. I would refrain from commenting on other company's prospect or performance.
- Ritesh Shah:** Sure Sir thank you so much for the answers.
- Moderator:** Thank you. The next question is from the line of Kamlesh Jain from Prabhudas Lilladher. Please go ahead.
- Kamlesh Jain:** Sir one question on the part of this capex on the steel plant, so we have left with 3000 odd Crores does it include the housing colony and some housing projects which were there from Chhattisgarh government.
- Amitava Mukherjee:** That is excluded in this revised estimate of 21940 Crores that is 22000 Crores. There is no further colony. Whatever colony was in reserves has already been built and done that is very near to our Nagarnar steel plant. We have more than 1000 quarters there but no further colonies are envisaged in this revised cost estimate of 22000 Crores.
- Kamlesh Jain:** Sir how much is the area we have under provision in this steel plant?
- Amitava Mukherjee:** I will just check and revert. We have all the land in our possession. There is nothing fresh to be possessed. Some of them are to be acquired but they are already on our possession. I do not have readymade numbers. I think it is some 97 hectares. I am just forgetting the figure what is the exact land holding of Nagarnar.



*NMDC Limited
August 17, 2021*

- Kamlesh Jain:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Abhishek Modi from Emkay Global. Please go ahead.
- Abhishek Modi:** Thanks for taking my question. My question pertains to Nagarnar steel plant. You said the required capex is 2500 Crores in the earlier question you said in term of 3750 total capacity outlet, 2150 is Nagarnar steel plant, so 200, 300 is the gap, give us some clarity on that part?
- Amitava Mukherjee:** Out of this total 2500 to 3000 to complete the plant we expect 2150 to be expended in this financial year because we are planning commissioning in Q3 and in Q4 beginning somewhere around Q4. All the payments will have to be released. The commissioning payment, the PAC payment, the PG test payment maybe 1 or 2% payment will be left over and that is exactly how the capex has been planned.
- Abhishek Modi:** I thought the capex EBITDA for FY2022 is the last year for you some additional will come on FY2023 that is the part I missed?
- Amitava Mukherjee:** Yes obviously because there will be something that will be left over. You will not be the last only on commissioning, there is something 2% write offs are there, 300 Crores to 400 Crores.
- Abhishek Modi:** Thanks for the clarity.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Thank you a couple of questions. Firstly this being monsoon affected quarter so the volumes would be in line with what are the monsoon quarter is generally is as we have seen last year. Last year was also COVID impact but this year how are the productions being planned to mitigate the impact of monsoon?
- Amitava Mukherjee:** This is the July production which we had already reported to the stock exchange are much better than last year. August of course I cannot say in a public forum what it is because we have not reported it but all I can tell you is that we are doing much better than the last year. Obviously, they will not be as high as Q1 we all know that. It will be lesser than Q1



*NMDC Limited
August 17, 2021*

because of obvious reason of monsoon but as you can see from the July figures they are substantially better than July of last year and those figures are in the public domain.

Saket Kapoor: One observation on part of the OFS. Herein we found that the employee quota was not subscribed from the employee's end. I am talking about the NMDC employees. What has been the thought process? Why that has been the case Sir?

Amitava Mukherjee: It is very difficult to go into the mind of individual investor. If I were to be a personal investor in NMDC I think these are good stocks to buy. Most of the analysts like you rate us at minimum 220 to 240 is the targeted price so at 165 I thought it was a good deal.

Saket Kapoor: But you and MD were eligible to participate in the OFS segment or was it a category different.

Amitava Mukherjee: Of course we are not. People from your community the analyst put our target prices at anything between Rs.217 and Rs.240. At 165 I believe it is a good buy.

Saket Kapoor: That is true. I would not be wasting your time but that message has not been delivered to the employee that is what my understanding was. This year the free cash balances as per today's market condition would be much better than what last year and the volume should also be higher if my understanding is correct. So OFS cannot be in our hand since government of India is prerogative but it is the board's call to come up with a dividend and a buyback policy so that this overhang of OFS can be mitigated or muted if the timeline of frame can be done?

Amitava Mukherjee: Yes that question was asked previously also and I had said I am sure the board will take appropriate call at the right time but this is something I cannot jump the gun and preclude the board's decision. So these are exclusively in the board's domain and I am sure that the board would consider appropriate force of action at the appropriate time. This question was asked earlier also and my answer remains the same.

Saket Kapoor: The intention is to get money whether it is through the OFS route or whether it is through the buyback part. The buyback part is double benefited to the existing shareholder, since it is lower the denominator for future earnings.

Amitava Mukherjee: But I am sure that the board will consider everything at the appropriate of time whether it is dividend or buyback or increased capex or further expansion that the board I am sure will be briefed and taken appropriate decision at the correct point of time.



*NMDC Limited
August 17, 2021*

- Saket Kapoor:** The pellet will start contributing towards the topline and the bottomline.
- Amitava Mukherjee:** From Q4 it will start.
- Saket Kapoor:** Both for the pellet also.
- Amitava Mukherjee:** The Donimalai pellet plant will start contributing to the topline and bottomline from Q4.
- Saket Kapoor:** And for the coal mines.
- Amitava Mukherjee:** The mining will start hopefully from Q3 or Q4. but the salable would take couple of more quarters.
- Saket Kapoor:** And for this quarter since the pellet has contributed positively to the bottomline so we could see the continuity since you have articulated earlier in the last call?
- Amitava Mukherjee:** The pellet plant has turned around because we have already corrected one of the filter presses and the other filter press would be up October so we expect by end of Q3 or definitely by Q4 that the pellet plant would be run at full capacity.
- Saket Kapoor:** And last question on the ICVL and Legacy iron ore investment what is the thought process now since substantially amount is invested?
- Amitava Mukherjee:** We are very, very hopeful about our Legacy investment. The exploration and all, have been excellent. You go ahead and keep a tab on the announcement made by Legacy individually and you will find them to be very encouraging we as a majority investor at Legacy with 92% holding. We are very pleased at the development over the last year and we are very hopeful that is a good investment that we have made and we are very hopeful of good returns. Exact details you will have to go the Legacy announcement.
- Saket Kapoor:** That needs to be updated at the exchanges Sir if we have investor there. Is that substantial information as you are telling that we have to look out for the Legacy part if there are substantial improvement?
- Amitava Mukherjee:** Independent company and foreign company so we cannot make announcement for behalf of Legacy, there are constraints on that because there are Australian standards that are to be adhered to, so those companies Legacy makes announcements as per the Australian compliance standards and so we refrain from going into details of Legacy and we have to go into the ASX and there are very continuous announcement regarding Legacy these days.



NMDC Limited
August 17, 2021

What I can assure you is that the management of NMDC is fairly pleased at the development that are taking place over the last 1 year and we are very hopeful that by the end of this financial year and on the next financial year we will be able to generate cash flows there.

Saket Kapoor:

And for ICVL.

Amitava Mukherjee:

ICVL because of the pricing now that coking coal price have gone up things have started looking up, it is a price issue there. So when the prices go up by more than 120 to 130 dollars it starts making profit. If it is 110 or 100 dollars ICVL is a little, currently the prices are well about 120. 130 mark so prices here is fairly good position, but we are not a major share holder there. We do not control that company that is not a subsidiary. As of now ICVL is doing okay.

Saket Kapoor:

Thank you for the elaborate answer Sir and all the best to the team. Thank you.

Moderator:

Thank you. Ladies and gentlemen due to time constraint that was the last question for today. I now hand the conference over to Mr. Vishal Chandak for closing comments.

Amitava Mukherjee:

I would like to just state something before you end which CMD would not state. This has been the third continuous quarter, a hat trick of quarters where we have produced the best quarterly results since inception. I think a lot of credit goes to the CMD. He has been at the helm running the ship for the last three quarters so it has been an outstanding three continuous quarters, and a hat trick so far as NMDC and CMD is concerned so that is happy note to end with it.

Vishal Chandak:

Absolutely right Sir. Three consecutive quarters we had to write all time high EBITDA every time so that has become part of the deal now it seems. Thank you very much everyone for participating in today's earnings call and we would like to thank everyone including the management for the opportunity given to us. I hand over the floor to CMD Sir for his closing remarks.

Amitava Mukherjee:

Thank you Vishal. That was a long concall but anyway like mentioned it has been mentioned it has been three consecutive quarters of perfect growth for us. We are happy at how things are folding and with the steel plant commissioning and demerger happening I think there should be some value unlocking and further going ahead we hope to do well in the coal sector. So things are looking good for NMDC.



NMDC Limited
August 17, 2021

Amitava Mukherjee: Thank you very much Vishal.

Moderator: Thank you very, on behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.