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NMDC

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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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नेगम 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 Q4 FY 2023-24 Results – Analyst / Investors Conference Call held on 29th May 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 Q4 FY 2023-24 Results Analyst / Investors Conference Call held on 29th May 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.



एनएमडीसी लिमिटेड
NMDC Limited

“National Mineral Development Corporation Limited
Q4 FY24 Earnings Conference Call”

May 29, 2024



एनएमडीसी लिमिटेड
NMDC Limited

 **ICICI Securities**



MANAGEMENT: MR. AMITAVA MUKHERJEE - CHAIRMAN-CUM-MANAGING DIRECTOR (ADDITIONAL CHARGE) AND DIRECTOR OF FINANCE - NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED

MODERATOR: MR. AMIT DIXIT - ICICI SECURITIES



Moderator: Ladies and gentlemen, good day and welcome to NMDC Limited Q4 FY '24 Earnings Conference Call, hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touch-tone 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, Mr. Amit.

Amit Dixit: Thanks, Manuja. Good morning, everyone, and thanks for joining the call today. At the outset, I would like to thank the 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) and Director of Finance.

Without much ado, I would invite Mr. Mukherjee for opening remarks, post which, we will open the floor from an interactive Q&A session. Over to you, sir.

Amitava Mukherjee: Good morning. Good morning, everybody. Thank you for joining. I'm pleased to talk to you once again on the results which has been spectacularly good. The last financial year, both in terms of production and sales were the highest, they were record-breaking. And of course, because we could not get the Kumaraswamy then, it was only last year, so we were slightly lesser our target. But this year, Kumaraswamy sanctions have already come, there already -- all the sanctions have come, but it has come for about 1.5 billion tons extra.

So this year, we will be even better. Our profits were around 19% higher for this quarter as compared to the previous quarter. Now this is, of course, leaving out the exceptional items. Last year, if you remember, there was an exceptional item of about INR1,000 crores, INR990 crores for monetary committee.

So if you leave out that exceptional item, our PBT in this quarter has been 19% higher and in the entire year has been about 30% higher. So these are -- I understand very satisfactory performance. But this current year, we expect to do much better than this and surpass our current best achievement easily. That is what we are looking at.

The capex itself was also record-breaking about INR2,100 crores, which is the highest ever if we are giving out the Nagarnar steel plant. Of course, we reached INR3,700 crores above 3-4 years back. But of that INR3,700 crores, I think, more than INR2,500 crores was Nagarnar. So like-to-like basis, capex was 114% higher than our target and the highest ever.

Going forward, we have about INR50,000 crores of investment in the pipeline at various stages from pending sanctions, some have been sanctioned, from our tendering stage and some other stage. So we are on our way to make this company about 100 million tons company in the next 5 to 6 years. So thank you. We can now have our questions.



- Moderator:** Thank you very much. The first question is from the line of Alok Deora from Motilal Oswal. Please go ahead.
- Alok Deora:** Congratulations on pretty decent numbers, especially on the volume front. So sir, just firstly, if you could indicate now with the sanctions coming, what kind of volumes we are looking at for FY '25 and '26?
- Amitava Mukherjee:** FY '25 [inaudible 0:04:54] million tons, that is our immediate target to touch this financial year. It will be a tough point, especially because we lost a little bit of production in the month of May due to some unfortunate go-slow by the workforce. So we have lost that, but we will make this up because this is early in the year. So we've lost about 1 million tons, but that we will easily make up. So our target for this year would be the 50 million tons production.
- Coming that the Kumaraswamy has come from 1.5 million ton extra and remember this year Kumaraswamy from 8th of February, we did not work. In Kumaraswamy, we did not work for approximately 50 days. And that is why the Q4 volumes, if you know, were below the last year's Q4 volume.
- So 1.5 million tons, we are surely going to get extra there. And from our other mines, we are -- even in Bachel, the 2 million tons is now it has already been commissioned and it has started working. So we expect about 2 million tons extra in Bachel. And so this year, I think we should be able to touch 50 million tons this year. There after the year after that, we will be trying to touch 54 million and these are the 2 targets that we immediately have.
- Alok Deora:** Sure. And this capex, which you have guided for FY '25 of around INR2,000, that would be largely that number only?
- Amitava Mukherjee:** Yes. Because most of our big capex projects are at the tendering stage and where in the first year, the expenditure is expected to be lower, but it's generally 5% to 10% because that is basically designed drawing and equipment versus payment. So thereafter I think from next year, it will really pick up.
- Alok Deora:** Sure. Just last question. So there is use of the employee wage negotiation going on. So what's the update there? And how could the employee cost look up in FY '25 and '26?
- Amitava Mukherjee:** See, we are already providing for -- even in this year's account, provision has been made for the -- even in the previous account, I think it was due from 1st April last year. So we have been conservative in making the provision every year. So I don't think there's going to be a major problem there. So I think it's going to be about INR100 crores more [inaudible 0:07:33] cost, approximately. But that will not come a differential here because last year also and this year also we have providing for that in our accounts.
- Alok Deora:** So the negotiation is completed or it's still going here?
- Amitava Mukherjee:** No, it's almost under penalty, it's the penalty percentage.
- Moderator:** The next question is from the line of Pallav Agarwal from Antique Stock Broking.



- Pallav Agarwal:** Yes, good morning sir. Sir, just a question on the other expenses. This quarter, we saw it was substantially higher on Y-o-Y and on a sequential basis. So is there -- are there any provisions for expected credit loss on...
- Amitava Mukherjee:** Yes. Yes, there was this plant in Donimalai, which was with us since 1968. And when the Forest Laws came in 1980, a part of that became forest land. So that was never regularized and we had our infrastructure there. So quarterly gains --, so we then tried for regularization of that. So we had to pay INR252 crores -- INR282 crores for that land which was in our possession where we had our structure, but was the forest land.
- So formally, it was diverted last year Q4. So that is why we had to pay INR282 crores and that is the big hit that will be seen in the books.
- Pallav Agarwal:** So that is in Q4, sir, in the current quarter, you saying?
- Amitava Mukherjee:** Q4, that was in Q4.
- Pallav Agarwal:** Okay. Sir, the other question was on -- I think this time, if I take a look at royalty as a percentage of sales, so it seems on the higher side. So normally, what -- I mean, is 40% of the sales revenue a normal royalty percentage to take going ahead?
- Amitava Mukherjee:** Royalty and additional royalty taken together would be around 40%. In fact, it will be 43% approximately. That is royalty and additional royalty taken together.
- Pallav Agarwal:** Sure, sir. Lastly, sir, so in terms of what would be the current cash and cash equivalents on the books at the end of FY '24?
- Amitava Mukherjee:** Gross is 12,000 and net is, I think, 9,000 -- 8,900. As on date, it is 9,200. As of 31st March, it was 8,900 net and as on date it is INR9,200.
- Pallav Agarwal:** Okay. Thank you sir.
- Moderator:** Thank you. The next question is from the line of Vikash Singh from Phillip Capital India.
- Vikash Singh:** Good morning, sir. Sir, in terms of employee provision, can you just give us some idea that what percentage of wage hike you have already provided for in terms of provisions?
- Amitava Mukherjee:** I think we're providing -- around 10% hike, we have been providing, 10%-11% hike of two quarters a year. We are providing month-on-month basis.
- Vikash Singh:** Understood sir. Sir, my second question pertains to our target of 50 million tons. Last year also, we actually had a little bit of upset in terms of reaching our target. So incrementally -- only your Karnataka mine has given 1.5 only. So rest is coming from Chhattisgarh and do we have the recreation for that?
- Amitava Mukherjee:** Yes, we will get a little bit from Donimalai. Donimalai last year was 6.1, so we will get at least 0.5 points extra from Donimalai. So Karnataka will give us two. And Chhattisgarh will give us three incremental.



- Vikash Singh:** Understood sir. And sir, just one last question. Post the price hike on '27, do we now at our within terms of adjusted for the exporter and as the export duty or there is still a scope of further price hikes?
- Amitava Mukherjee:** 450 were -- is hardly -- export prices would not really affect unless it is coming down very sharply. Export pricing affect us only when it is a huge downward trend and -- when it is risk to be brought up. Our rate is going up for the export do not really affect us. But domestically, yes, we are at par or blended cost this is with at par or even at a slightly premium on most of the other domestic suppliers are there for the different markets.
- Vikash Singh:** Understood, sir. Thank you. That's all from my side. And all the best for future.
- Moderator:** Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Good morning sir. Sir, my first question is, we have some advances to the NMDC steel company. So what is the status of that? Any timeline as to when do we expect that to recover?
- Amitava Mukherjee:** I think from Q2 of this year, we'll -- they will start repaying. That is you see, if you -- because I'm a Chair personnel Director for that company as well. That company is in line -- is processing inline to have a breakeven by Q2. If you see the month-on-month figures, the HRC production right now is at around 120,000 tons per month. We will hit a breakeven, which was about 66,000 in December.
- So we have almost doubled it by May. So if you see that our cost of total production of 1 million tons, which we turned to service of April, is the fastest ever in any PSU. Sale, for example, did it in 260 days and RIL did it in about more than 290 days. So even with established team makers, we are performing better. So the only problem there is a little bit of dispatch to all three. We are doing about one to 1.5 rakes per day.
- The moment we do two rakes a day, it will touch around 6,000 to 7,000 both on dispatch and production per day. So we will start taking money. The good news is that when I was there on 24th, we started the PCI, the pulverized coal injection. And that will lead to a substantial reduction in cost of hospital and -- so taking all barriers together that we have touched 120, we need to touch above 150, we'll start making money.
- We are already cash -- almost cash breakeven. So I think going forward in Q2, is the strength which we are able to maintain this momentum and some of you who are giving problems that are there still, we should breakeven in Q2 and by Q2, the repayment should start.
- Sumangal Nevatia:** Okay. And sir, do we earn any interest on this advances or is it interest-free?
- Amitava Mukherjee:** They are not deposit because deposit or advances will draw, what you call, the provision from article of Section 186, but this is -- a bigger part of it is pre-deposit expenses. The expenses between the sale of the appointed date and the effective date. That 1.5 years, that expenditure, so that capex and everything that we did on their behalf, that is also the scheme of conservation. That's around INR2,500 crores to INR2,600 crores.



The rest of it is for iron ore supplies that we are supplying which is being given right now on credit. So the rest of that is around INR1,300 crores. So these two will start to slowing reaping I think by Q2 of the current year.

Sumangal Nevatia:

Okay. Sir not clear. Sir do we earn interest on this or it is just pure...

Amitava Mukherjee:

No we cannot. This is not a deposit.

Sumangal Nevatia:

Okay. Understood. And sir this year given -- I mean what is the target for the steel company in terms of overall production and all the iron ore has been supplied from our Chhattisgarh unit mines?

Amitava Mukherjee:

Yes. Iron ore has been supplied from the Chhattisgarh unit there's no doubt about that. And we are expecting to do for the entire year around 1.8 million to 2 million tons that is our target. Two million tons, we are looking at the breakeven at around 1.7 tons.

Sumangal Nevatia:

And the evacuation from the mines to the plant, logistic is not an issue or we have the capacity?

Amitava Mukherjee:

That is not the issue. All the seeding problems within the plant of the wagon tippers etc have been solved. Now 95% of the problems have been solved. So the last milestone that was to be done was the PCI which we have commissioned 3 days, 4 days back which will take around 15 days to stabilize, 15 days to 20 days and then we'll do the TRT, Top Recovery Turbine which will lead us again a savings of about INR100 crores a month on electricity because we will be generating about, I think 15 megawatt, 16 megawatts of the Top Recovery Turbine.

Sumangal Nevatia:

Understood. Sir one question on this royalty. You clarified 43-odd percent. This quarter it's around 47%. So is it because of some lead lag in IBM prices? Should we kind of build in 42, 43 only for the coming quarters?

Amitava Mukherjee:

There's no impact. I think while this 47% tons. The previous sideline was taken care off in this year because we started the integrated pricing. So little bit of previous years outstanding. Right now there is no more time line. The previous year's arrears also had to be done this year. So that is...

Sumangal Nevatia:

All right. That's it from my side. All the best sir.

Moderator:

Thank you. The next question is from the line of Natraj Sankar from DSP Mutual Fund. Please go ahead.

Natraj Sankar:

Thanks for the opportunity. I just wanted to ask on the -- over the longer term a couple of years as we ramp up the capacity of the steel plant what is the kind of EBITDA per ton would one should visualize as the capacity ramps up beyond the 2 million tons?

Amitava Mukherjee:

Beyond 2 million tons the EBITDA margin would not be very high. It should be around the 10% range, but once we do 2.5 to 2.6 that is the third stage of our ramp up. Then the EBITDA margin should be more than around -- should be -- on the current price level it should be



around 25% on the current price level of both the iron ore and the steel. If steel wasn't looked up we can, but that is around 90% capacity.

Natraj Sankar: Understood. And the second part is, I know it's too early to ask for a capacity expansion or any visual, any thoughts on that?

Amitava Mukherjee: No let us learn to walk then we'll run.

Natraj Sankar: Okay, understood. Thank you so much. Have a good day.

Amitava Mukherjee: Thank you.

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

Anant Mundra: Thank you for the opportunity. Sir last year somewhere you had alluded that we'll start working in three shifts in Chhattisgarh and then we'll also have the benefit of the rail wagon loading system at Kirandul and the new screening plant at Bachel. However, if I look at the April production numbers they have declined year-on-year. So what explains that for Chhattisgarh?

Amitava Mukherjee: I think April was slightly lower than last year. But the few things that you have mentioned three shift working we are ready with the equipment etcetera, but we need to recruit about 800 people. So that recruitment process is on. It should take another 6 months to get recruited. So we have not been able to start. We have started the third shift. The third shift in 11C which was not there it has already started. So that first shift has already started, but we have not been able to work 7 days. We're still – Wednesday is the holiday today for example a holiday there.

The second thing is [inaudible 21:06] has been commissioned. It has been calibrated, trials runs are also on. And I think in another 10 days, 15 days we should be able to utilize it fully. So that's commissioned, that's working we are loading already. So envisaging they are already doing more rates and the third thing is even at Bachel the additional 2 billion lines has already been commissioned. That has been commissioned late last year, but we could not take much benefit of that last year. It was commissioned I think in January end and around February it was being stabilized, but this year we'll get the full benefit of that.

Anant Mundra: And sir you also alluded initially in your initial remarks that we are planning a capex of about INR50,000 crores to double our capacity over the next 5 years, 6 years. If I look at the current gross block it's about -- should be about INR5,000, INR6,000 crores. So INR50,000 crores investment is -- I mean can you please give us some kind of a breakup from where will the capex go and where will the...

Amitava Mukherjee: Yes, I can give you the big number at the high level. So we already have our tender, Sp-II Tender has been awarded for around INR1,000 crores, another INR200 crores, INR300 crores for the Tailing Dam there. So that will be INR1,300 crores. The Down Hill conveyor and new crushing plant at Deposit-14 is another INR1,500 crores so that's INR3,000 crores. Deposits-5



where we are planning gave a new crusher on the complete new set of conveyors coming in for that. That would be around INR2,000 crores. So that INR5,000 crores.

The slurry pipeline Phase 2 from Nagarnar to Vizag would be around INR10,000 crores that's INR15,000 crores. The Phase 3 which is between Kirandul and Bacheli that will be another INR3,000 crores. So that's INR18,000 crores. Our new pellet plant because if you get about 10 million tons of slurry at Vizag. So that will cost you at least another INR2,000 crores. So that will be INR20,000 crores. And then we plan to have at least 4 or 5 stockyards one at Vizag and at other places which -- we had BCG and , McKinsey and Deloitte all three going on the question of our distribution network.

So the distribution network which includes Slurry pipeline even to Raipur for another INR7,000 crores to INR8,000 crores and a few stockyards would be around -- each costing about INR2,000 crores would be around INR8,000 crores to INR10,000 crores. Also, RWLS, we have to plan around at least 10 RWLS in our Chhattisgarh area. So at INR50 crores each, which is around INR500 crores. And then one major thing that I have.

Equipment, we are ordering this year around INR500 crores -- INR400 crores, INR500 crores of equipment this year itself. And next 2 years, we have to order around INR400 crores and INR500 crores for equipment. Our digitalization journey, including the IIT policy would take us around another INR500 crores. And in those previous quarters, etcetera, etcetera, that we need for extra staff man would take us another INR1,000 crores ports, we have to build a new township, but Kirandul is on that. So if you add all of these up at the high level, they come up to around INR50,000 crores.

Anant Mundra:

Okay. And sir, where will the increased production come from, mainly from which mines will we commercialize new mines? Or is it going to be from the existing mines or a combination?

Amitava Mukherjee:

I think that Karnataka sector will be along -- will be 17 million to 20 million tons. We have already got 1 to 1.5, we will restart the process for another 1.5, right? So that's going to be one. Karnataka sector would be approximately, let's take, 17. So that's around 70, more than the 80 should come from Bailadila.

We are planning around 35 of extraction at Kirandul and another, I think, 30 or 35 or something from Bacheli. So that's 65. Deposit 4. Deposit 13 if we have to operationalize that should be around the peak credit capacity is 13 plus 7, 20 and our share of that would be 10, approximately 50% would be 10. So that is expected to give us another 10 for the 65 and 10 -- 75. For the rest, we'll have to buy up some mines. So approximately around 75 some -- from Beladilla 75 to 80 from Bailadila and around 17 from Karnataka.

Moderator:

The next question is from the line of Pramod Dangi from Unifi Investment Management.

Pramod Dangi:

Congratulations Mr. Mukherjee and team. Sir, there are two questions. On the pellet plant, we are still making losses, and I think you are doing some more capex. So what is your time line? Or what is our thought process on debt, when we will breakeven and...



Amitava Mukherjee: We are following a two pro forma strategy at the pellet plant. Thankfully, our -- this year, there has been a cash breakeven, but that's not satisfactory enough. We need to run the plant at full capacity. That INR282 crores that I said that we have paid for regularization included the area of tailing dam. So the tailing pond, if you remember, the tailings of the pellet plant is designed to have 85% tailings to which we did not have any access till day.

Only now after paying that INR282 crores, we have now that access. We need a few more permissions to start using that tailing. So if we start using that tailing, our tailing target which is 85% of the plant's capacity will start working. So that's one good thing.

The second thing is parallely, we have plotted an UI for running the pellet plant on a revenue share basis. We have received some responses. We are talking to them, and then we will throw out an RFP, so hopefully, somewhere around November, December we will be -- if that route gets successful, then we will be able to run it with private participation. There's about INR100 crores of capex that needs to be done basically on filter pressure and some grinding circuit. So either we'll do it or our -- if we give it on go basis, then the party will do it. So both the strategies are being pursued simultaneously.

Pramod Dangi: Okay. And secondly, as you said, the target is to go to 50 million this year, the 54 million next year. How our capex is going on into the railway and the slurry pipeline on the evacuation capacity this year and when they will come on stream? And do you already have that EC in place for this expansion?

Amitava Mukherjee: Yes. EC, we have up to 54 now. Not 54, we have up to 53 because Kumaraswamy was given 1.5 extra. So we have now -- previously, we had 51.8. Now if you are at 1.5, it will be around 52 -- 53.3 or something. That is our EC capacity. Next year, hopefully, we are going to restart the application process for taking Kumaraswamy to 10 million tons if we get it. So we are praying that we'll be able to get EC of 54 next year. We have already applied for enhanced EC and Deposit 14 and things.

The Deposits 14 for which public hearing has already been held and we expect to get that. That is an enhancement of 5 million tons plus another 5 million tons we have applied. So these are in process. We hope to get definitely by next year. This year, we are telling you, in due point of time, we will get it. The difficult things of public hearing etcetera has been already been done. And it is in the process, it has been sent to a MOEF. So I think we should be able to get that. And what was the second question, please?

Pramod Dangi: Evacuation capacity? We are doing expansion of..

Amitava Mukherjee: So, the [355 laying 0:30:47] work is going on, I think, fairly satisfactorily. Pellet plant and beneficiation plant, we have stopped work for 6 months, and we are just restarting. For last 6 months, we took a principal decision that 2 million tons pellet plant should be upgradable to 6 million tons. So we were -- we stopped all the construction and the beneficiation and that Bachel has the pellet plant in Nagarnar because we wanted the facilities to be common. We did not want 2 million tons of pellet plant and 4 million tons of pellet plant in the same boundary. We wanted a single 6 million tons pellet plant as and when we required.



So all these common facilities now are being designed for common sizing and common facilities. So that took us to completely redesigning the entire layout and that 6 months we have not worked. So accordingly, the project has been delayed, but it will give us long-term benefits in terms of additional fueling. So the pellet plants had only [LTO 0:31:51] as fuel. Now we'll have multiple fueling including coal tar and it required coal gasification. So that is substantially going to reduce our fuel cost.

And this additional fueling arrangement was not there in the original design. So we have corrected all of them in the head of Bachel is a grinding plant. We have already given the change order to our contractor. In the tail end where the pellet part is being made, we will be giving the change order within this week.

So the work will now fully resume. And by the end of next year – next to the next, current year I think, this December, this December 2025, we should be able to commission the entire system. Railway lines, it is progressing. I think around 10 or 15 kilometres are left, Railways has promised us that they will do it by, I think, in July or August, somewhere around August they have done.

But there is a particular stretch which is a little problematic. I think up to Kirandul, the Railway is doing it. I think in another six months or six months, we should be able to get the entire doubling of city line is done.

Pramod Dangi: Yes great. And then lastly, if I can ask on the dividend payout ratio. This year, it is around 45%. And with the cash in the balance sheet and the money which will come on the NMDC Steel, are you looking to increase the payout ratio or it will remain around 40% to 45%?

Amitava Mukherjee: No, we have -- this year we have repaid 37.5% of the net profit. So 38% of our net profit this year we have paid. Because we have a lot of capex now lined up, we have a huge amount of capex lined up as I was saying in the previous question. So for the next four, five years, I don't think capex more than this can be -- dividend more than this, it would be prudent to say. But that is a call that Board will take apparently. Subsequently, they cannot pre-empt the board. But I think a 38% payout with this capex there, I think saving a little bit of cash would be advisable.

Pramod Dangi: Sure. Thanks.

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

Kirtan Mehta: Thank you sir for this opportunity. We have lined up very huge growth targets and you just elaborated on breakup of INR50,000 crores of capex. In terms of sort of taking the approval for this -- I presume, we'll be doing in some sort of packages. So what would be the first package that we will be lining up? Would you also sort of give us time line on when will we take the approval on this capex?

Amitava Mukherjee: Few of the approvals have already been taken, at least INR4,000 crores to INR5,000 crores we have already taken. Our target for this year is to ensure that all the approvals are taken from the



competent authority, whether it is Board or whether it is the committee of Directors. We are planning -- most of these are at DPR stages, various institutions are making these DPR so that's another thing. So our target this financial year is to definitely take all the approval for at least INR40,000 crores out of the INR50,000 crores.

And at least around INR15, 000 crores to INR20,000 crores of the INR40,000 crores sanctions. So that is our target -- immediate target this year.

Kirtan Mehta: Understood, sir. And what would be the peak capex that we envisage over the next three, four years, at peak capex?

Amitava Mukherjee: Peak capex should be INR50,000 crores for five years -- peak capex should be reaching INR7,000 crores to INR8,000 crores I think year after next. Year after next, two, three years, we should be at the INR8,000, INR9,000 crores.

Kirtan Mehta: One more question was on the NMDC Steel, I believe we mentioned that we could achieve 25% EBITDA margin once the plant reached 90% capacity utilization at current prices, does it mean that are we guiding for EBITDA per ton of around INR12,000 to INR13,000 per ton under the current calculation?

Amitava Mukherjee: Yes, I think it should be -- that should be possible because, see, this is a very ever-efficient plant, It's continues process. So there is no heat loss. To that extent, the energy -- steel business is what, one-third, about 40% is coal, 20% iron ore and around 25% is energy cost. So this is a very energy-efficient plant because we don't pull it down and then reheat it and all those things.

So it is likely to have a very, very efficient working. And in terms of manpower also, this is a very lean company, and we plan to keep it that way because other costs with the PSUs have had. Actually, we went -- for both manpower and energy this will be -- blast furnace system is very, very efficient. This is one of the biggest blast furnace and the bigger the blast furnace it is, the more efficient it is, the more cheaper it is.

Now we have got the PCI. So we'll have a coke rate -- the fuel rate, which will be one of the lowest when we do to 90%. And we have the TRP and other, so our energy consumption would further go down. So we are very confident that this will be one of the most efficient season plant. Under that circumstances, little bit high percent EBITDA should be possible.

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

Raashi Chopra: Thank you. Just on your capex, in FY '25, you say it's going to be INR15,000 crores or INR2,000, I missed that?

Amitava Mukherjee: For the middle one, INR15,000 crores, it will be around 2, 2.5.

Raashi Chopra: Yes, 2, 2.5. Okay. And have you mentioned that the recovery would start from NMDC Steel in the second quarter. Are you talking about the INR25 billion noninterest bearing outstanding, is that for the plant that's going to start?



- Amitava Mukherjee** That is going to start as well as the outstanding for the iron supply is going to start.
- Raashi Chopra** And that was the 1,300?
- Amitava Mukherjee** Yes, presently at 13,00.
- Raashi Chopra** Okay. And did you recover the entire amount from the monitoring committee?
- Amitava Mukherjee** No. We have -- out of the INR3,000 crores outstanding, we have recovered INR998 crores, let's say, about INR1,000 crores. We have -- so another INR2,000 crores -- INR1,892 crores is due. That we are still fighting in Supreme Court because judgment was against us, we have asked for review of judgment.
- Raashi Chopra** All right. Then on the -- coming back to the volumes, you are targeting 50 million tons in this year and 54 million tons in FY '26 and Kumaraswamy 1.5 million incremental and another 3 million tons coming from Chhattisgarh. So the -- from an end use perspective, one is going to be NMDC Steel that's going to take up the incremental volume. Where else are you expecting the volumes to grow?
- Amitava Mukherjee** Our customers are absolutely willing to take as much as we produce. JSPL is asking, we've not been able to provide JSPL what they are asking. Even JSW, are fulfilling not more than 50% of their demand. RINL, we are fulfilling around 70%-80% of the demand and one week when we, what we call, JSPL when we ramp up, that's going to cost us more. In fact, I would love to produce 10 million ton extra and people would consume it immediately.
- Raashi Chopra** I understand. And the INR100 million target is by when you said?
- Amitava Mukherjee** Around FY '30. FY '30 '31 That's character year safety. Once all these capex that we are planning, this year, we'll be actually sanctioning and tendering out and by next year, all the tendering will be over. When I take 3-4 years of execution. So all the capex would be ready to use by around calendar year '30. So that's the time when the benefits of these capex, which are all directed towards the 100 million tons things would be done.
- Raashi Chopra** Understood. And just lastly, on...
- Moderator:** I request you to rejoin the queue for your follow-up questions. The next question is from the line of Satyadeep Jain from AMBIT Capital.
- Satyadeep Jain** Sir, first of all, you mentioned something about slurry pipeline to NMDC Steel fund. I just wanted to check what's the status and wanted to understand the economics of that slurry pipeline? How do you realize NMDC value from that pipeline that you sell to NMDC Steel?
- Amitava Mukherjee** The pricing of the pellets -- you see, we are going to sell -- make pellets out of that slurry. The concentrate is not being sold. We are going to sell pellets. So that's in that system and arms with the production. So naturally, the value-add for NMDC will be -- easily realizing the value add because if you know that slurry is the cheapest mode of transport of the -- it is at least simply on transportation terms it is 30%-40%, if not more cheaper. I think almost 50% cheaper and that is including 50% of driving cost and everything, around 40%-45%.



So you'll be able to make cheaper pellets and realize even more. And now that we have dual fuel arrangement in the making of the pellets, our cost of manufacturing will be much lower. And because it will be an arm's-thread market price, so I think NMDC for that should be a very positive realization and positive ROI for the slurry pipeline systems.

Satyadeep Jain

I wanted to understand on that freight. So let's say, NMDC Steel right now is procuring iron ore from the Bachel by truck. So it will continue to pay the same delivered cost of iron ore that it is paying right now and the -- whatever freight savings are there, NMDC will take that freight savings?

Amitava Mukherjee

It will be carrying pellets. So the pellets would be slightly more in lumps. But the benefit of using pellets are there in the blast furnace. So NMDC Steel will be buying. So to that extent, the pellet will be more expensive than the fines that they are buying today. But the use of product is more efficient to the blast furnace and it will realize more value out of it.

So there we have mix of pellets and sinter and lumps that will be charged as burned to the blast furnace. The right mix for NMDC Steel Limited has to work out. But obviously, the prices of pellet will be much more than the delivered cost of fines. But whatever fines and sinters is replaced by pellets, the efficiency of the blast furnace goes up and accordingly, the money comes out of efficiencies and not out of cheaper raw materials put in the blast furnace.

Satyadeep Jain

On the NMDC Steel plant, I didn't get the volumes for this quarter, but just wanted to understand what is the pricing that you're getting in the market? Are you able to get the same pricing as some of the other private players are getting for the steel? Who are the customers?

Amitava Mukherjee

The volumes for this quarter was around -- HRC was around 3 lakh ton, 2,28,000 ton which is above and the previous quarter was about 1,80,000 tons, so substantial growth for this year. This month, I think, April, we did 1,06,000 tons and May, we are doing about 1,20,000 tons. So 2,20,000 tons will always -- in Q1 already done and another one, 20 or 30, around 3,50,000 tons this quarter we should be able to do Q1. So that is the volume guidance for us. We will be able to still -- what was the second part of your question?

Satyadeep Jain

Just wanted to understand who are the customers, are you able to get the same pricing as others?

Amitava Mukherjee

The pricing, unfortunately, because the ramp-up period made to order stock -- made-to-order production is less while the margins are higher. The average price deviation has been around more than 49,000. We would like that to go up around 49,200 actually. So we'd like that to go up to around 51,000, around 2,000. That will be possible when we increase our share of made-to-order.

We have been talking to OEMs, we have got a few trial orders from major OEMs who are putting [Karab dara 46:31], et cetera. We have produced, I think, in '24, the first time LPG grade steel. So the higher grade steel we produce the highest margins would be. Remember, 49,200 is by producing only [vanilla 46:46] grades of 2062 and 10748. So essentially, we have been producing just to ramp up the volumes so that the blast furnace works correctly on these vanilla grades. The more OEM and the more high-end things that we do, we'll start realizing



more of this. We have an inherent disadvantages. We have two inherent disadvantages. One is that we do not have any stockyards or stockists anywhere and hence all our sale is X works, X plants anywhere which is no other seed plant does it.

Second is that we are located remotely where the cost of transportation to customers is substantially higher than a lot of -- than all the other plants. So accordingly, our net realization has to be slightly lower. But then the second thing we cannot do anything about it because a geographical location is a geographical location, I cannot move by plant. But regarding the first part of holding on and having stockyard system, we are exploring the possibilities for that.

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

Siddharth Gadekar So first, on the volume, you have guided for 50 million tons for FY '25. So how should we look at the volume growth of '26 and '27, given that we would have some capacity constraints?

Amitava Mukherjee So NMDC, this year we are planning 50 million tons as I have said. Next year, we should be targeting around 53 million, 54 million for '26. FY '27, we haven't taken a call. We'll have to get back to this, but this year it is 50, next year it is around 54.

Siddharth Gadekar But beyond FY '26, do we have the capacities to increase volume or we will have to wait for some approvals to come in before we ramp up volume?

Amitava Mukherjee Not only the approvals, the approvals are all on the way, that is not a problem. The capex needs to be -- we'll have to -- as and when the capex starts fortifying. So our production will keep on increasing. But the big bag jump will come around FY '30 or FY '31.

Siddharth Gadekar Okay. So secondly in terms of capex, this year, we are targeting INR2,000 crores-INR2,500 crores capex. How should we look at the capex beyond FY '25 on an per annum basis?

Amitava Mukherjee Total capex of around 50,000. We are now pursuing for a land parcel what we are not accounting for and this is a land parcel of around INR1,500 crores in Vizag, about 1,000 acres we want there because we have to terminate our slurry pipeline, build a blending yard there, build a pellet plant there. So we are looking for about 1,000 acres of land in Vizag, but that is going to cost us around INR1,500 crores.

So if you include that, then our capex for this year would be around INR2,500 crores. If we are able to strike a deal for the lag, then INR2,000 crores in plant machineries and other contracts, and around INR1,500 crores in land. So that should be substantial, INR3,500 crores. And going forward, if I take the INR50,000 crores for capex plan, then the peak would be around INR8,000 crores or INR9,000 crores in the third year -- in the third quarter, it should be...

Moderator: Thank you. The next question is from the line of Bhavesh Patel from Patel Investments.

Bhavesh Patel: Thank you for the opportunity and congratulations on great set of performance numbers for the last year. My question is, number 1, what benefit will NMDC receive a bill the distributor and



stock is for NMDC Steel and will that start accruing in the next couple of years itself? Or is it going to take time?

Amitava Mukherjee

We plan to do it as soon as possible. It is a win-win situation for both of us. You see, I have a cash, as I said, of INR9,200 crores as of now. And my deployment in the stock would not be more than INR500 crores. I am margining around 8% of bank interest on this. And this is likely to give me a return of around not less than 14%-15%. So that is the minimum that's going to -- for NSL, the benefit is that the evacuation would improve, which would improve the production because NSL has stocking capacity of only 85%, which is 15 days of production.

So, we have a regular evacuation and hence production can increase. Here, I think the basic calculation is that we can have delta of the land cost in Hyderabad and Vizag from where we can do the entire count including Chennai market where we can touch and the Andhra market and the Hyderabad. We can have a delta of not less than 2,000 to 3,000 per ton which will be shared back substantially with NSL also. So, it is a win-win situation for both of us.

Otherwise, what happens is that once we produce more, we have to make some distressed sales in this trade and that's the amount of distressed sales because we don't have any other stockyards or any other thing and we have fully limited capacity in NSL. So, this could be a great sort of win-win situation for both the companies.

Bhavesh Patel:

Okay. Thank you on that. Now with the overall increase in capacity in terms of production as well as upcoming capex plan do we expect increasing profit? And because of that increase in absolute dividend amount. I said earlier, you mentioned about 38% dividend payout. But overall as a company, do we expect increasing dividend in terms of actual numbers going ahead?

Amitava Mukherjee:

I think we have been consistently paying around 45% every year, 40% to 45% every year. So this 38% is almost in line with the 40% to 45% payout every year. That is what the Board takes us all on that. But I think this sort of a dividend payout or we guess in absolute numbers it will increase because substantially our profits are going to increase.

If you see, we have taken 2 price hikes in the last 2 months, we expect the market to remain buoyant because our demand for our material is kind of cutting. We are unable to produce -- we are unable to satisfy our customers with the quantity of their demand, whether it is JSW, whether it is JSPL, whether it is after Arcelor Mittal, whether it is RINL, all of the customers are demanding much more from us, so I don't think the demand is ever a problem.

The prices, thankfully are on the upstream and we expect that to remain and accordingly with the increased production, we are -- we expect substantial increase in profits in this financial year. So even if it may -- the payout ratio is the same in absolute terms, I think it will be substantially beneficial to the shareholders.

Moderator:

Thank you. The next question is from the line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.



Kamlesh Jain: Just one question on the part of your balance sheet, roughly around INR1,700-odd crores increase has been there in the data and a similar increase on our borrowings as well. So what accounting treatment has changed? Or what is the change which we have done in this particular quarter?

Amitava Mukherjee: I'll tell you this with RINL, we have an arrangement for bill discounting. So once we discounted the bill, we did not show it as our debtor. And we showed it rather as a contingent liability over the previous years. So this year, there was advisory from The Institute of Chartered Accountants of India these are different case. So they said, no, you'll have to show the liability and corresponding as debtors also you cannot show it as a contingent liability. So accordingly, we have restated last year and accordingly this year has been restated. It is just as per the latest guidelines of The Institute of Chartered Accountants of India.

Kamlesh Jain: Okay. And sir, secondly, on the advance amount which we have paid INR640 crores for that land in Karnataka for that steel plant which we were earlier pursuing. So now what would be the -- like what we are going to do with that particular land? There was already a steel plant in Nagarnar is on divestment. So what we have...

Amitava Mukherjee: The land already we have possession. So that's one good thing. And it's a beautiful piece of land, almost as big as parcel of almost INR3,000 crores as big a parcel as it is in Nagarnar. It's a flat land completely faced road on one side, railway on the other, water available, nice piece of land it is just that we haven't taken a call on what to do with that land. So now that we have decided not to build more steel plants on NMDC we have engaged a few consultants to see how best the land can be utilized the fantastic piece of land but unfortunately, very deliberately we have had a policy of not making more steel plants after Nagarnar.

So that -- now we are left with finding out alternatives. We haven't found one as yet. We have some consultants to advise us what can be the basis of things. Maybe we can build a blending yard, maybe -- there are possibilities but we'll have to take a call on that. As of date, we don't have a specific plan -- approved plan for that.

Kamlesh Jain: Okay. And sir, lastly, on the slurry pipeline and running of the rail line, so what is the exact status? How much is the entire the capex modules have been ordered or still some there are still to be ordered? What is the exact status of this?

Amitava Mukherjee: In Phase 1, everything has been ordered and everything is under execution. As I have told earlier, that out of 151 kilometres, more than 80 kilometres has already been laid. Another 20, 30 kilometres have already been -- the pipe stringing has been done. It has not been lowered around 75 to 80 kilometres has been done. So that pipeline laying part is completely progressing very fine.

And as I have said in an earlier question that the beneficiation plants of the pipeline at Bachel the pellet plant at the tail end at Nagarnar, we had stopped the work deliberately for the last 6 months because of multi-fuelling arrangement and the commerce side of equipment when we enhance capacity from 2 million tons to 6 million tons and creating common facilities and common fuelling arrangement.



So that decision now has been taken and all those joints have been revised. One, we have already, in Bachel, we have already given the change order to the contractor who has already restarted his well. And in the pellet plant, we'll be able to restart the work, I think in a month's time 15 days or a month because we are negotiating with the contractor regarding the exact changes and the financial implications.

Kamlesh Jain: And doubling of railway lines?

Amitava Mukherjee So that's also done about, I think out of 130, 120-odd kilometres have already been commissioned, 2 sections -- 2.5 sections are still left. Railways have assured us that they will be doing it by July 1, I think September 2025. One particular section is a little tricky one. It is - - we have Bachel, so that's the question of health and there's question of LWE also there. But July, I think we'll get -- July and September, we will get 2 more sections and the final section will come out, I think somewhere around December generally.

Kamlesh Jain: Okay. And lastly, if I may...

Moderator: Sorry to interrupt Mr. Kamlesh, I request you to rejoin the queue. The next question is from the line of Kunal Kothari from Centrum Broking. Please go ahead.

Kunal Kothari: Sir, my first question is in regard to the overall demand supply scenario for the iron ore in India, so from current level of the iron ore production, how much you see the volume will be add on in FY'25. And compared to that, how much will be the India demand? And also added to that, for the incremental volume addition expectation for FY'25, what will be the share of NMDC?

Amitava Mukherjee: This year, the production of iron ore was around 279 million tons to 280 million tons, of which we did around 45 million tons, so that was 18%. And of course, for this 279 million tons, around 46 million tons was exported. So the net domestic assumption after the import was around 240 million tons.

I think going forward, with the capacity expansions, NSL would be there and lot of ship parts would be there. So I think at least another 10 million tons to 15 million tons consumption domestically will increase -- 15 million ton to 20 million ton would increase in FY'25 for the production is likely to be around 290 million tons, of which we will do around 50 so that our market share will remain profitable at 18%.

Kunal Kothari: Because according to my knowledge, even OMC is adding up the capacity. So I think they have received the EC limit to add up the capacity of around 6 million tons. So that will also flow in -- add up in the overall volume in FY'25. So...

Amitava Mukherjee: So this year, it's, 279, we are looking at around 295 next year. So 6 to 7 at OMC, 5 to 6 for us, so these are the 2 major things that would come and the rest would come from the Roonters and especially now Lloyd is doing pretty well, so Lloyd would come at 7 or 5. So that's how we are looking at to go around 15 to 20, three big players are OMC, Lloyds and us.



Kunal Kothari: And also maybe some steel company's captive mining may also increase in FY'25. So do you see compared to the overall iron ore demand increasing in FY'25, the overall supply for iron ore will be much higher?

Amitava Mukherjee: No. I think there's a lot of decent capacity out there that can be -- because if I go for my demand only, I cannot -- I will have to take a deep dive on the demand of others. So far as my demand is concerned, I think the demand there is good enough for us to service up to 60 million tons as of date.

If I were to service all the customers as per their demand, which is even -- major customers like JSW, JSPL, ArcelorMittal, RINL and NSL, and KSPL their cumulative demand, I think we are able today to certify around 70% to 75% only. And another 25%, we have a demand. So for our product credit return, even at 60 million tons, we'll be able to happily dispatch all our products easily. Orissa is different Odisha is a different volume that what deep dive has to be in there.

Kunal Kothari: Okay. Sir, my second question is on the export side. At India level, we have been fantastic around 48 million tons to 50 million tons in FY'24. What is the overall outlook in FY'25...

Amitava Mukherjee: My guess is it's around 36 million tons to 37 million tons of exports this year, mostly low grade.

Kunal Kothari: Okay. So additional compared to FY'24 what we exported, around 13 million ton to 15 million ton will flow now to the Indian domestic market additionally for FY'25?

Amitava Mukherjee: No, as I said, that has not been required because of the production ramp-up that OMC has employed the planning.

Kunal Kothari: And anything we are working towards the export opportunity, sir that we can think...

Amitava Mukherjee: So we'll have to see where it is because today also the realization from -- net realization, net back cases in exported lumps is about less than INR1400 and for fines it is less than INR1200. So, even of date, it does not make a strategic sense economic sense to export. Yes, as a matter of strategic sense, we will have to take a call when we reach a particular level of production. But as of now, beyond the economics, beyond the math and what is the net realization, it doesn't make an economic case for export.

Kunal Kothari: So, largely...

Moderator: Sorry to interrupt, Mr. Kunal, I request you to re-join the queue for your follow-up questions. Due to time constraint, that will be the last question for the day. I would now like to hand the conference over to Mr. Amit Dixit from ICICI Securities for closing comments. Over to you, sir.

Amit Dixit: Yes, thanks everyone for attending the call today. I would also like to thank the management for sparing their variable timing and patiently answering the query. I will now invite Mr. Mukherjee for closing remarks. Over to you, sir.



Amitava Mukherjee:

First of all, thank you all for joining. This financial year was an action-packed year where we commissioned the steel plant, we ramped up our production and a lot of indices. We rearranged our company having a complete new vertical for project execution, etc. So this was a very, extremely happening year.

And we hope that the next year would be even more action packed and the benefits of what we have done this year would accrue to the coming year. We plan to take both the companies NMDC and NSL to the next level, and we are -- it's not an ad hoc plan. We have a blueprint for making both these companies go to the next level. And as it is on a lot of performance parameters, both the companies are the best in the class.

NMDC, for example, in terms of cost of production, in terms of a lot of energy consumption per ton and lot of our ranking in various ESG things are best in -- not only in the country, but comparably better than the big ones in the international market also. Similarly, NSL, despite being a very new company has landmarks.

Which we are proud of For example, obviously rolling out the hot metal from the date of hot metal to HRC at 9 days, which is an India record, similarly achieving 1 million ton of total production -- 1 million tons of total hot metal in 226 days, which is again one of the fastest. So we are bullish about the current financial year and the next. We hope that the records are meant to be broken, and we create a new set of record again this year, which we will again confidently take again in the next year. 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. Thank you.