



“NLC India Limited
Q2 FY '24 Institutional Investor's Meet”

October 30, 2023



NLCIL MANAGEMENT: MR. M. PRASANNA KUMAR – CHAIRMAN AND MANAGING DIRECTOR
DR. SURESH CHANDRA SUMAN – DIRECTOR (MINES) AND
DIRECTOR (FINANCE ADDL. CHARGE)
MR. MUKESH AGRAWAL – EXECUTIVE DIRECTOR, FINANCE
MR. S.P PATNAIK – CHIEF GENERAL MANAGER, FINANCE

MODERATOR : MR. MOHIT KUMAR – ICICI SECURITIES LIMITED

Mohit Kumar:

Hi, Good afternoon, on behalf of ICICI Securities, would like to welcome you today for investor meet of NLC India Limited. Today, we are extremely pleased to have this team senior management of the company, NLC. As you all know, is a Navratna Government of India enterprise under Ministry of Coal. We have with us on the dais in Mr. M.Prasanna Kumar, CMD, Mr. Suresh Chandra Suman, Director (Mines) and Finance (additional charge), Mr Mukesh Agrawal, Executive Director and CGM Finance.

With this, I would like to hand over the floor to CMD sir for his opening remarks, to be followed up by a brief presentation from Mr. Mukesh Agrawal, Executive Director. Thank you, Sir over to you.

Prasanna Kumar M:

Good afternoon everyone. Thank you very much. Mohit ji, for hosting this investor's meet and greetings to all the participants for showing interest in NLCIL and thanks to all the investors for extending continuous support.

I would like to take this opportunity to interact with the NLCIL shareholders and also reply to their queries in the financial results for the half year ended 30th September, 2023 and company's capacity addition program of NLCIL. I am Prasanna Kumar Motupalli, CMD NLC India limited and joining with me today are Shri. Suresh Chandra Suman, Director (Mines) and Additional Charge Director (Finance) and Sri Mukesh Agrawal, Executive Director (Finance) along with senior management of the company.

Before the interaction, i would like to brief on the highlights and performance of NLCIL during the half year of 2023-24 and I would like to highlight that quarterly & half yearly results are being published the earliest after a gap of 10 years i.e., 26th October 2023, that is the earliest in last ten years for the publishing of the results for quarter ended 30th September against the stipulated time of 14th November 2023.

The Major highlights during the quarter 2023-24 are,

NLCIL successfully bagged 810MW grid connected solar project tender floated by RRVUNL in Rajasthan on 10th August 2023.

NLCIL won the bid for North Dhadu (western part) commercial coal mine in E-Auction on 1st August 2023. This is the first coal mine NLCIL got under commercial auction route.

PPA was signed between NLCIL and GRIDCO, Orissa for supply of 800MW from Talabira Thermal plant on 28th September 2023.

Power usage agreement was signed between NLCIL and RUVNL for supply of 300 megawatts Solar power under CPSU scheme on 17th August 2023.

The wholly owned subsidiary NLC India Green Energy Limited (NIGEL) was incorporated on 13th October 2023

On 21st August 2023 long pending permanent diversion of Paravanar river was completed for further advancement of mining.

Possession taken for 534 hectares of land out of 692 hectares of land which was acquired since 2000 at Mine- II.

Letter of Award has been issued for development of 200MW solar project on 16th October 2023 under CPSU scheme.

Expert Appraisal committee of MOEF & CC recommended to issue Environmental Clearance for Pachwara South Coal Block subject to stage 1 forest clearance.

Coming to the Key highlights of physical performance

Standalone coal production during half yearly ended 30.09.2023 is 45.99 lakh MT against 49.75 lakh MT in the corresponding period of the previous year. Lignite production during the half year ended 30.09.2023 is 106.50 lakh MT against 124.42 lakh MT in the corresponding period in the previous year.

Standalone Power generation during half year ended 30.09.2023 is 10,397.85 MU against 13,104.90 MU in the corresponding period of the previous year.

The Consolidated power export during the half year ended 30.09.2023 is 11.472 BU against 14.312 BU in the corresponding period of the previous year.

Coming to the key highlights in the financial performance

Standalone

The profit for the period for the half year ended 30.09.2023 is Rs. 1,452 crores as against Rs. 873 crores in the corresponding period of the previous year registering a growth of 66.32%.

The profit after tax for the period has increased due to receipt of APTEL order for lignite transfer price truing up for the tariff period 2009 -14.

Profit before tax for the half year ended 30.09.2023 is Rs.2,215 crores and Rs. 1,292 crores in the corresponding period last year registering a growth of 71.42%. The EBITDA of the company for the half year ended 30.09.2023 is Rs.3,278 crores as against Rs.2,397 crores in the corresponding period in the previous year registering a growth of 36.75%.

Revenue from operations for the half year ended 30.09.2023 is Rs.5,072 crores as against Rs.5,847 crores respectively in the corresponding period of the previous years.

The total income of the company for the half year ended 30.09.2023 is Rs. 5,434 crores as against Rs.5,998 crores in the corresponding period in the previous year.

Coming to the consolidated Financial performance

Profit after tax (PAT) of the group for the half year under 30.09.2023 is Rs.1,500 crores as against Rs.986 crores in the corresponding period in the previous year registering a growth of 52.10%.

Profit/ (Loss) before tax of the group for the half year ended 30.09.2023 is Rs. 2,314 crores as against Rs. 1,470 crores in the corresponding period in the previous year registering a growth of 57.44%.

EBITDA of the group for the half year ended 30.09.2023 is Rs.3,675 crores as against Rs.2,898 crores in the corresponding period of the previous year registering a growth of 26.83%.

Revenue from operations of the group for the half year ended 30.09.2023 is Rs.6, 294 crores as against Rs. 7,352 crores in the corresponding period in the previous year.

The total income of the group for the half year ended 30.09.2023 is Rs.6,663 crores has against Rs.7,545 crores in the corresponding period of the previous year.

I whole heartedly thanking the investors for the sustained support and encouragement all these years. I hope the same would continue in the future also. Thank you one and all.

Mohit Kumar:

Thank you, sir, I would like to invite Mr. Mukesh Agrawal Sir to take over the proceedings.

Mukesh Agarwal:

Thank you, Mohit ji. A warm welcome to all. Very good afternoon.

Today we are conducting our investor meet after publishing the half yearly results. I am just going a brief presentation about the company.

The company is already in the business of lignite mining, thermal power generation, renewable power, Coal and then consultancy business. We are also doing the power trading. Presently Government holding is 79.20%. Net worth of the company as on 30th September standalone basis is Rs.15,810 crore and the total assets amounts to Rs.34,534 Crore. Company has a PAN INDIA presence, company started its journey in Tamilnadu in 1956 then in late 90s we moved to the Rajasthan for Barsingsar mining and thermal power projects

After that the company has spread its wings in the UP, Odisha, Dhumka (Jharkhand) and Andaman and now we are venturing into Gujarat and Assam.

These are the key highlights milestones which the company has achieved during a period –

In 2016 we got two coal blocks Pachwara South Coal block of 9 MT per annum and Talabira Mine for 20 MT per annum.

In 2017 we had installed 51MW wind power project in the state of Tamil Nadu and we had installed also 130MW solar power project in the Neyveli in Tamil Nadu.

In 2019, we have commissioned 450 MW out of 500 MW of Tamil Nadu solar projects and we had also installed 1 MW solar roof top project.

In 2019- 50MW out of 500 MW has been installed, 709 MW also has installed and the 1st unit of NNTPS of 500 MW has been commissioned.

In 2022 commercial coal block of Talabira has become operational and JV between NLCIL and CIL has been formed in the name of CLUVPL which is mainly with focus on the consultancy and the solar business.

In 2021 we had commissioned the 2nd Unit of NNTPS of 500 MW lignite based power plant with this the total power station of 1000 MW lignite based has been commissioned in the Tamil Nadu and the Talabira coal block has attained its COD in 2021.

In 2022 , we had bid for the solar projects for SECI and IREDA. NUPPL commissioning activities has been started and in 2023 we had incorporated a new wholly owned subsidiary company name of NLC India Green Energy Limited. The purpose of this energy is to focus the renewable energy business in a more focused way and we had attained the 10 MW solar capacity in Neyveli under the smart city.

Company has attained the PLF of 57.93% during the first half and the power generation was 10.39 billion units. All-time high lignite sale has taken place in the BTPS of 0.75 LT and the lignite mining production was 106.5 LT.

When we talk about the financial performance during the H1 standalone revenue was Rs.5,072 crore. EBITDA has shown a jump of 37% and has stood at Rs.3,278 crore against the previous year of Rs.2,397 crore. PAT of the company has registered a growth of 66% and has attained a level of Rs.1,452 Crore against the corresponding period of Rs.873 crore.

EPS of the company on a standalone basis is Rs.10.47 against a previous year of Rs.6.30 showing a growth of 66%.

Let us we should talk what the major events has happened during the Q2 of 2023-24

NLCIL has secured a commercial mining block of North Dhadu having a 3 MT capacity. We had established a green energy company NLC India Green Energy Limited.

NLC India Limited has also signed a Power Purchase Agreement with GRIDCO for 800 MW, out of that 400 MW pertains to the first part of the Talabira Thermal project of 2,400 MW and 400 MW pertains to the second unit of 800 MW which will be taken up in the second phase.

Permanent diversion of Paravanar River has been completed on 21st August 2023, which was a constraint in the mining of the lignite which we had overcome and the land acquisition of 534 hectares has been completed during the period against the requirement of 692 hectares land.

Highlights

Barsingar Mines from there we could able to sell 0.75 LT Lignite. We had participated in two solar bidding One has completed on 30th June for the Khavda for 600 MW and another we had secured 810 MW from Rajasthan Urja Vikas Nigam Limited at a very competitive price of Rs.2.64. We had signed a PPA with the 300 MW with the Rajasthan government this 300 megawatt pertains to the 500 MW which we had secured from the SECI under the CPSU scheme and railway sliding activities

of NUPPL has been started and for the SECI, we had secured 500 MW, 200 megawatt for project execution we had awarded LOA on 16th October for execution of this project.

This is the standalone financial performance

Revenue from operation is Rs.2,471 crore. Earnings per share is Rs.8.09 against Rs.2.65 of the corresponding period of Q2. EBITDA of the Q2 is Rs.2,250 against the Rs.1,127 crore of the previous year Q2 corresponding period we are showing a growth of 100% and Profit After Tax has shown a jump of 205% and has moved from Rs.367 crore to Rs.1,121 crore.

These are the some of the graphs where we can see the debt equity ratio which has gone to the level of 1.41 has come down to 0.64 and the dividend trend company is paying the consistent dividend from 1996 and last year we had paid 35%.

Let us we should have a glimpse on the project which are under the execution or under the different stage. NUPPL thermal project of Rs.19,406 crore is in advance stage of commissioning, Talabira project of 2400 MW in the first phase having a capex allocation of Rs.19,423 crore.

Company is also working on a super critical Lignite based thermal power plant TPS –II 2nd Expansion, which is of 1320 MW. For this project, company has made a capital allocation of Rs. 11,189 crore.

Mine- III project, which will be the link project of the TPS –II 2nd Expansion is for Rs.3,756 crore.

South Pachwara Block, coal block, which is a link block of NUPPL thermal power plant, is having a 9 MT capacity for which a capex allocation of Rs. 2,243 crore is existed.

Company has taken a project, which is a gasification project under the which is a part of the Atmanirbhar Bharat Lignite to methanol 0.4 MTPA capacity. Company has already secured the North Dhadu coal block, for which a capex allocation of Rs.1,396 crore. Company is executing RE-project of 510 MW and 150 MW which we are secured from SECI and IREDA. For this project company has kept a allocation of Rs.3,890 crore and for the recently secured project of RE of 1,410 MW in Gujarat and Rajasthan, we had made a capital allocation of Rs.8,124 crore with all this we had a capital allocation plan of Rs.82,174 crore during the next seven years.

Company we are presently at a mining capacity of 50.1 MT per annum capacity and we are kept our target of reaching to the level of 82.1 MT per annum capacity by 2030. Similarly thermal power capacity we have a plan to reach a level of 11,140 MW against the existing capacity of 4640 MW. Similarly, we are working for reaching to the renewable capacity of 6031 MW against the present capacity of 1430 MW.

These are the projects where companies presently working Ghatampur Thermal Power Project of 3*660 MW supercritical project its we are working. Pachawara South Coal block having a capex of Rs.2,243 crore for which anticipated COD is March 2024 we are working. This may slightly delay.

Solar projects for 300 MW which we had awarded in Rajasthan and the SECI scheme we are doing this and we are anticipating the COD by September 2024. Similarly, solar project of 200 MW of SECI COD is September 2024. These are the projects which are under implementation.

Projects in pipeline where the company is working and is likely to be come very shortly is the NLC Talabira Thermal power project (3*800 MW) its project cost is Rs.19,422 Crore scheduled COD is 52,58 and 64 months from the date of issue of the LOA. Physical position of land is expected by December 23.

Similarly TPS- II 2nd Expansion, this will be a 2*660 lignite based supercritical project and for this also we had called a bid and bid opening is by December 2023.

SECI hybrid projects we had already discussed, solar project RRVUNL which we had a bagged recently 810 MW and the total project cost is Rs. 4,788 crore, LOA has been issued by the Rajasthan Rajya Vidyut Utpadan Nigam Limited on 3rd October 2023. Similarly Khavda GSECL project, project cost is Rs.3,336 crore approximately.

In addition to this company is also working on a 50 MW mined out reclaimed land which is available in the Neyveli for which we are planning for installation of 50 MW and in Assam we are forming a JV for 1000 MW solar power projects with the APDCL.

In addition to the project we are discussing, we are also working to lignite to methanol , Battery storage, OB to M-sand and Pump Storage, Lignite to Diesel and Green hydrogen. These are the projects on which also company is working on it as a diversification project. Thank you.

Mohit Kumar: Thank you CMD sir for the opening remarks on the financial status of H1 FY 24. Thank you, Mr. Mukesh Agrawal sir, for the detailed presentation. With this will start the Q &A, Floor is open.

Akhilesh: So my first question is, can you please help us with the under recovery in both the mining as well as the thermal generation business in the first half as well as for 2nd quarter.

Prasanna Kumar M: See in the first half of the current financial year, the overall under recovery is Rs.403 crores for NLC alone and as a group company it is Rs.510 crores against last year's under recovery of Rs.230 crores.

Akhilesh: Sir and the split between mining and generation that will be really helpful.

Prasanna Kumar M: So mining under-recovery is 383 crores in the Mines and rest is thermal.

Akhilesh: So for the land requirement of the next let us say 3 to 5 years, can you please take us through how much is the overall land requirement considering your mining plan how much land has been acquired or for what possession has been taken and what is the annual requirement and any potential challenges which you are facing right now?

Prasanna Kumar M: In general our requirement is around 200 hectares of land per year for next 5 years. But as on date the critical requirement is 692 hectares of land, mainly due to the non-diversion of the river Paravanar and some issues, this was long pending. So that's what we were telling in the last quarter we could divert the Paravanar river permanently with the support from district administration, state government ,central government and in land acquisition also out of 692 hectares which we require

for maintaining the production levels we already acquired 534 hectares of land and that activity is still going on. So we are hopeful that by end of November we will be getting all the land required for next 3 to 4 years for maintaining the generation levels and lignite production levels.

Akhilesh: So this 692 is sufficient for three to four years.

Prasanna Kumar M: Yes, Yes

Akhilesh: And as on date if you were to look at that what is the normal life daily production at the mine what would the shortfall be at the moment.

Prasanna Kumar M: See as on date we are losing around 600 MW on account of lignite shortfall and lignite production, so with substantial portion of land in our control, now we are hopeful that we will be reducing that to zero at the earliest.

Akhilesh: So the under recovery on an account of mining should go away from 4th quarter onwards.

Prasanna Kumar M: Yes yes all are all these are interrelated both under recovery on account of mining as well as under recovery under on account of thermal power generation will start improving from now onwards but finally it will become zero at the middle of December.

Akhilesh: In the coal mine as well the production in the first half is lower on a YOY basis, so any specific reason for that.

Prasanna Kumar M: See there is no such specific reason all we are ready to produce but there are two main constraints were there during the period. One is the rainfall more than the normal in that area that affected not only NLC mine production it affected the mine production in other areas also and second one more minor issue was there that was regarding dispatches. So now both issues are clear. Now we are hopeful that in the 2nd half of the financial year we will be achieving the target.

Akhilesh: Thank you. Thank you.

Barani Dhar: Good afternoon Sir.

Prasanna Kumar M: Good afternoon.

Barani Dhar: So my simple question is can you highlight some of the regulatory disputes between NLC and our customers be it on the mine side or on the power generation side which is keeping the recoveries lower or the returns lower and where do you see resolution in the immediate future which will benefit.

Prasanna Kumar M: As we already communicated the main Point was one lignite transfer price that order we got in favour and the second major issue is the O&M charges. So in all the cases already appeals are pending with the CERC and as well as APTEL and we are pursuing them. We are hopeful that the orders will come in our favour for further details, I request Mukesh Agrawal ji to answer.

Mukesh Agrawal: Thank you sir. With respect to the disputes at present in CERC, there is no dispute. We have four petitions which are yet to be approved or which recovery will improve. These are the two petitions

related to NNTP and Barsingsar Thermal projects and for all the mines Neyveli, Barsingsar and Talabira tariff price for the 2019-24 is yet to be awarded by the CERC. Second as CMD sir has told 2009-14 petition has been disposed off by the APTEL and remanded back to CERC and CERC will give the final hearing on next week and based on this 2009-14 will be get resolved and similarly 2014-19 will also get resolved. After that there is only one appeal which is major appeal pending in the APTEL is Mine-II to related case that will be get resolved in some little early period. We are pursuing for that.

Anuj:

Hello sir, so I just want to understand that from the 1H PAT number that has come. Could you like break it down into what, what was the true ups? What was if any regulatory deferral was there? And so basically what I'm trying to ask is how should we build the recurring part going forward? Thank you.

Prasanna Kumar M:

The profit before tax is Rs.2,215 crores, out of that Rs.1,219 crores is on account of net movement and regulatory deferral account and from mines, thermals and renewables it is a Rs.729 crores. BTPS –Barsingsar Truing up order Rs.89 crores and Mine –IA TAQA High Court order Rs.87 crores and some Rs.93 crores PBT from others. So out of Rs.2,215 crores profit before tax Rs.1,219 crores is on account of regulatory deferral account.

Investor:

Hello sir, good afternoon. So, two questions about the under recovery that you have mentioned, the Rs.403 crores and Rs.510 crores. So it is around 100 crores pertaining to NTPL itself.

Prasanna Kumar M:

No, no, no, actually the first half of the of this financial year, the under recovery is mainly attributed to shortfall in lignite production.

Investor:

That I understand sir, that group level Rs.510 crores and standalone level.

Prasanna Kumar M:

Yes, NTPL's the contribution is Rs.107 crores. The reason being there was some problem in one of the units in the ESP. So and we carried out the annual maintenance of the units also during that time. That is the reason why there is some under recovery under due to availability. But in the next half of the financial year that gets recovered because it is done annual basis.

Investor:

OK, and about the status of the TPS-II can you please specify what is the under recovery from TPS-II due to the you know because BHEL is already undertaken the work. What is the status of that?

Prasanna Kumar M:

I think you are talking about TPS –II expansion at CBFC Boiler.

Investor:

Yes, Yes

Prasanna Kumar M:

As I told last time, also, we implemented this short term measures for improving the availability that yielded some results for long term modifications, after consultations with the OEM and experience with other companies, we already placed order on BHEL for supply of the material around 80% of the material supply is already completed and the 20% is expected. We are expecting to start the modification work in the month of December. So in the current financial year, the modification in one of the units will be done, and that will improve the availability and reliability in one unit and in the Quarter- I, of the next financial year, we will undertake the modification in the unit other unit. With that, the availability and reliability issue of TPS-II Expansion that will get addressed.

- Investor:** So currently this year, what would be the total under recovery, whether the under recovery what is there it will remain as it is, some marginal rise or it will increase further.
- Prasanna Kumar M:** As I told you the under recovery was mainly on account of Lignite shortage. So with the improvement in lignite production and the favourable conditions in the second half of the financial year, I hope that the under recovery gets reduced to some extent.
- Investor:** What is the , can you please give me some figure, what would be in the current financials year?
- Prasanna Kumar M:** So, exactly the figure cannot be expect at this point of time.
- Investor:** I am just some ballpark figure.
- Prasanna Kumar M:** I think we are expecting that around Rs.400 crores it will be.
- Investor:** Group level or
- Prasanna Kumar M:** Group level.
- Investor:** Ok and sir regarding the coal EBIT , can you please give me coal EBIT for this quarter and financial year first half of this year sir
- Prasanna Kumar M:** For the total, you are talking about coal na, the EBIT for the current half of the financial year is Rs.362 crore.
- Investor:** Ok , first half
- Prasanna Kumar M:** First half of the financial year.
- Investor:** Ok ok .So, sir this quarter is you know that the operations are very bad due to the land acquisition issues so and also there was a right back on regulatory front so whether it will be , what is the this item, how it is going to blow in the current financial year , whether there is some negative surprise is expected in the coming quarters or it will remain as it is .
- Prasanna Kumar M:** No see, as the reason for the performance is the lignite production, less lignite production, we are expecting that this will improve in the next half of the financial year. Both in coal as well as lignite.
- Investor:** So, there would be no negative surprises on that front in the regulatory front.
- Prasanna Kumar M:** we are hopeful for that.
- Investor:** Ok Ok and sir you have got this commercial coal mining from Jharkhand, so what is the marketing plan you have set up for this how , who are the customers you are targeting to sell, because 3 Million tonnes , if I understand correctly this is the 3 million tonnes annual capacity so what are the marketing plan for that mine.
- Prasanna Kumar M:** See this is a very good mine, as on date and going forward also, there is huge demand for coal there is lot of gap between supply and demand . So, this mine is of 3 MTPA capacity , so we will be going

for as being a commercial coal mine, we are free to sell the coal 100% in market. So we will be tying up for some long term tie ups with some premium power generators and otherwise will we will go for sell it in the market, there is lot of gap and lot of demand in the Market.

Investor: Ok ok. and sir regarding this Talabira, when we could see the execution, particularly of start of the plant execution, when we should see that

Prasanna Kumar M: Actually, there are main problem is the land acquisition. I think in the last investor meet I conveyed that not a single hectare of land was in our possession. But as on date I am happy to inform that we are having almost 250 acres of land in our possession and all the government land in that area is already hand over to NLC and with the support from the State Government and Central Government and as this project is being monitored by the highest authority under PRAGATI, the things are moving very fast. So, we are hopeful that by December end we will be having substantial portion of land in our possession, Parallely the tendering for the project is already on. We evaluated the technical bids and now we are asking the parties to give the financial bid. So, we are hopeful that by the year end we will award the contract and we will start the activities.

Investor: So, for the Ghatampur plant, Talabira will supply for the initial production or.

Prasanna Kumar M: see for Ghatampur plant the linked mine is Pachwara coal block which we are expecting production in the first quarter of the next financial year. For the start-up activities we already got linkage from Ministry of coal from Northern Coal Fields Limited. Already we are starting the lifting of coal and till we start production in Pachwara Coal block, we got Bridge linkage from Ministry of coal for the Gap period. So, we will be getting coal from NCL and BCCL for the gap period. and after that the coal from Pachwara will go to Ghatampur but in case in between if there is any gap any requirement of coal, we will be shifting some of the coal from Talabira to Ghatampur if the requirement is there that will be our last priority being a distance is more.

Investor: **Ok.** Thank you very much and all the best.

Investor: So, you mentioned about coal being tied up with other power generators or also being able to sell in the market. How much of a idle capacity we are looking at.

Prasanna Kumar M: I am talking about North Dhadu West which is a commercial mining. That is we have taken for a purely for commercial mining purpose. So, the entire capacity is for commercial mining only.

Investor: That capacity is?

Prasanna Kumar M: 3 million MT. That is the minimum. We are trying for more.

Investor: So that is not required for any of our own generation.

Prasanna Kumar M: No, that is not required. We won it under commercial mining. So, we are free to use the 100% coal as per our advantage.

Investor: Okay. Thank you.

- Duanith:** Hello Sir, Hi. I had a question with regards to the Ghatampur. I just wanted to know that the first phase is actually due next month and I think so by the 2nd quarter of next year. Probably all three stages will be completed. So, till what time will it be that we will be able to achieve the optimal efficiency in that plant, considering the Pachwara coal block will be supplying the coal to that and is there any scope that we will have to be reliant on imported coal and in case if there is any shortfall
- Prasanna Kumar M:** As you rightly said, we are on the verge of commissioning of the unit #1 of Ghatampur thermal power station and we are targeting for the 2nd unit in the month of February and 3rd unit in the first quarter of the next financial year. Whether we get coal from Pachwara or not, we tied up Coal from different sources. So, coal will not be a problem in efficient operation of the unit. That is first point. 2nd point is, I don't think any possibility of importing coal for Ghatampur. It is a costly affair as well as it is not in the Sea Coast or nearer to port. So, the chances of importing coal for Ghatampur for meeting any shortfall, they are very remote.
- Investor:** Sir I have a question if that is answered. Can you give us the regulated equity number for the mines say by end of March 2023 or September 2023 and the regulated equity in the power thermal assets.
- Prasanna Kumar M:** The regulated equity in mines is Rs.3,349 crores and in thermal it is Rs3,580 crores total regulated equity is Rs. 6930 crores.
- Investor:** So how does this regulated equity in the mines earn return? This is through the transfer price mechanism, right?
- Prasanna Kumar M:** Yes, Yes.
- Investor:** And the regulated equity return rate is around what would be the rate Sir? Is it 14% or
- Mukesh Agrawal:** In case of mines it is a post-tax 14%. In case of thermal station it is a 15.5% post tax.
- Investor:** I have one final question so we have a pipeline in the renewable asset creation. So, by 2026 you are telling it will go to four 4.2GW. Now what would be your longer-term portfolio size vision beyond this? Do you have any size in mind by 2027.
- Prasanna Kumar M:** As per our corporate plan, we are targeting to be a 17GW company by 2030 out of that 11 GW from thermal and 6GW from renewables total 17GW by 2030.
- Investor:** Thank You.
- Investor:** Sir, for TPS2 expansion. What would be the shutdown period for every unit for carrying out that long term modification. What is the expected CAPEX.
- Prasanna Kumar M:** Actually, the time that is demanded by the OEM and BHEL is 90 days but with a great difficulty we squeezed it to 45 days and we want to do the major overhauling of the unit also, these statutory required major overhauling of the unit also during that time to save some time.
- Investor:** Sir and the CAPEX.
- Prasanna Kumar M:** The CAPEX is around Rs.60 crores.

- Investor:** And Sir, you mentioned that the overhauling for the second unit will happen in the first quarter of next financial year. That will generally coincide with the national peak, right? So again, we will have a significant under recovery. So, any chance we can push that to perhaps the monsoon period. So that the overall you know under recovery is optimized or that is something which is absolutely necessary.
- Prasanna Kumar M:** Yes, you are correct that is the most demand period. So, we will be ready with all equipment material and contracts and seeing the opportunity and taking the consent from the beneficiaries we will adjust the time of taking the unit for repairs.
- Investor:** And sir in the Talabira coal mine, what is the expected production level which we are hoping to reach by FY 26 and now you mentioned that we have a bridge linkage for Ghatampur, I think earlier the coal was supposed to be taken from Talabira as well, and so how do you see the utilisation of the coal mine from Talabira when you reach that production level.
- Prasanna Kumar M:** Last year our target was 8 million MT, we produced 10 Million MT. This financial year, as per the mining plan the target is 12 million MT but we set an aspirational target based on request from Ministry of Coal to 14.4 million MT. So now come next half of the financial year is favourable for the Coal production. So, we are hoping that we will reach the target. Yesterday itself Talabira achieved all time highest ever dispatch in a day of 42,736 MT. So, we are hopeful that in the next financial year we will be able to achieve this target of 14.4 million MT. Our Ghatampur is never linked to Talabira. We were only envisaging this as a stopgap arrangement if some coal arrangement is not done but fortunately with the support from Ministry of Coal, we got the bridge linkage for the period. So, as on date we are not envisaging any coal from Talabira to Ghatampur. From Talabira, the coal will go to our NTPL which is a linked plant and under swapping arrangement, we will be giving the coal to NTPC. Also, for some shortfalls in some of the power stations of NTPC based on the request from them and the national interest we will continue to give some coal to them and beyond that we will be going for the E-auction.
- Investor:** So as per your expectation is it that the E-Auction probably proportion should remain between 10 to 15 percent of the overall output given what has been the historical trend pattern or do you envisage that it can be higher as well.
- Prasanna Kumar M:** This financial year, we are expecting higher E-Auction compared to the previous financial years but we don't have any set target for E-auction. Once whatever required for maintaining the generation levels in the country, that we will maintain beyond that will go for E-auction.
- Investor:** Sir what was the E auction last year.
- Prasanna Kumar M:** **Last year** E-auction was 1.69 lakh MT in H1 and this year H1 it is 14.59 lakh MT **Investor:** So that was on a capacity of eight
- Prasanna Kumar M:** Yes, Yes.
- Nikhil:** Good afternoon, sir. So can you give us a PBT level breakup for generation renewable RE portfolio and coal and lignite mining.

- Prasanna Kumar M:** See the Mining part H1 profit is Rs. 653 crores. In thermal it is Minus 74 Crore. Regulatory movement Rs.1219 Crore. So PBT of mines thermal and renewable is Rs. 729 Crore.
- Nikhil:** Sir I missed the renewable part. How much was the renewable part
- Prasanna Kumar M:** Renewable Rs.150 Crore.
- Nikhil:** And so, what was the E auction average price for the last quarter
- Prasanna Kumar M:** This financially year compared to last financial year the E-auction price is comparatively low. The E-auction price in the current half of the financial year is Rs.2164 compared to Rs. 8345 in the last financial year.
- Nikhil:** ok and sir any update on Lignite to methanol project. When can we see the award.
- Prasanna Kumar M:** See methanol project is most prestigious project as on date and it is out of all the gasification projects in the country, this is at the number one position. There are two packages mainly. one package is Lignite to syn gas and another package is syn gas to methanol. So this, the first package lignite to syn gas, already we tendered and we got 3 parties. Technical evaluation is almost complete, so we will be awarding the contract before middle of the December and the second package that is syn gas to methanol that is under tender stage and by November end the tender will be opened and technical evaluation will be done and we are hopeful that in the current financial year both the packages will be awarded. Parallely, all the clearances required for the lignite to methanol project, most of the clearances we already are having. and we already started the site preparation activities by taking the permission and felling the trees. So, once it is awarded, the work will start immediately.
- Nikhil:** The gestation period?
- Prasanna Kumar M:** It takes around three years. So around in 2027-28, we will start producing Methanol.
- Nikhil:** Sorry, Sir. Just one last one. What is the average cost of debt?
- Prasanna Kumar M:** Average cost of what?
- Nikhil:** Debt
- Mukesh Agrawal:** Company is maintaining a debt profile of 7.69%. average debt profile.
- Nikhil:** Thank You
- Prasanna Kumar M:** You are talking about the lignite to methanol project.
- Nikhil:** No,No. Overall.
- Investor:** So, you mentioned that you have 250 acres in a possession for Talabira. So, what is the overall land requirement over there, including railway siding and everything?
- Prasanna Kumar M:** Our main plant, we require 756 acres of land. So, for starting our activities that land is a requirement. The total requirement is around 1,656 acres of land. So, this land, which I told that is mostly

government land, which was given to us, and some three villages are also orders are passed. So, we are in the fast track in dispensing the compensation to the villagers. So, we are hopeful that by December end. We will be able to take substantial portion of land.

Investor: But the compensation has been agreed upon by everybody, or there is some, usually some dissent, do take place.

Prasanna Kumar M: Actually, there is one committee at the district level and that committee decides the compensation. So, after mutual discussion, finally, it was agreed by everyone. And the Disbursal of that compensation is going on.

Investor: So, 756 we are hopeful of acquiring by December.

Prasanna Kumar M: Yes.

Investor: OK, thank you.

Investor: hai sir,so, what is the treatment of profitability from the E auction proceeds that we get in Talabira? Does this get, you know, adjusted against later capex and does this bring our regulated equity down or how does this work?

Mukesh Agrawal: Actually, in Talabira, at present, only 2.6 million tons is regulated and rest of the mine is NLCIL mines. So, 2.6 / 20 in that ratio, this portion is getting transferred to the customer. My customer is NTPL. So, this profit is 2.6 / 20 ratio is getting distributed to NTPL and NTPL in turn will take care of its customer. So, majority of around 90% will retain with the company, 85-90% and 10% will be distributed.

Investor: Understood, sir. and what is the approximate regulated equity for Ghatampur? All three phases approximately

Mukesh Agrawal: It is Rs.19,406 crore project. Out of that, 30% will be the equity. Around Rs.5,700-5,800 crore will be the regulated equity.

Investor: Ok sir, thanks.

Investor: Sir,where do we see the regulatory equity when all the capacities are placed?

Mukesh Agrawal: Right now, this figure is not with us. We will give you.

Investor: Sure sir. That would be straightaway CAPEX into 30% sort of addition.

Mukesh Agrawal: Basically, my solar project is 20%. All other projects is 30%. So, of Rs.82,000 crore projects we had debt portion of Rs.60,000 Crore and Rs.22,000 crore will be the equity.

Investor: Thank You.

Investor: Sir, we have a net worth of 15,000 crore and you know regulated equity 6900. So, the rest is in CWIP or

- Mukesh Agrawal:** The rest, is the net worth is paid up share capital plus reserve. So, my rest is whatsoever. there is no connection with the paid-up equity and the net worth and what you are asking regulated equity. we have a net worth of Rs.15,610 crore out of that some portion is invested in the projects and some in the assets. So, there is no connection. Regulated equity is the what equity are we had invested in the projects on which we are getting the return by the regulator. some of the equity is in non-regulated business also renewable is a non-regulated business where we had deployed equity then we had deployed in Talabira. Talabira 90% is my non-regulated equity. So, then what you are trying to connect that will be not appropriate.
- Investor:** In the notes to accounts, the O&M liability part, has it impacted your regulated equity because the regulatory deferral this amount 6000 number that you have given. What should it be had it not been for this liability is it is there any link between
- Mukesh Agrawal:** which note you are referring.
- Investor:** The O&M part, which we have given Rs.2500 odd crore kind of number with Rs. 700 odd crore interest to be paid in the notes to accounts.
- Mukesh Agrawal:** can you read? Please?
- Investor:** This is note #4. The interlocutory petition that you have filed. This is the reversal of amount of Rs.1328 crore, which includes the interest of Rs.797 crore. Yeah. So, this amount. What was it like earlier? It was treated as an asset.
- Mukesh Agrawal:** Earlier it was appearing into the regulatory liability. If you see earlier my regulatory liability was around Rs.3900 Crore out of this Rs.1328 crore has been withdrawn. So, you see that my regulatory liability is now moving around Rs.2500 Crore. So, this has been reversal from the regulatory deferral liability.
- Investor:** Sir, can you give the split of the receivables at end of September around Rs.4700 crores DISCOM wise and where it is delayed by more than say three months.
- Prasanna Kumar M:** Tamil Nadu, as on 30.09.2023, Tamil Nadu Rs.1857 crore that is the top of the list. Then Karnataka Rs.571 crores, Kerala Rs. 339 crores, Andhra Pradesh Rs.187 crores, Rajasthan Rs.133 crores. In total Rs. 4700 Crore. Rs. 1280 is withheld by the Tamil Nadu on the CERC order.
- Investor:** Can you repeat the last one?
- Mukesh Agrawal:** Rs.1280 Crore is withheld by the TANGEDCO on account of the lignite price dispute for 2014-19 which will be settled after resolution of 2009-14.
- Investor:** But you just said that we got a positive order from APTEL regarding that.
- Mukesh Agrawal:** I will just repeat once again. there are two issues. One is related to 2009-14, for 2009-14, we had got a favourable order from the APTEL and the APTEL has remanded back case to the CERC and in CERC when we filed for the 2014-19 because the issue was the same CERC has told we will apply the same logic what will be given by the APTEL in case of 2009-14. So, after the 2009-14 decision, 2014-19 will get also resolved. So, till the time 2014-19 order is not coming we cannot do. we have

to wait for the final resolution from the CERC which is in most likely event is in our favour because it will be based on the 2009-14.

- Investor:** I had two more questions. Can you give the equity invested in the Talabira Mines?
- Mukesh Agrawal:** Yeah. Equity invested in Talabira mines equity will be around Rs.300 to 400 crore. Right now, I am not having exact figure but it will be around 300 to 500 crore rupees.
- Investor:** And the non-E-auction sales from Talabira mine, at what realization are we selling it? Is there any formula on which it is based
- Prasanna Kumar M:** The agreement which we are having with NTPC, up to 3 million MT. It is CIL rate plus 10% premium and beyond that CIL rate plus 20% premium. But on average realization is Rs.1335/Ton overall against last year's Rs. 1255/Ton.
- Investor:** So, what would be the cost per ton.
- Mukesh Agrawal:** Cost of production is around Rs.737/Ton.
- Investor:** Ok. Thank You
- Mohit Kumar:** Thank you everybody to be present here on this occasion. Thank you. The management of for taking the time out for answering the question patiently with this will close the meet and we have the snacks available outside. Thank you