

एनएमडीसी



NMDC

# एन एम डी सी 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.  
Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.  
नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674



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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 Limited Q3 and 9M FY-23 Results Conference Call held on 15<sup>th</sup> February 2023 at 12.00 hrs (IST)**

**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 Limited Q3 and 9M FY-23 Results Conference Call held on 15<sup>th</sup> February 2023 at 12.00 hrs (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**  
ED (Company Secretary)

Encl: A/a



एनएमडीसी लिमिटेड  
**NMDC Limited**

“NMDC Limited

Q3 and 9M FY '23 Results Conference Call”

February 15, 2023



एनएमडीसी लिमिटेड  
**NMDC Limited**

 **ICICI Securities**



**MANAGEMENT: MR. SUMIT DEB – CHAIRMAN AND MANAGING  
DIRECTOR – NMDC LIMITED  
MR. AMITAVA MUKHERJEE – DIRECTOR OF FINANCE  
– NMDC LIMITED**

**MODERATOR: MR. AMIT DIXIT – ICICI SECURITIES.**



**Moderator:** Ladies and gentlemen, good day, and welcome to NMDC Limited Q3 FY '23 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Dixit from ICICI Securities. Thank you, and over to you, sir.

**Amit Dixit:** Good morning. Good afternoon, everyone. On behalf of CITA Securities, I welcome all of you for NMDC's Q3 FY '23 Earnings Call. At the outset, I would like to thank the management for giving us an opportunity to host this call. From management side, today, we have Mr. Sumit Deb: CMD; and Mr. Amitava Mukherjee, Director of Finance. We will begin with brief opening remarks from the management, post which we will open the call for an interactive Q&A. And over to you sir.

**Sumit Deb:** So thank you, ICICI Securities for having us on the con call and thank all the participants as good afternoon, a very good afternoon to all of you. If you look at our performance in the quarter, so we have done -- we did around 10.6 million tons, which was supposed to be -- which is the best ever quarter for NMDC.

The sales were around 10 million tons. The turnover INR 3,700 crores. Obviously, there has been a dip in the turnover EBITDA, the PAT, there are substantial impact -- but if you look at the whole year as the 9 months also, there has been such of volatility in this whole year. If you look at the quarter 2 performance in quarter 2, there was a different prices, demand. The steel industry also was not doing very great.

So to that extent, if you factor in all that, then the results of -- I mean, the way we have proceeded going forward. I mean, if you look at the international prices now from quarter 3 and quarter what we have seen in quarter 3 and in Jan Feb, we are seeing a pickup in national prices. The Chinese had resumed by of Australian ore, and we see the prices -- and that is reflected in the prices. As far as an NMDC is concerned, we have been making substantial investments in our infrastructure, our equipment and going forward and also in our process digitization process and digitalization.

So these are things which we have invested in. And going forward, we look at -- we definitely see a lot of positives in this and then they go to be an expansion in our minds. And to that extent, our volumes also are -- will be reflected in our volumes also. So we are very positive in quarter 3 and quarter 4 specifically. And I believe things will be turned out to be good.

Yes, Amit...

**Moderator:** Sir, should we open up for questions?

**Sumit Deb:** Yes, please. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin for the question-and-answer session. The first question is from the line from Sumangal Nevatia from Kotak Securities.



**Sumangal Nevatia:**

First is on the volume's growth outlook. Just want to understand what all projects are we working on for using the logistic bottlenecks and what sort of volume uptick can we see from the projects in terms of INR sales in the coming, say, medium term in the next 1 to 2 years?

**Sumit Deb:**

So if you look at our basically our logistics and we would intend to increase volumes, our intention to increase volumes in the next couple of years. First is we are -- the railway line KK line has been doubled almost. I mean there are just 20%, 25% is the balance work, which is left. So that doubling work is more or less over. And they're up to that Jagdalpur. And then the railways are themselves doing the work from Vizag to Jagdalpur.

So that also is proceeding in a good pace. And things are a little -- so that will almost double the capacity of the KK line. So that is one thing. The other is the pipeline also, which is work is proceeding, and we have already, that is up to Jharkhandpur, that's 135 kilometers of pipeline, which we are slurry pipeline, which we are in.

So both these put together, I think we should be able to increase it. They should take care of to enhance the capacity to almost 70 million tons, 70 million, 75 million tons, we should be able to go from the current levels. So I think there is not much of in that sense going forward, I think we should be able to do all these -- complete these projects and ensure that the pipeline work gets completed as quickly as possible.

**Sumangal Nevatia:**

Okay. Sir, any particular steel project or anything which will cater to because, I mean, at least all the large steel companies, their captive production is increasing for dependence on secondary sector is likely to increase, and that particular section of the industry is not growing. So I mean, today also our capacity is around 45 million, 50 million tons, but we are struggling to cross 40 million tons as far as sales volumes are concerned. So I mean, in the next 2, 3 years, I mean, do you see our addressable market shrinking?

**Sumit Deb:**

No, not at all. Absolutely not. So if you look at -- we have the Nagarnar Steel Plant, which will be totally dependent though it has been high so but then the sourcing is entirely from NMDC. So that is one -- number two is, if you look at the AMNS pellet plant at Vizag, they are also doubling the capacity of the pellet plant. So they will also be coming up, we'll have that additional requirement.

We also understand obviously there is a pellet plant, which is going to -- which will also come up NMDC pellet plant, which is also there at 2 million tons. The capacity of the JSW Dolvi. So all these players, they are also increasing the capacity right we don't see too much increase in the secondary sector. That's a Lumpur segment, basically the Lumpur segment. We don't see too much of an enhancement in capacity there. But then that is not a matter of concern for us.

The very important thing is with exports opening up also, there is an opportunity for us to export from the Visakhapatnam or from Krishnapatnam. So these are obviously which we will explore less than 58 grade is something which we would like to going forward, we would like to also exploit. So we don't see any too much of an issue there.

**Sumangal Nevatia:**

Sir, just a follow-up. So Nagarnar steel time till the dedicated iron ore doesn't -- in our mind doesn't come until that time, we'll be supplying from our existing Bailadila sector.



- Sumit Deb:** So Nagarnar still plan doesn't have a dedicated iron ore mine. So it is entirely, it will be entirely sourcing entirely from NMDC currently.
- Sumangal Nevatia:** Okay. I think there's a mine under JV, which we are developing with Chhattisgarh government
- Sumit Deb:** So that's a... That's the merchant line, that's a separate which is under NMDC limited 149 joint venture and which is a deposit 3 deposit for and deposits 3 months. So we should see deposit for also coming up very deeply. But then these are all merchant line, and they are not -- they don't have any linkages. Obviously, linkages are there, but they are not dedicated...
- Sumangal Nevatia:** Understood. Sir, that's helpful. Sir, second question on the Nagarnar steam plant as per the article...
- Moderator:** Mr. Sumangal, -- can we request that you return to the question queue. There are participants waiting for their turn.
- Sumangal Nevatia:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Ashish Kejriwal from Nuvama Institutional Equities. Please go ahead.
- Ashish Kejriwal:** Good morning, everyone. So 2 questions from my side. One is why we are lacking in volume growth because in 9 months also or even in 10 months, we are still down on a Y-o-Y basis. So what is the particular reason for that? And are we able to see the growth in the next 2 months? That's one. And second is a steel plant when we are going to commission it and as well as what government has earlier said that NMDC can have 10% stake in that steel plant. So what's the status on that?
- Sumit Deb:** So first question first is the one is about the growth in sales on a Y-on-Y basis. If you look at the previous financial year, I mean, it was an exceptional year for or for the industry steel industry and for the mining sector as a whole. So that's a one-off could be followed in one-off.
- So -- but then we are looking at volumes and Q2, there are no drop in volumes. I mean the entire even the industry didn't do well. These industry also. So there was some drop there. And then the monsoons are little exceptional. And we should be able to cut the quarter last year's volumes. That's our target.
- I mean, definitely, we would like to ensure that at least the last year's volumes are intact. So that is one thing. And then the other thing is about the Nagarnar steel plant, we -- our target is to ensure that it gets commissioned by 31st of March, our Coco batteries are already done -- I mean they are already producing ore. The center plant is about to start. And the blast furnace is ready. So more or less, I think we are prepared to start commissioning activities in the next financial year, beginning of the next financial year.
- Ashish Kejriwal:** Sir, what about that 10%, which government has asked an NMDC take part in?
- Sumit Deb:** Yes, yes. So that's what has been measured. So we have to check that 10% stake in that.



- Ashish Kejriwal** And sir, when is the listing coming in at?
- Sumit Deb:** Listing should be end of this month or we should be having the listing process
- Moderator:** The next question is from the line of Pallav Agarwal from Antique Stockbroking Ltd., please go ahead.
- Pallav Agarwal:** Good afternoon, sir. So I had a question on the royalty expenses. So this quarter, you've seen almost more than doubling in Q3 compared to Q2. So whereas a production of iron ore really hasn't gone up and realization also has sequentially more or less flat. So is there -- can you just explain why this has gone up so on.
- Sumit Deb:** Amitava, please take that.
- Amitava Mukherjee:** Sure. I'll explain that. You see the royalty is -- there are 2 features one that is based on ad valorem rate. And the second is that it is based on production, whether you sell it or not. So if you see the production in Q2 was 71 lakh tons and Q3, it is 106 lakh tons. So that's an increase of around 50%. -- as compared to the Q2.
- So that is the primary reason and also because the rates were coming down at this quarter because we value royalty at 3 months early late the rates are published. So the rates that were published were on slightly higher debt rates at which we sold.
- So this will get utilized in Q4. But the main reason is the additional production of 50% from 71 lakh tons to around 106 lakh tons.
- Pallav Agarwal:** Sure, sir. And also, if you can just give us what are the capex -- what capex do you expect to spend this year and next year given that now the steel plant capex will not be there on our books...
- Amitava Mukherjee:** Okay. This year, along with the steel plant we will do around INR 3,500 crores. Excluding the feedback, it will be around INR 2,000 crores or around anything between INR 1,800 crores to - - next year, we're planning around INR 1,500 crores to INR 1,600 crores of capex, excluding the steel plant. NSL of course is a different story.
- Pallav Agarwal:** Sure, sir. Sir, just finally on our interest cost, why do we have still about INR 30 crores of interest?
- Sumit Deb:** And the third of the steel plant in Kirandul, -- these are the 2 big ones that we have each of the each about INR 3,000 crores and 4,000 crores. These are where contracts have been awarded mostly. These are work in progress on major expenditure is going to come in those 2 packages.
- Pallav Agarwal:** Sure, sir. So just on the cost...
- Moderator:** May we request that you return to the question queue. As there are other participants waiting for their turn. We'll move on to the next question that is from the line of Mohamad Farooq from Pearl Capital.



**Mohammed Farooq:** Good morning, Thank you for the opportunity. My question is, 70% of patent revenue comes from 3 major clients. Not if these clients get their own mines. And does not export now. There was an export brand last year and tents impacted top line and bottom given the export. Current prices are around \$120. -- still NMDCS is not exporting. At what rate do you think it is good to start exporting again?

**Sumit Deb:** So yes, more or less, yes, your question is, for example, RINL that the share steel plant, JSW. So they have been our major clients. And coming to your question of -- with regarding to these people having their own mines, yes, they have their own mines and they are having them for the last 1 year or so. So it didn't make a difference to us. So to that extent, we do not see any -- we do not have any impact.

I mean there, the uptake of iron ore has remained the same. Having mentioned that, you also spoke about exports. Export is an option, which we have we have not been looking at. Yes, yes, largely obvious because the domestic industry was having a requirement.

But we are currently looking at exports, we will definitely -- I mean, \$120 or anything about that is definitely viable for us and will take this opportunity to export we are already making arrangements and export from either from Vishakhapatnam or from Krishnapatnam. So that is something which is on our target. So we will do that.

**Mohammed Farooq:** So we will see some exports in the fourth quarter...

**Sumit Deb:** Absolutely. In fourth quarter, yes, end of the fourth quarter, we could see some exports happening.

**Mohammed Farooq:** Okay. One more thing. Minority shareholders mainly invest in PSUs due to the dividends. This time, we have only got 3.75. We see there's more than INR 30 per share in the books in cash available a bit disappointed. Why do you think that there is INR 8,000 crores still in the hand cash? What is the main reason for that? And please justify that INR 8,000 crores still left after the dividend?

**Sumit Deb:** So we have declared an interim dividend. Going forward, we'll have a look at that. I mean that is an option which is always open. Amit, you'd like to add something on that?

**Mohammed Farooq:** My main question why the INR 8,000 crores, keeping in the books. That's the question.

**Sumit Deb:** I know got your point. Amit, you like to add on to this.

**Amitava:** Yes. We have declared an interim dividend and...

**Mohammed Farooq:** Yes, I understand that. But... This is year ago.

**Sumit Deb:** We are aware. The Board has taken a decision to -- on the dividend part, looking we are yet to come to an end this year. We could see something...

**Mohammed Farooq:** My question is there a major reason to hold INR 8,000 crores in cash in hand. That's the question. Is there any major -- like is there a plan for buybacks or something like that or any...



- Sumit Deb:** We can't answer your question... I can't answer this at this point of time.
- Mohammed Farooq:** Okay. One more question, last...
- Moderator:** May request you return to the question queue. There are participants waiting for their turn.
- Mohammed Farooq:** Thank you.
- Moderator:** The next question is from the line of Prashanth Kumar Kota from Emkay Global .
- Prashanth Kota:** Good afternoon and congrats with the increased number and dividends also slightly on the higher side versus what we would have been expecting. So that's on the result and in. Sir, in the past, if you remember in our conversations, we were like we did not -- we're not big fans of your steel asset and being extensively on that also.
- I said now, the changing times in the change in circumstances. So now caught, I just wanted to know your thoughts on this. Is it not a good idea to set up some smaller modular value-added plants like let's your pellet. -- and this has a very good export market compared to the regular steel and realizations as well. Just wanted to know your thoughts on this one?
- Sumit Deb:** You're absolutely right. And we are also in the process. So we have, of course, in the past, we have put a smaller plant, the one at Donimalai and then -- which was basically for trying to utilize the clients and the low-grade ore getting. So that was just an experimental basis. But then the one in power plant, which is summing up is 2 million tons, if you look at the industry channel, that is also a very small plant.
- But we are in the process and discussion, and we will pick up a pellet plant, either somewhere at Visakhapatnam or near about. I mean, going forward. So that is something which is there on our -- in our mind. And since we will be expanding our capacity. So it makes sense for us to get into this value addition area.
- Prashanth Kota:** Sir, my second question is, sir, in the previous quarter, was there any higher cost beginning inventory, higher royalty pay beginning inventory because of which our profitability was lower. So Q-o-Q the jump is handsome. It is good but than in the previous quarter, was it something?
- Sumit Deb:** I wouldn't believe that there would be some higher royalty. So that won't be there. But then the prices, if you were in Q2 and Q3, the prices were really it was only at the end of Q3 when you are seeing an uplift in prices, whether it is steel or iron ore or other international prices. So things are improving now and we should see better days ahead.
- Moderator:** The next question is from the line of Kirtan Mehta from BOB Capital Markets.
- Kirtan Mehta:** Could you run through the actual capex spend on the major projects, those are undertaken and what spending? Also, if you can give us sort of the color on the physical progress of project as well. I'm referring to the Bacheli mine, flaring slurry pipeline as well as the screening plant at Kirandul and also the coal blocks?





**Sumit Deb:** So the major -- currently, the major project is a slurry pipeline and the screening plant at Kirandul. So these are the two major projects which we are adding and the pellet plant, which is coming up at Jagdalpur. So all this put together, these were Phase 1 plant -- All the work -- most of the work has been awarded and in one line to -- for -- I mean, most of it is -- and L&T is doing this work with the pellet plant or the slurry pipeline. Things are progressing satisfactory.

So now we should look at going forward in the Phase 2 of the pipeline from Jagdalpur to Visakhapatnam so that now under consideration. And we are also putting up a screening plant at FC2 at Donimalai. So which is also -- now we obtained clearance for that. So that also will be there.

**Kirtan Mehta:** So the second question is about the -- what would be the FY '24 target for production and sales? Would you be able to give us some color on this based on the growth that is coming through?

**Sumit Deb:** So this year, there -- we should -- I think that the growth should be more or less flat. But going forward, our target is to do at least 50 million tons in the next financial year. This is something which is in our mind. And the necessary infrastructure also doubling getting completed.

I believe that things should drop out for us. So 50 million tons is something which we will keep in mind for the next year, financial year.

**Kirtan Mehta:** So that means around 10 million ton growth is what we are looking at year-on-year in the next financial year? And what would be the key projects, which will contribute to this?

**Sumit Deb:** So Donimalai, if you look at Kamaraswamy, we are moving from 7 to 10 there. So that additional 3 million tons will be there in -- from the Karnataka sector. And the balance, 6, 7 million tons will come from Balldilla sectors. So our fifth line, we have an additional line, which is coming up in the Chile screening plant, so that will add on volume. So to that extent, I think 50 million tons is definitely achievable, and we will work on that on a valuation.

**Moderator:** The next question is from the line of Vikash Singh from Phillip Capital.

**Vikash Singh:** Sir, I just want to understand our 10% stake purchase in NMDC steel. So is it there a cash purchase or how we are trying doing it? And what's the cash balance at the end of nine month?

**Sumit Deb:** So the cash balance is around INR 8,000 crores. And the other part of it is the 10%. Yes, it will need to pursue it.

**Vikash Singh:** So it would be a cash pursue. So any pricing has been determined or how it is going to be discovered?

**Sumit Deb:** Would you say market determined pricing?

**Vikash Singh:** So only after the stock will be get listed and the price discovery happens, then you have to pay 10% equivalent to that?

**Sumit Deb:** Yes, yes, because that plant is under the divestment also...



**Vikash Singh:**

And sir, my second question pertains to our target of 50 million tons or more for next year. I understand that our slurry pipeline would still come after 1, 1.5 year and railway would may take another 6 to 8 months. So an additional 6 million to 7 million tons from Bachel, which you are talking about, how we would be planning this is evacuation because this would -- if anything, would come, it would come at the end of FY '24?

**Sumit Deb:**

So what happens is that we are still not getting the benefit of the double, which is -- so next year, year, things should be much better. So to that extent, the logistics should improve. Also, we are in discussions with railways to increase the capacity and the number of rates there is currently, we just have 15 to 16 rigs, which you are loading.

So we intend to almost double this loading because we have the capacity to load on things that railways availability of the rates from railway given we are constrict in terms of coal-loading. So that we are in the discussion. I would think that, that is loading from our side is not at all a problem on the things that -- and the rail line capacity is there, only thing is that once the number of rates improve, which we hopefully, from the next financial year, it would happen -- think achieving that those volumes is not at all an issue.

**Moderator:**

The next question is from the line of Satyadeep Jain from Ambit Capital.

**Satyadeep Jain:**

A couple of questions. Just a lot of questions around pellet. The first question is on the different possibilities, we continue to explore, pellet is one, there are other producers also looking at having their own sponge iron ore plant. Is that something you could possibly look at? Or would you say we've already divested team and we are not looking at anything outside of these lenders that we already have. That's the first question.

**Sumit Deb:**

So the pellet is something is definitely on our table, and we are looking at select production and manufacturing, whether it is at Visakhapatnam or somewhere near about, we will definitely look at this opportunity. And we would like to put up a bigger capacity of the pellet plant. So it gives us an option to either export it or sell it in domestic in something which is there on our path.

**Satyadeep Jain:**

Sponge iron?

**Sumit Deb:**

Not sponge iron, no. We don't intend to go sponge iron -- the pellet something there because what happens is this pellet, you get to utilize the low grade ore also. So that helps us in utilizing the low grade ore and the slides from the mine to utilize that and manmade pellet. So that is something which we are looking at.

**Satyadeep Jain:**

Second question is on the other projects. So one is coal. Can you talk about your strategy, for coal, what kind of capex you're looking at? And what kind of footprint would you look at in coal customers? And secondly, you -- I believe I heard it -- I'm not sure if I correct, correct, but you mentioned we will also possibly look at lower grade IFO in the future. In that context, a few minor global miners are talking about value over volume and looking at higher grade products in future, given decarbonization trend?



In that context, would you -- how do you look at the increased production of low pay less than 58% content iron ore in the future. So just a couple of questions tied up on coal in that lower grade iron ore?

**Sumit Deb:**

So coal is -- there are two mines which have been allocated to us. One was a Tokisud coal block and other is Rohne one. It has some amount of cooking coal also. So then there is an investment of a water we are pursuing clearances which are very difficult to get by, especially in the state of Jharkhand and the land acquisition part of it -- so that is we are pursuing that.

So once we get the entire land in our position, then we go ahead and go into coal production. So that is a low-grade iron ore -- the various opportunities, either you upgrade them. And then we need to -- because we have the year putting up with this dry beneficiation circuit in Kirandul and Bacheli, both dry and wet beneficiation process.

So this will help us to upgrade ore and then transport it on the slurry pipeline. So currently, we have it up to -- we are awarded contracts -- I mean the whole process as has been cleared up to Jagdalpur then going forward from Jagdalpur to Visakhapatnam intend to go into that in the Phase II. So that low grade ore will be utilized and the balance will be exported. We'll have to look at exports as such.

**Moderator:**

The next question is from the line of Dewang from ICICI Securities.

**Dewang:**

Most of my questions have been answered. Just one question left. So I just wanted to know any tentative date for NMDC steel listing at what currently you [inaudible 0:34:15] spending on that side?

**Sumit Deb:**

So what I have mentioned is at the end of this month. So it should happen very quickly.

**Moderator:**

The next question is from the line of Rahul Jain from Systematix.

**Rahul Jain:**

So firstly on the slurry pipeline, we said 50 million tons lying from these Bacheli to Nagarnar and we are setting up a pellet plant also over there. So the pellet plant is under NMDC or is under NMDC scheme -- and by when do we expect this slurry pipeline to get ready?

**Sumit Deb:**

So also the pellet plant is under NMDC, it is with NMDC. So it is not a part of the disinvestment process. It is under NMDC. And the slurry pipeline should be there somewhere later next year.

**Rahul Jain:**

And what is the size of this pellet plant?

**Sumit Deb:**

Pellet plant is 2 million tons and slurry pipeline is a 15 million ton pipeline.

**Rahul Jain:**

So what will we do the balance of the capacity we will have this for customer acquisition? What is the -- why do we have put us at a large pipeline?

**Sumit Deb:**

So you see we also have a joint venture with NMDC-CMDC Limited, which has got a deposit for. So we -- that was a deliberate event larger capacity of pipeline and see that we could be utilized at a later date.



- Rahul Jain:** Sir, also on the steel plant, we said to get commission say April of this year. So have you said volume targets over there? Or how should we look at the ramp up over this?
- Sumit Deb:** So technically, we are just in a commissioning the plant at this point of time, I mean, because the plant is now -- I mean, if you look at our capabilities on the ground there in terms of the consultant are helping us commission the plant. So we are not looking a currently trying to safely commission the plant. That's our target. And then we'll see slow, we will see ramping up of the production.
- Rahul Jain:** And sir, lastly, also, is it possible to scale up this plant to...
- Sumit Deb:** Yes... Yes, there is a possibility of scaling out the plant. There is the scope of -- definitely scope of increasing capacity there.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor Company.
- Saket Kapoor:** Sir, firstly, if you could give us some color on the losses we are looking on the pallet at other minerals and services line items. And for the 9 months, this has gone up from last year, INR 49 crores to INR 105 crores. If you could give some color on the same? And what steps are we taking for lowering the same what are the factors...
- Sumit Deb:** Amitava, you are there, you can answer that.
- Amitava Mukherjee:** Yes. Yes. If you pellet plants actually has made a loss of around INR 58 crores in the 9 months. But once the capacity actually increases to around 55%, 60% is why loss will be wiped off. As you know, that the pellet plant is designed for clients and not for pile. So it will take a little time for us to get this on track. And, we have made a loss of around INR 49 crores in the first 9 months.
- And as you know that -- as you are aware, that we have got the wild life clearance from Patna and hopefully, the production will start in a few months' time. So then some Patna is taken care of FIU, our Sponge Iron that is obviously not functional now. We are -- we have made a loss of around INR 14 crores there in the 9 months. So we are trying for alternative use of that area. And we have sort of other ideas for that, hopefully, then we'll be able to place. So all these three in more years' time. I think we should be able to fix in a month's time or about a year's time, we should be able to correct these anomalies that are currently there.
- Saket Kapoor:** Sir, and also on the other income line item, I found there is a Q-on-Q reduction, if you could explain the nature of the same? And I think the one stage sale from NIL profits have also been booked over what is how was that line item feature? And also, sir, our investment in the JV -- in other geographies of the world, how are these, are performing, if you could throw some light on the on...
- Amitava Mukherjee:** We had booked actually INR 280 crores for NINL, onetime gain from stake sale of NINL. It was valued at INR 100 crores, you got INR 380 crores. So the INR 280 crores was a net, which was booked in Q2. So if you leave that around to the -- our income would have been INR 41



crores. And like-to-like this is INR 63 crores. So there has been an increase overall if you leave the NINL parts separately. So -- and what was the question?

**Saket Kapoor:**

Well, our investment in the international JV and also, in other geography...

**Amitava Mukherjee:**

We have only one international JV right now which is Shunshine that is legacy. The investment will get in legacy is around INR 240 crores till date. And the good thing about legacy is that its market cap has increased from around \$4.5 million about three years back, it is around \$140 million now. It depends on what the share price do, but the average would to be around \$120 million to \$140 million.

So This investment has actually paid off and we are nearing the stage of mining in that subsidiary. We have ICBL, but we have a minority stake there of 26% and the investment in ICBL, I will just tell you, it is around INR 380 crores of investment in ICBL. It is a cooking coal producing unit, but we have only 26% and sale and RIL has the rest of the stake. And so that last year made profits but traditionally it has made losses, depends on the price movement on that. These are the two international ventures we have investments in.

**Moderator:**

The next question is from the line of Udit Gupta an Individual Investor.

**Udit Gupta:**

Sir, my question is that regarding the capex that you just outlined, sir, you didn't give us a timeline, sir. By when can we expect the completion of most of it, sir?

**Sumit Deb:**

So we are talking about the slurry pipeline and the screening plant. So both of them end of next year is what we are targeting.

**Udit Gupta:**

The end of next calendar year?

**Sumit Deb:**

Yes, absolutely.

**Udit Gupta:**

That is 2024 end?

**Sumit Deb:**

Yes.

**Udit Gupta:**

And so the pellet plants and everything that we are talking about, sir, how long does it take to set it up after we decide on it?

**Sumit Deb:**

The pellet plant is, It will take 1.5 year to two years.

**Udit Gupta:**

One and a half to two years to set it up. And so the current one that we are setting up, sir, that will be online by when, sir?

**Sumit Deb:**

This pellet plant should be online by that's what next year, end of next year is what we are planning.

**Moderator:**

The next question is from the line of Satinder Singh from Eon Infotech Investments.



- Satinder Singh:** I've got two questions, one around the production and the other around the demand. You've indicated that it's the endeavor of the management to close this year at par with last year production. Now that will require us to do about 11 million tons in these two months. That's about 5.5 million tons average monthly, against the 3.8 that we've done in January. So we are talking about 50% ramp up. So how do we reconcile this? So was January production lower because of demand issues? Because otherwise the prices did pick up from the 1st of January. So can you just help reconcile this, that okay, how is it that we can produce in less than a number of days, February is a shorter month, 5.5 against 3.8 that we've done?
- Sumit Deb:** So what happens is that the demand is very strong. So there is nothing with regard to the demand part of it. The demand is very, very strong. We have substantial orders. We just need to load the rakes and ensure that logistics is in place. So that is now the most point here is availability of rakes by railways, which is a matter of concern. We have been talking to them on it almost on a daily basis, hourly basis to ensure that the rakes are available for loading. So that is something which we will need to tie up. Otherwise, the production is there and we only need to evacuate the material. So we are working on it and it will be our endeavor to ensure that we touch that figure of 42.
- Satinder Singh:** Non-availability of rakes also [inaudible 0:45:04]
- Sumit Deb:** Yes, obviously because what happens is that unless you, these are the mines, the most difficult part in our places, we don't have place for storing the material. So we need to evacuate if we need to ramp up production. So that is something very crucial for us. So that is something we will have to look at.
- Satinder Singh:** The second question is on the international opportunity. So what is the break-even international price at which it starts making sense? You indicated that by the end of this quarter, the export opportunity should open up. So for example at our current prices that we have at which we are selling, which is about INR 3,910 for [fines 0:45:55], What is the corresponding international breakeven price at which it starts making sense for us? Let's say the Dalian commodity exchange price or whatever.
- Sumit Deb:** So currently at these prices it makes absolute, I will not mention the exact figures, but I tell you at these prices it makes absolute sense for us to export material. So \$120 at There is no doubt that it makes sense for us to export with the current domestic prices in mind. So there is a delta there. Definitely if we export, the realization should be better. So that is how it is.
- Satinder Singh:** What is the kind of delta at 120, hold, hypothetically?
- Sumit Deb:** I will not get into the numbers I told you, but definitely there is a -- it looks good for us to export at these prices also.
- Moderator:** The next question is from the line of Sumangal Nevatia from Kotak Securities.
- Sumangal Nevatia:** I just want to clarify, I mean you said net cash is around INR 8,000 crores. Is there any borrowing also on the books?



- Amitava Mukherjee:** That is short term borrowing of INR 2,395 crores. So INR 8,713 is the cash and short term borrowing is INR 2,395. So we have a net cash of around INR 6,300 units.
- Sumangal Nevatia:** The second question is on the acquisition of 10% stake in the steel plant. At what price will it be done? Will it be a book value? Will it be a divestment price of the government or the district price of the stock?
- Sumit Deb:** Amitava, can answer that?
- Amitava Mukherjee:** The price has not yet been determined. So it could be value, it could be transfer value, it could be the discovered price, it could be a concession rate on that, but the prices we cannot speculate that because the shares are currently being held by the Government of India. And when the transaction comes to place of transferring those Government of India shares to NMDC, we will have to look at the price then. It's difficult to speculate on the prices of that 10% right now.
- Sumangal Nevatia:** Okay, no, I mean, we don't want to know the absolute price, but the method or the methodology that will be used, is there any?
- Amitava Mukherjee:** That will be not be finalized.
- Moderator:** We'll move on to the next question. That is from the line of Falguni Dutta from Jet Age Securities Private Limited.
- Falguni Dutta:** I just had one question, the listing of NMDC Steel. Will it happen by -- it should happen in March or it should be beyond that?
- Sumit Deb:** So I already have answered that. We are expecting the listing to happen at the end of this year. This month.
- Moderator:** The next question is from the line of Mohammed Farooq from Paul Capital.
- Mohammed Farooq:** NMDC is not just an iron ore development company. Please let us not the amount of profit from other resources. Secondly, on the Jammu Kashmir, we recently heard about the lithium discovery. What is the role of NMDC there? Did the NMDC get any new block, iron ore block in the last three years other than Donimalai?
- Sumit Deb:** So as far as the lithium deposit. This is a discovery. It is just a inferred resources at this point of time and this has been advised by the geological society, geological survey of India and they will the government will take necessary action of exploiting those resources. So currently, NMDC has got nothing to do with that discovery.

Number two is with regard to your question of apart from Donimalai, yes, we have got deposit 13, deposit 4, deposit 1, which are in joint venture with NMDC CMDC Limited. You are aware of the current methodology of government which the government works on, it is on an option basis. All resources are now put on option. Nothing is on allocation basis. Then we have also got, however, because of our goodwill or whatever, we have also got two blocks of pool also which has been allocated to us. We are doing a lot of exploration activities in Madhya Pradesh



where we believe that once we get some -- we discover some sort of deposits and we will talk to the state government for allocation of those resources.

**Mohammed Farooq:**

What's the projected EPS for this year, full year?

**Sumit Deb:**

Amitava?

**Amitava Mukherjee:**

The current EPS is, I think I'll just get you the numbers, current EPS, just give me a second, please. The current ECS was around INR 11 for the nine months. Around INR 15 on the annual basis.

**Moderator:**

The next question is from the line of Kirtan Mehta from BOB Capital Markets.

**Kirtan Mehta:**

I just wanted to confirm the deadline for the streaming plant as well as the slurry pipeline. Are you saying that it will get commissioned by March '24 or are you saying that it will get commissioned by December '24?

**Sumit Deb:**

Calendar year -- end of calendar year.

**Moderator:**

The next question is from the line of Rahul Jain from Systematix.

**Rahul Jain:**

Sir, also on this monitoring committee report, we had around INR 2,800 crores as of March and another INR 900 crores which was not due as of 31, March. So total around INR 3,800 crores roughly. What is the status of this? When do we expect to get this money back?

**Sumit Deb:**

So this matters to the Supreme Court. We have taken it up with the state government, Karnataka Government. But then, the matter has been now referred to the Supreme Court. We understand that this is under -- it should come up very quickly.

**Rahul Jain:**

So this money you will get or you think that you will have to proceed with this money?

**Sumit Deb:**

No, we will get this money. This is our money.

**Rahul Jain:**

So there is no dispute on that part, right?

**Sumit Deb:**

Absolutely no dispute. The Central Empower Committee has also recommended the case and it is our money and there is.

**Rahul Jain:**

Okay, basically in the next one year we should expect something, right?

**Sumit Deb:**

Yes.

**Moderator:**

The next question is from the line of Saket Kapoor from Kapoor Company.

**Saket Kapoor:**

I guess that you mentioned EPS likely in the vicinity of INR 15, sir, the voice muffled there.

**Sumit Deb:**

Yes, that would be speculating on the profit of the Q4, which is difficult...





- Saket Kapoor:** But taking into account what the constant number of today will be production and sales which you are envisaging that should be the likelihood.
- Sumit Deb:** Yes. So that would be at least, if not more...
- Saket Kapoor:** Sir, then coming to this export opportunity. Sir, hearing now, we find that the shipping rates have also plunged from even pre-COVID levels. So other than that, sir, where is the demand pillar, which geographies, you are getting, you must have done some work on the basis of which you were commenting on export as an opportunity from this quarter itself.
- So if you could throw some light, how have you concluded barring the price part, what else has the preparation been? Because earlier, so I think it was only be treaty with Japan that we were exporting. And we have not done the activity other than -- it's not explored the export market, not at all, your thought on that?
- Sumit Deb:** So there is definitely a strong demand in export and most of it is coming from China as you are aware. So -- and China has resumed buying of iron ore. So we believe that there is a demand, and we have already explored the opportunity. And once we finalize our methodology or terms, we will go ahead and export. So there is no doubt that there is a demand in export.
- Moderator:** Thank you, sir. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to Mr. Amit Dixit for his closing comments.
- Amit Dixit:** Yes. Thanks Lizann. On behalf of ICICI Securities, I would like to thank everyone for attending this call. I would like to turn this over to the management now for any closing comments. Over to you, sir.
- Sumit Deb:** So thank you, everyone, ICICI Securities and the participants. It's been wonderful speaking on our results. And we believe things are looking -- after a period of in Q1, Q2 things were not looking very great, but then things are looking up. And then the opportunity in exports also. In the past we have seen some sort of duty which were imposed and now that has been withdrawn. So we see opportunity there in exports also. And with our production targets which we believe we should be able to achieve, I think things are looking very positive and we will be able to and the listing of the steel plant and ultimately separating the company being separated from an NMDC. I think things are very positive on with us. Thank you.
- Moderator:** Thank you, members of the management team. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.