



“NLC India Limited Q3 FY2023 Post Results Conference Call”

February 17, 2023



ANALYST: MR. ANSHUMAN ASHIT – ICICI SECURITIES LIMITED

MANAGEMENT: MR. M. PRASANNA KUMAR – CHAIRMAN AND MANAGING DIRECTOR
MR. K. MOHAN REDDY – DIRECTOR (PLANNING & PROJECTS),
DIRECTOR (HR) (ADDL. CHARGE) AND
DIRECTOR (POWER) (ADDL. CHARGE)
MR. SURESH CHANDRA SUMAN – DIRECTOR (MINES) AND
DIRECTOR (FINANCE) (ADDL. CHARGE)
MS. RITU SHARMA – DIRECTOR - DIPAM
MR. MUKESH AGRAWAL – EXECUTIVE DIRECTOR (FINANCE)



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Moderator:

Ladies and gentlemen, good day and welcome to the NLC India Limited's Q3 FY2023 Post Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, 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. Anshuman Ashit from ICICI Securities. Thank you, over to you Sir!

Anshuman Ashit:

Thank you Darwin. Good day everyone. On behalf of ICICI Securities I would like to welcome you all to the Q3 FY2023 Post Results Conference Call of NLC India today. For today's call we are pleased to have the presence of Mr. M. Prasanna Kumar – Chairman and Managing Director of NLC India Limited. Sri Prasanna Kumar Motupalli is a gold medalist in Mechanical Engineering from Andhra/Nagarjuna University. He also holds MBA in operations management, marketing management, financial management, and human resources management; also he is a fellow member of institute of engineers. He is a topper of Energy Auditor Examination of Bureau of Energy Efficiency Government of India and also Certified Level-D exam holder of International Project Management Association. Prior to assuming charge as CMD of NLC India Limited, he was the Managing Director of Gujarat State Electricity Corporation Limited. Prior to joining GSECL he was an Executive Director heading the Corporate Fuel Management vertical of NTPC. He has also held directorship in Coal India-NTPC Urja Private Limited and Maha Gujarat Colliers Limited. He was the Chairperson of Western Region Power Committee for the year 2021-2022. Sri Prasanna Kumar began his career as Executive Trainee with NTPC in the year 1988 and has an illustrious career spanning over 34 years in the power sector and coal. CMD Sir is accompanied by Mr. Mohan Reddy – Director Planning & Projects, Director HR (Additional Charge) and Director Power (Additional Charge), Mr. Suresh Chandra Suman – Director (Mines) and Director Finance (Additional Charge), Ms. Ritu Sharma – Director - DIPAM, and Mr. Mukesh Agrawal – Executive Director, Finance. The call will begin with brief remarks by the management after which we will open the lines for the Q&A session. I would now like to hand over the line to CMD Sir for his opening remarks. Thank you and over to you Sir!

Prasanna Kumar:

Thank you very much Mr Anshuman for hosting this investor call and thank you for the nice introduction. I would like to share this as an opportunity to interact with NLCIL stakeholders and to reply to their queries on their financial results for the quarter and nine months ended December 31, 2022. I am Prasanna Kumar Motupalli, Chairman and Managing Director, NLC India limited. I assumed charge on January 12, 2023. Along with



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me Shri Mohan Reddy – Director Projects & Planning also holding Additional Charge of Director Power and Director HR, Shri Suresh Chandra Suman Ji – Director Mines also holding Additional Charge of Director Finance, Ms. Ritu Sharma – Director - DIPAM, and Shri Mukesh Agrawal – Executive Director Finance and senior management are also joining this call from Delhi. I welcome you all to this conference call.

I would like to give a quick brief on some of the performance highlights of NLC India limited for the quarter and nine months ended December 31, 2022. The coal production during the nine months ended December 31, 2022 is 75.52 lakh metric tonne against 40.83 lakh metric tonne in the corresponding period of the previous year registering a growth of 84.96%. The above coal production is the highest ever in NLCIL's history. Lignite production during the nine months ended December 31, 2022 is 172.09 lakh metric tonne against 165.92 lakh metric tonne in the corresponding period of the previous year registering a growth of 3.72%. Standalone thermal power generation during the nine months ended December 31, 2022 is 16.608 BU against 16.865 BU in the corresponding period of the previous year, a slight decline of 1.52%. NLCIL thermal average PLF is 69.13% Upto December 2022 against the all India average of 63.23%. NLCIL thermal average PAF is 72.28% up to December 2022 against the corresponding period of 73.11%. Renewable power generation during the nine months ended December 31, 2022 is 1629.83 MU against 1619.33 MU in the corresponding period of previous year with a marginal increase of 0.65%. The collection efficiency during the current nine months period stands at 66.85%. Consolidated power export during the nine months ended December 31, 2022 is 20.07834 billion units as against 19.24795 billion units in the corresponding period of the previous year registering a growth of around 4.31%. MOP wide order dated February 15, 2023 has approved allocation of 400 megawatt power from Talabira Thermal Power plant to the state of Odisha and 15% NLCIL share of unallocated power 136.32 megawatt from NUPPL to APDCL (Government of Assam).

Coming to the key highlights of the financial performance. Standalone the revenue from operations for the nine month period ending December 31, 2022 is Rs.8,659 Crores as against Rs.7,277 Crores during the corresponding period of the previous year registering a growth of around 19 % respectively. The total income of the company for the nine months ended December 31, 2022 is Rs.9,161 Crore as against Rs.7,887 Crore in the corresponding period of the previous year registering a growth of 16%. Profit for the period for the nine months ended December 31, 2022 is Rs.474 Crore as against Rs.797 Crore in the corresponding period of the previous year. The profit after tax for the period has impacted mainly due to the accounting of CERC orders received during the period wherein CERC has set aside review of O&M expenses for the year 2014-19 a similar issue for earlier tariff



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period is subjudice before APTEL and also while issuing tariff orders for 2019-24 CERC has not considered certain items including capital additions and advised to consider actual at the time of filing of true up petition by NLCIL. Ok Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good afternoon Sir and congratulation on taking over as CMD and wish you all the best for the role. My first question is what was the one-off in the result and is any tax impact of the same in the sense I believe that there is roughly 8 billion which pertains to prior period is that number correct?

Prasanna Kumar: Yes correct. Please repeat.

Mohit Kumar: 800 Crores.

Prasanna Kumar: Correct.

Mohit Kumar: Is there any other one-off Sir apart from that?

Mukesh Agrawal: Actually if you analyze our Q3 and nine months you will find as the CMD Sir has told that our operations are stable even rather more than the previous year it is better than the previous year performance in Q3 and nine months. During the period the accounting of 749 Crores has happened which you had mentioned about the prior period of the lignite price for which the regulatory orders have come and they had kept aside saying that it will be taken in line with the 2009-2014 order which is subjudice before the APTEL.

Mohit Kumar: Understood Sir. Second is on the status of the tender for Talabira thermal I think it is pending for a long time I think the dissemination happened in November what is delaying it Sir and when do you expect it to finalize and have you identified the L1 bidder?

Prasanna Kumar: At present the technical bid of the tender was opened and as you know there were two parties. We are doing the technical evaluation and we are targeting to complete this technical evaluation in next one month period and then we will be opening the bid and after reverse auction the L1 will be decided. In fact we are waiting for some possession of some land at least before we finalize the L1 and award the contract, that activity is in full swing and we are depositing the required amount to state government today itself so that process is on and once some portion of land taken into possession then L1 will be determined and the contract



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will be placed immediately. Major development is yesterday the Government of India Ministry of Power has allocated 400 megawatt power to the state of Odisha for which we are going to sign the PPA at the earliest and with this the entire 2400 megawatt PPA tie-up is complete 2000 megawatt already signed and 400 megawatt we are going to sign shortly.

Mohit Kumar: So one can expect the tender to happen by March 2023 is that a fair assumption Sir?

Prasanna Kumar: Yes I think before that it will be finalized and awarded.

Mohit Kumar: We were also working on Neyveli 1.3 gigawatt tender has the bid submission happened technical bid and when are you looking to open the financial bid?

Prasanna Kumar: I will handover to Director P&P to address this question.

Mohan Reddy: Are you speaking about probably 2x660 megawatts Thermal plant at Neyveli. Tendering process is on, recently Board has relaxed certain conditions regarding commercial bids as well as specifications. This tender is in process and being a lignite based Thermal TPS, the bidders are also facing some challenges. In the meantime, hopefully they will overcome it and participation will be there

Prasanna Kumar: Actually this is going to be the first super critical 660 megawatt lignite-based thermal power station in the country and some changes in the terms and conditions in line with the industry's practice is happening so once that is completed I think we will go ahead and we will go for the award.

Mohit Kumar: Understood Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Rahul Modi from Nippon India Asset Management. Please go ahead.

Rahul Modi: Sir just a couple of questions that I had ,firstly is with regard to the under recovery that we are clocking in right now for mines and for the thermal plants if you could share that number, secondly directionally on the plants where we are not able to achieve the mandated normative thresholds how are you going about it to achieve that because it has been a long time so if you can elaborate on the measures that we are taking because a significant amount of earnings is lost there and thirdly how is Ghatampur progressing as I believe recently the Honorable Minister had also visited and do you see any fast tracking of progress?



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Prasanna Kumar: I think the first question is regarding the annual fixed costs under recovery for the quarter as well as the financial year. For Q3 the annual fixed cost under recovery is 152.07 Crores out of that from TPS2 it is 30.14 Crores under recovery and TPS2 stage two 46.27 Crores under recovery and NLC TPS2 expansion 88.78 Crores under recovery but as this annual fixed cost under recoveries on annualized basis and the performance of this plant is consistently good so we are hoping at the end of the financial year this will be taken care

Mukesh Agrawal: Here I would like to add one thing Sir that the under recovery for the nine months period has reduced. Last year up to nine months the under recovery was 445.75 Crores which has reduced to 341.78, under recovery in the quarter was due to some restricted availability of the lignite so by the end of March we will recover it, we will improve better.

Prasanna Kumar: Actually the lignite production now has improved and as it is on annualized basis we are expecting that this under recovery will reduce at the end of the financial year that is the first question and regarding improvement in the under recovery we are all taking all the efforts to ensure the units are available for generation and fuel is available for generation to reduce the under recovery of annual fixed cost charges. Coming to Ghatampur I think now this is a prestigious project and it is long pending and we have to complete this project at the earliest and Honorable Secretary Coal visited plant in the month of January and three days back Honorable Cabinet Minister for Coal Shri Pralhad Joshi Ji visited the plant and reviewed the status and we are targeting to complete the commercial operation of all the three units in this calendar year. We want to complete the COD by July 31, 2023. COD of unit number 1 by July 31, 2023; Unit Number 2 by October 31, 2023 and Unit Number 3 by December 31, 2023. Of course there are some challenges in particularly the balance of plant package. We are addressing that issue and most of the points we already addressed and today also Secretary Coal took review and we are having clear cut way forward, how to achieve this COD by July 31, 2023 for the first unit number 1 and all the three units by December 31, 2023 and recently there is also order from Ministry of Power with the allocation of some share of power to Assam also and we are going to sign PPA with them with that the process will be completed.

Rahul Modi: Sir this is very helpful. Sir one more question that I had on the TPS2 expansion under recovery any permanent solution on the technical standpoint are we looking at so that going forward we are at least directionally moving towards achieving that if you could elaborate a little more as to the steps that we are thinking of taking?

Prasanna Kumar: Actually TPS2 Expansion this is the CFBC boiler and they are having problem of reliability since beginning ,so our team is interacting with the different power stations and they have



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formulated some action plan and we already implemented that action plan in one of the units and that unit is now operating since last 45 days without any problem so we are going to replicate same in the other unit also and with completion of this modification the reliability issue of these units will be addressed and the availability and generation from these units will be improved to a great extent. Also on long term basis we are having some modification of replacing some boiler tube with higher grade material and that also we are procuring and in the long term that modification also will help in maintaining the reliability and availability of these units to the required level and in fact I just want to add we are consulting M/s Doosan also ,the original technology provider of CFBC boiler to BHEL for root cause analysis of the FBHE failures. This is for long term but in the short term whatever modifications were required those modifications are already carried out and the unit has now become operational and sustained manner.

Rahul Modi:

Just moving on to the next point this is very helpful any thoughts on the renewable capacities going ahead you had given out a press release with regard to some MOUs with Odisha we have got 1400 megawatt under construction what is that we are targeting over the next couple of years to add capacity?

Prasanna Kumar:

As on date we are having around 1400 megawatt. We are having aggressive plans to add the capacity, already under CPSU scheme we won 500 megawatt, those 500 megawatt tendering process is on and once that is completed we will be starting the 500 megawatt immediately. In addition to that we signed an MOU with the Government of Assam for capacity addition of 1000 megawatt on cost plus basis and we are identifying the lands in Assam state so that we can go ahead with the installation of solar power plant and in this context I met Honorable Chief Minister of Assam at Lucknow and he assured full support in allocation of good lands to NLCIL so that the projects can be executed at the earliest so in the similar way we are in talks with Government of Rajasthan, Government of Odisha for establishing solar power projects and we are aiming to add substantial capacity in next 2-3 years period.

Rahul Modi:

What is the target IRR as you mentioned it is more or less cost plus basis what would be the IRR that you are looking at a ball park number?

Prasanna Kumar:

The IRR in standard if we look at around 12% so I think that is our practice.

Rahul Modi:

Just last question from my side could you give a little more details out of the 7.5 million tonnes that you have done in coal production which are the segmented sales and what has



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been the auction price for the e-auction that we have done, how much quantity and what is the price at which we have clocked? Thank you.

Prasanna Kumar: Our target was 8 million tonnes initially that we surpassed and now we are targeting for 10.5 to 11 million metric tonnes in the current financial year. Out of the total supply of total quantity 75.89 LT out of that 15.92 LT that was coal sale to our own plant NTPL and 14.25 LT under coal-swapping agreement with NTPC that 14.25 LT is supplied and coal sale to NTPC to other than the coal-swapping arrangement we are supplying this to NTPC plants also so that is 41.86 LT. This facilitated NTPC to generate more and avoid the losses on account of coal shortage. This accounts to around 21% to NTPL, around 19% to NTPC through swapping arrangement and around 55% to NTPC coal sale through MOU route and e-auction is 5% so if you calculate this 5% it is 3.86 lakh metric tonnes and you are talking about the price, the coal sale to NTPL is at basic Rs 782.33, coal sale to NTPC through swapping it is Rs.827, coal sale to NTPC through MOU route it is Rs.952 and coal sale through e-auction average it is Rs.4948 and the auction rates are varying from Rs 8135 in the month of April and in the last e-auction it was 2473 to 2513.

Rahul Modi: When was the last auction?

Prasanna Kumar: Last auction was done in the month of February.

Rahul Modi: Thank you very much and all the best.

Moderator: Thank you. We have the next question from the line of Ashwani Sharma from ICICI Securities. Please go ahead.

Ashwani Sharma: Thank you for the opportunity. Sir I had two questions first is on your methanol project so what is the capex in this project and also if you could comment on the commercial angle of project?

Mukesh Agrawal: Methanol project capex is Rs.4,394 Crores.

Prasanna Kumar: You are asking about lignite to methanol project?

Ashwani Sharma: Yes.

Prasanna Kumar: It is 0.40 MTPA capacity plant and the estimated project cost is Rs 4,394 Crores and for this the lignite requirement is around 2.26 million tonnes per annum and project is 46 months duration project and this project is expected anywhere in the year 2026-2027.



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- Ashwani Sharma:** Your comments on the commercial aspects of the project?
- Prasanna Kumar:** Commercial production March 2027.
- Ashwani Sharma:** What is the endgame here in terms in of revenue, in terms of profitability?
- Prasanna Kumar:** Actually the project cost is 4394 Crores as I already told and this will be debt equity of 80 :20 and the project schedule is around 42 months and the cost of production is around Rs.25,588 rupees per metric tonne, selling price for seven years average is around Rs.30,848 per metric tonne so IRR for this project is 8.28% to 8.73% and IRR equity is 11.83% to 11.95% and the payback period is 8.38 years and the profit before and after tax are approximately Rs.189 Crores and Rs.120 Crores approximately.
- Ashwani Sharma:** My second question is again on the TPS2 second expansion what is the status of this project in terms of tendering?
- Prasanna Kumar:** TPS2 second expansion we already tendered but this being a first super critical 660 megawatt power station in the country there were some clarifications from the parties as well as some requirements in line with the current industrial practice so we are just doing that modification and the estimated project cost is around Rs11,189 Crores so we are doing some changes in the terms and conditions and specifications in line with the current industrial practice to encourage more participation so that recently we uploaded and after that we will open that and award that at the earliest.
- Ashwani Sharma:** Any tentative timeline for awarding this project?
- Prasanna Kumar:** I think in the next financial year that can be completed.
- Ashwani Sharma:** October 2024?
- Prasanna Kumar:** October 2023.
- Ashwani Sharma:** Thanks. Those were my questions. Thank you very much.
- Moderator:** Thank you. We have the next question from the line of Akhilesh Bhandari from ICICI Prudential Asset Management Company. Please go ahead.
- Akhilesh Bhandari:** Good afternoon Sir and thank you for taking my question, so firstly on the Talabira mine so as per the mining plan what is the expected output in FY2024 and 2025 from the mine?



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Suresh Chandra Suman: Actually 2022-2023 it was 8 million tonne we are going to land at 10 million tonne, 2023-2024 it is 12 million tonne and 2024-2025 16 million tonne.

Akhilesh Bhandari: What is the cost of production broadly?

Suresh Chandra Suman: Cost of production is approximately between Rs 680 to Rs.700 per tonne

Akhilesh Bhandari: As of December 31, 2022 what is the receivable level at the standalone and consolidated level?

Mukesh Agrawal: Standalone basis as on 31st December 2022 is Rs.6493 Crore against the previous year level of Rs.4580 Crore. The reason for increase is basically on account of two issues , the first one being ,as t everybody knows that the Ministry Of Power has brought out a good guidelines for the liquidation of dues, so TANGEDCO and other DISCOMs has opted for liquidation of Rs.724 Crores which I had explained in the last investor meet also, so that has gone to installment plan and second is we have billed the revenue accounted under “Vivad Se Vishwas scheme” and we received wage revision order from the CERC. For all these two put together around Rs.1000 Crore billing we had done in the month of December which has become due on February 16, 2022 so the debtors level has increased as on 31st December when we compare from the previous year.

Akhilesh Bhandari: So the Unbilled is around Rs.1000 crore.

Mukesh Agrawal : No ,it is billed but not due

Akhilesh Bhandari: Billed but not due,alright. At the consolidated level?

Mukesh Agrawal: At the consolidation level ,I will provide you later on.

Akhilesh Bhandari: You mentioned that the collection efficiency was around 68% or 66% if I am not wrong you mentioned that number earlier so this 1000 Crores which has come due to wage revision and “Vivad se Vishwas Scheme” that is the only reason why the collection efficiencies is down or there is another reason as well?

Mukesh Agrawal: There is one more reason . We had got a regulatory order for the lignite price in the month of March , as the order was against us ,TANGEDCO has suo motu deducted some Rs.1200 Crores on account of this, on the pretext that the order is against NLC, and NLC should pay the money ,though we had gone for the review petition which is under consideration .So the



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amount withheld is also appearing under the debtors so that has brought down the collection efficiency little down.

Akhilesh Bhandari: How do we plan on proceeding you mentioned that you have filed a review petition so what is the timeline?

Mukesh Agrawal: Actually this lignite issue has a cascading effect of 2009-14 orders of the CERC which is in the APTEL, so CERC has taken a view that, being a subjudice order any further decisions will be taken after the APTEL order. We are trying to get early hearing posting in APTEL so I cannot fix any timeline for the liquidation of this, because being regulatory issue.

Prasanna Kumar: But we are trying our level best to pursue that and complete that process at the earliest because that is having impact on both the periods.

Akhilesh Bhandari: There was a reversal of regulatory income of Rs.749 Crore in this quarter so any other such hit which can come in subsequent quarters because of any pending orders how should we consider this?

Mukesh Agrawal: This is a onetime order, incidentally three to four orders have come together in the same quarter which has resulted this and one time effect is there so I do not think that further orders will be negative and such type of impact I am not envisaging further.

Akhilesh Bhandari: Thank you. I will get back in the queue.

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

Vikesh Jain: What I am asking is what is the power tariff realized per unit, is it the same that was in 2014 to 2019 or after 2019 there is some hike in the realization, the power that you sell?

Mukesh Agrawal: Power tariff, actually, in some of the plants AFC has come down because some non-admission of the additional capitalization, capacity charges for the TPS 2 stage 1 is 0.71, stage 2 is 0.74.

Mukesh Agrawal: Tariff structure is same AFC and the energy charges. AFC has, some plant it has reduced. Because of that plants are getting old AFC has reduced in comparison to the earlier period.

Vikesh Jain: One more question because I am not an expert here. 30 pages results in the previous quarter is tedious to understand for a normal person, this regulatory movement of Rs.1641 Crores how much of it is one-off and how much of it is recurring?



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Prasanna Kumar: Our average thermal tariff is Rs.3.77 Kwhr and out of that Rs.1.38/Kwhr is on account of fixed charges and balance is on account of variable charges.

Vikesh Jain: My second question is there is a charge of Rs.1641 Crore on account of regulatory deferral so out of Rs.1641 Crores how much is one-off and how much is recurring?

Mukesh Agrawal: There is a regulatory movement of Rs.1641 Crore in the quarter, which basically consist of four orders . There is a one order relating to wage revision. This wage revision order is regarding in 2016 and 2017 when the wage revision of the executive and non-executive has taken place, CISF salary revision has taken place, and the gratuity limit has increased from Rs.10 lakh to Rs.20 lakh. So when the CERC has fixed the O&M charges in 2014 at that time these were not factored in the O&M cost, so these are the additional costs to all the generating companies and we have also filed a petition before the CERC for compensation of this. So this has been allowed by the CERC against our claim of Rs.783 Crore they had allowed some Rs.670 Crore leaving an impact of Rs.112 Crore so this is a onetime impact. There is no recurring impact that is going to come to the company. There are similarly two orders for the tariff projection for the period of 2019-2024 for the TPS 2 expansion and TPS 1 expansion where the regulatory authority has not accepted my projected capital addition with the ground that this expenditure will be entertained at the time of truing up of the expenditure, but as we very well know non-admission of capital charges has affected the tariff in three ways. One is the return on equity, second is the depreciation and third is the interest on the loan. So this order is also one time, but its effect for the capitalization we will reap in the year 2024-2025 when the truing up of the O&M expenses will come. So it will give some additional amount it is not going to be a negative. So only the income, which is likely to come in right now 2019-2024 will have been deferred for some time period. O&M expenses as already explained , Rs.739 Crore it is pertaining to 2014-2019 and its decision is dependent on the APTEL, when it will come it definitely is going to give the positive impact to the company. So all these orders are of onetime nature. Are you clear?

Vikesh Jain: Yes. One thing there is a disclaimer that because of problems in land acquisition and local agitation it might not be a going concern is this problem that serious?

Prasanna Kumar: For any mining company land acquisition is very important to increase the production levels. Although we acquired some land that possession is still pending and there are some issues for the land acquisition. So we are taking up the issue with both state government as well as the district administration and we are trying to sort out that issue at the earliest but still there is a problematic and it is happening at a very slow pace. So that is why the disclaimer was given this may affect our production process.



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Suresh Chandra Suman: However, we could get some land recently and our production level also got increased presently around 10 to 15 % over the month of January 2023

Vikesh Jain: Please have a document as to what means what in your disclaimer, results and balance sheets that is my request not a question.

Moderator: Thank you very much Sir. We have the next question from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Good evening Sir and thanks for taking my call. I had a couple of questions. One is on Ghatampur coal linkage when is that likely to be operational and in the interim where will the coal linkage come for Ghatampur operations?

Prasanna Kumar: Ghatampur once it is commissioned, it requires two types of coal. One is the start-up coal for facilitating the commissioning of the units. That start-up coal is already tied up and we will be getting that coal from Northern Coalfields Limited and for other units of Ghatampur also the CIL has already allocated the linkage from different subsidiaries of Coal India and that is fully tied up and the linked mine Pachwara South Coal Block the production is expected from January 2024. So from January 2024 onwards we will be getting coal from Pachwara, but meanwhile if there is some requirement is there we will be sending our Talabira coal to Ghatampur. So all three types of coals are already tied up and necessary actions for logistic are already taken. So the coal is not a problem for Ghatampur to run on a sustained basis. For the unit number 1 we got around 0.33 million metric tonnes from NCL and BCCL and for other units we got around 0.66 million metric tonne from NCL, PCL, MCL and BCCL. Total we got around 1 million metric tonne of coal as a commissioning coal.

Rajesh Majumdar: Do you envisage coal going from Talabira for Ghatampur at all or do you feel the coal linkages are sufficient right now for Ghatampur, all the three units to be operational?

Prasanna Kumar: Once our supplies from Pachwara gets started then there is no other alternative supply is required, but as on date once we complete the commissioning coal then at that point of time we may require some coal, but meanwhile we approach the Ministry of Coal also for giving some bridge linkage from the nearby coal subsidiaries and it is under consideration of Ministry of Coal. So once the commissioning coal is completed then we will use bridge linkage coal, then we will use the Pachwara block coal and meanwhile if any shortfall is there at any point of time then we will think of sending coal from Talabira mines to Ghatampur so that there will not be any generation loss on account of coal shortage.



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- Rajesh Majumdar:** Right Sir. My followup question would be, your coal production that we envisage in FY2025 from Talabira you said it is about 16 million tonnes so what would be the breakup will it be similar to what it is in the 9 months in like what you mentioned on NTPL, NTPC or will it be something different can you give the breakup of the 16 million envisage?
- Prasanna Kumar:** The first priority is our NTPL, second priority is given to NTPC and the third priority is going to e-auction for the supply of this coal. So in the same priority whatever happened in the first nine months in the same priority we will be sending coal.
- Rajesh Majumdar:** NTPL cannot go up more than this, right so NTPC can go up in proportion to NTPC requirements is that correct assumption?
- Prasanna Kumar:** Come again, please?
- Rajesh Majumdar:** I am saying NTPL has already taken the coal...
- Prasanna Kumar:** NTPL our requirement is around 5 million metric tonne.
- Rajesh Majumdar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from Nippon India Asset Management. Please go ahead.
- Rahul Modi:** Thank you for the opportunity once again Sir. Just a couple of things wanted to check with you one is we have been having these regulatory orders, delays coming in, which has created a lot of changes in our P&L, so when do you expect this to now get all cleared and restarting on a clean slate and the second point is the debtors receivable trajectory was after what the Ministry of Power has done across the industry we have seen massive declining trend of receivables now when do we get on that path where despite the one-offs and other things business comes back as usual so that we are getting instead of a 45-day we can have a 60-day receivable days or 65, but whatever historical issues are there that gets sorted out, directionally when do you see things getting normalized and steps taking for that?
- Prasanna Kumar:** The improvement already started. Recently also we received major payment from TANGEDCO and other states also we are pursuing for liquidating the dues at the earliest.
- Mukesh Agrawal:** Apart from some historic issues which are there we are getting all the current dues regularly and we are trying to settle all these old cases as early as possible. I hope within the period of next couple of months I will be able to settle.



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Prasanna Kumar: So I think by the first quarter of the next financial year we will be able to settle all the issues and move forward.

Rahul Modi: Thank you.

Moderator: Thank you. The next question is from the line of Jitendra Sriram from Baroda BNP Paribas Mutual Fund. Please go ahead.

Jitendra Sriram: Good evening Sir and thanks for taking my question. I had two questions one was if you look at the segmental numbers there is a little bit of a strain on the mining operations what exactly do you need in the mining operations as a revision or a reset to bring it back to a normative level of profitability and the second part was what is the current basis of how you are accounting for stuff like O&M expenses or whether it is tariff setting, given that a lot of your plants still do not have explicit tariff orders yet awarded so just to prevent some kind of a reversal like what happened now, what is the basis on which you are providing for them?

Prasanna Kumar: Coming to your first question regarding the strain on the mining in the segmental performance this performance is mainly because of the reason which we already explained the land requirement. Accounting of around Rs.116 Crores on account of truing up order for 2014-19 and the main reason is non availability of minable land and as we already communicated the land possession has started and our production performance has improved by almost 15% if you compare with January so we are confident that we can sort out all the issues and bring the production levels to required extent and in the coal mining also we are improving our daily production. Yesterday our Talabira project achieved all-time highest ever coal dispatch of around 48000 metric tonne so we are improving in both lignite and coal mining and we will come back to normalcy at the earliest.

Jitendra Sriram: Thanks and the other part Sir what is the basis of tariff setting and the basis of O&M escalations that you are providing for now in the accounts, so that you do not have the magnitude of reversals later on?

Prasanna Kumar: This is in line with the CERC tariff order and tariff regulations. We are exactly in line with that we are providing and we are making the accounts in line with that CERC tariff orders only.

Mukesh Agrawal: Presently escalation is 3.5% as per the CERC regulation and for the period of 2019-2024 we had already filed a tariff petition before the CERC, which is under consideration. So we



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believe as per my tariff petition the petition rate is around Rs.2200, whereas we are billing at Rs.1950 per tonne so I would not think there will be any surprise. When the order will come it will lead to some incomes to the company.

Jitendra Sriram: O&M escalation is about 3.5% is my understanding correct?

Prasanna Kumar: That is exactly in line with the CERC regulation and we are following same thing.

Jitendra Sriram: Perfect Sir. Thanks a lot. That is very helpful.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from DAM Capital. Please go ahead.

Nikhil Abhyankar: Thanks for the opportunity Sir. Just a continuation from the earlier question. Sir do we expect the ordering for Neyveli 1.3 gigawatt to happen in the H1 or will it be next year?

Prasanna Kumar: Pardon? Please come again?

Nikhil Abhyankar: Will the ordering for Neyveli 1.3 gigawatts happen in the H1 FY2024 or H2?

Prasanna Kumar: I think it will go to H2. You are talking about the , 1320 megawatt. We are expecting by around October 2023. There are mainly two reasons for that because this is first time the country this is happening and technologies are also limited that is why we are expecting it by October 2023. We will be completing it latest by October 2023.

Nikhil Abhyankar: Similar for coal gasification projects so when do we expect the ordering and are we expecting any viability gap funding for it?

Prasanna Kumar: The tendering process is actively on and most of the critical activities have already been completed. Although our final commissioning is expected on March 31, 2027, but at present the tendering process, tender preparation and floating activities have been completed and March 1, 2023 is the last date for the tender opening, so once we do that then we will award that at the earliest and the tender opening and bid evaluation will be completed by July 2023 and the environment clearance by September 2023 and finally award of plant is by 2024 and the commissioning by 2027.

Suresh Chandra Suman: So far viability gap funding is concerned actually government of India has identified Rs.3000 Crores for five projects so one of them is this Neyveli lignite gasification project so we have been assured with Rs.600 Crores of viability gap funding by Government of India.



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- Nikhil Abhyankar:** Is BHEL eligible for this tender?
- Prasanna Kumar:** One more point I want to add in this one. We know this is being monitored by the Ministry of Coal as well as the highest authority of the country so they are keeping track of the activities and monitoring the award at the earliest and the completion of the project at the earliest and BHEL is not a party at present so we do not know by the tender completion it may come but at present BHEL is not the party.
- Suresh Chandra Suman:** They have not shown any interest in participating in this tender.
- Nikhil Abhyankar:** What is the profit contribution from Talabira coal?
- Prasanna Kumar:** Rs.245 Crores in Q3.
- Nikhil Abhyankar:** For the 9 months?
- Prasanna Kumar:** For nine months is Rs.481 Crores.
- Nikhil Abhyankar:** Rs.245 Crores for Q3?
- Prasanna Kumar:** Yes.
- Nikhil Abhyankar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Anupam Goswami from BOB Capital. Please go ahead.
- Anupam Goswami:** Can you mention the 9-month cash flow from operations you have and what is the cash balance right now?
- Mukesh Agrawal:** Cash flow in the 9 months total is around Rs.9000 Crores is there from the realization from different source and the cash balance in the December was around almost flat it was some Rs.100 Crores or Rs.50 Crores was there. We are not borrowing any working capital right now from last one year, temporarily basis Rs.200 Crores or Rs.300 Crores sometimes we are borrowing for 7 days or 10 days.
- Anupam Goswami:** Fine. I just wanted to know your mining volume and units sold for the quarter?



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Prasanna Kumar: The mining revenue up to Q3 is Rs.5,515 Crore compared to Rs.4786 Crores in the previous financial year nine months period and the power revenue is Rs.7081 Crores in the current financial year of nine months and correspondingly it was Rs.6418 Crores in the year 2021-2022.

Anupam Goswami: Your volume please?

Prasanna Kumar: Our volume is coal 75.52 lakh metric tonne against 40.83 lakh metric tonne in the previous year that is coal production and in lignite production 172.09 lakh metric tonne in the current financial year nine months against 165.92 lakh metric tonne in the corresponding period in the previous financial year with a growth of around 3.72% and coal production registered a growth of almost 85%. Coal Sales during Nine months period is 75.89 Lakh metric tonne against 40.83 Lakh Metric tonne in the previous year and in lignite (including internal consumption) 191.26 Lakh Metric tonne against 199.60 Lakh Metric tonne in the corresponding period of previous financial year.

Anupam Goswami: Thank you Sir. I will join back in queue.

Moderator: Thank you. We have the next question from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

Rabindra Nath Nayak: Thank you for the opportunity Sir. Majority of the questions are answered. So one request our e-auction and also the Talabira-related activities that if you can upload in the website that would be helpful on a monthly basis to know for the investors so what is happening on that side and secondly it is good that the accounting team is actually giving all details in a convincing manner in every quarter, but in addition to that if you can give a relevant detail in condensed manner and also the adjusted performance in terms of adjusted PAT that would be helpful for the investor to understand the business very well. So regarding that another thing that this true-up petition that has come up, if I am not wrong we have provided so far around Rs.1200 Crores, which is including interest so relating to that whether there is any remainder provision we have to make or it is the final provision as per our assessment?

Prasanna Kumar: Regarding the first point you raised I think that is a very, very good suggestion we have noted that and we will implement that and regarding the second part of the question our Executive Director, Mukesh Agrawal Ji will answer that.



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- Mukesh Agrawal:** Second part once again I would like to know.
- Rabindra Nath Nayak:** Regarding this true-up petition, the lignite true-up petition, so around Rs.1200 Crores with the interest you already provided in our books so whether any reminder provision we are expecting from this provision or it is a final provision as per our assessment?
- Mukesh Agrawal:** I would like to clear if we can see the notes of account we had already provided Rs.584 Crores in earlier year for lignite transfer price for 2014-2019 and this quarter we had made Rs.739 Crores. No further provision is expected on account of lignite in the future for the tariff period 2014-2019.
- Rabindra Nath Nayak:** Thank you and regarding just another thing that as per the approved price of regulatory price we are booking the lignite price at a lower rate so still we are continuing with the structure or there is a change in the structure of the lignite pricing in the tariff?
- Mukesh Agrawal:** You are right Sir. We are still booking as per the CERC order at Rs.1950 per tonne. We had filed our petition for the period 2019-2024, which is under examination at the CERC. So till the final outcome of 2019-2024 we will continue with the CERC order rate of Rs.1950 per tonne.
- Rabindra Nath Nayak:** We set up Rs.70000 Crores capex in 2030 in our total plan so what has been spent so far, what is the revised capex going ahead?
- Prasanna Kumar:** As per our corporate plan we are having plan of adding Rs.70000 Crores by 2030 so we are working in different directions for this. As already explained we are targeting for aggressively adding the solar capacity and We already got CPSU scheme. We are tying up with the Government of Assam for adding 1000 megawatts, we are tying up with Government of Rajasthan for adding 300 megawatts and 2×660 megawatts that we will be awarded by October 2023 and our Talabira project we are expecting to award this in the current financial year. I think with all these capacity additions the capex will be around Rs.70000 Crores by 2030. Also we are going for the innovative ideas of the lignite to methanol project and we are participating in 600-megawatt tender at Gujarat Khavda Solar Park, which is the largest solar park in the country and in Asia, in the world. Also we are trying to get some orders from SECI participating in their tender and we are also participating in 810-megawatt and 1000 megawatt solar of RRVUNL and RUNL. So I think with all these capacity additions we are confident that we will be spending the capex by 2030.



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- Mukesh Agrawal:** We are going ahead with our corporate plan.
- Rabindra Nath Nayak:** What we have spent so far and what is expected, whether this Rs.70000 Crores includes the lignite gasification plant or does not include the gasification plant?
- Prasanna Kumar:** It includes the lignite to methanol project. It includes all the initiatives which we are planning.
- Rabindra Nath Nayak:** How much you have spent so far out of the Rs.70000 Crores?
- Prasanna Kumar:** Rs.70000 Crores is for next eight years and it is starting of the year so now most of our tenders are in the advanced stage. This 300-megawatt solar we will be awarding in the current financial year and we will be spending some capex, but most of our capex spending will be coming in the next financial year when we will be adding the Talabira project and the 2x660-megawatt project and other solar projects.
- Mukesh Agrawal:** Here, I would like to clarify you, as you were asking Sir. What we are incurring expenditure in NUPPL Ghatampur project Rs.1000 Crores, Rs.1500 Crores that is from this Rs.70000 Crores. Similarly what capital expenditure we are doing in the Talabira mine Rs.100 Crores to Rs.200 Crores that is also being the part of this Rs.70000 Crores capex.
- Rabindra Nath Nayak:** What is the total updated capex for UP plant?
- Mukesh Agrawal:** Which plant?
- Rabindra Nath Nayak:** Ghatampur plant?
- Prasanna Kumar:** Rs.17,238 Crores.
- Prasanna Kumar:** That will be revised and it will be Rs.19,000 Crores.
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- Rabindra Nath Nayak:** Rs.19000?
- Management:** Around Rs.19000 Crores.
- Rabindra Nath Nayak:** Thank you.



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- Moderator:** Thank you. Ladies and gentlemen we will take the last question from the line of Jeetendra from KJN. Please go ahead.
- Jeetendra:** Good afternoon. Yes, the numbers were really good, the quarterly numbers but because of the truing up orders there was a loss on the net basis. A lot of questions have been raised about the truing up orders. Can you tell me whether there is a chance of any reversal of this because you have made a review petition for this truing up orders so what is the fair chance of getting back some money, because after 10 years you get this string of orders, gain will happen for the year 2019 to 2024?
- Prasanna Kumar:** We are confident that the orders will be favorable to NLCI after the orders which are pending at APTEL that will be in our favor only. So I think there will be a positive impact on our financials.
- Jeetendra:** Out of that Rs.1600 Crores how much you will get the reversal?
- Mukesh Agrawal:** We expect almost Rs.2500 Crores. If the lignite O&M issue order will come in our favor we have a provision of Rs.1200 Crores in the period of 2009-2014 and similarly Rs.1300 Crores provision is for the 2014-2019 so if the order will be in my favor some Rs.2500 Crore worth will come to the company.
- Jeetendra:** This Rs.2500 Crores will be credited to the profit and loss account?
- Mukesh Agrawal:** Yes.
- Prasanna Kumar:** Like what we did now that will be reversed in the profit and loss account only and we are fully confident that this will happen in our favor.
- Jeetendra:** This may happen in the next quarter, in the March quarter itself?
- Prasanna Kumar:** No. I think in the first quarter it may happen because it is pending with APTEL and we are pursuing it for the final orders and we will try our level best to get the order at the earliest, but I think in the current financial year it may not be possible, it will be going to next financial year, the first quarter of next financial year.
- Jeetendra:** We need not worry anything, there should be no worry about this truing up order right now.
- Prasanna Kumar:** You need not worry anything about that.



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Jeetendra: Thank you.

Moderator: Thank you. I would now like to hand the conference over to Mr. Anshuman Ashit for closing comments. Over to you Sir!

Anshuman Ashit: Thank you. On behalf of ICICI Securities I would like to thank NLC India for giving us the opportunity to host this call. We are also very grateful to the management for their time and patiently answering all the queries and I would also like to thank all the participants for making this session very interactive. Sir any closing comments from your end?

Prasanna Kumar: Thank you for conducting the entire proceedings in a seamless manner and we interacted with many people and we got many inputs to improve ourselves and improve our system and some displays in our website also. We took note of all the suggestions which we received and we will implement them in the interest of the company and we will take the organization to new height that is our objective. Thank you. Thank you AnshumanJi.

Anshuman Ashit: Thank you so much Sir!

Moderator: Thank you very much. On behalf of ICICI Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.