

एन एम डी सी



NMDC

# एन एम डी सी लिमिटेड NMDC Limited

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

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.  
Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.  
नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674



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30<sup>th</sup> May 2022

1. The BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	2. National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
3. The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata – 700001	

Dear Sir / Madam,

**Sub: Transcript of NMDC Limited post Q4 FY-22 Earnings Analyst/Investors Conference Call held on 27<sup>th</sup> May 2022 at 11.30 hrs**

**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-22 Earnings Analyst/Investors Conference Call held on 27<sup>th</sup> May 2022 at 11.30 hrs, which is also being uploaded on the website of the Company.

Please take note of the above information.

Thanking you  
Yours faithfully,  
For NMDC Limited

**A S Pardha Saradhi**  
ED (Company Secretary)

Encl: A/a



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NMDC Limited

## “NMDC Limited Q4 FY-22 Earnings Conference Call”

**May 27, 2022**



एनएमडीसी लिमिटेड  
NMDC Limited



**MANAGEMENT: MR. AMITAVA MUKHERJEE - DIRECTOR (FINANCE)**  
**MODERATOR: MR. VISHAL CHANDAK – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**



**Moderator:** Ladies and gentlemen, good day and welcome to Q4 & FY22 Earnings Conference Call of NMDC Limited. 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 "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vishal Chandak, from Motilal Oswal Financial Services Limited. Thank you and over to you sir.

**Vishal Chandak:** Thank you very much Neerav. Good morning, everyone and welcome to the Q4 FY22 Earnings Call of NMDC Limited. I would like to thank the management of NMDC for providing us with this opportunity to host them for this call. As we all know, it's a critical juncture and the government has announced various measures, which obviously the management of NMDC would be discussing. So, we have with us Mr. Amitava Mukherjee – Director (Finance) and he would be joining with the CMD very soon.

So, without much ado, over to you Mr. Amitava sir.

**Amitava Mukherjee:** Good morning everybody. So, this has been a great year for NMDC I believe the results are unprecedented in the history of NMDC. Even the Q4 production and dispatches were the highest ever. If we take the financials for the entire year, they are also the best ever. And it has been a very, very good year despite the fact that we spent around 5084 crores against the additional royalty that had to be given because of the MMDR act. So, despite all those we have managed to record the highest revenue with just 26600 in terms entire top line and our revenue from operations of (+25800). So, as the profitability has also increased so overall it has been a very good year. Going forward, we believe that from 42 this year we should be able to make 46 to 47 million tonne we are planning to do that.

So, in the coming year, let us see how the prices sustain the recent downtrend in prices. But let us see how the situation develops, but we are confident that our volume increases would compensate a little bit fair amount of decline that we've seen in prices even this year if you see, when the top line grew by around 10,000 crores around 4000 crores were quantity driven. 4168 crores was quantity driven which is the most comfortable thing for us to know. Also see from Q4 to Q4 although the prices had come down and we had lost around 761 crores based on prices but, the increased quantities actually helped us to earn 1248 crores more. So, we will have to depend more on now the volume increase, the top line based on volume increases rather than on price increases let us see how the price situation firms up, situation actually firms up in the near future and we are confident that we will be able to meet the challenges that come in this fiscal.

So, thank you Vishal we are ready to take the questions please.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Prashanth from Dolat Capital. Please go ahead.



**Prashanth Kumar Kota:** Sir in light to the recent duties announced by the honorable FM's and the Government of India and right sizable in terms of 30 to 50 from iron ore and 0 to 45 on pellets. Sir, now they are doing their part to control inflation or to lower their infrastructure bill or whatever it is and et cetera to help the poor but as a company, we need to do something to protect our margin so that the impact is the least on this. So, from this point onwards if something radically even as an industry as a company and also as industry we need to do to protect our pricing and our margins also. So, just wanted to know your thought process on this, because other commodity like if you see 10, 15, 20 and is not expected, but then they manage prices so well across market even if there is oversupply in various pockets, the map sizing is held up really good. So, something even we should radically do different to protect our prices, just wanted to know your thoughts sir.

**Amitava Mukherjee:** There are two things. So, far as the increase of 33% to 50% on all grades, it does not impact NMDC directly because we were not exporting we were not in the export market. And to that extent, so far strictly as NMDC is concerned it is of academic interest only. What it of course does is that it increases the flow of low grade files if you see the last two years data, most of the exports were low grade files and not high grade files, high grade files was less than 3 or 4 million tonne, I was in fact just going through in the morning and the data that I was given was that high grade files when we exported 46 million tonne from 62 to 65 was only 1.4 million tonne and last year when we excluded 15.26 million tonne high grade files were 62 million tonne. Now, 58 so most of it were below 58 and some between 58 to 60. Now, as you know that in India there is not much beneficiation facility that is operational, some of us have it installed, but it is not operational. So, 58 will not necessarily as per my understanding effect the market of 64 because had beneficiation facilities been available, then of course, you can say that 58 that will not be exported will be diverted to Indian market and consumed in the Indian market. Obviously to consume 58 you need to beneficiate it and not much beneficiation facilities available except I believe in JSW I'm not very sure if others are operational or not, there are some installed capacities including our own in Donimalai. But, most of it that is not operational because of issues of disposal of tailings of that. So, I do not think again directly 58 abundance of availability of 58 will again impact everything from 64 to 65 directly they are not in direct competition. So, these are the two perspectives so far as we have for iron ore of course.

Regarding pellets of course as you know that in several small plants making sponges, etc., pellets are obviously a substitute for lumps. And to that extent in that market, there would be when the pellet prices fall and there would be a certain amount of competition there vis-à-vis pellets, lumps and pellets of course but the figure that I was completely sort of a little surprise was that, what I've been given from that, I understand from the steel mills is that in the last five, six days pellets prices haven't fallen all that much although the other prices have fallen. The figures that I have for seven days back at pellet in rifle has not fallen, pellet in Bellary has not fallen but there has been a decrease in prices of pellets at Burglary. So, still now pellets are holding up until such time pellets actually starts falling drastically that would be a direct competition to lumps of course we have seen the general market and a couple of days back we have taken substantial price cuts around Rs.600 in lumps and fines Rs.500 or something, I just don't recalling the figure, I'll let you know that. So, overall that is the scenario, of course with the steel



prices coming down. There might be pressures on our prices, but let's see how it sort of, how the things settled. It's too early to speculate on anything.

**Prashanth Kumar Kota:** Understood. Sir a small follow up, the recent price cut that we have taken is it, you mean to say this got nothing to do with the announcement that is generally market driven which was fire, 15 day lag something. The Chinese crises falling, etc., or this got something to do with the government action also, that force the market to take this higher cuts?

**Amitava Mukherjee:** No, because basically if you see just before the pricing we keep a tab on how the steel market was doing even before the price cuts the prices have corrected by Rs.2000. Rs.3000 across the board in HRCs and in longs also. So, there was a correction even before that, the correction has continued after the duty impositions, all of that. So, to that extent some amount of correction was required irrespective of the duty cuts. Let us see how it actually sort of stabilizes because lumps we have cut by 600 and files we have cut by 750. So, to that extent, the prices on steel and others also what happened just before the announcement, our off take from Chhattisgarh had almost, it was being affected. A lot of off take was being affected. So, we had to make a price correction and thereafter now we are watching what is the price situation developing in the steel sector and the iron ore sector.

**Moderator:** Thank you. The next question is from the line of Amit Dixit from Edelweiss. Please go ahead.

**Amit Dixit:** I have two questions. The first one is essentially on inventory, which has gone up sharply during the year. And receivable is also up compared to last year. So, first of all, if you can let us know the reason for the same, and are there any chances of reversal in working capital buildup that we saw last year?

**Amitava Mukherjee:** Let's take the receivable part first. I'll just brief you on that. So, the receivable are basically one major component is the Monitoring Committee. Now thankfully, what we understand in a couple of days, we'll be doing direct auction and the Monitoring Committee we do not need to go through that Monitoring Committee and receivables around 1700 crores were towards regular dues of Monitoring Committee, which of course today when the auction is held, they get the money, but they give it to us after the last consignment of that auction has been taken by the bidder. So, there is a gap of sometimes one month that increased because some of the bidders are not lifting whatever there so there are around 1700 crores trade receivables in the year end from Monitoring Committee, that of course has been liquidated, but fresh views have again been there. So, that's a continuous process and that will thankfully come to an end when we start our auctions by ourselves. So, now the Monitoring Committee will not be, the routing would not be through Monitoring Committee. What is very good is, since we are mentioning Monitoring Committee, that Monitoring Committee was retaining 20% of our earnings towards SPV and toward ECL. Now, when we are going in for after the Supreme Court judgment, when we are going in for our own auction, that would not be there and we stand to gain 20% on all the auctions that are done by ourselves rather than by the monitoring committee. So, that's a big plus, plus for an NMDC.



Another major component is of course, IRNL and that is the only company where we supply on credit. So, that was around 1294 crores, but we have now entered into a bill discounting mechanism with involving IRNL. So, this in every three month's time will get liquidated and we will discount the bills at very nominal cost and that discounting cost will go to IRNL themselves. So, that we have worked out a permanent mechanism so that the cash keeps coming even if it is a slightly delayed than others that is the only party we sell on credit. And of course then there is some miscellaneous, like 3 crores from MMTC and 21 crores which are more or less 21 crores was regular dues which has been liquidated since and some are price revision areas so that's a small factor. So, this is about trade receivables.

Now, if we are talking about stocking, yes our stocking has gone up by around 1.5 million tonnes because last year, our sales turnover was more than the production. Now as the production goes up, naturally there wouldn't be some amount of stock build up and that is nothing to be alarmed about its about 1.5 million tonne, last year it was actually much lesser. So, that's a normal part when the production goes up some amount of stocking would obviously go up. Anything else on this subject, then I can?

**Amit Dixit:**

Sir just one follow up on this, what would be the ECL accrued, that is with the Monitoring Committee, if the Monitory Committee mechanism is dismantled, then we would get that also back?

**Amitava Mukherjee:**

No, that would require a Supreme Court order which we have been pursuing the Supreme Court for a long time. So, that would be 2848 and that would straight away the day we get it hit add to our PAT, not to our PBT but straight to our PAT because we have been although in the books of accounts writing it off, it has been constantly disallowed by the income tax authority as a result we end up paying tax on that. So, as a result this 2850 odd crore come to us and it will not require more than one or two hearing of the Supreme Court it will depend on when their lordships decide to hear our case, but one or two hearing and we are ready to get the 2800 crores. So, that will be a windfall game straight away adding to our PAT as and when we get it, but that will require not only the dismantling of Monitoring Committee, but actually Supreme Court order. And this is only 10% we are not expecting the other 10% to come back to us because that is our contribution towards SPV.

**Amit Dixit:**

Okay. Sir the second question is one other expenses which have gone up sharply in this quarter despite nil exports. So, any specific reason for that?

**Amitava Mukherjee:**

Yes, I will let you know, only you want quarter-to-quarter or year-to-year?

**Amit Dixit:**

Sir, both will be great.

**Amitava Mukherjee:**

This is year-to-year let me talk to you about year-to-year of course the other expenses have gone up by. So, you have some amount of increase in expected credit loss that's gone up by 325% because the prices were high and it is an ad valorem charge. So, nationally, the higher the prices



the higher the expected credit loss, then you have the mine closure obligations which has gone up by 49 crores that is because we keep on reviewing our cost per tonne for mine closure obligations every year. And this year, our provisioning has increased by around from Rs.17.10 to Rs.18.45 per tonne as a result is cost us 50 crores extra and CSR of course has been there for around Rs.129 crores extra, SPV is like again the expected credit loss that is an ad valorem rate upgrade when the prices went up so naturally our contribution to SPV would go up and to that extent RINL we have settled our dispute that has cost us around Rs.72 crores because we were having a dispute with RINL for around 150 crores regarding under loading and loading charges when there were discrepancies so we have settled it half way with RINL around 70 crores to their account and 70 crores to our account. So, these are the basic major heads where it has actually increased.

**Amit Dixit:**

Sir, if I look at this quarter in particular, it has gone up very sharply it used to be like 440 quarters, 400 to 500 crores approximately, for last several quarters but this particular quarter it is 114 crore. So, I was wondering why it has gone up?

**Amitava Mukherjee:**

ECL has gone up by around 107 crores, SPV has gone up by around 41 crores, mine closure obligation has gone up by around 37 crores, CSR expenditure in this quarter has actually gone up by 140 crores. So, these are all the big ticket ones that have gone up although the export duty and railway freight has actually come down to zero, previously it was around 90 crores and 70 so 163 crores have come down on that, but it has been more than compensated by the ECL and the SPV expected mine closure obligations around 37 crores in the Q4, CSR by around 140 crores and around 6 crores by the NMD facilities.

**Moderator:**

Thank you. The next question is from the line of Siddharth Gupta from Voyager Capital. Please go ahead.

**Siddharth Gupta:**

Sir my question is with regard to the demerger, so we were told that the next update with regard to it would be around July and when will the plant be commissioned and when can we expect some further updates on it?

**Amitava Mukherjee:**

The next big event in the demerger calendar is on 7th of June, when there is a meeting of creditors the MCA has given the direction that this meeting of creditors and meeting of shareholders will both be held on 7th of June notices for which have been sent on 4th of May to the respective creditors and shareholders. And additional Secretary MOS madam Rasika Chobe has been nominated by the MCA to chair both the meetings. So, this will be held and once that is held and passed by both the creditors and shareholders only above one crores have been asked by MCA to be there for electronic voting and registration. So, after that, these are carried through in both the creditors forum and in the shareholders will be going back to the MCA and thereafter it should take around once the orders are passed by the government of India, then we need to file it back with the stock exchanges. And then we need to extinguish the shares of NMBC and NCL and issue share in the ratio of 1:1 and then list that share in the stock exchange. So, apart from listing, I should try my estimation is it should take around three months after we file the



compliance or the detailed report regarding these meetings on the 7th of June. So, let's see another a couple of months maybe for listing of shares of NMDC Steel Limited. So, this is so far as the demerger story is concerned, anything you need to ask on demerger then I'll move on to the client commissioning.

**Siddharth Gupta:**

No, sir I want to ask about the commissioning itself.

**Amitava Mukherjee:**

The commissioning as you know we've been hitting the coke oven for now three months, coal consignments have already arrived at Nagarnar. We are ready for coke pushing but unfortunately a major breakdown happened in the oxygen plant in the sense that 11 KV motor got burned and our experts tell us and Nikon experts tell us that an 11 KV motor is as big as this room that we have sitting in. It's not a small motor, it's a huge motor made by BHEL. Apparently they have not seen such a motor burn out in their lifetime. The engineers with 30 years of experience tell me that it has never happened in their lifetime. But that has happened in Nagarnar oxygen plant. As a result, of course that there will be a lack of availability of nitrogen and as you know that this coke oven is to be dry cooled, dry quenching has to be done with nitrogen. So, we are looking for alternative ways including getting nitrogen through tanker. And of course, this motor itself has already been sent to Bhopal works of BHEL and they are getting it ready. So, once that is ready, that should take another 10, 15 days to come to Nagarnar and get reinstalled and then we'll have a steady source of nitrogen but to that extent, so far, because we will be doing three months of coke pushing to build the coke stock so that we can light up the blast furnace, it will take at least two months. So, by that two months we should be able to arrange through tankers it takes about one and a half tankers per day for the coke to be quenched that comes out of one coke oven battery. And by the time we can do the second coke oven battery on those things, but this was a setback, so this was a major setback, which was there. So, the heating has already reached the critical temperature and the coke at least, three or four which have already arrived, one shipment has arrived at Gangavaram and out of that four or five rigs have already arrived at Nagarnar the rest will also arrive shortly. So, we are otherwise ready with the first part of the thing and then it is a chain of events that happens one after the other.

**Siddharth Gupta:**

Okay. So, that's unfortunate to hear about that oxygen motor, but sir if I understood correctly, the plant should be even according to your estimates, by the end of July or beginning of August, we should be able to commission the plant through other ancillary measures?

**Amitava Mukherjee:**

So, that's the current outlook I hope by the time the BHEL motor comes back and we are able to do that because operating a full-fledged plant based on nitrogen from tankers would be a risk factor. But that is not a major problem so far as we are building a coke stocks because the blast furnace by that time has not been lighted up. But once it is completely synchronized with the blast furnace requirement then it is obviously that we would like the oxygen plant to supply us with enough nitrogen.

**Moderator:**

Thank you. The next question is from the line of Rajesh Bhandari, Individual Investor. Please go ahead.





- Rajesh Bhandari:** You just know mentioned that next year our production could reach to something around 46 to 47 million tonnes.
- Amitava Mukherjee:** That is where we are looking at.
- Rajesh Bhandari:** Yes sir. So, in this, how much will be the 64% and how much will be the lower grade?
- Amitava Mukherjee:** We don't actually get, we don't actually mind lower grade at all. All our production is around 62% to 65% lot of this around 2.3 million tonnes will come from BachelI itself because the fifth line of screening and the downhill conveyor argumentation which was halted last year because the consultant has gone bankrupt that was FR projects have gone bankrupt as a result we didn't have the consultant, now that we have appointed the consultant around three, four months back and the work is done. So, that will give us an incremental straightaway of around 2.5 to the three million tonne at BachelI itself and the rest would be the incremental increase in the other projects. We are also driving hard for the ceiling, if it is readjusted at Karnataka so will get another 3 million tonne out of Kumar Swami from 7 it can go up to 10 we are having our contracts in place for 10 because Kumar Swami as you know is mostly private mining. We do it through raising contracts. So, we are now this contract would be instead of 7 million tonne we are already designing the contract for 10 million tonne in anticipation that sooner or later, we will be able to increase our ceiling from 7 to 10. So, taken all of these because we deal in high grade only and low grade is sometimes only an aberration because the geology of a particular mind but we deal with +63 Plus definitely +62 and mostly it is 63, 64 and in BachelI it is 65 also. So, to that extent, yes we are looking at somewhere around 47 this year.
- Rajesh Bhandari:** Yes. So, in that you said normally it is +62 grade.
- Amitava Mukherjee:** Yes.
- Rajesh Bhandari:** And we do get 65 grade also.
- Amitava Mukherjee:** Yes, especially from BachelI.
- Rajesh Bhandari:** Yes, and you also mentioned 64 grade and above has normally no competition.
- Amitava Mukherjee:** Yes, because most of Odisha is 62, 61, 62 most of Karnataka is 62, 63.
- Rajesh Bhandari:** No, out of 46, 47 million tonne the production what we are anticipating how much is going to be the percentage roughly of (+64%) where we will have not much of competition?
- Amitava Mukherjee:** The BachelI mines that produce the 64 grid and 11B that produces deposit five which is 65% normally, and most of the DRS come from there and 11B Kirandul, which is again a very high grade mine, these two taken together produce about 15, 16 million tonne these two mines. But, at the time of selling you see what sort of demand is there and if required we blended with a slightly lower grade to get it to 64 also, it is not that whatever we mine straight away we sell it.



Some amount of limited blending to meet our customer requirement is also done at the point of dispatch. So, it really doesn't matter how much we mine of course we mine around anything between 13 to 15 million tonnes from these deposit five and 11B which is very, very high grade mines so, the Kumar Swami and Karnataka is obviously slightly lower grade it's around 62 to 63 but most of Bailadila is very high quality.

**Rajesh Bhandari:** Okay. And our and our lumps as well as fines both are normally +62 grade only?

**Amitava Mukherjee:** Yes, we don't do below 62.

**Rajesh Bhandari:** Okay. Normally our customers are all fixed customers?

**Amitava Mukherjee:** 70% of our sales is to three big customers. So, that is JSW, ArcelorMittal and Vizag. So, 70% of our sales is there and then there is a big market in Raipur that we have that is another 10% let us say around 4 million tonne at Raipur. It depends somewhere around 3 to 4 million tonne at Raipur. And Raipur is a conglomeration of many sponge iron and DRI and all those things. So, that would be around let us Raipur and 3 main is around 70% and Raipur would be around again another 15% let us say.

**Rajesh Bhandari:** And 15% would be small ones.

**Amitava Mukherjee:** Very few.

**Rajesh Bhandari:** Sir you said direct auction when you do you will be benefited by 20%.

**Amitava Mukherjee:** Straight away.

**Rajesh Bhandari:** Yes, so how much direct auction you will be doing sir?

**Amitava Mukherjee:** 40 million tonne is there, in Karnataka our production is around 12 to 14, our ceiling is 14 we did 13 last year so this year, we'll definitely do 14, so 14 million tonne we were compulsorily doing through the Monitoring Committee. Now this entire 14 million tonne we'll be doing ourselves. So, 14 million tonne 20% last year we did 12.19%, 19 million tonne. So, this entire 14 million tonne 20% of that would be coming to our kitty which otherwise losing and that is if we talk about 14 out of 46 so that's quite about 30%.

**Rajesh Bhandari:** That's 30%, is quite a good amount.

**Amitava Mukherjee:** Yes, from 30% to 20% it's a huge amount it's a big boost for us.

**Rajesh Bhandari:** Yes, when you will do 47% mining then inventory won't increase much?

**Amitava Mukherjee:** Our inventory can't increase too much above a level because most of our mining is at hill top and dispatches are from the valley, so where we get in town via a conveyor belt so as you know



the value will always have a limited space of stocking. So, there is no way that if I wish I can stock 8 million tonne or 9 million tonne or 10 million tonne. It's not a plain land like Australia mining is. So, I have physical constraint of space. So, beyond a particular limit obviously stocking up physical good is not possible.

**Rajesh Bhandari:** Yes, because lot of people will enter market for iron ore.

**Amitava Mukherjee:** I was telling earlier how is export in market, if you see 95% of the export were around below 60% and 90% was below 58 and I said below 58 you don't have market in India. You don't have beneficiation facility. Whatever is there it's closed, my one facility is closed in Karnataka which is of pellet plant, why because I do not get the forest clearance and other clearance for sending my tailing, if you will beneficiate it then tailing will come off, there will be tailing, the more you beneficiate the more the tailings, now where do you go show your tailings so we don't get permission so my 1 million tonne beneficiation plant which is attached to the pellet plant is lying idle and that is whosoever has beneficiation plant in India would be lying idea on the same account because he can't do anything to the tailing. Except I am told for JSW at Toranagallu nobody has operational, I have been told this, but this has to be re-verified except for that I don't think anybody has operational beneficiation facilities right now. Lot of them might have installed beneficiation facilities, but operational, I have my serious doubt except JSW which does it for it's own pellet plant within the Vijaynagar this is what I've been informed.

**Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Sir, when we look at the cash flow the provision for bad and doubtful advantage stood at around 560 crore. So, this as a major component of this expected credit loss only?

**Amitava Mukherjee:** ECL and SPV, we don't sell any credit, we don't give any credit facility to any of the customers expect RINL. And with RINL also now I have entered into what is call the bill discounting system so I don't have, so this is the only provision and from next year you will possibly not see it because we had around 560 crores of expected loss and SPV for another 481 crores. So, these are the only provisions that are made, no other none was favor.

**Saket Kapoor:** So, this line item is not going to appear next year and it is a direct gain?

**Amitava Mukherjee:** Unless the government comes up with something else but as of now nothing.

**Saket Kapoor:** Because the mechanism of this monitoring committee gets dismantled by what time?

**Amitava Mukherjee:** Now the customers will directly pay to my bank account rather than paying the monitoring committee because we are ourselves holding the, the next auction would be in a couple of days only today I only have the proposal for auction by NMDC itself. So, that would be the first of the block. Let's see in a couple of days.



- Saket Kapoor:** Sir you spoke about the off take being an issue at the Bachel unit?
- Amitava Mukherjee:** Last around 8, 10 days yes because a lot of it also depends as I say in Raipur that time a lot of size door is going to Raipur and Chhattisgarh the thing is that people sometimes stop lifting in anticipation of a price fall. That can happen here, price will fall further it's like by deferring buying of shares that in a bear market okay let it fall a little more all that sort of thing. So, there was the normal uptake had actually come down in the Bailadila sector specially from the Raipur belt. So, now that the prices have corrected things will improve.
- Saket Kapoor:** Situation is still status quo as of now because the price correction has happened two, three days earlier only?
- Amitava Mukherjee:** There is some amount of movement there, yes.
- Saket Kapoor:** Okay. Sir why have the employee benefit expenses gone up sir if you could explain quarter-on-quarter and year-on-year also more than 50%?
- Amitava Mukherjee:** Yes, let me explain year-on-year, so that has gone up by around 252 crores but a major component of this is that there was a loss in the investment of PF trust that's about 110 crore, the PF trust at that point of time had invested in ILFs and Dewan Housing which were at that point of time AAA rating and Reliance Capital also there was some cumulative that and naturally the PF trust has to be reimbursed as per our trust laws. So, that cost us about 100 crores and there was this, you know that DA was frozen, and when it was unfrozen. So, that cost is around 22 crores and then there was a wage revision provision because the workmen wage revision is done every five years and now it is due. So, we have started providing for in anticipation of for that, because that was due for three months. So, the proportionate provisioning came to around 21 crores and we had deployed from special incentive, etc., when we trust the EPOC making 14 million tonne so that cost us around a couple of crores. So, these are the major heads where things where went up.
- Saket Kapoor:** How will the annual number look now going forward?
- Amitava Mukherjee:** Going forward obviously, the loss of investment appear 100 crores will not be there, the DA increase would be normal and obviously, the special incentive would not be there, but the wage revision provision of around 20 crores will be on an annualized basis be around 60, 70 crores a year.
- Saket Kapoor:** So, out of this 1300 crore annual this 1200 should be the next year number in proportionate to, if we remove the one off item?
- Amitava Mukherjee:** Yes, so if you remove the one-off item yes around 1150 to 1200 anything between that.
- Saket Kapoor:** And what is our update on the CAPEX on the projects that we have lined up for this year especially the slurry pipeline and sir you spoke about the pellet plant and we have been losing



money on a quarterly basis although the year-on-year losses have come down from 133 crore to 71 crore, but still.

**Amitava Mukherjee:** This year we made a loss of only 2 crore in pellet plant, from 71 it has come down to 2 crores.

**Saket Kapoor:** Sir but in your other, in the segment result it is reflected pellet other minerals at 71 crore only?

**Amitava Mukherjee:** It includes others also; you have Panna for 61 crores where the mine is close. We lost 61 crores and then Palwancha we lost around 23 crores, pellet plant is only 2 crores and now there was a head office of course with a profitable organization of (+39) crores, but pellet plant we made a loss of only 2 crores.

**Saket Kapoor:** Okay. Sir on the royalty part as it is now 22.5% the additional one, sir what portion.

**Amitava Mukherjee:** We paid 5084 crores on an annualized basis for the 12 months against 149 crore what we paid for the last four days of the last year.

**Moderator:** Thank you. The next question is from the line of Mohammed Farooq from Pearl Trading. Please go ahead.

**Mohammed Farooq:** I'm a minority shareholder, I'm holding shares for the past 15 months, what I think like regarding the minority shareholders, being misled for the past 15 months with the demerger postponing for the last four quarters, again second question is like what steps are taken by the management to improve the value or the PE ratio of the company, if you look to unlock the steel plant which is almost 20,000 crores and your market cap is 35,000 crores your PE is only 1.5 which is one of the lowest in the world. So, what does the management do for this, I am holding for last 15 months I'm participating in all the conference call and every time I hear the demerger is postponing by three months and three months and three months and I'm moving money can you please explain. Thank you.

**Amitava Mukherjee:** I do not agree with your thing that we have been taking you for a ride or something. I would strongly object to such insinuations being made against the management, I would strongly in the possible terms, I would tend to disagree with the insinuations that you have been making. Now coming to your question, of course, as you know that the demerger is a process and there has been no delay in compliances of the requirements so far as NMDC is concerned, be filing of the first appeal, be it taking permission of the stock exchanges. Now these organizations whether it is MCA or the stock exchanges, they have their own procedures and own timelines of working through the finally after pursuing MCA we've been able to get this date of 7th of June for this next big event in the demerger calendar. So, there is no way that there has been any delay on NMDCs part, if you believe whatever has come has been one of the fastest so far, not only in cases, but possibly the demerger process in other sectors. So, I would completely disagree with you that we have been postponing it by three months, every time our compliances have been there, but it does take regulatory and procedural approvals and these come from organizations which are not within our control and despite our sincerest and the hardest follow up this is the



best timelines I believe not only in the PSUs, I do not recollect the demerger of PSU and their timeline. But in the other private sectors also this is absolutely one of the fastest possible things. Regarding the PE ratio, this company it is right now at 3.55 and, of course, the market would take cognizance of the performance of NMDC and the expectations of NMDC, but I will not speculate on how my share prices would be doing we are, as a corporate it's a very well-run corporate and if I were individual investors, the prospects of the company as I have been explaining, both in terms of physical growth and in terms of financial growth, physical I'm saying we are going from 35 to 47 in two years, I don't think anybody else can possibly have a complaint against such a huge massive growth and so, is the financial growth has been more than extraordinary going from 15,600 to around 26,600 crore and going further with the help of ECL and others being abolished we will be able to my own expectation is that we will be able to overcome or compensate the losses that might be there on account of a certain amount of price being on the lower side as compared to the previous two years. So, all in all the prospects of NMDC is rather encouraging. Thank you.

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

**Ritesh Shah:** Sir my first question is, if you could quantify the CAPEX number for FY23 and 24 and if you could give a broad split of the CAPEX that will be sir very useful?

**Amitava Mukherjee:** CAPEX we are actually aiming around 3500 crores this year, this year we are aiming at around off with around 1500 crores will be regarding commissioning expenses of the Nagarnar Steel plant, now that the commissioning will kick in rather. So, there are milestone payments related to commissioning and price variation clauses that will also kick in simultaneously. So, that should cost us around 1500 crores, slurry pipelines should be another 850 to 900 crores anything between that because as you know the pellet plant contract of around 1000 crores has already been awarded to L&T and basic design engineering work is under progress. The pipeline laying work was about 1000 crores it was allotted about a year back and a lot of pipes, etc., has already been bought so that is in full swing and the verification of facilities they have to be tendered, but that I hope it will be done soon. So, let us see what that is another major area of expenditure would be the slurry pipeline because the works are now in execution phase. And then as you know that the third screening plant at Kirandul, which is another 3000 crore project that has also been awarded, the major contract of that is around 1400 crores that has been awarded around six months back again to L&T. So, we expect around anything between 300 to 500 crores being spent on that contract as well. So, overall, out of this 3500 crore, these three big ticket ones should cost us, we should be able to spend around 27, 2800 crores of these three big ticket investments. Apart from that we have the development for coal blocks in Rohne and Tokisud that should cost us around 200, 250 crores in terms of various approvals and land and all those cost and then we have miscellaneous expenditures the rest of it about 200, 300 crores would be on the various miscellaneous projects that we have.

**Ritesh Shah:** Sir, this was very useful, very comprehensive. Sir, my second question is, how much was the total CAPEX for the steel plant. How much of it has already been done and the balance CAPEX



how it will be funded, whether it will be a loan, NCD how should one understand that. Thank you.

**Amitava Mukherjee:** This is a cumulative expenditure till date and I'm talking about May up to May is 20,420 crores has already been spent, the estimated expenditure is around 22,000 crores. So, that's allowed 2000 crores more to go and mostly it is either commissioning related milestone payment or a little bit of price variation here and there. So, these are the two basic heads of the rest of the 2000 crores of about 1500 to 2000 crores will be spent we expect around 22,000 crores to be spent that is the revised estimate. So, that is the one, what was your second question sorry, I completely forgot.

**Ritesh Shah:** Sir, my question was the balance 2000 crore, how it will be funded?

**Amitava Mukherjee:** Yes. So, as you know that there is a credit line with State Bank of India for 4400 crore that we have actually entered of which we have drawn till date around 1144 crores So, there is more than a 3000 crores, 3400 crores which can still be drawn from that credit line. So, I don't think funding is going to be an issue at all funding, commissioning and initial running till such time it starts generating revenue, I don't think that's going to be a problem at all.

**Ritesh Shah:** Sir, this is very useful. Just last question sir, by when do we expect full commissioning of the steel plant any particular date, month that?

**Amitava Mukherjee:** What do you mean by full commissioning. You mean by rolling out of the coils or you want the blast furnace blowing?

**Ritesh Shah:** Rolling out of the coil sir.

**Amitava Mukherjee:** From the date we start, let us say, and I'm just thinking a loud now. So, coke pushing would be around two months, let us say at least and if we start that by June mid, then two months of coke pushing and then followed by about a month of the other things. So, June, July, August, that should be somewhere around August and September. Because once you, light the blast furnace and you have hot metal coming out, you need to do, you better have your FMS and the rolling there because it's a single line steel plant. I just can't do anything with the hot metal.

**Ritesh Shah:** Correct, sir. I presume the slab caster and SMS is already in place, right?

**Amitava Mukherjee:** Yes, the slab caster has been tested also, it's being regularly being tested also. Generally it's doing that and they have been up and ready and the SMS part is also, the entire people from prime metals are there so that problem had been solved long time back.

**Moderator:** Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.



**Sumangal Nevatia:** Sir couple of questions. One, you shared a lot of details on the steps for a steel plant de-merger and eventual delisting. If you have to conclude and summarize, what is the realistic timeline, is it fourth quarter of this financial year or FY24 are we looking at delisting of the plant?

**Amitava Mukherjee:** No, I don't think it will be next year. because if 7th of June is the big ticket event. That is the main event. Once we get it, and we'll be able to file it with the MCA for the orders of the government, within June itself. So, thereafter right up to the listing of NMDC Steel share should not take more than four to five months. That's our estimate that includes listing of the shaft itself. So, we have once we do this, then we go for the final hearing of the MCA and as the government will ultimately pass the order for sanctioning of the scheme. And now since because the government itself is following us very hard regarding the demerger process, and Deepum is obviously pursuing this with us very, very strongly. So, I would be very optimistic about government taking the least time to issue the orders, once the compliance boxes have been sort of checked. And this is the one major thing event is 7th of June. So. I guess then things would be expedited. So, I am hopefully after 7th of June another four to five months max.

**Sumangal Nevatia:** Okay. So, by December, you're expecting it to get listed.

**Amitava Mukherjee:** I would hope before that also. Now, it also depends on what if SEBI take some time at the final stages of the stock exchanges take some time and the final we can only follow them but they are not under our control. So, they have their own internal procedures and due diligence, all those things, but yes four to five months would be fairly comfortable.

**Sumangal Nevatia:** Understood and the steel SPV so what sort of debt will it have eventually given we have credit lines, et cetera. So, what is the?

**Amitava Mukherjee:** Two things we have done MCB of around 530 crores, and we have drawn about 144 crores so if it was to be -56:27 today it will have a liability of around 1700 crore as on date.

**Sumangal Nevatia:** Understood. Sir second question on the employee cost and the CAPEX which you shared so, employee cost what is the guidance in the coming quarters and given that there was a very sharp increase this year?

**Amitava Mukherjee:** I said that, annually about 100 crores was due to the reimbursement of the loss of PF trust. So, as I said, on the previous questions from 1000 crore is likely to go up to 1082 crores was last year, this year guidance would be around 1200 to 1250 crores max. 1200 crores let us say because some one time expenditure like the CF trust or the special agreement or those things will not be there. So, my own estimation would be anything between 1200 to 1250 let's say 1225 sort of.

**Sumangal Nevatia:** Understood, and sir lastly on the CAPEX if you add up all the heads which you shared this slurry pipeline 800 crore, pipe laying 1000 crores, Steel plant 1500, then screening plant, development of coal blocks and miscellaneous, it comes to around almost 4500 crores.





- Amitava Mukherjee:** No, don't add back these, when I'm saying 900 crores for slurry pipeline, the slurry pipeline has both the contract of the pellet plant of 1000 crores and the pipeline taken together we expect everything between 800 to 1000 crores in these two major contracts. Similarly, steel plant is at about 1500 crores and out of the 3000 crore contracts about 1400 crore contract of the third **(Inaudible) 58:14** plant, we will be spending around 400 to 500 crore. So, these three big ticket as I said is anything between 2700 to 3000 crores these big-ticket ones. The coal is around let's say 180 plus 60 around 200 to 250 crore. So, that's 3200, 3300 of the five big projects and the rest is miscellaneous.
- Sumangal Nevatia:** Okay, understood. And just one last thing sir this December the Karnataka mine is Kumara Swami is coming for renewal. So, do you foresee any sort of a disruption or a gap in production or a smooth process?
- Amitava Mukherjee:** It is in October and now that the issue has been settled regarding the renewal premium which is 22.5%. So, now that the rules of the games have been settled, I do not see much of a challenge on that. We are doing our homework and all those applications and et cetera have already been made. And things have already been pursued, I am sure that this time we do not expect disruption even for one day.
- Moderator:** Thank you. The next question is from the line of Rashi Chopra from Citigroup. Please go ahead.
- Rashi Chopra:** Sir this question on the, you've mentioned that 46, 47 million is what you're targeting in terms of volume this year. From a selling perspective, do you see that this entire volume that incremental 6, 7 million tonnes is going to get absorbed without impacting pricing?
- Amitava Mukherjee:** Yes, I don't think demand has still been an issue because as I said in the question earlier that around 70% goes to the three big ones that we have and around 10%, 15% to the Chhattisgarh plants which are basically dependent on high grid ore from us only. Considering that our grade and considering the requirement of our main customers, I don't see the challenge because as you know that most of our customers have their own expansion plans and have their own requirements, which is much in excess of what is our incremental production. So, I don't think that is something that I would be very concerned about at this stage.
- Rashi Chopra:** Okay. And on pricing, do you anticipate that this, we've already taken a correction on 600 to 750. Do you anticipate that there can be a further correction in June?
- Amitava Mukherjee:** I will not speculate on prices that would be suicidal for us but let us see how these are early days because duty imposition has only been for around seven days. So, most of it, most of the discussion in the industry and in the pink papers are more the academic and we have not seen the actual effects, the long-term effects and things, how it depends on the prices. So, give it some time and I would not speculate on how our pricing would be in the future. So, let us see the price movement of steel and other iron ore producers in the new duty regime which has been



implemented. So, keep our fingers crossed and hope that the prices would stabilize around our what we are currently right now.

**Moderator:**

Thank you. The next question is from the line of Satydeep Jain from Ambit Capital. Please go ahead.

**Satydeep Jain:**

Just a couple of questions. One on the steel plant commissioning, now we understand Mecon has been hired to hire people for running the plant, where are we in that process of the finding that team to run this plant when it comes on?

**Amitava Mukherjee:**

They have already been hired and some of them are already, some of the boots are already on ground and some very senior personnel is also now a station at Nagarnar people who have been Chairman of major steel producing company have worked with almost all the steel majors and very senior retired people who have kindly agreed to join our efforts in commissioning Mr. Singh the ex-Chairman of IRNL, I am just forgetting his name, he is also there. So, we have had some people with great experience and great standing in the steel industry who have kindly decided that they would be stationed at Nagarnar and oversee the entire process. And we are lucky to have such experienced people BN Singh sir is there already who was the ex-Chairman of IRNL and has worked almost everywhere with JSW with all the big names, he has been a very senior positions. Apart from that we are getting experience hands from all over the steel industry through Mecon and a substantial part of them, few of them have already, Shri BN Singh is also overseeing our efforts and a lot of people with adequate steel experience from various steel products have also joined in and more yet to join some of them have their notice periods to serve et cetera, et cetera. And naturally, the critical staff is already there and those people would be joining by the time we are completely in the full role of the commissioning process.

**Satydeep Jain:**

Okay, that's good. Sir second question on the pricing, maybe a follow up to Prashant question in the first question and then some of the other questions is, the objective for Coal India is to maximize the energy security, whereas the objective for NMDC is to maximize shareholder returns. Now NMDC is also the largest player in the merchant market, the pricing has an impact on the IBM prices also, can we I just want to understand any future pricing action will be driven only by market dynamics or is it just market dynamics that will determine the pricing for NMDC?

**Amitava Mukherjee:**

Market dynamics has been the only criteria that we've followed for what we call is the our pricing strategy and philosophy, there is no other consideration. We cannot have any other consideration because around 80% of our sales are to private steelmakers. So, naturally we play by the market, they play by the market. So, naturally, it's completely market dominated strategy on both the ends. So, like I would not like to speculate on what Coal India does or others do. But so far as we are concerned obviously it's purely market driven and it has to be market driven always, because if you leave out RINL which account for around 20% of our consumption, the rest of the entire consumption is by private players and we cannot have any other strategy other than those being pure driven by pure market conditions.



- Moderator:** Thank you. Next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.
- Pallav Agarwal:** Just a question on what are the closing cash and cash equivalence including some of the long term liquid investments as of 31st March?
- Amitava Mukherjee:** We had around some 7000, I'll just give you the figure just one second please. 7752 was the closing cash balance on 31st of March, of which 56, 5500 were with PSU banks, and around 2097 crores were with private banks. At that time, we had redeemed all our mutual funds for payment of taxes, et cetera, et cetera. So, around 7752 was the cash balance then, 7816 was the cash balance is right now.
- Pallav Agarwal:** And sir this is after paying dividends right?
- Amitava Mukherjee:** Yes, I am talking about 31st of March when the entire dividend was already paid, and I'm talking about 24, today is 26 and I have the cash 27, as the cash balance on 24th which was 7816 crores.
- Pallav Agarwal:** Sure, sir. Sir also just it would help in your presentation there's a slide on the basic domestic price of iron ore. So, if I look at that the Q4 average was about Rs.4440 per tonne and just when you calculate the blended realization it comes to close to 5400. So, is it the royalty thing, what else is how does this add up?
- Amitava Mukherjee:** This is basic, we do not add a royalty this is what I charge. So, you will have 15% royalty over and above this, 30% or 15% of DMF and NMET and 2% of DMF and NMET over and above that. So, but the 22.5% comes from within this price.
- Pallav Agarwal:** Okay. And sir lastly sir now once Kumar Swami also is renewed then we can assume a flat royalty rate and there will not be any discrepancy among minds and probably?
- Amitava Mukherjee:** Yes, definitely. One good thing about now that you're listening I've forgotten to just flag another benefit for NMDC from this entire self-option that the Karnataka sector and this is very, very important because that's good to add to our top line. In the Monitoring Committee setup, what was happening was that the royalty was being collected extra over and above our basic price by the Monitoring Committee, but the DMF and NMET were being paid from our pocket. So, if I collected Rs.100 then Rs.15 additional was being collected by the Monitoring Committee and out of Rs.115, Rs.15 was being paid to these Karnataka state government towards royalty and Rs.20 was being retained by them. And then the rest Rs.80 was being sent to NMDC. Out of that Rs.80 we ended up paying around Rs.5 as DMF and NMET. So, even after the taxation I was left with Rs.75, when I declared a price of about Rs.100, now this Rs.5 also like in Chhattisgarh. For us, we now declared the basic price so if I declare it at Rs.100, my collection from a customer in Karnata would be the same as collection from my customer atom, Chhattisgarh, it will be Rs.115, plus Rs.5 that's Rs.4.80 actually let's take it at Rs.5 from the customer and Rs.115, I'll give it to the state government as royalty, Rs.5 or another Rs.4.80 I will give it to the state government and the trust as DMF and NMET and I will retain Rs.100 so my retention from



Rs.75 actually goes up Rs.100. So, that's another 5% added to the bottom line. So, that's really, really big time and we expect that this to be that it accounts for third of our production almost and third of our production and sales. That's a big plus point for NMDC. Sorry, I forgot to mention this earlier.

**Pallav Agarwal:** Sure sir. Sir, just finally our tax rate, effective tax rate was little higher this quarter. So, for the full year, we'll probably be back at 25% tax rate or slightly higher than that?

**Amitava Mukherjee:** 25% plus what you call the surcharge and some amount of dis-allowances are there because if you see you're the Monitoring Committee expenses are disallowed, the mine closure obligations is disallowed. So, all these you want to add back, CSR is disallowed by the tax authorities, what you have add back these, then the taxes would fall in the correct bracket. And as I said, as and when we realize the 2848 crores from the Supreme Court order, it will straight away add to our PAT because we have already paid tax on that expenses. So, we cannot be taxed twice over. So, naturally that will add up straight to our PAT. Hopefully, we'll try our best to go, we have not recorded for the last four, five years despite our efforts. I hope that with the Monitoring Committee auction not been through monitoring committee, I would rather hope and expect that we will be able to realize this 2848 crore, the Supreme Court would be kind enough to give some time and issue a judgment on this.

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

**Kirtan Mehta:** In terms of the steel plant, you're given a very detail about the commissioning timeline and first coil production you expect in sort of July, August.

**Amitava Mukherjee:** August would be more realistic, July because two months would it take to build a coke sock. And once we light the blast furnace then it is the expressway. So, before the lighting of the blast furnace, it is more of a sort of a passenger train because you need some time to stop and build up the coke stock and all those things. But once you light up the blast furnace then you have hit the expressway at full speed there's no way because you can't do anything with the hot metal that comes out unless you have the SMS and the rolling mills.

**Kirtan Mehta:** I understood that, but I had a follow up question on that in terms of how do we think about sort of reaching to a full capacity of 3 million tonne, what are the things that would be required from startup to reaching the capacity of 3 million tonne and which are the units which will help to reach?

**Amitava Mukherjee:** I am coming to that. I have been told by Danieli and other things when I have been interacted with them. And I'm not a technical person but I'm actually this is what my information is when I talk to the Danieli people who have given the blast furnace or Danieli who is making the slab crafter or type metals who's making the SMS and all those things. They say because these are very state of the art installations be it 4800 MQ blast furnace and the state-of-the-art mills and



SMS. They say that ramping up these are not really a big-time job they are easy to ramp up and once you have the raw materials. Once you have the stability of operations and you've tested that commissioning that and got your PE so ramping up is not supposed to be a challenge as it used to be in the older type blast furnaces and all those mills. This is what I've been told that ramping up is not really a major challenge in such state-of-the-art technology items.

**Kirtan Mehta:** Right sir, that's very useful just are there any further downstream units, which would also have to be commissioned after this?

**Amitava Mukherjee:** No blast furnace, SMS or the BOF whatever it is and then we can slap crafter, the first if of course the coke oven and that we have already heated, I said the coke has already arrived but for the nitrogen plant we would have started pushing coke sometime back itself.

**Kirtan Mehta:** Understood sir. Second question was about the iron ore industry in India in terms of you have highlighted that you would be raising capacity to 46, 47 million tonne that is 6, 7 million tonne additions. Is an Indian industry, which are the iron ore capacity those are due for ramp up this year, and how much capacity addition we can expect this year?

**Amitava Mukherjee:** We did as a country with did 250 million tonne or 251 million tonne last FY. So, what is to be added is the OMC the new leases that OMC has got but most of the leases that they have got is essentially running mines, which were auctioned, then surrendered and then allotted to OMC. So, I really do not have the readymade figures how much that is going to add, because those were, some of them were inoperative for one or two years. Some of them were operating a little below capacity for couple of years and some of them were operating. So, from 250 million tonne not much incremental capacity apart from NMDC and OMC is going to come. Now let's see how OMC does because our plans are going from the 742 to 47 hopefully, and as I said 3 million tonne from Bachel straight away to 45 to three, another two at least from Kumar Swami apart from the organic growth.

**Moderator:** Thank you. Next question is from the line of Vikas Singh from PhillipCapital. Please go ahead.

**Vikas Singh:** Just one small clarification likely you said that with direct auction we would not have to forego that 20% of.

**Amitava Mukherjee:** 20% and this 5% of the DMF NMET as well.

**Vikas Singh:** But at the same time, we are just considering 10% in ECB we are just considering 10% of the amount which would come back that to 848 crore?

**Amitava Mukherjee:** Yes, our contribution to SPV is non-reversible, because that is one fund that has been created for mitigating the environmental damages that were there in those three districts. So, that would never ever come back to us because that is going for that special purpose vehicle which has been specially made for with a very specific purpose. What is going to come back is the 10% that was retained on account of NMDC doing its own due diligence which we have done, and which we



have showed that we have done and now it's only and what is awaiting is the date from the Supreme Court and a couple of one, maximum one or maximum two hearing to get this.

**Vikas Singh:**

So, sir regarding the same. So, are we saying that this going forward if we are doing direct sale so that 10% contribution which any which way was going to and not recoverable. We don't have to pay going forward that?

**Amitava Mukherjee:**

As of now, we do not have any order saying that you must pay 10, we are presuming that since the entire Rs.100 that we said is going to come into our bank and in the absence of any specific direction that okay out of the Rs.100 you must deposit Rs.10 with so and so and so for such and such purpose. I do not think that 10% needs to be contributed as the instruction stand as of now, because they itself what I was reading, itself that the corpus of that 10% of earlier retention of the last 10 years is so huge that spending that itself is a fairly humongous and challenging task.

**Vikas Singh:**

Understood, so this is not statutory obligation so we don't have to spend?

**Amitava Mukherjee:**

As of now there are no instruction so, I have not been there is no instructions saying that since you are collecting that Rs.100 right now directly from your customers that you need to deposit Rs.10, Rs.5 or Rs.7 with such and such authorities there are none. And since there are none, we have not, we are presuming that no further contribution is required. And also we have heard, as I said that a lot of significant amounts of corpus has already been created through this 10% over the last 10 years. So, I really don't know whether further such contributions will be required or not. As per our assessment it would not be required as of now as things stand.

**Moderator:**

Thank you.

**Amitava Mukherjee:**

Vishal, it's 1 hour 20 minutes.

**Vishal Chandak:**

Yes, so we can close now here sir.

**Moderator:**

Thank you. Sir any closing comments?

**Amitava Mukherjee:**

Yes. Our coming financial year would be at least as good as the current one, if not better, certain headwinds in terms of lower prices, et cetera. I expect to be compensated or sometimes even more than well compensated by certain other developments like taking off the Monitoring Committee, 20% and 5%, 25% additional realization there. So, overall, when because again as I said even in the macro basis, 58% does not really compete in the direct terms with our 63 to 64% FE. So, on an overall basis, that our performance physically will definitely be better than as compared to the last financial year and even financial we'll be able to at least hold if not better our performance as last year, given the overall compensating nature of the benefits that are there as compared to the headwinds. So, we had a great exciting year, behind us last year and we expect to have a great and exciting year in front of us where the demerger is due, and all those value releases will be there. So, it will be a overall a better and a healthy balance sheet in this current financial year. So, thank you so much to Vishal and your team and anything else Vishal.



**Vishal Chandak:** Thank you very much for this elaborate call sir, a lot of investors queries has been resolved and addressed. So, hope we'll have another fantastic year next year again. Thank you very much.

**Amitava Mukherjee:** Thank you Vishal, I'll log off right?

**Vishal Chandak:** Yes.

**Amitava Mukherjee:** Thank you.

**Moderator:** Thank you very much. On behalf of Motilal Oswal Financial Services Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines. Thank you.