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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.
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नेम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674



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BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001	National Stock Exchange of India Limited Exchange Plaza, C- 1,Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051
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Dear Sir / Madam,

Sub: Transcript of NMDC Limited post Q3 FY24 – Analyst / Investors Conference Call held on 15th February 2024.

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 post Q3 FY24 Analyst / Investors Conference Call held on 15th February 2024. The same is also being uploaded on the website of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,
for NMDC Limited

A.S. Pardha Saradhi
Executive Director &
Company Secretary

Encl: As above.



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NMDC Limited

“NMDC Limited Q3 FY2024 Earnings Conference Call”

February 15, 2024



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NMDC Limited

 **ICICI Securities**



ANALYST: MR. AMIT DIXIT – ICICI SECURITIES LIMITED

**MANAGEMENT: MR. AMITAVA MUKHERJEE – CHAIRMAN CUM
MANAGING DIRECTOR (ADDITIONAL CHARGE) AND
DIRECTOR (FINANCE) – NMDC LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to National Mineral Development Corporation Limited Q3 FY2024 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” 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: Thanks Riya. Good morning everyone and thanks for joining the call today. At the outset, I would like to thank the NMDC management for giving us an opportunity to host this call. From the management, we have today Mr. Amitava Mukherjee, Chairman cum Managing Director, Additional Charge & Director Finance. Without much adieu, I would invite Mr. Mukherjee for opening remarks post which we will open the floor for an interactive Q&A session. Over to you, Sir.

Amitava Mukherjee: Good morning and thank you for joining. It has been a good quarter for us again and best since inception quarter, each month has been best and over a 9 month period we have grown our production by 19% sales by 24%. Our turnover has grown by around 25% and the best thing about this growth in turnover is that it is completely volume driven, because if you see 9 month realization of the average 9 month realization it is almost the same. It is hardly there is any change on that. So this entire 25% of turnover growth is volume driven, which is rather encouraging.

Things also look pretty good in the days to come. January was the best ever as you know we have declared, we are doing well in February as well, and the prices have also kept on, there is a buoyancy in prices, so that is good for us. So overall I think the scenario is pretty encouraging.

Going forward of course I have already said earlier also that we have huge plans of our expansion in terms of both production growth and to achieve higher dispatches and distribution. So I think, so far as we are concerned, we are committed to deliver unmatched performance, continue to deliver unmatched performance. So with that I will rather I would ask for the questions, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Hi! Sir, good morning and congratulations on very good numbers. Just our volumes have going pretty well in terms of dispatches particularly. So this year we had earlier guided for



around 47 million tons of volumes for the full year. So any change in that number or we would largely be meeting that number any comment on that, and also the volumes for next year.

Amitava Mukherjee: We will be very close to that volume whether we will touch 46-47 or not is a question, but we will be very, very close to that. We might exceed by a couple of tons might fail to reach it by a couple of turns 46 plus is something that, around 47 we are still targeting. The main problem is that the Kumaraswamy enhancement has still not come through, we are waiting every day. So it is with CC and with the HCC. Even it comes within the next three or four days, we should be able to do 1 million ton out of that additional, and then 47 would be comfortable, but if the everyday it gets delayed I lose around 20000-30000 of that, because as you know Kumaraswamy is now closed, because we have already touched 7 million ton and we can do no production from there. So, if that comes then 47 is a done thing. If that is delayed then it will be a tough call, but then we are trying to get to 47 even without that, but that will be a really tough call. We had actually factored in 2 million tons out of there, but now that it has not come, I think at best what we can hope for even if it comes in the next 3-4 days is to do about 1 million out of there. So next year guidance would definitely be 50 because Kumaraswamy would definitely be there for two or two plus additional two from what we do. Let us say we are doing around 47, so Kumaraswamy itself will give us two and then RWLS which enhance dispatch from Kirandul will ensure that we can do one or two extra there, and we have got the fifth line also now commissioned in Bacheli. So that for entire year should give us two. So we should be able to do at least three or four extra from what we do this year. So 50-51 should be our next year guidance, if things go right, if one more project comes on then it should be around 53, but 50-51 should be a comfortable ask next year.

Alok Deora: Sure, thanks for the detailed answer on that, and we have taken price hikes in this quarter. So how do we see the pricing ahead now for iron ore.

Amitava Mukherjee: I think in terms of pricing hike, in terms of pricing we are fairly comfortable. There could be minor adjustment this side or that a little on the upside little on the down side, but largely I think prices look fairly stable. A minor adjustment on the downside or on the upside could be there a couple of hundred this side, that side for a few products not all, but it looks fairly stable and fairly optimistic right now.

Alok Deora: Got it, sir. That is all from my side. Thank you and all the best, sir.

Moderator: Thank you. Next question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.



Kirtan Mehta: Thank you sir, for the great set of numbers and this opportunity for question. In terms of previously you had mentioned that we have a constraint in terms of the EC limit around 52 million ton, but you mentioned that if one more project can come through then we can go to 53 MT. So do we have some flexibility in the EC limit.

Amitava Mukherjee: No, we have applied, you see now the rules allow you for around I think 10% increase if you apply without public hearing. So, we have applied for deposit 5 also deposit 13 also we have applied for many of these deposits to have an enhanced capacity. So, if there some of them come through then we should be able to produce. It is only for five star mines and in any case our deposit 5 at most of our mines are five star mines that was allowed for a 10% enhancement on application basis so we are way through to the application.

Kirtan Mehta: How long does this process take for the enhancement without the public hearing.

Amitava Mukherjee: Around 6 months.

Kirtan Mehta: So technically we can go up to 55 million ton or so with this 10% enhancements.

Amitava Mukherjee: Yes, not all mines because we have applied for certain mines even more than that. So that there will be a public hearing. For example deposit 14 and in 11C, we have applied for an increase by more than 5 million tons. So that will have a public hearing just is about a years' time. But deposit 5 where we do not have, we have not applied for a bigger enhancement. We have applied for a normal 10% enhancement. So it is a mix and match for all sorts of things. So to that extent factoring that in and saying if the things go right we should be doing 53 next year 52, 53 next year.

Kirtan Mehta: And in terms of sort of could you also elaborate on the project progress on the all your projects like slurry pipeline, coal block, as well as our new international mines venture.

Amitava Mukherjee: Let us talk about the slurry pipeline first. Of course slurry pipeline is progressing, the pipeline set has been progressing fairly depositors most of the light of pace where there was a problem has been solved except for two villages so out of 131 kilometers except for two villages I think all these approvals etc., are there, and the work is progressing. On the pellet plant at the tail end obviously we had actually, we were trying to redesign the pellet plant by making it, we wanted instead of 2 million tons per plant it should be extendable to 6 million tons and so there is some common sizing being done. So that is almost that part of the decision is almost done. So we should see a very smooth progress in the pellet plant at the tail end very fast and similarly at the head end you have this purification plant which again has been we were going slow for again common sizing it to 6 million ton, but enhanceable to 6 million ton and enhance common sizing of equipments. So that exercise is



also almost over. So next year we should see huge progress in both these purification plant at machinery and the pellet plant at Nagarnar move along in tandem with the site and we hope by 25 end we would be able to get that commission fully. So that is our current outlook 2025 end I think Financial Year 2025 we should be hopefully almost there. Regarding the coal block, we had requested the ministry for grant us to acquire land on the CBA route, the coal bearing act route. So apparently there are some apprehensions that it cannot be done, but I am very, very hopeful that the necessary approvals will come under the CBA act, which will drastically reduce our time for execution. If it comes to CBA act then we should be good to go by early FY2026 in around 16 to 18 months time we should be able to start mining in Tokisud and of course the Rohne also we are pursuing, Rohne there is no problem of CBA approval Coal Bearing Act approval. So that would be expedited once the CFR is made. Our Australia operations as you know have already started. We have started mining through Legacy Gold Mine there, we have started, this is our first mine, they are gaining experience that we plan to invest more money to get the exploration in the other tailwinds at a faster rate so that we are able to mine the others if possible within the next 18 to 24 months.

Kirtan Mehta: Thank you for this color. Just one more question in terms of the NMDC Steel Plant as well would you sort of highlight the current progress and time it will take to stabilize operations.

Amitava Mukherjee: Well if you see the production of January of about 1 lakh ton is exactly here. So we did around 97000 or 98000 of HR coil which is almost 50% or 60% higher than our previous month of around 65000-66000. So we are in the process of stabilizing it, in the first four months we had done around 2 lakh tons of HR coil, which in January itself we did 1 lakh. So that procedure that is being done. So once we are able to roll around 5000 or we have touched the 1 lakh mark, once we touch the 1.5 lakh, 1.6 lakh mark I think the company will turn profitable by that time. All we have to do is ensure that the production goes up to 100 from the current 1 lakh that we achieved in January to around 1.5, 1.6 lakh tons. So that would be around 66%-70% and we will break even by that time. Of course we will have to ramp it up even higher, but yes there are not constraints in terms of rake movement and there are other constraints, but then we have to just solve each of them as we go ahead.

Kirtan Mehta: Thank you. Thanks for the detailed answers, I will get back in the queue.

Moderator: Thank you. Next question is from the line of Siddharth Gadekar from Equirus Securities. Please go ahead.

Siddharth Gadekar: Sir, in the recent interview you had highlighted that beyond 53 million tons, it would take us 3, 4 years for the incremental volumes to come in. So beyond FY2025 then we would not see any volume growth till FY2028 is that a fair understanding.



- Amitava Mukherjee:** Yes, because most of these are major projects. You see let us take for example why do I say that because if you see let us take deposit 11C and deposit 14 and 11C. So we expect another 5 million ton coming from that. So that is dependent on the project that is being now currently being tendered. So that will take around 3 years to get executed. So there are a lot of projects which have similar of an execution time, which will give us major volume growth of course 1 million ton, 2 million ton here and there we can obviously go up to 52, 53 maybe even 55 by sort of debottle necking and flogging the existing system subject to getting the enhanced EC limits. But the major things will come in when the projects that we are planning now are executed. They will give us quantum jumps of 5 million ton, 10 million ton each. So that is what I say that the main and it will be a onetime sudden big jump around 28-29 if we are able to award all the projects in the next financial year there is another three years to execute that is the timeline that I see.
- Siddharth Gadekar:** So sir, it is fair to assume that 2026 to 2029, 2028 at least there will be very minimal volume growth and then 2029 we will see a very sharp jump in volumes.
- Amitava Mukherjee:** Yes.
- Siddharth Gadekar:** Okay, got it. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Pallav Agarwal from Antique Stock Broking Limited. Please go ahead.
- Pallav Agarwal:** Good morning sir. You had mentioned on the ramp up of NMDC Steel. So in terms of the coil production, so is the blast furnace also production in sync with the HR coil. So the blast furnace is taking more time.
- Amitava Mukherjee:** No, the blast furnace is perfectly okay, I can run it to 10000 tomorrow, we have run the blast furnace to 7000, 8000 on a particular day, on a few days, there is absolutely no problem with blast furnace. There is some problem with doing the bills, if I can roll the coils to around 5000 to 6000 tons a day which is around 160000 to 180000 a month, then I can back to back you see 6000 of coil means around another 1000 for pig, 2000 for pig casting. So it is 8000 of hot metal around I can take it out. I can take my blast furnace up to 12000. Blast furnace is not a problem.
- Pallav Agarwal:** So we do not intend to produce pig iron and sell it externally, I mean, it is like going to be consume internally.
- Amitava Mukherjee:** Well we are selling pig iron, we will sell some pig iron because more the capacity the blast furnace runs the lesser is the cost of hot metal. So, if you are running it at 8000 10000 your



cost of hot metal comes down. So naturally even if I have to do 2000 of pigging I think that makes sense when the blast furnace center system and that will all depend on the coil pulling capacity that we have.

Pallav Agarwal: So, I mean, our iron ore sales at arm length to NMDC steel so that would keep increasing with the blast furnace production. So how much of additional volumes let is say has in this quarter probably would have come from sales to NMDC Steel.

Amitava Mukherjee: I think it is around last four months I think we have sold 500 something Crores, last four, four and a half months up to January end, December end we have sold 555 Crores.

Pallav Agarwal: So also have you received any more of the refund from that Supreme Court order on that Karnataka.

Amitava Mukherjee: No we have requested the Supreme Court out of 2000 we have got 1000 and 1000 is still here. 1800 is still there out of 3000.

Pallav Agarwal: 1800 Crores you still have to receive sir.

Amitava Mukherjee: Yes, out of 2900 we have received about a 1000 Crores another 1800 Crores we have to receive.

Pallav Agarwal: And this is excluding the 2200 Crores is that we have advanced to NMDC Steel. So that also probably at some point of time once the company turns profit.

Amitava Mukherjee: Yes, that is around 20 is 2000 Crores that obviously will come back.

Pallav Agarwal: Sure sir. Thank you so much.

Moderator: Thank you. Next question is from the line of Shweta Dikshit from Systematix Group. Please go ahead.

Shweta Dikshit: Sir, could you guide the Capex number for the next two years FY2025 and 2026 and what is the net debt level as of December and lastly what is the CWIP currently.

Amitava Mukherjee: The net debt levels is obviously for NMDC it is nil we have not taken any debt so that is one thing. The current year guidance is of course we will do around 1750 to 1800 Crores for NMDC and we are on target we have already spent around 1500 Crores by end of January another 1500 to go so we should be able to do that. Next year would also be around this same 2000-2100 mark and then going forward there would be some major jumps and all



that. Next year will be basically again it is existing project sanction. So next year I think it will be around 2000 Crores mark and the current CWIP is at around 2900 Crores that is 2880 Crores so that is about 2900 Crores.

Shweta Dikshit:

Okay. Thank you sir.

Moderator:

Thank you. Next question is from the line of Ashish Sreekumar an individual investor. Please go ahead.

Ashish Sreekumar:

Hi, congratulations on a great set of numbers. I have two questions just quickly ask them. One is you had mentioned about the expansion plan. So, if you could just elaborate slightly on that, and the last question would be on what is the current capacity at that which we are functioning in the deposit size?

Amitava Mukherjee:

I did not understand the last part of your question.

Ashish Sreekumar:

The last question I had asked was what is the capacity we are functioning at the moment in the Bachel mines deposit 5.

Amitava Mukherjee:

Deposit 5 I think it is the EC is 10 million ton. I will just check I think the EC is 10 million ton and we are doing 10 million ton. So if it goes by we have applied for 12 million ton EC, I think we get that similar in that will be, I will just confirm the numbers of that, but I think if my memories are right that is what we have done. We are now almost the current EC is of course 51 and we have reached around 46, 47 but we are this time by the plant capacity. So obviously the first time we get the plant refurbished or new plant in there. So Kirandul this year is expected to do around 16.5 to 17 million ton and so is Bachel is almost to do around 16.5 to 17 million ton. So that is what we are hoping that we will achieve.

Ashish Sreekumar:

And EC will technically take six months that you had already mentioned.

Amitava Mukherjee:

If there is no public hearing, but there are some but where we are asking for a huge increase Bachel or Kirandul is supposed to go up to from the current 15, 16 million ton of EC2 we have asked for I think an up to 30 million ton all the mines taken together. So that is a process that includes that needs of the caring and that needs huge Capex too and deposit 5 as you said is the EC is there and we also produced 30 million ton.

Ashish Sreekumar:

And the first question on the plants of expansion. If you could just elaborate on that.

Amitava Mukherjee:

Yes, Kirandul from the current 2019 we expect to go up to 30-35, so the plants are being made in two of the mines I think even we have tendered out the project of new crushing



plant and all those things, so that should give us another 5-6 million ton to the SP3 that is the screening plant third which is being executed by L&T it is slightly delayed, but that has a capacity of around 12 million ton. So Kirandul by another four, five years we should be able to do 30 to 35 million tones of Kirandul and from Bhaceli also we have not tendered out anything much except that we have just completed the additional 2 million ton screening line around a month back, which is under stabilization now. So even in Bacheli from the current 18.8 million ton of EC we would expect is of 30-35 most of the production enhancement projects are been designed right now for the SEBI they had not been tendered out but for Kirandul most of them at least two of them has been tendered out and one of them is under execution.

Ashish Sreekumar: Okay fair enough. Thank you that is all from my side.

Moderator: Thank you. Next question is from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Hi! Thanks for the opportunity. First, my question is on Karnataka mines. One of your competitor obviously they used to export also and earning much more than what they are what they can sell in the domestic market. So any thought process that we can also start exporting at least from Karnataka.

Amitava Mukherjee: Because we mostly sell above 68%. So the export would attract a duty of 30% and because of that we have seen that our net domestic realization is generally more than our exports in value.

Ashish Kejriwal: So do you think that even at \$130-\$135 per ton our net domestic realization is higher than export relation.

Amitava Mukherjee: Yes, it has been even at \$200 because when you do a net back you also have to pay port charges you have also have to factor in the royalty and DMF which accounts for almost 20%-21% and then you have to call for freight which is again around Rs.1400 to Rs.15500 if you do a net back at mines head very few times there is an economic justification of export. Yes, there is a strategic of export because when you go to 100 million ton you would require to have access to international markets as well for which of course to be present on a long-term basis you cannot be a Fly by Night operator there, but that is an aspect that we are looking at in terms of our expansion plan, not in terms of an immediate sort of thing.

Ashish Kejriwal: So that means for next two years we are not looking export as an option.



- Amitava Mukherjee:** We are kind of exploring the market see if there is a strategic tie up is possible with something then it is a different case, but there is no economic case we will have to take a sort of margin hit to do that, but when should we start it is a question that is being debated right now when we should have a profit of course at 100 million ton you deserve one you have to have one.
- Ashish Kejriwal:** Is it possible to share cash and cash equivalent at third quarter ahead.
- Amitava Mukherjee:** Yes, cash was I will just give you net cash was around 11500 Crores.
- Ashish Kejriwal:** And lastly about this lithium and other rare earth minerals last time we discussed that we get an opportunity maybe we can look into it. So what is our status now? Are we going for any auction in that in India?
- Amitava Mukherjee:** Well it will not apply for the auction route, in fact we are looking at lithium beyond the border even Australia some of the working mines were negotiating this with them for some equity stake or some off take agreement. Our port arrangements of mount lies between lies in a very lithium rich area where there are working mines just above our arrangements, or just below our arrangements. So we are doing our PFS along with our people, along with our partners and we are looking at all the other countries that can offer us opportunity for lithium. So we are not close, we are exploring the international market for right opportunity.
- Ashish Kejriwal:** The last question is this 252 Crores which we have to pay for this Donimalai iron ore mine. Is it possible to elaborate it further why it happens because this mine has been there for long and what additional we have taken. So that we have to pay at least panel charges and interest what is on the account of that.
- Amitava Mukherjee:** Yes, it is a very unfortunate thing that happened. You see we had built our facilities in 1977 there are a lot of plants and conveyor that were built in 1977 and the forest act came in to, the forest act came into forth 1980. So, we built this before the First Act came in and then every thought there was a violation of the forest act with retrospective effect. So now then we wanted something extra done then it was found out about three years, four years back range so original thing you do not have the forest clearance and all those things. So naturally we have to pay these for ultimate, we could have done this because this was at 1980 the forest act came and we had built this in 1977. So it was as because we wanted to add with the facilities it was known that we do not have the original so if you see the actual amount paid is only 30-31 Crores which has been capitalized next is basically penalty of around 60 Crores and 180 Crores is interest on penalty. It is very unfortunate thing and we have to take a massive hit in the Q3, thankfully our numbers are good enough to sort of



absorb that, but something, but we need to expand also, we need and we say in the long-term interest of the company.

Ashish Kejriwal: Sure sir. Thank you and all the best sir.

Moderator: Thank you. Thank you next question is from the line of Raashi from Citi Group. Please go ahead.

Raashi: Thank you. Sir, just on your volume breakdown the 37 million tons that you have done until January could you just break it down from at least your top three or four clients rough idea.

Amitava Mukherjee: The standard is RINL, JSW and AM/NS. So they account for around 70% to 72% of our sales and that trend has remained.

Raashi: So that is continuing.

Amitava Mukherjee: AM/NS we have sold around 18 million ton, RINL is 15, sorry the percentage is right now JSW is 38%, RINL is 15%, and AM/NS is around 18% of the same.

Raashi: 15%, 18% and 38% you said right.

Amitava Mukherjee: 18%, 15% and 28%.

Raashi: Okay thank you and then on NMDC Steel anything around the plants to divest the government divestment.

Amitava Mukherjee: I have no visibility on that because we are just too concerned about ramping up the production right now. Of course when it was being driven, it is being driven by GCOM and not by us we were aware that there is a huge amount of interest in that very special interest and rightly so it is the state of the art plant. So once and as and when and if it is sold so there will be naturally a huge amount of interest, there was a lot of interest, but then we have been completely gone down with improving that and in any case the government is running that process and right now we do not have much to discuss.

Raashi: Got it and just last question I think just a follow up one on the previous question. So for next year the volumes are expecting to be around 50, 51 million tons and then kind of remaining sort of steady state for the course of the next two, three years until FY2025.

Amitava Mukherjee: If we get that I would make it around 53, 55 little stability on that 53, 55 and as and when this is just come in and there will be account of that.



- Raashi:** Got it. Okay thank you sir.
- Moderator:** Thank you. Next question is from the line of Mohammed Farooq from Pearl Capital. Please go ahead.
- Mohammed Farooq:** Good morning sir. Good morning and congratulations for the good results. My question is China produces 60% of world steel and consumes almost 50% of both steel and iron ore. With China's largest real estate firm declaring bankruptcy. Do you anticipate significant headwinds ahead or do you expect China to flood Global Market with steel products. In this case how you justify thousands of Crores spent on capital expenditure in this scenario.
- Amitava Mukherjee:** Chinese imports at times have been a cause of concern in India that is obviously there, but then our producers have survived and I think if you see the Indian consumption scenario it is very, very, very encouraging. So we are now at around what 275-280 kilo gram per person consumption up from 168 around few years back. Right now we are at around 180 we are supposed to go up to 262 in the next five, seven years. So there is a huge demand and infrastructure is going to drive it and you have such very pinpointed infrastructure like Har Ghar Nal and which is all consumption of Steel then you have the road infrastructure the Sagar Mala and which in the next five years only these flagship was including the Prime Minister's Awas Yojana which is almost 3 Crore houses. So if you name the flagship the 7, 8 flagship that itself is going to consume around 100 million ton in the next 5 to 6 years. So I do not think from the consumption point that there is going to be any lack of demand in India obviously the Chinese imports have been a cause of concern, but most of it has not lasted for more than some time, because it is huge.
- Mohammed Farooq:** What do you think about like China it can dump in the world market the steel products that part.
- Amitava Mukherjee:** That we are thinking about crossing the bridge when we get to the river. Right now it is a hypothetical question because time where even antidumping duties have been imposed whether it is a case now or in future that is what you will have to think about crossing the bridge when you get to the river not now at that time.
- Mohammed Farooq:** Second question on the steel. Could you please provide information on the average price realization per ton in the current market and what level you expect in the near future the steel.
- Amitava Mukherjee:** The current realization per ton of HRC has been around if I correctly say it is around Rs.51200-Rs.51150 this is obviously for HRC and now it is 36500 for the pig iron. Now in HRCs were little we have to our realization average utilization is lesser than our peers



because of two reasons, number one that we have a price we have a logistics cost disadvantage of around Rs.2000 a ton as compared to our peer. So that is something that needs to cater. Also the site has been producing a lot of during the experimental thing we have been producing a lot of things that are not readily marketed so 10748 we produce around 30000 tons which had to be sold at a little bit of discount it was still at the same. But we had to produce it because for testing our bill. So right now a lot of products come which are not readily sellable in the market so we have to liquidate it with some amount of financial incentive, but going forward with the new stabilizers I think our realization would be higher than our peers.

Moderator: Thank you. Next question is from the line of Bhavesh Patel from Patel Investments. Please go ahead.

Bhavesh Patel: Thank you for the opportunity and congratulations on great set of numbers and wonderful performance. My question is regarding our Capex plan for upcoming, will that come out of our cash balance and the money we make or do we have any fundraising plans and that will have any impact on the dividend policies.

Amitava Mukherjee: I think right now we have more than adequate cash balance to fund our Capex for the next two, three years. So I do not think there is any plans to raise capital from the market as of now. We have around 11000 Crores of cash next year our Capex is around 3200 expected to be around 2200 it will raise to around even 530000 Crores in over course of 5 years. So our average spend of around 5000 to 6000 Crores a year. I think that is the amount of Capex we will be able to service to our own internal accruals.

Bhavesh Patel: Sure thank you and again that will have any impact on the dividend we announced it, right.

Amitava Mukherjee: No, I do not think, I think even today, yesterday we have announced dividend of Rs.5.75 the payout is around 1580 Crores. So we have been consistently paying dividend about 40% every year. So that will cost us 2000-2200 Crores even in future. So I do not think even with the Capex of 6000-8000 Crores and a dividend of if we keep our dividend at the current levels of 40%-45% I do not think cash would be an issue.

Bhavesh Patel: Sure thank you and all the very best for the executions for upcoming large plants.

Moderator: Thank you. Next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Hi! Sir, thanks for the opportunity. Just one question. This is more from a policy standpoint, we were hearing a lot of things around National Mineral Index, Sir any progress over here.



- Amitava Mukherjee:** We have not been asked to participate and we do not have any visibility of that. I am wrong person to give you an update on that.
- Ritesh Shah:** Sir, let me put it the other way around if the ministry had to do something they would definitely seek your suggestions. So is there something that which has actually the input that we have given to the ministry.
- Amitava Mukherjee:** No, not as yet nobody has asked us out of it.
- Ritesh Shah:** Sure that is useful. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.
- Rajesh Bhandari:** Good afternoon sir. We were talking about lithium mining and rare earth mining. In India also we have at Degana in Kashmir cannot we get it on nomination basis.
- Amitava Mukherjee:** No, let us be very clear that NMDC is not interested in rare earth that is a separate ball game altogether it is a conscious decision that we have set and not.
- Rajesh Bhandari:** And what about lithium sir.
- Amitava Mukherjee:** Yes, lithium, it is something of our interest, but most obviously as of now I think the government is keen on doing the auction route for lithium. So that is little less.
- Rajesh Bhandari:** Sir you told that forest has put penalty but operations are there your conveyors, etc.
- Amitava Mukherjee:** Operation will be there
- Rajesh Bhandari:** So it will continue because you have already paid the penalty.
- Amitava Mukherjee:** This is not related to that also. We wanted to put in a few more infrastructure assets there. Then we came to know that all this in 1977 this forest scheme and acts have come, after that forest department told so, we did something.
- Rajesh Bhandari:** One thing came into my mind you have many lands with you, many places with you so why cannot we apply for the solar energy?
- Amitava Mukherjee:** No, that we will have to take a call the only square land we have is in Palvancha the rest of the land is not square.



- Rajesh Bhandari:** Even there is a conveyer gallery, etc. we can put solar on top of it. Sir you have **(inaudible) 47:06** conveyor galleries.
- Amitava Mukherjee:** No, that is a difficult thing because see that would depend on where the conveyers are situated there are other things just because we have conveyer we have them does not mean that it can be economically done at an industrial scale that is not feasible we have a piece of land at Palvanha a huge piece of land **(inaudible) 47:32** we will see what happens.
- Rajesh Bhandari:** Yes, I know sir I am from McNally Bharat so I know we have done lot of job there.
- Moderator:** Thank you. Next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Namaskaram Mukherjee and thank you for the opportunity. Sir when we look at our consolidated numbers there is an increase in other expenses I think so to the tune of 20 or some odd Cores if you could explain the reason that is lower the profit by that equivalent amount and also on the pellet part we are losing money under the category of pellet with a run rate of now 30-35 Crore.
- Amitava Mukherjee:** You are asking about the increase in other expenditure of...
- Saket Kapoor:** When we look at the consolidated numbers then the quarterly numbers. Shall I repeat sir.
- Amitava Mukherjee:** Quarterly numbers I did not get the CSPs.
- Saket Kapoor:** Sir if we see both standalone or consolidated numbers...
- Amitava Mukherjee:** It can be high.
- Saket Kapoor:** Other expenses number 543 Crores. There is an increase in when we take the consolidated number.
- Amitava Mukherjee:** No, but that is for legacies where mining operation will go on for now it is that expenditure **(inaudible) 49:15**.
- Saket Kapoor:** And there is no income as of now.
- Amitava Mukherjee:** No, it could start in another two, three months. Now first we have to show we are top player, we have to remove the overburden, when we over start **(inaudible) 49:42**



- Saket Kapoor:** And on the pellet losses, what should we read into it and how long will this losing trend continues 30-34 Crores quarterly loss.
- Amitava Mukherjee:** No, it has come down for past 9 months to 17 Crores loss we have now increased our production up to 2 lakh ton.
- Saket Kapoor:** Please correct me sir for 9 months the losses in the pellet and other mineral services is to the tune of 104 Crores and quarterly run rate is 33-34 Crores so sir tell about this.
- Amitava Mukherjee:** It is for the pallet only 65 Crores and sponge iron is 11 Crores, we have bought the EC we should be able to start it by the end of this month, SIU we have to keep that property so there is no activity at Palvancha. Pellet plant last nine months the losses have come down from the 58 Crores to 17 Crores the good news is that the penalty that we are paying for 250 Crores also covered the tailing dam at Donimalai from where we could not extract the tailing to feed our pellet plant. Now once we pay that we will be able to feed the tailings to the pellet plant and hence the production would go up. We are also contemplating having a partnership with private players on O&M basis to run the pellet plant so that on avenue sharing basis. We are exploring that avenue as well. So that should be finalized in another 3 to 6 months.
- Saket Kapoor:** So you mentioned Panna Diamond losses at 50 Crore.
- Amitava Mukherjee:** Yes.
- Saket Kapoor:** So that is annual basis or for what period.
- Amitava Mukherjee:** For the last 9 months.
- Saket Kapoor:** And what steps are we taking to mitigate, I mean, just if we are starting expedition that is only answering my previous question.
- Amitava Mukherjee:** We have not did EC and nobody knows the ministry will come, it has been put up to the ministry once the approval comes in three or four days we should be able to do it.
- Saket Kapoor:** Then we covered the losses and the 50 Crores losses this will get covered post the mining.
- Amitava Mukherjee:** Panna has never been very profitable for us but now for one year we have to do waste mining. One year we do not expect any diamond to be found because the one year waste mining Panna is generally a very profitable venture for us, but it is our oldest mine the only mine so it is like the diamond on the crown so it is something that is more than...



- Saket Kapoor:** It will continue sourcing there.
- Amitava Mukherjee:** Yes, but not to this extent. Initial year yes when we do the waste mining yes, but once we start producing it will come on drastically, but it will not be a money spender for us.
- Saket Kapoor:** Thank you and all the best sir.
- Moderator:** Thank you. Next question is from the line of Reddeppa Gundluru from Financial Advisor Stock Analyst. Please go ahead.
- Reddeppa Gundluru:** Namaste sir and congratulations for the wonderful figure for this quarter 62.6% also dividend. Wonderful performance. Here my question is what is the progress of our legacy and also the company, subsidiary company NMDC Limited. How much money is being given to legacy by the way of the investment for the boosting of this company for operation then my question is when will you expect the profit from this company.
- Amitava Mukherjee:** Well the gold project that is already under mining is expect to give us 10 million ton, expected to give legacy of 10 to 11 million ton and if you find more it will only go higher about 9 to 10 million ton, but we will have to invest more in exploration. So there are five other segments there of gold close to us. So we can take a call of them simultaneously so that we get the economies of scale. Apart from that on our flagship we are tied up with as you know Hancock prospecting which is one of the largest mining companies of the world and the PFS of the Bangladesh project is almost over. In another two, three months the PFS will be over and the PFS on the lithium mining would commence I think in another two to three months that should be completed in 12 to 18 months.
- Reddeppa Gundluru:** We are giving the benefits to our NMDC Steel, NMDC Steel is taking various benefits from our NMDC Limited so all this money will when will we expected to repay.
- Amitava Mukherjee:** What the base reason I think we have already touch a level of 45% we go to 75% and then the company will be able to generate cash profit and then we will be able to go from there.
- Reddeppa Gundluru:** Thank you sir. I am satisfied.
- Moderator:** Thank you. Next question is from the line of Mayur an individual investor. Please go ahead.
- Mayur:** Good morning sir. Congrats for the good set of numbers. Just I wanted to ask regarding the mines which we bought, I mean, we started a gold mine in Australia, so have the production been started regarding that.



- Amitava Mukherjee:** That is exactly what I said, we have already started the mining and right now waste mining is being done and in another month or two we should be able to hit the level. Right now the waste mining level is being done so obviously when you start mining we have to take off the top there to reach the ore. So in another one or two months I think two months we should be able to generate cash flows from our ore anyway is already working.
- Mayur:** What will be the production capacity to get the breakeven and coming on net profits for NMDC Steel.
- Amitava Mukherjee:** It should be at 55% that is around 5000 tons of coils per day.
- Mayur:** So can that be achievable in Q2 of FY2025.
- Amitava Mukherjee:** Definitely in fact we have target to achieve that number by Q1 of 2025.
- Mayur:** Congratulations and thank you sir.
- Moderator:** Thank you. Ladies and gentlemen due to time constraint that was a last question of the day. I now hand the conference over to Mr. Amit Dixit from ICICI Securities. Thank you and over to you sir.
- Amit Dixit:** Thanks everyone for attending the call this afternoon. I would like to thank the management for sparing their valuable time for interacting with us. I will now invite Mr. Mukherjee for closing remarks. Over to you sir.
- Amitava Mukherjee:** Thank you Amit and thank you all for listening in and for the great encouragement provided. We hope to continue our good performance not only to Q4, but also in the coming years, we have major investment plans that we are lining up right now, they are most of them are at prime stage. So in times to come NMDC and both also NSL would be an exciting thing to keep watch on and obviously even we have great hope for our coal ventures at Jharkhand if the CBA comes through we should be able to do that fairly quickly. So overall our future looks very bright and encouraging for NMDC. Thank you so much.
- Moderator:** Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.