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NMDC

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(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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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
Calcutta Stock Exchange Limited 7, Lyons Range, Murgighata, Dalhousie, Kolkata, West Bengal 700001	

Dear Sir / Madam,

Sub: Transcript of NMDC Limited post Q4 FY23 – Analyst / Investors Conference Call held on 24th May 2023 at 1200 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 FY23 Analyst / Investors Conference Call held on 24th May 2023 at 1200 hrs. 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

**“NMDC Limited Q4 FY2023
Conference Call”**

May 24, 2023



एनएमडीसी लिमिटेड
NMDC Limited

 **ICICI Securities**



ANALYST: MR. AMIT DIXIT – ICICI SECURITIES LIMITED

**MANAGEMENT: MR. AMITAVA MUKHERJEE – CHAIRMAN & MANAGING
DIRECTOR – ADDITIONAL CHARGE & DIRECTOR
FINANCE – NMDC LIMITED**



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

Moderator: Ladies and gentlemen, good day and welcome to the NMDC Limited Conference Call hosted by ICICI Securities. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and "0" on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Dixit. Thank you and to you Sir!

Amit Dixit: Thanks Seema. Good afternoon everyone. At the outset, I would like to thank the management of NMDC for giving us an opportunity to host this call. From the management side, we have Mr. Amitava Mukherjee – Chairman and Managing Director (Additional Charge) & Director Finance. We are going to start the call with the opening remarks from Mr. Mukherjee on the performance of the company and the outlook post which we will open the forum for Q&A. Without much ado, I would hand over the call to Mr. Mukherjee. Over to you Sir.

Amitava Mukherjee: Thank you very much and my apologies for being delayed by a couple of minutes by some time. Q4 has been as you know you have seen the numbers have been extraordinary for us. It is almost the best Q4 ever both in terms of production and in terms of sales. The margins we could hold the prices in Q4 despite a lot of headwinds in pricing. Naturally because of the Q4 performance our overall performance for the financial year has also improved and with a net profit of Rs.550 Crores I think that is reasonably satisfactory. Of course we have been helped by two extraordinary items. One was the sale of NINL where we made around Rs.280 Crores and the interim relief given by the Supreme Court for around Rs.950 Crores so these two did help but going forward we look to better these figures both in terms of production. We see FY2024 to be anywhere between 46 to 49, 50 million tonnes of production and sales and net profit of more than Rs.5500 Crores that we did this year. Of course we will not touch the FY2022 figures. That was all-time high but given the volume guidance that we have taken for the current fiscal and the pricing outlook which might be a little challenge in the first two quarters but going forward in the Q3 and Q4 let us see how it pans out but the increased volume would actually sustain us through a greater bottom line than it was done this year. So we can now take the questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We will take our first question from the line of Ashish Kejriwal from Nuvama Institutional Equities. Please go-ahead Sir.

Ashish Kejriwal: Good morning and thanks for taking my question. Sir three questions from my side, one is on steel plant? We have spent around Rs.2500 Crores and we have shown this as a non-



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

current assets in steel plant so first question is why we have not given it to while at the time of the demerger not to steel plant and if it is not happening then when the plant gets sold will we get back it that time only or will it linger longer and associated with that when we are expecting this plant to be commissioned?

Amitava Mukherjee: So this plant will be commissioned in June end that is for sure because all the ancillary plants now have been commissioned both the coke oven batteries, the central plant, the power blowing station, and the oxygen plant all of them have been commissioned and are already producing. We are already producing and selling coke and blast furnace refurbishment is on. I think that we should be able to blow in around June 15, 2023, and we should be able to get process the hot metal into steel in the SMS and then roll it to get the hot roll coils by end of June so we have a clear visibility now and we are confident that by end of June we will be able to roll out the coils. So far as the capex is concerned, yes as you know that since the plant has not been commissioned even all the opex is being right now booked into the capital work in progress and whatever coal we are buying of course is to run the coke oven plant is also being booked into capital work in progress as the sale of coal is being credited to the capital work in progress. It is reducing the work in progress. It will get commissioned within the next one month and the capex till date I think is around Rs.22,935 Crores so approximately Rs.23,000 Crores as of date which includes the amount of coal that we have bought and less the amount of coke that we have sold.

Ashish Kejriwal: Sir my first question was that now when NMDC spent Rs.25000 Crores on NMDC steel plant and still it is showing under our books as non-current assets so why we have not...

Amitava Mukherjee: It is showing as Rs.2500 Crores.

Ashish Kejriwal: Rs.25000 Crores?

Amitava Mukherjee: That is inter corporate outstanding. That is inter corporate outstanding why because you see from the appointed date is January 1, 2021, and the actual demerger took place on October 13, 2022, so in this intervening period whatever I have spent for the steel plant we are supposed to get back. That is why it is being shown. This is not a loan. This is an inter corporate outstanding. It is obviously a noninterest bearing. Had it been a loan of course inter corporate loan is now guided by section 196 that is a different ball game altogether but this represents all the amount that is due for the expenditure that we made in the intervening period of January 4, 2021, to October 13, 2022.

Ashish Kejriwal: Okay so Sir are we still spending on this and once the plant gets sold will we get back at the same time or?



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

Amitava Mukherjee: Yes even if the plant does not get sold once it starts commissioning and once it gets commissioned and starts earning this will be paid back to us, even if it is not sold and even if it is sold later. Of course if it is sold then I will be accredited. I will sit on the creditor in their books and even if it is not sold and once the revenue starts coming in, we are a creditor in their books and naturally all this money will come back to us.

Ashish Kejriwal: Sure that is clear Sir and Sir second question is on the capex? Now we are in the middle of doing some study pipeline and other production enhancing projects so is it possible to update what could be the probable capex in FY2024 and FY2025 and what are on those?

Amitava Mukherjee: FY2024 we should be doing around Rs.2000 Crores at least on the ongoing projects if not more and we are in the process of getting a lot of capacity enhancement work sanctioned. Most of them are on drawing board now but all these sanctions we plan to complete in the next six to nine months so once those sanctions are there so in a FY2025 there will be the tendering and going forward I think we will utilize most of our cash balances for projects that we have and we intend to spend in the journey to about 100 million tonne capacity of both production and dispatch at least Rs.3000 Crores a year going forward in the next few years.

Ashish Kejriwal: Rs.3000 Crores per year?

Amitava Mukherjee: Yes because we already have some of the major projects are going on. The pellet plant is around Rs.1200 Crores the slurry pipeline laying itself is around Rs.1100 Crores. The initial plant is around Rs.900 Crores. The SP3 or the screening plant three in Kirandul is around Rs.3000 Crores. The recently sanctioned work for increasing capacity of deposit 14 and deposit 11C in Kirandul is around Rs.1100 Crores. The SP2 which is already sanctioned and most of the clearance has been received. Now it is at the tendering stage at SP2 at Karnataka. It is around Rs.1000 Crores so we have a major project has have already been sanctioned. Some of them are in execution. Some of them are in tendering stage and some of them are at the approval stage.

Ashish Kejriwal: Sure thank you and all the best Sir. I will come back in the queue.

Moderator: Thank you Sir. We take the next question from the line of Mohammed Farooq from Pearl Capital. Please go ahead.

Mohammed Farooq: Good afternoon. Thank you for the opportunity. I have been following up on the monthly production figures of NMDC for the past 26 months so I noticed that your production is directly related to your monthly sales and 80% or more of your sales come from four clients



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

RINL, JSW has more than 50% share and you mentioned in the last meeting that you are interested in export opportunities also but your exports are zero? Even last year when the iron ore price were above \$180 for more than three months you did not export so can you please let us know if NMDC is really interested in exports or what if one of your major clients for whatsoever reason reduce buying from NMDC what is your plan B one is about exports?

Amitava Mukherjee: Yes exports it depends whether it makes an economic case or not. As of now even at \$180 it did not make an economic case because our domestic realization would have been more than the net export realization because you must realize that at around the export duty on iron ore is 30% percent so if you work back and see at the ultimate after accounting for the logistic cost, the export duties and other things if it is more profitable for us to export then we do export it but the current prices and even at 180 when the prices were 180 of course our domestic prices were also higher so we always keep a tab whether it is more profitable for us to export the on the net realization basis or it is more profitable for us to sell at the domestic market so as of now the math's always works out in favor of the domestic market because our net sales realization in the domestic market appear to be higher when we compare it so that is why unless there is a severe downturn of demand and we are compelled to export which is a less profitable option for us we would not export but yes as you said the export is always the plan B because if some of our major customers for some reason their off take is severely curtailed then of course just to maintain the volumes we will have to export even at a relative disadvantage of it but we do not see that happening in the near future. Most of our major customers have major, major expansion plans and if you see the off take of major plants like JSW or AMNX that that has increased in the last financial year as compared to the year prior to that.

Mohammed Farooq: Okay Sir one more thing Sir. Last year May not that good because of the export ban and also weather conditions so what about this year? Do you really see a good improvement over last year in the month of May?

Amitava Mukherjee: In the month of May.

Mohammed Farooq: Yes for the current month production and sales?

Amitava Mukherjee: For the current month yes. March we did a historic figure of 5.5 million in one month which has never happened in NMDC. April we have continued the momentum. Our April was the biggest April ever and May also our numbers have of course I cannot give you the number because that has not been declared in the stock exchange but as of now our progress in May



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

has been much more satisfactory as compared to any of the previous May so Q1 also we expect that we would end up as one of the highest Q1 in the history of NMDC.

Mohammed Farooq: Current Q1 will be the best one Sir that is what you are expecting?

Amitava Mukherjee: It looks as if the current April was definitely better. The momentum is continuing in May as well and naturally we are very optimistic about the Q1 scenario in terms of volume not in terms of prices.

Mohammed Farooq: Sir one last question Sir what about any new clients that you are adding? We see only JSW, RINL and ArcelorMittal and one more, these four clients 90% if we take? Any major client that you are going to add in the current year or next year?

Amitava Mukherjee: You see because of logistics in India you must understand that the iron ore market is geographically segregated so but where our mines are so Odisha obviously will cater to the plants that are easier and cheaper to transport from there and naturally our clientele in terms of geographical base has been more or less stable because that is how the markets within the country is also geographically segregated so unless these new plants come in the geographical areas that we serve which is the east coast and the Karnataka sector and the West Coast also where we serve unless capacity expansions come in there so naturally thankfully most of our main clients have major capacity expansion plans and some of them have already executed a major part of their expansion plans so accordingly we are very optimistic about the off take from our existing clients. Chhattisgarh is again another place where we have a very deep interest in but the real game changer would be when we get the slurry pipeline to Vizag and we are planning at least at the drawing board level we are planning to take the slurry pipeline another branch of it towards Raipur also. These two would be a major game changer.

Mohammed Farooq: When will that happen Sir?

Amitava Mukherjee: It will take another three to four years.

Mohammed Farooq: Sir last when is new chairman taking over Sir?

Amitava Mukherjee: I have no idea. It is way beyond me.

Mohammed Farooq: Thank you Sir. All the best.

Amitava Mukherjee: The chairman is appointed by the ACC so I have no idea of that.



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

- Mohammed Farooq:** Thank you Sir.
- Moderator:** Thank you Sir. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go-ahead Sir.
- Satyadeep Jain:** Sir thank you. A couple of questions one on the all the expansion plans obviously in Kirandul and generally in Chhattisgarh when we look at all these expansion plans just want to get an update on the evacuation also where are we on the completion of KK9? Are there certain patches which are still pending and if there is any patch that is still pending what is causing that delay and when do you expect the entire KK9 to be completed?
- Amitava Mukherjee:** The KK9 line is 131-kilometer line and that has been doubled up to Nagarnar. A major part of it out about 150 kilometers about more than about 110 has already been done and the rest are in progress and the capacity of that line is supposed to increase from 28 million tonne to around 40 million tonne and railways has also undertaken a lot of doubling themselves beyond Nagarnar up to Vizag they are doing it in patches, but you must realize that in railways obviously whatever is done and is commissioned doubling the benefits of that keep on coming so it is it is not like a steel plant where the last mile has to be completed for getting the benefit of the entire project. We are already reaping the benefits of the patch about 110 kilometers that has been done. The rest of the 20 kilometers to 50 kilometers that is left over is basically left over in the last phase that is between as that is near our mine head. Hopefully, what our interaction with railways is that by the end of 2024 the entire stretch would be completed and the capacity of the line would be a substantially increased but the issue is not a line capacity. That has never been constraint. The issue is rake availability so last quarter and especially in March the railways were able to provide us with adequate number of rakes and as a result the dispatches and consequently the production could be maintained so if the railways are able to provide us with adequate amount of rakes the dispatches and production can be enhanced substantially. We have very limited capacity of storage because the mine at the hilltop and we store at the valley and there is always a very limited capacity of storage so naturally unless we are able to dispatch it affects our production also and that majorly is affected by the rake availability and once the slurry pipeline comes in then that would be a greater game changer.
- Satyadeep Jain:** The slurry pipeline would connect to the steel plant also, when would that be completed?
- Amitava Mukherjee:** Yes as of now the work is in progress by I think 2025 end we should be able to commission the verification plant which is at the head end. The slurry pipeline progress is already out of 131 kilometers I think pipeline for 24 kilometers have already been laid. Another 24



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

kilometers they have been aligned for laying. Another 24 kilometers of pipes have already arrived which has not been aligned and only 24 kilometers of pipes are due to arrive so work is progressing and there are certain challenges sometimes. There are always site challenges and progress of work. The private plant is also being made so I think the entire system will be ready for use by FY2025.

Satyadeep Jain: Okay the second question on the off take by different consumers in different states? We are seeing a lot of I do not know auctions in Gadchiroli in Maharashtra? There is a lot of interest there? Obviously JSW has also won some mine there? Do you see some risk especially if you look at Western regions the off take from some of these Western players particularly gets limited and you have to find the other alternative buyers there?

Amitava Mukherjee: We are very keenly watching all our main customers. We always interact with them almost on a very, very regular basis and on a daily and weekly basis. We are aware of their expansion plans. We are aware how their expansion project is going and we are very hopeful that the approach that they are having towards their capacity expansion that our relationship with our main customers would always be dependent and obviously we expect that it is more of a symbiotic relationship that we would be able to service our major clients even more because we are also in the process of capacity substantially so I think that would be a win, win situation for both our customers and us.

Satyadeep Jain: Thank you so just please one quick question on the Rs.2500 Crores that is outstanding just a follow-up to Ashish question just want to clarify that amount will come back to NMDC within FY2024?

Amitava Mukherjee: It should of course. It should depending on how the plant is performing so that is something that would be coming back not in one shot, but on a regular basis that will come back to us.

Satyadeep Jain: Thank you so much.

Moderator: Thank you Sir. We take the next question from the line of Sumangal Nevatia from Kotak Securities. Please go-ahead Sir.

Sumangal Nevatia: Good afternoon and thank you for this opportunity. I joined the call late so please excuse if this is already discussed. First is that I wanted to know Sir what is a capex guidance this year it has been somewhere around Rs.1400 odd Crores so 2024 and 2025 annually how much are we looking to spend?



Amitava Mukherjee: For 2024 I think we should be able to do at least Rs.2000 Crores. 2025 onwards with the additional sanction of work because we are now once the steel plant is commissioned our total focus will be towards capacity expansion programs be it for our capacity enhancement of the production side or the dispatch side the dispatch infrastructure so going forward unless we do Rs.3000 Crores it will be difficult for us to reach the 100 million tonne and we are committed to the 100 million tonne target and accordingly we are focusing on getting these projects that are being executed to be completed and the projects that are already sanctioned to be tendered out and executed and sanction of a lot of new projects towards the 100 million tonne goal.

Sumangal Nevatia: Got that. Sir this quarter we started recovering the receivable from monitoring committee so if you could just highlight what is the outstanding receivable as on date and what is the timeline we are expecting the future recovery?

Amitava Mukherjee: We have been petitioning the Supreme Court for the last quite a few years last six to seven years that 10% that the monetary committee had earlier retained it will be refunded to us and the Supreme Court has been kind enough to grant us an interim relief that whatever 10% was recovered between January 2019 and March 31, 2022, to be refunded to us. Accordingly we got about Rs.950 Crores. We are also approaching the Supreme Court to refund the entire amount from I think 2012 onwards to 2019 and that outstanding as of date is around Rs.1900 Crores after realization of this Rs.950 Crores interim relief that we have got from the Supreme Court. Thereafter we have around Rs.1900 Crores of outstanding to be recovered on the same account and we hope that the Supreme Court would be kind enough to sort of entertain our petition which has been there for long.

Sumangal Nevatia: Okay so Rs.1900 Crores which is outstanding which is before?

Amitava Mukherjee: January 1, 2019.

Sumangal Nevatia: Have we accrued anything after that I mean say in FY2023?

Amitava Mukherjee: There was some because of mid 2022 with last year what happened was that we have been since the monetary committee was disbanded so thereafter we are into direct sales and of course we are depositing 20% or 10% was earlier and 10% under protest but now that deposit has also been stopped. We did it for a couple of months but now that Supreme Court has given us the order that instead of 20% only 10% is to be recovered from NMDC as is being done for the other miners in Karnataka as well so naturally there is no current accrual to the old outstanding.



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

- Sumangal Nevatia:** Okay and Sir this is the net amount?
- Amitava Mukherjee:** Net amount yes. It is a net amount in the sense.
- Sumangal Nevatia:** We have written off something right?
- Amitava Mukherjee:** We used to write off this entire 20% as per Ind-As in our books as expected credit loss and SPV charges right. Now obviously that is why when we get back this Rs.950 Crores, it was not taxed. It is not a taxable income because the entire previous years we have already recognized this as an expenditure and accordingly the accounts are made of course when the tax are made these expenditures were disallowed and that should be added back while assessing the tax liability and accordingly now that we are getting the refund this is completely without any taxes.
- Sumangal Nevatia:** Got it alright Sir. Thank you and all the best.
- Moderator:** Thank you. We take the next question from the line of Kunal Kothari from Centrum Broking. Please go-ahead Sir.
- Kunal Kothari:** Thank you for the opportunity. Sir similar question on the monitoring committee expense so as you mentioned that from May 2022 it has been dissolved and from now on there will be no cost that we will be booking in our accounting statements so if I believe the yearly cost that we used to book is around Rs.500 Crores to Rs.600 Crores so from next year onwards like FY2024 this cost will not be incurred is my reading right?
- Amitava Mukherjee:** It will be incurred half because you see 20% was being recovered by the monetary committee, 10% on account of SPV and 10% on account of R&R. Of this 10% has been directed by the court that you should not recover and whatever you have required from January 1, 2019, should be refunded back to NMDC which has now already been done right. What we are fighting is the case of this day extra 10% between the inception that was around 2013 to now to 2019. In Karnataka all the other mines were only 10% was being deposited by them and NMDC was doing 20% so 10% will still continue to be paid to the state government towards the R&R charges towards SPV charges so I had earlier booked around Rs.500 Crores now it will be Rs.250 Crores but that will be partially offset by the additional 22.5% that we have to now pay Kumaraswamy because Kumaraswamy if you remember was recently renewed in October 2022 so from October 2022 there is an additional 22% on sales from Kumaraswamy so to that extent yes there are different items but if you see the overall impact you can check that 10% of sales and this is 5% of sales on



50% of the production. It is a math that should be done overall but these are unrelated items I must say.

Kunal Kothari: Okay got it. Sir apart from the guidance you provided in FY2024 volume guidance what volume guidance that we can see in FY2025 as well?

Amitava Mukherjee: We have broken the 40 million tonne barrier last year. We did more than 40 million tonne this year. Going forward in FY2024, we expect to do anything between 46 million to 50 million tonnes depending on two or three things. One is of course the enhanced efficiency that we have in all the projects now that will account for some. You have seen March; you have seen April and we are into a major efficiency upgrade. The second is of course Chhattisgarh monsoons. If it behaves normally then of course we get a greater time for mining and it really helps us. If the monsoons are affected then the production to the extent of almost around 1.5 to 2 million tonnes is affected but if the monsoons are normal so that we can do and the third thing we are depending very strongly on is the upgradation of the Kumaraswamy mine from 7 million tonnes to 10 million tonnes so for that the requisite regulatory authorities are being followed up and we have done a lot of formalities in this regard and hopefully somewhere around mid of this financial year we should be able to get that enhanced capacity put to use so considering all these three factors, I think anything between 46 to 50 would be imminently doable.

Kunal Kothari: Okay Sir. Thank you so much.

Moderator: Thank you Sir. We take the next question from the line of Kirtan Mehta from Bob Capital Markets. Please go-ahead Sir.

Kirtan Mehta: Thank you Sir for giving this opportunity. Just to sort of understand we are targeting 6 million tonne to 10 million tonne in?

Amitava Mukherjee: You are targeting.

Kirtan Mehta: 6 million tonne to 10 million tonne increase into the production next year and you just mentioned that 1.5 million tonne assuming the half year operation for the Kumaraswamy can add which are the other mines where this additional production would come through?

Amitava Mukherjee: The journey from current 40 to 67 or 70 up to 100 is basically divided into two parts. One is of course the generic increase on our existing mines the capacity for which a few mines like deposit 40 and deposit 11 C the projects have already been sanctioned for the others the projects are being sanctioned but apart from that we will need the operationalize of deposit



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

4 that is NMDC, CMDC, deposit 13 which is also under NMDC, CDMC and we have to source something from Orissa if possible. We are looking at various possibilities and some of it will have to come from overseas also because we have subsidiary company in Australia and that some amount would be offshore also so overall I think it is possible to reach a figure of 100 million tonnes in let us say six to seven years' time that certainly is a doable thing. In the immediate turn of course we are looking at 46 to 50 and is whatever call that is required whether we should work 24/7, 365 and increasing the production capacity of our existing plant for example the Bachel plant we are screening plant where we are increasing our existing capacity by around 2.5 million ton so all these I think will account for whatever we are aspiring for.

Kirtan Mehta: Right Sir and corresponding to this production guidance of 46 to 50 million tons what would be the sale guidance also we have seen sort of the inventory built up of around 2.8 million ton in the second half of the last financial year would that be sort of also considered sort of getting released during FY2024.

Amitava Mukherjee: Going forward FY2024 I think we should be doing 46 as I said.

Kirtan Mehta: What you are saying is production guidance is between 46 to 50 million tons. I was asking what was the corresponding sales guidance.

Amitava Mukherjee: That has to be in tandem with the production because as you know that we produce in the hills and we have very limited stocking capacity and which is almost now full so unless we sell we are not able to produce so as I said earlier in the question that in March we could do 5.5 million tonnes simply because our dispatches are very well supported by the railways so unless we dispatch so naturally availability of rigs which is a challenge we are working closely with the railways. We are building the slurry pipelines so the dispatches capacity has to be created in tandem and we have already created a storage yard at Kumaramaranga which is near Jabalpur which is about 100 kilometers from our mines so we are looking at all options so that dispatch does not become a constraint towards our production because as of now unless we are able to dispatch we are not able to produce

Moderator: Thank you. The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: Good afternoon Sir so I had a question on the coal blocks Tokisud and Rohne coal blocks so any status update on that Sir.



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

- Amitava Mukherjee:** Tokisud in fact we have a meeting with the coal secretary tomorrow and day after. We are pursuing the case. There are issues regarding land acquisition there and that now we have decided to go through the coal bearing act of land acquisition but since as you know these are not virgin blocks these were deallocated and then reallocated with us so there are some complications regarding land acquisition. Once that is solved we should be able to do mining in a quick time frame. Of course Rohne is little later we should be able to start mining around 2025 because the approvals are under process. There also some land acquisition issues are there but those are being solved and most of it is forest land so we have to do some compensatory forestation so lot of activities are being simultaneously pursued in Rohne also but Rohne is a little later. It should come around 2025 and Tokisud if we are able to get the necessary approvals in terms of EC and other things and the land acquisition we should be good to go around next financial year or it will be at the later part of this financial year.
- Pallav Agarwal:** Sure Sir, so the exceptional income that we booked for this quarter so this money has actually already been received so it is reflecting in cash balance.
- Amitava Mukherjee:** It has been received in April. It was received long time back and the monitoring committee money has been received in the month of April. It was not received in March. I think the orders came in March. It came on February 22nd or 23rd of February something like that and the cash was received in the month of April. It is all realized.
- Pallav Agarwal:** Right so because now we have almost close to 7000 Crores cash and large buy back was something back is there any plan for probably buy back at some stage.
- Amitava Mukherjee:** Personally, I would like to invest all of this into capex because if we are going towards that 100 million target that we have we need some massive capex to be done because without that capex it is not going to come, so capex is right now our first priority for the enhancement.
- Pallav Agarwal:** Okay Sir thank you.
- Moderator:** Thank you. We take the next question from the line of Chirag Singhal from First Water Capital. Please go-ahead Sir.
- Chirag Singhal:** Thanks for the opportunity. Sir my first question was on the exports so the current international prices are around \$103 I wanted to know at what price it becomes viable for us to export.



Amitava Mukherjee: There is no particular number to that. It also depends at that point of time what is the domestic prices, you see how the economy case is made up. We take the international prices then from that there is a 30% export duty and then from that there is a logistic cost from here to the port which is around \$20 to Vizag, the port handling charges and other things itself become \$4 to \$5 so we account for all of these and the royalty, you account and then see what is your net export realization if you are making an export and generally the trend is that you see that the net realization from domestic sales actually become higher than the net realization from the export so as an economic case it is difficult, even we have seen at \$200 our prices we around 6000 then so naturally an economic case was not made out. The second case is whether you have a problem regarding your dispatches, so if some of your bigger clients there is an uptick issue then that has to act as sort of plan B that you do it to maintain volumes even if the relative realization in export is a little lower than the domestic one so we have not come to that stage as yet but yes you cannot rule out export you will have to create the infrastructure and keep the export potential ready because as somebody pointed out and very correctly that more than 70-80% of our sales to our few select customers and if something were to sort of be affected in one of the major customers then of course just to maintain the volume you will have to export even if at relatively slightly lower margin than the domestic, but as of now the domestic demand is adequate for us to dispatch whatever we are able to produce.

Chirag Singhal: So if I look at the current domestic price so our price that we have declared is close to Rs.4000 would it be the right understanding that at the current domestic price if the international prices are let us say around \$120 it becomes viable for us to export at the current domestic prices.

Amitava Mukherjee: At the current domestic prices I think it will be more than \$130 would become viable, 30% is export duty, \$20 is the logistic cost, port cost and then there is around 19.8% on royalty and other thing that also goes from our pocket in case of exports because that is all inclusive money I get so when you work back it does not make an economic case for itself. At current I think it could be even more than \$130 at the current level of price. I have not done the math's but it can be done easily.

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

Rahul Jain: Thanks for taking my question. Firstly on pricing we have seen a good deceleration in Chinese price but we have not really had any meaningful cut so are we seeing a situation that demand supply dynamics in India have turned quite favorable for the miners hence the



price correlation may not really hold like it as held in the past. In the sense we have seen a good price cut in China most likely a \$30 cut whereas we have seen Rs.100 per ton in mines that we have done so over the last three to four years.

Amitava Mukherjee: I have been saying that we are facing headwinds in terms of pricing. Obviously, we have been able to hold on as of now but there are several pricing pressure and several headwinds there is no doubt about that but even at \$100 and at the current prices we are at around at least 30% discount in the east coast. Of course at the west coast the spread between domestic prices and the international prices at landed cost basis would be much lower. It should be around at the current prices around 10% only, but in the east coast I think it is hovering in the range of 25 to 30%. Import duty is only 2.5%.

Rahul Jain: Right. Sir on NMDC steel so where is the dual process and also whenever the deal concludes you will have to purchase 10% will be at the price at which the purchase is done or at any different price how will that work out.

Amitava Mukherjee: I do not understand about the due diligence process because we are not driving the process. The investment is being driven by the government of India by the Ministry of Finance so we do not have exact visibility about the stage it has so we are not in a position to either confirm or deny or enlighten you with the details of the process or the stage of the process. Now regarding the 10% of course the government holds around 60 point some percent of the holding and it has decided to sell around 50% to its strategic partner now the rest of the percent whether it continues to hold in its own name or whether it transfers it to NMDC we do not have a visibility on that because no formal decision has been communicated to us and if the decision is taken though government of India share that to be transferred to NMDC at what prices can only be speculative because we have absolutely no visibility on either things as of now.

Rahul Jain: Okay Sir. Thank you.

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

Saket Kapoor: Thank you for the opportunity. I put forward my questions firstly for the slurry pipeline Sir what is the total capex that is being envisaged. How much have we spent in the current capital work in progress Sir an amount of Rs.1991 is being reflected as on 31st March 2023 so how much is on account of coal that lies because of the NMDC steel part and thirdly about the three factors which you mentioned for our production rising from 40 to 49 million. I find that the two factors are not controllable by us so how confident are you about



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

first say about this monsoon part standing our way when you have given this guidance from 46 to 40 we must have the control over the factors. These were my question.

Amitava Mukherjee: So I will take the three questions separately. First is your question about slurry pipeline. The sanction cost of the slurry pipeline is around 2900 Crores. It is going to go up to 3500 Crores. We have spent till date 1240 Crores till date right and three majors works are progressing and progressing reasonably well, one is pellet plant it is being done by L&T that is around 1200 Crores, the other is the laying of the slurry pipeline which is again being done by L&T it is around 1200 Crores and the third is we have beneficiation plant of around 900 Crores so that is being done by KPTL so all these major contracts are progressing so we expect that this year there will be a substantial increase in the slurry pipeline expenditure. Apart from that we are also in the drawing board stage of making two more slurry pipelines one would be from Nagarnar towards Vizag and we are also thinking about the economic sustainability of having another pipeline from Nagarnar towards Raipur if that is possible and there is a small pipeline joining of course Kirandul to Bacheli so I think the phase two, phase three should cost at least 7 to 8000 Crores each because this 131 kilometers is going to cost us about 3400 to 3500 Crores so naturally that being almost double the length would be at least 7 to 8000 Crores at today's prices that is number one. Number two you asked about the steel plant.

Saket Kapoor: Yes Sir about the capital work in progress amount of 2000 Crores.

Amitava Mukherjee: Capital work in progress today is 22935 Crores, of course as you know that battery of coke oven has been commissioned, one battery was commissioned around 5 to 6 months back and the other has been commissioned about one and half months back so this coke oven we have operationalized. We are buying coal from Australia and also selling coke here so naturally because this plant has not been commissioned as per the accounting standards these are all booked plus CWIP or minus CWIP. The sales are booked as minus CWIP and the purchase of coal and other raw materials are booked as plus CWIP including all the cumulative expenditure up to May 2023 is around 22935 Crores that is around 23,000 Crores of which if you see the net coal impact is around about more than 1000 Crores that is what the coal we have bought minus the coke we have sold because we have to keep around 1.5 lakh coke ready for our blast furnace to be blown in and now that is almost ready and now we will be blowing in the blast furnace around 15th June and doing the mill and steel making shops by end of June so there we have a clear visibility out there. The third portion of guidance is of course you say some of it is uncontrollable factors like monsoon that is completely beyond our control but the approvals are partly under our control and we are actually expediting that following it up, whatever compliances are required. For example in



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

Kumaraswamy we are doing it in double the speed and so it is partially under our control and the visibility that looks from us today that we should be able to get all the clearances by middle of this financial year and naturally that we are giving a band of taking the optimistic and the pessimistic scenario that around 46 to 50 would be the guidance. There is a spread there because we really do not know exactly when the approvals will come but we are following it up and we are fairly optimistic that they should come in the middle of the year and we should be able to take a substantial advantage of the enhanced 3 million capacity at Kumaraswamy and monsoon of course as you know it is not in your hand but we have had two major monsoon so let us hope we do not mine on intense monsoon but we mind on extended monsoon, whether it rains for 30 mm a day or 50 mm a day, extended period that will cost us.

Saket Kapoor:

Sir our losses in the pellet other business services sector are still continuing Sir. We lost around 154 Crores for FY2023 so what steps are we talking to mitigate the same.

Amitava Mukherjee:

See the pellet plant is otherwise structurally okay and things are okay but you must realize that the pellet plant was designed for processing 85% slimes and now because of regulatory issues we are not being able to use our own slimes which is lying at 300 meters away from the pellet plant. It is not even 300 meters. I think it is around 100 meters from the pellet plant. It is on the edge of the pellet plant but because of the regulatory issues first the renewal of the Donimalai mine itself was delayed then when it was the delayed then there was a dispute regarding the tailing point itself now we are obviously pursuing with both the Ministry of Forest and the Government of Karnataka to give us permission to use our own tailings so hopefully that should take another 4 to 6 months and once we got those tailings we can run the pellet plant. Major loss-making unit was obviously Panna which is the diamond mine. The good news is that Supreme Court has allowed us that we should be doing the mining, has allowed us to do the mining and necessary approvals are being processed. The internal timelines and we are pretty confident that we should be able to do it. We should be able to start mining on first of October. First of October we should be able to start Panna mining but the good thing about Panna mining is that we now have additional source of income there whatever the black turf was there which was lying as waste around 5 to 7 million tonnes are there now finally the forest authorities and the environment authorities have allowed us to sell it in a limited way but that would also contribute to the overall and we expect Panna more than break even and turn in profits after a long time by next year because it will be October so maybe this year it will be just the loses will be minimized or maybe we will just about reach breakeven but going forward with the mining of diamond in Panna and also the sale of black turf which was otherwise a waste material we should be able to change the colour of the profit and loss from red to black.



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

- Moderator:** Thank you. We take the next question from the line of Nilesh Doshi from Prospero Finvest Limited. Please go ahead.
- Nilesh Doshi:** Thanks for the opportunity Sir. Sir do we have any agreement with the NMDC steel plant to supply the iron ore and if there is any agreement then how much the sales volume can be increased.
- Amitava Mukherjee:** Yes we have a long-term agreement with NMDC Steel Limited and naturally NMDC it will be viable for NMDC Steel Limited to buy from us only because of logistic cost and because of the geographical location of it and 3-million-ton plant at 1.8 tonnes of iron ore per ton of steel we should be selling around 4.5 to 5 million tonnes of iron ore per annum when the plant is on full capacity.
- Nilesh Doshi:** Because this will be addition to what earlier sales because the plant has not yet come.
- Amitava Mukherjee:** This is how we are looking at the 100-million-ton road map because it is not only a question of production, it is a question of sale also and NMDC Steel Limited is going to be one of our permanent and major customers going forward.
- Nilesh Doshi:** Okay Sir you have mentioned the export duty of 30% but is there any import duty and if there is import duty what is the rate of import duty.
- Amitava Mukherjee:** It is only 2.5% the import duty and that is why the Indian miners like us we face the brunt of lower international prices because then the steel makers have the option of buying from India our imported iron ore but we are unable to take the advantage of high international prices because when you discount it by 30% and then discount it by further 20% for royalty etc., and then discount it by another \$25 for the logistic cost so we are unable to take the advantage of high prices in the international market but the disadvantage is of lower prices in the international market affect us directly because the import duty is only 2.5%.
- Nilesh Doshi:** But there is any import quota.
- Amitava Mukherjee:** It is a free import.
- Nilesh Doshi:** Sir every month we announce the price of fines and iron ore so that prices and taxes the composition of the ultimate price is 50:50 because we announced the price without the royalty and other duty so additional royalty so what is the ultimate price to the buyer.



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

- Amitava Mukherjee:** 20% is around taxes and duties, 15% is royalty, 30% on royalty is your DMF and 2% on royalty is your annuity so all this add up to 19.8% of our declared prices and on landed cost basis then you will have to factor in where your customer is because logistic cost is also very substantial. From here to Vizag itself it is around \$20 and then if you are taking it to the west coast then there is port handling charges and then there is sea freight etc. It depends on where you are.
- Nilesh Doshi:** If you permit I will ask only the last question you said that you believe in massive capex to improve our profitability in the future but already we have 7000 Crores on the balance sheet and we are generating enough cash from our current operation is it not wise to distribute that amount to the shareholder in the form of either dividend or buyback.
- Amitava Mukherjee:** If you see the history of NMDC we have been distributing in either form around 45% of our net profits every year, this year we have distributed a little less because our profits were little less and we have some capex plans as well so we have distributed overall Rs.6.6 per share which translates into approximately 35-36% of our net profit so we have been very generous in terms of pay outs to the shareholders and as you know that our dividend yield is also one of the highest in the country which most of the public sectors are there.
- Moderator:** Thank you. Ladies and gentlemen due to time constraint that was the last question for today. I now hand the conference over to Mr. Amit Dixit for closing comments. Thank you and over to you Sir.
- Amit Dixit:** Thanks everyone for joining the call and participating in the discussion this afternoon. I would sincerely thank Mr. Mukherjee for very patiently answering all the questions. I would now like to hand the call over to you Sir for any closing comments.
- Amitava Mukherjee:** Well I wish to thank all the participants for taking the time out and we will be very happy to have more questions offline and if you have any queries do please contact my office and we will be happy to obviously give you all of the clarifications. I believe that going forward NMDC has bright future essentially because now that the steel plant has been demerged and it will be commissioned I think the focus now will be completely on enhancement of the mining business which because of the steel plant was both in terms of human resources and in terms of financial resources that was a very resource consuming effort that we had, but now that it is getting not only it has demerged and formed into a new company and we are going to commission it now the focus would of course be on the mining business and the projects related to mining business and going forward I think the growth trajectory of NMDC will completely change. I think the growth graph would be much steeper and much



एनएमडीसी लिमिटेड
NMDC Limited

NMDC Limited
May 24, 2023

sharp then it has ever been in the past 8 to 10 years so I think NMDC is a story to stay interested in. Thank you so much.

Moderator:

On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.