



“NLC India Limited Q2 FY-22 Results Conference Call”

November 24, 2021



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MODERATOR: MR. MOHIT KUMAR – DAM CAPITAL ADVISORS LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to the NLC India Limited Q2 FY22 Results Conference Call hosted by DAM Capital Advisors Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference call to Mr. Mohit Kumar from DAM Capital Advisors Limited. Thank you and over to you Sir!

Mohit Kumar: On behalf of DAM Capital, I welcome you all to the NLC Q2 FY22 Earnings Conference Call. We have with us Shri. Rakesh Kumar, CMD, along with the senior management team of NLC, India Limited. Without delay I would like to hand over the call to the management for the opening remarks followed by Q&A. Over to you sir.

Rakesh Kumar: Thank you very much Mohit Kumar Ji. I am Rakesh Kumar, CMD, NLC India Limited and joining you for this call from Neyveli along with Shri. R. Vikraman, Director HR, having Additional Charge of Mines, and Shri. Shaji John, Director (Power) and Shri. Jaikumar Srinivasan, Director (Finance), having Additional Charge of Director P&P, along with other senior officials of NLCIL.

I welcome you all for this conference call and I would like to mention few highlights of the quarter and half year ending September 30th, 2021.

First highlight is standalone power generation during the half year ended 30th September, 2021 is 13,043 MU as against 9,490 MU in the corresponding period of the previous year, registering a growth of 37%.

Consolidated power generation during the half year ended 30th September, ‘2021 is 15,619 MU as against 12,100 MU in the corresponding period of the previous year, registering a growth of 29%.

Renewable Energy power generation during the half year ended 30th September, ‘2021 is 1,177 MU as against 1,075 MU in the corresponding period of the previous year registering a growth of 10%.

Renewable Project CUF during the half year ended 30th September is 17.81% as against 16% in the corresponding period of the previous year.

Lignite sales during the half year ended 30th September, 2021 is 18 LT as against 8 LT in the corresponding period of the previous year, registering a growth of 130%.

On commissioning of Talabira coal mines, coal sales during the half year ended 30th September 2021 is 19 LT with revenue addition of Rs. 248 Cr.



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Robust collection of dues has resulted in reduction of debtors by 48% from Rs. 9,249 crore on 30th September 2020 to Rs. 4,895 Cr on 30th September, '2021.

We have also bagged 510 MW solar power project from IREDA under 5000 megawatts CPSU scheme, Stage-II (Tranche-III) scheme. As we intimated earlier also, bagged 150 MW wind solar hybrid project under tariff based competitive bidding from SECI.

And some key highlights of the financial performance of H1 of 2021-22, when we talk about the consolidated results is, total income of the group during the half year ended 30th September, 2021 is Rs. 6,536 Cr as against Rs. 5,575 Cr in the corresponding period of the previous year, registering a growth of 17%. Profit after Tax for the half year ended 30th September, 2021 is Rs. 555 Cr as against Rs. 405 Cr in the corresponding period of the previous year, registering a growth of 37%.

Standalone financial highlights, total income of the company for the half year ended 30th September, '2021 is Rs. 5,377 Cr as against Rs. 4,236 Cr in the corresponding period of the previous year, registering a growth of 27%.

Profit before Tax and exceptional items for the half year ended 30th September, '21 is Rs.1,305 Cr as against Rs. 690 Cr in the corresponding period of the previous year, registering a growth of 89%. Profit after Tax for the half year ended 30th September, '2021 is Rs. 567 Cr as against Rs. 313 Cr in the corresponding period of the previous year, registering a growth of 81%. So, I invite you for the questions.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Shubhra Dwivedi from SBI Life. Please go ahead.

Shubhra Dwivedi:

Just if you can elaborate more on how this reduction of debtors happened. So, you had received around Rs. 4,000 Cr I think in the last financial year, as a part of the first tranche of Aatmanirbhar package. So, this year till date how much you have received, and if there is any further amount that you are expecting to receive?

Jaikumar Srinivasan:

In fact, as it has been told in the highlights, by the CMD, there has been a record collection, if you consider the position as on 30th September last year, the arrears amount was Rs. 9,249 Cr. And this has been brought down to Rs. 4,895 Cr as on 30th September 2021.

Now, this has been because partly because of the Aatmanirbhar Scheme that was introduced by the Central Government where we have collected Rs. 3,913 Cr additionally, for NLC and another Rs. 1,221 Cr was for the NTPL. So, total if you consider NLC plus NTPL, we had a collection of Rs. 5,134 Cr under Aatmanirbhar during the last year

During the current year, up to Nov'21 Rs. 2,041 Cr has been collected under Aatmanirbhar for NLC and another Rs. 589 Cr for NTPL, which is totaling to Rs. 2,630 Cr. So, total amount of Rs. 7,763 Cr is the collection under Aatmanirbhar if you consider NLC plus NTPL.

Apart from this, we had also supported our beneficiaries in terms of giving them the option of paying under the Bill Discounting. And if you take these two years into consideration, this started off modestly, in the FY 19-20 there was a collection of Rs. 637 Cr under Bill Discounting. further in FY 2020-21 bill discounting of Rs. 1,541 Cr and during the FY 2021-22 (upto Nov'21) we were able to rope in even the other beneficiaries from Karnataka and Telangana and the collection was Rs 2497 Cr. So, a total of Rs. 4,676 Cr had been collected under Bill Discounting. Similarly, NTPL was able to collect Rs.956 Cr under the Bill Discounting scheme.

So this together with Aatmanirbhar scheme has helped us to boost up our collection. The collection efficiency, for instance of NLC for 2020-21 was 117% and during the current year, and up to Oct 2021, I believe it is 126%. So, similarly for NTPL, the collection efficiency was 185%.

So, all this put together we have collected the dues to a great extent. And if we talk about the dues as on date Rs. 4,931 Cr is the NLC dues as on 31st October. Out of this Rs. 1,302 Cr is dues which are below 45 days, which means that it is not due. So, normally after billing we give them a 45 day grace period. So, if you take a snapshot of 31st October, Rs. 1,302 Cr was not due, and was less than 45 days. So, the net due is around Rs. 3,629 Cr.

Similarly, for NTPL the dues as on 31st October is Rs 984.47 Cr out of which Rs 256.73 Cr was not due as it was less than 45 days. So the net due excluding the amount less than 45 days works out to Rs 727.70 Cr.

We are following different options for getting this, one is helped by some of the notifications and guidelines of the Ministry of Power. More so, from the month of February, the beneficiary DISCOM's are being increasingly pushed to be very compliant in payment, because of linking the scheduling of power to both default in payment and also for maintenance of Letter of Credit. So, this has also helped us to deal with the current dues, if you similarly take the current dues, more or less everybody is paying the current dues barring one or two DISCOMs. And as far as the past dues are concerned, a predominant amount of the past dues have been collected and balance is some of the dues which are subject matter of determination either at the Appellate Tribunal. Some of this, they are trying to get some kind of installment. So, we are in touch with all the DISCOMs to find a way to get this amount also.

Rakesh Kumar:

So summarily, supported by the Aatmanirbhar Scheme, and some reforms in the regulatory framework, and constant continuous pursuing monitoring, and taking up the issues of dues, with the beneficiaries' top management, the situation is significantly improved.

Moderator:

Thank you. The next question is from the line of VK Sonthalia from VK Associates. Please go ahead.

VK Sonthalia:

My question: From the 1st of October, Government has allowed 50% sale of coal from captive coal mines. And under the scheme, how much coal has been sold by NLC, in the month of October and November? And at what price? And is this trend likely to continue in the coming months?

- R. Vikraman:** Actually, the enablement is 30% of the coal produced, after the end use, it is not that the total mandate has been given. However, we have taken the approval of the Ministry of Coal for going beyond the 50% also, depending upon our production. So as such after the issue of this Amendment and Enablement we have gone for a sale of around 5 LT, keeping the production target up to March into account. So, the maximum base price which it fetched is between Rs. 1,834 to Rs 1884 per tonne, plus taxes and other duties as is applicable. So we will be depending upon our further production ramping up as required for the power sector. Any additional coal available after meeting the end-use requirement and power sector, will again be sold through the auctions in the another tranche.
- VK Sonthalia:** In the month of October, 10 LT was sold through e-auction, and in the month of November, 5 LT was sold through e-auction. In addition, 1 LT of lignite was sold in month of October. And in month of November also 1 LT of lignite was sold. So, all these sales were under this scheme or were it outside this scheme, sir?
- R. Vikraman:** So, as far as lignite is concerned, it is within the scheme because we got enough production, against our production, 1-2 LT in the month of October and November or well within that, we have not got any additional or special permission. As regards coal sale is concerned, it is well within this enablement, we have done in the month of November only 5 LT and October we are not done any coal sale.
- Rakesh Kumar:** Although we issued the notice but We have not done that.
- Rakesh Kumar:** That was deferred and we reduced it from 1.1 million to 0.5 million.
- VK Sonthalia:** And in the coming months as you ramp up the production in Talabira coal mines, these quantities which are sold through e-auctions, are they likely to increase in coming months, maybe two, three quarters. And once the Talabira power project comes into play, will you be having any spare coal to sell through these e-auctions.
- Rakesh Kumar:** As of now, we cannot have predictions. But we are trying our level best to ramp up the production. We will be having a clear picture in this coming weeks.
- VK Sonthalia:** So once the Talabira power project comes into operation in may be by 2022, and once the UP-Government project also comes into operation, will you be having spare coal to sell through these e-auctions or will you be able to use the entire coal produce?
- Rakesh Kumar:** Talabira power project is not likely to come up by 2022, because still the tendering is in the advanced stage.
- VK Sonthalia:** Now you had given date of 2024, so I am referring to 2024.
- Rakesh Kumar:** It may go up to 2026. And once it comes up, we are not envisaging surplus coal. In the initial period only we may be having surplus coal.



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- VK Sonthalia:** And when is the UP power project likely to become into operation?
- Rakesh Kumar:** UP power project, Ghatampur power project is progressing. We are closer to the first unit commissioning. However, there have been some delays witnessed recently. Our Director Power has visited the site, and he has taken a review of the project. I will hand over to Director Power, now.
- Shaji John:** As CMD was telling there are some technical delays on the project, but otherwise, we are planning, the first unit synchronisation, by the end of March, some delays are there but still we are confident, we will be doing the synchronizing, sometime in February or March. Though the commissioning may get a little more delayed because there are certain more works to be completed in the coal handling plant as well as the railway siding. May be the commissioning will get delayed by another two or three months. However, we are hopeful of doing this synchronization of the unit by may be in the month of February or March 2022, that is next year.
- VK Sonthalia:** The coal requirement for this UP power project has been tied up with Coal India Limited or will the Talabira or NLC be supplying coal to this UP power project.
- Shaji John:** Coal for the Ghatampur thermal power plant the linked mine is already there, the South Pachwara coal block where the mining activities are on the stage of the progress, but it may take another three or four years to come into full-fledged operation. Till that time for the Ghatampur thermal power project, we will be meeting coal requirement from our Talabira mines. For initial commissioning stage, we have already got tie-up from Coal India Limited, for the commissioning activities. We have got sufficient coal for initial commissioning of all the three units. And further when the unit goes into operation stage for the initial years we will be sourcing it from Talabira and later on we will be moving on to the linked mine that is the Pachwara South Coal Blocks.
- Moderator:** Thank you. The next question is from the line of NM Modi, individual investor. Please go ahead.
- NM Modi:** My query was regarding insurance claim, what is the latest situation over there?
- Rakesh Kumar:** Insurance claims are still under process. We have claimed for incident one on 7th May incident, insurance claim to the tune of Rs. 76 Cr. And incident two on 1st July, 2020, the claim lodged by us was to the tune of Rs. 177.62 Cr. Insurance company has although acknowledged the claim to the extent of Rs. 50 Cr only and we have received Rs. 9.5 Cr so far, but we are pursuing and we are making efforts to get the claim realized.
- NM Modi:** It is moving very slow in my opinion.
- Rakesh Kumar:** Insurance claims processing is very slow process. We are trying to take up the case with their senior management also. We are expediting it.
- Moderator:** Thank you. The next question is from the line of J.K. Jain from J.K. Jain & Company. Please go ahead.

J. K. Jain: One thing I want to get clarification about is transfer pricing, because your company has got mining as well as power producers. So, how this transfer pricing is being done, whether it is at the market related rate or is there any system because these power rates are fixed under regulatory system. So, how these are calculated? Can you give some brief idea?

Rakesh Kumar: Our lignite and coal are under the regulatory jurisdiction. And CERC is the authority to decide the transfer pricing. For lignite, the draft Tariff regulation is already issued. And based on that we were advised to file the petition. We have sought more time because our truing up has not been finalized for the previous five year period. So on that CERC has granted us the time extension. And for coal, we are in the process of preparing our petition and soon we will be filing the same with CERC.

J. K. Jain: So that means both are separate businesses, while they are calculating the rate for power there is one transfer pricing for lignite and coal to the power producer and then because recently the coal and lignite prices has gone up many fold I would say at least 100% price rise. So whether that will benefit the Company or no that's not going to make any difference to the profitability of the NLC.

Rakesh Kumar: To the extent of the coal which is tied up for the end-use plants in case of Talabira Mines at present NTPL plant, coal pricing will be regulated as per the regulation. However, for the surplus coal, which is sold in the market, we are getting higher price as our Director Mines, Additional Charge, Vikramanji has informed, we have recently sold 5 LT of coal at maximum base price of Rs. 1884 per Tonne.

J. K. Jain: So, in a nutshell, it means that with the increase in prices of lignite and coal the company is not going to get benefit out of it, as layman understanding because the lignite and coal prices have gone up, if it is consumer electricity producers --

Rakesh Kumar: So as long as the coal and lignite is used for our own captive plants, we are using and selling the power we are getting benefited by way of competitive tariffs, because we don't have to procure lignite and coal from any other source. But, as far as the sale of lignite and coal is concerned, we are able to realize the market price for the surplus coal and lignite sold in the market.

J. K. Jain: So what will be the difference in the competitive rate or, in a nutshell whether the company is going to get additional benefit because of these price rise of lignite or things or it's as usual, business is as usual for you?

Jaikumar Srinivasan: See, as per the CERC terms and conditions of tariff as you rightly said that one set of norms, one for purely determining the tariff for your thermal plants. And more recently, CERC has also stipulated how for an integrated plant, like NLC or elsewhere, in an integrated plant what would be the methodology for calculation. So, we will be going as per that, so the transfer prices basically will be determined on a cost plus basis, applying some prudence check. So, that explains the business as usual scenario.

But, your next question was whether there is some arbitrage opportunity in case you are selling this surplus coal or surplus lignite. Let me come to coal first. Helped by this recent enablement about selling surplus coal, right now, the Talabira is the only mine owned by NLC Captive Mines. So, predominantly

it is to be used for one of the running plant which is in Tuticorin Tamil Nadu, 1000 MW. And for the upcoming plant which is the power project under formulation. However, meanwhile, if there are some surplus production and we sell it, definitely the company will be benefited by that. But some of the proportionate benefits should also be passed on to the end-use plant. So, in that sense, some part of the benefit will definitely improve the company's bottom-line and some of it will again be helpful in reducing the tariff for the end-use plant, which would stand competitively in the merit-order dispatch.

As far as lignite is concerned, yes, lignite again, in case of lesser usage for the end-use plant, because of surrender by the beneficiary, due to lesser demand, because we cannot stock the lignite beyond a certain point. We may be not by design, but by default sometimes are forced to sell this. And whatever is the price which we get, that could be benefit, again improve the company's bottom-line.

J. K. Jain: In any case, there is no question of any super profit because of these price rises of coal and lignite that in a nutshell, one can see a company like you --

Jaikumar Srinivasan: See, in fact, in a cost plus regime there is no avenue for super profits. There are some incidental profits, because we have not bagged any of this project on a competitive bidding basis. So, the whole, underpinning philosophy of a cost plus is, you should get your cost reasonably and there are some efficiency norms we should meet even to get entitled to that cost plus.

Rakesh Kumar: I would like to mention here that CERC has issued the lignite price guidelines in September 2021, in which they have reduced the Return on Equity from 15.5% to 14%. We requested for 15.5%. But they have reduced the Return on Equity.

J. K. Jain: So that way the profit may come down.

Rakesh Kumar: Yes, slightly it will impact on our profit

J. K. Jain: Because a lot of issues are pending for last five years on the rate fixations and all these things. So ultimately when all these will be fixed, you are going to get back some money or you have to refund all the money you already realized.

Rakesh Kumar: In regulatory business, especially in power sector, as you know that the petitions are taking longer time, sometimes fixing the lignite price for the period 2014 to 2019, the price was finally decided in 2017. So, it took more than two years or two and a half years. So, this is a cycle and we cannot say that what will be the net outcome because whatever claims we have lodged, petition we have put up and in case of any disputes then appealed i.e some cases are pending in CERC, some are in APTEL. And then accordingly based on the outcome, we will come to know whether it is a gain or a loss in some cases.

As far as our accounting is concerned, we have adopted a conservative accounting that based on the outcome of any decision of the regulatory body, CERC or APTEL, we align our accounts accordingly. So, to that extent it is conservative.



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- Moderator:** Thank you. The next question is from the line of Sham Kalra, from Kalra Investments. Please go ahead.
- Sham Kalra:** In the month of October there was e-auction plan for 11 LT of coal. As you have told recently, it was cancelled and in November 5 LT, new tender was floated, okay, if I understood correctly.
- Rakesh kumar:** I just wanted to inform you that I said that this 11 LT tender was deferred, and finally reduced from 11 LT to 5 LT.
- Sham Kalra:** Means the surplus of coal which we are selling, it has been reduced from 11 LT to 5 LT?
- Rakesh Kumar:** No, it is not like that. Although the production of coal has ramped up dramatically. Last financial year we have produced only to the extent of 1 MT whereas in this financial year, although our mining plan was mentioning 4 MT, we enhanced the internal target in the initial of the year itself to 6 MT. But keeping in view the coal crisis in the country, we have augmented our production. For 1 MT if you see the average will be something like 3000 T to 4000 T per day. But now at present, we have ramped up to 30,000 tonnes also per day. And we have started giving coal to NTPC, recently just to tide over the situation.
- Sham Kalra:** So that may be the reason for reduction in the e-auction you might think.
- Rakesh Kumar :** Yes, so depending upon the situation, we will come out with the future auctions also.
- Sham Kalra:** So, sir the sale of coal to NTPC, how the rate is determined?
- Rakesh Kumar :** Presently, the coal is supplied to NTPC. The rate is under finalization, it started for tiding up over the situations, so that rate and other terms and conditions are still in the process of firming up.
- Sham Kalra:** Okay, so I presume it will not to be upto market determined rates.
- Rakesh Kumar :** We are talking to them. Of course, it cannot be at market related, but we will see what can be done.
- Sham Kalra:** My next question is just in Quarter 3 and Quarter 4, what is your feeling how much coal we are expected to sell in the market through e-auctions, any idea.
- Rakesh Kumar:** As of now, we are not having a clear picture because we did not plan for this much of production. And although we are trying to ramp up, it depends on how much enhanced production we are able to achieve and depending upon that only and how much NTPC is able to take under the arrangement. Based on that we will be able to decide.
- Moderator:** Thank you. The next question is from the line of Dinesh Rao, individual investor. Please go ahead.

Dinesh Rao: My question is, can you please explain me the capital expenditure that is required for your planning for this year and in the next year? And also, can you give me an outlook on the performance for the next half year and also the next year?

Rakesh Kumar: Our capital expenditure planned for the current year is Rs. 2,061 Cr for various projects. And for the next year, we have firmed up our CAPEX Plan to the tune of around Rs. 3,000 Cr.

The second question, you said what is the outlook for the next half of the current financial year? So, looking to the changes in the environment, our Annual plan is now changed because the numbers have changed, because of the ramping up of the coal production and ramping up of the power generation also. So, we are in the process of formulating our revised budget, still the numbers have not yet been firmed up.

Dinesh Rao: So, actually according to your five year plan, can I know, like is the CAPEX being met to that plan or is it deviating from the plan, on your website corporate plan is there of NLC India Limited.

Rakesh Kumar: Yes, you are right that we had made a very ambitious corporate plan to have an outlay of about Rs. 129,000 Cr for a period of 10 years. Although in the initial years of that plan, which started in 2015, we could ramp up our CAPEX from Rs. 1,000 Cr or Rs. 1500 Cr level to Rs. 6,000 Cr or Rs. 7,000 Cr also. But, after exhausting our resources we were looking for equity and that could not be arranged but at the same time the scenario in the country has also changed. Thermal power stations and Greenfield project of thermal power have been facing the challenges. And we face the concern of the beneficiaries on account of higher tariffs and the cost of the project also. Therefore, these uncertainties have changed our plan and we have mellowed down. We have reduced our pace for the time being. And we are now gearing up to enter into renewable and firming up our corporate plan after a review.

Dinesh Rao: Can you, there is a request from my end is can you get updated corporate plan on the website?

Rakesh Kumar: Yes, as soon as it is firmed up, we will post it on the website.

Dinesh Rao: What is the debt obligation during this year and during the next year?

Rakesh Kumar: So, during the current year H1 of 2021-22 our repayment is to the extent of Rs. 1,692 Cr and next year also it is in the same range because we are not changing any debt plan so far. Of course, in case we go for solar project execution depending upon the additional loan taken, we will be having, but repayment will not get affected, only interest will be paid.

Dinesh Rao: And one more doubt query is that, how will the CAPEX be funded, the planned CAPEX that you have told me just now?

Rakesh Kumar: CAPEX plans, which we are preparing this will be funded only by way of internal generation and loan arrangement.



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- Dinesh Rao:** As for the debt equity ratio plan.
- Rakesh Kumar:** Debt equity plan, yes, depending upon what mix we have considered for bidding of the solar, based on that we will be adopting the debt to equity ratio.
- Dinesh Rao:** As per the rating report, there's a Rs. 15,000 Cr of CAPEX is planned in the next three years. So, if you take roughly Rs. 4,500 Cr per annum will that be able to be achieved.
- Rakesh Kumar:** This Rs. 15,000 Cr of CAPEX in the next three years is, after envisaging the award of Talabira pithead power plant and solar projects. And in case these are awarded before awarding we will have a tie-up. We will have a clarity as to how the funding will take place. We will commit to only after having the financial closer.
- Moderator:** Thank you. The next question as a follow-up question from the line of J. K. Jain from J. K. Jain and Company. Please go ahead.
- J. K. Jain:** This is in response to your reply to a question that you are giving coal to NTPC, but the price is not yet determined. But as the income tax act, the regulatory authorities, you have to sale goods at the arm's length price. So you can't say that, you have to say that market related, coal prices has to be market related. You can't say because both are different companies, shareholders are different. So when the opportunity is there to have a good price of coal. So shareholders of NLC should get good price. The prices come down, you are not going to get the benefit of that.
- Rakesh Kumar:** We understand and we commenced supply of coal to NTPC on the advice of Government of India, to tide over the situation. And as you are aware that there was coal crisis, and there are two NTPC power plants nearby which could be given additional coal from this mine. Therefore, this decision was taken. And we are very much conscious to the fact that this pricing should be at arm's length. There are various considerations that this permission of extra coal is given by Government of India in order to tide over this situation. So, we have to take a call. We have to be guided by Government of India also in this regard. We will take a prudent decision in this regard.
- J. K. Jain:** Further to it, because this has become now a custom, because when earlier there used to be Government subsidy of oil sectors and all these sectors today the steel prices are quite high. So, when you are buying steel from SAIL, they are not going to give you at their cost price. So, I put my opposition to this fact that why a shareholder is put at a loss, because NTPC is also going to make a lot of money out of the electricity generated. Steel Authority is also making a lot of money. Tata Steel is also making a lot of money. Why NLC, because the shareholders the price at one point of time was Rs. 170 today the Rs. 45, still the price of NLC has not increased to that extent whereas the prices of other power companies like Tata Power has increased from Rs. 40 to Rs. 250. So it is also your duty as the CMD that you should put your opposition to all these things.
- Rakesh Kumar:** Mr. Jain, I just want to inform you that we are conscious of this aspect and we are already discussing with NTPC to have a swapping arrangement of coal for our NTPL plant, which will help us to get

cheaper coal, because otherwise 30% of the NTPL requirement was required to be fulfilled by imported coal, which is very costly. So, we are conscious about this and we will do our best in this regard.

J. K. Jain: Another thing here because this company has not, earlier it used to pay dividend of Rs. 7 to Rs. 8 previous year, now they have reduced to Rs. 2. So, because you have got a lot of payment from debtors and all these things so, the company must be thinking about some interim dividend or buyback of shares. Is there any plan from that or you are asking the Government to put some plan for that purpose?

Rakesh Kumar: You are right that last year, we paid only total dividend of 25% as against 70.6% in 2019-20, and 48.28% in 2018-19. So, this reduction in dividend has happened and you are right that we have been paying dividend at higher levels and only last year because of the COVID impact as well as two fire incidents, our production and top and bottom-line got affected. Therefore, we decided to at least give 25% dividend. But this being a normal year, normal practice will be resumed.

Moderator: Thanks. We will take the next question from the line of Mohit Kumar from DAM Capital Advisors. Please go ahead.

Mohit Kumar: Few questions from my side. What are the under-recovery in H1 FY 2021-22? And do you think that you can reduce the under recovery in the H2 FY 2021-22. And related question is that how was the PAT especially for the NLC 1000 MW new power plant, on the standalone.

Rakesh Kumar: Under-recovery, in the first half of the current financial year is Rs. 243.30 Cr as against Rs. 358.79 Cr in the last year. We are trying to reduce the recoveries in the second half further, I would like Director Power to comment on that.

Shaji John: Yes, Mr. Mohit as we can see in the first half the under-recovery on account of fixed charges we are improving very well. For example, some of the units I can share with you, our TPS-II units under-recovery is zero in the low demand season. Yes, some under-recovery was there in the high-demand season that is for the month of April. That is only there which we are hopeful, we will be able to make up in this remaining period of the high demand season that is February/March of 2022. Similarly, for TS-I expansion another unit also. Our availability is well above the normative levels, by which we are able to get the 100% availability on low demand season. There also on the high demand period some under-recovery is there which we will be making up in the remaining two months period of the high-demand season in this financial year itself.

As far as our Barsingsar unit is concerned, yes, there is under-recovery on account of fixed charges. But the positive thing about the Barsingsar unit is that this year we have already taken the overhauling of these units. And the breakdowns of this Barsingsar unit has also drastically come down. So the under-recovery for the remaining period of this financial year, we will find that we are expecting that the availability will increase and the under-recovery on account of the Fixed charges will be further reduced.

And NNTPS is the new unit which was another question from your end, by the first half we had taken up the overhauling of NNTPS also.. There were some issues which was related to, erection defects

which generally occurs following commissioning of unit or some of the teething problems of Unit #2 which was commissioned in the month of February-2021. So, in the first few months naturally, certain issues which were there, were the reasons for some shutdowns or breakdowns. And apart from that, certain vital equipments like some water lance etc. were to be commissioned that also has been commissioned now.

So, in the next half, we are hopeful, we will be improving upon the performance of our NNTPS that there is a new 2 x 500 MW units, because now we are able to run both the units at full load. Except for TPS-II expansion where we are having the problems of the CFBC unit, still we have to come out of that problem, we are working on it, all other units, we are in a comfortable position now. We have carried out most of the overhauling in the second half. We are expecting the availability factor to increase. And once the availability increases, naturally the under-recovery which might be coming on account of additional, let us say on increase of APC or specific oil consumption this also will reduce, and the under-recovery will be coming in control.

Rakesh Kumar: And regarding the 1000-megawatt lignite-based power plant in Neyveli NNTPs, which Mohitji wanted to know, what is the performance, we have generated 3,143.14 MU and exported 2,748.21. And we have achieved PLF of 71.57%, PAF of 73.90% and it has resulted in Profit before Tax to the tune of Rs. 146.25 Cr.

Mohit Kumar: Secondly, the mining EBIT has jumped very sharply in the quarter, is there any one-off or do you think this is the run-rate which we can maintain for the next few quarters?

Rakesh Kumar: Sharply, Yes because of our ramping up of the Talabira coal production.

Mohit Kumar: So what is the CAPEX plan for FY22 and FY23, what is the kind of CAPEX you are envisaging at this point of time, and how much you have done in H1 FY22?

Rakesh Kumar: So, CAPEX plan, although we are trying to get more projects and depending upon winning the project in the tenders, SECI tender, IREDA tender for solar and depending upon the outcome and feasibility of the Talabira pithead power plant, we will be able to have a clear picture of the CAPEX for the next two years. However, as of now, we have formulated our plan for the next year to the tune of Rs. 3,000 Cr.

Mohit Kumar: And have you done any CAPEX in H1 FY22?

Rakesh Kumar: Yes, H1, we have already achieved Rs. 1,292.82 Cr. against our target of Rs. 887.90 Cr.

Mohit Kumar: How much expected in the second half for H2?

Rakesh Kumar: we are having annual plan of Rs. 2,061 Cr, we will be able to achieve this expenditure.

Mohit Kumar: How much has been the investment in NLC Ghatampur till date?



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- Rakesh Kumar:** Yes, in case of Ghatampur project, so, far we have incurred an expenditure of Rs. 12,541.16 Cr.
- Mohit Kumar:** What is the overall investment required?
- Rakesh Kumar:** Total sanction cost is Rs. 17,237 Cr estimate and against which we have incurred Rs. 12,541.16 Cr
- Mohit Kumar:** How much is equity investment from our side from our balance sheet?
- Rakesh Kumar:** Out of this, 30% equity which is to be shared by UPRVUNL and NLC. We have invested equity of Rs. 1,662 Cr approximately.
- Mohit Kumar:** Is there any plan to monetize our asset key under National Monetization Plan? Do we have any such target in the next few years? And what are the renewable's EBITDA in H1 FY22? And how much is installed capacity at this point of time?
- Rakesh Kumar:** Yes, asset monetization actually, we are in discussion with the Ministry and as of now, two mines of NLC have been identified, from NLC & NUPPL, Talabira and South Pachwara. And these mines are already on the MDO mode and the expenditure investment by MDO is considered for the monetization purposes. And we are on the right track, there will not be much change in our business operations and processes and structure, due to the monetization program.
- Mohit Kumar:** Is there any plan to monetize renewable's separately?
- Rakesh Kumar:** We are discussing, we have obtained the approval for formation of two subsidiaries for renewable and the proposal has already been sent to Government of India for consideration. Based on the approval we will be progressing further.
- Mohit Kumar:** Lastly, what was the renewable's EBITDA in H1 FY22, do we have this number right now with you?
- Jaikumar Srinivasan:** Rs. 155 crores as a half year result PBT.
- Mohit Kumar:** And what will be the appreciation or depreciation and interest?
- Jaikumar Srinivasan :** Just to add, this compares favorably, last year it was Rs 94.71Cr so there is around 50% growth in there.
- Mohit Kumar:** Do you have the EBITDA numbers by any chance?
- Jaikumar Srinivasan:** EBITDA, we can probably follow it up to you.
- Mohit Kumar:** Sir with that we have come to the close of the conference. Do we have any closing remarks?



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Rakesh Kumar:

Thank you so much for the interest shown. We value our investors and as we are progressing on the mining front and power generation, in the time to come, we will continue to focus on our projects and excellence in operations. Thank you very much.

Moderator:

Thank you. Ladies and gentlemen on behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.