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NMDC

# एन एम डी सी लिमिटेड NMDC Limited

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

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.  
Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674



No. 18(1)/2022- Sectt

14<sup>th</sup> February 2022

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

Dear Sir / Madam,

**Sub: Transcript of NMDC Limited post Q3 FY22 Results Analyst/Investors Conference Call held on 9<sup>th</sup> February 2022 at 15.30 hrs**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; NSE Symbol: NMDC; BSE Scrip Code: 526371**

Reference the captioned subject, please find enclosed Transcript of NMDC Limited post Q3 FY22 Results Analyst/Investors Conference Call held on 9<sup>th</sup> February 2022 at 15.30 hrs, which is also being uploaded on the website of the Company.

Please take note of the above information.

Thanking you  
Yours faithfully,  
For NMDC Limited

**A S Pardha Saradhi**  
Company Secretary

Encl: A/a

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“NMDC Limited Q3FY22 Earnings Conference Call”

February 9, 2022

एन एम डी सी



 **ICICI Securities**



**MANAGEMENT:** MR. AMITAVA MUKHERJEE – DIRECTOR (FINANCE),  
NMDC LIMITED.

MR. SOMNATH NANDI - DIRECTOR (TECHNICAL),  
NMDC LIMITED

**MODERATOR:** MR. ABHIJIT MITRA – ICICI SECURITIES LIMITED



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**Moderator:** Ladies and gentlemen, Good day and welcome to NMDC Q3FY22 earnings conference call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in 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 the operator by pressing \* than 0 on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhijit Mitra from ICICI Securities. Thank you and over to you, sir.

**Abhijit Mitra:** Yes, thanks operator and good evening to all the participants who are joining in. We are here to discuss the Q3 FY22 Results Conference Call of NMDC. We have from the management with us Mr. Amitava Mukherjee – Directive of Finance, and Mr. Somnath Nandi – Director (Technical) to take us through the Results and take questions after that. So, over to you Mr. Mukherjee for your opening remarks.

**Amitava Mukherjee:** Good afternoon everybody. So, it has been a pleasure to present another set of very encouraging numbers for this quarter.

For the nine months ended 31st December we have broken all records for the last 60 years be it our production, our sales, especially the revenue from operations, which has grown by more than 125% as compared to last year and all the other parameters like profit before tax and profit after tax. Even on a three-month standalone three months basis for the quarter alone our sales have grown by 35% as you are aware and because of the 22.5% additional royalty of course, the profitability could not show equivalent growth.

The Company is poised to make the highest ever production in its history and we are going to build on this and in the coming years the production is likely to go up very substantially.

On the other fronts, the steel plant is on the verge of commissioning. The commissioning process has been kick started with the heating of the coke oven battery which is the first and it is a non-reversible process now. So, it is a one-way street and we are on the path of commissioning the steel plant.

The demerger of the steel plant is also on schedule and the proposal has been filed with the MCA after obtaining the clearance of SEBI and the stock exchanges.

So, in all and all we are walking the path of our targets and we expect that this entire fiscal year would be the best ever for NMDC and the coming years we will be building further on the momentum that has been gained over the last 12 months.

So, with that I would like to open the floor for questioning. Thank you.



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**Moderator:** Thank you. Ladies and gentlemen, we will now begin for the question-and-answer session. The first question from the line of Rahul Jain from Systematix. Please go ahead.

**Rahul Jain:** Yes, good evening sir, Rahul here just wanted to check on the timelines. Now, you said that your commissioning has started so when can we see actual production coming in and on the demerger, you said you know, you have filed with SEBI and things like that. So, when should we expect the actual listing or when will you come to know that you know we are now ready for listing and I think both these things are parallel events right. So, how should we see you know, when do these things happen?

**Amitava Mukherjee:** I will talk about the demerger and last I will request Mr. Nandi who is the director in charge of the steel plant to speak about the commissioning. So, first regarding the demerger, as you know, there is a well laid out process and the major milestones of obtaining clearances from the stock exchange and the SEBI for the draft scheme has already been obtained, and along with the requisite direction it has been filed with MCA. Now we have requested for waiver of creditors meeting. So, if that request is exceeded, so I think from around late March or early, or maybe end of April, we will be able to complete the procedure. If, of course, the MCA directs us that no, we should hold the creditors meeting and as you know, we have very less creditors, almost only two. So, we have only two instruments. So, if MCA were not to exempt us, then the procedure will extend by a month, month and a half because we will have to give at least a 21-day notice for the creditors meeting, then have a creditors meeting then get it filed all over again. So, that will extend the process by about two months. Regarding the commissioning schedule, I would request Mr. Nandi to give you the details. Over to Mr. Nandi.

**Somnath Nandi:** We have started the coke oven heating process and we are expecting production from coke oven maybe in the end of March or beginning of April. So, after that, the production of the iron and steel or whatever finished it may be middle of this next calendar year, that will be around July.

**Amitava Mukherjee:** Because it is the process after the coke oven, next will be sinter plant, and then the blast furnace, then the SMA and then the finally the mill.

**Rahul Jain:** So, you said July we should commission the steel plant is that right.

**Amitava Mukherjee:** No, we will roll out the finished product expected in July, but if you see the blast furnace we will be making the hot metal earlier than that, May or June. Perhaps in May because coke oven heating will take three months, and then one month of coke **(Inaudible) 7:46** stock.



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**Rahul Jain:** On the disinvestment, so this will happen parallelly or once you only after you have commissioned will the government or you it is the government's prerogative, any idea you have on that.

**Amitava Mukherjee:** Investment is being run by DIPAM. So, it will not be proper for me to comment on the timelines because that is a government prerogative, it is being run by a Government Ministry and I am not privy to the exact details of transaction. So, I will not be in a position to comment.

**Rahul Jain:** But that will run independently, you know, along with the distinct process and things like that. And sir can you give some sense on volumes? What kind of internal plans do we have for say FY23 and 24? I mean, you had a great year and so it is picking up from a higher base where do you see growth coming on from next?

**Amitava Mukherjee:** You see, we are planning at least 47 to 50 in the next financial year. This year, we should end around I think 44-45.

**Rahul Jain:** 44, I was thinking more like 41-42 right now 44 you say. Okay.

**Amitava Mukherjee:** And if things go well we can end up anything between 43 to 45.

**Rahul Jain:** Until next year where do you see growth coming from mostly from Chattisgarh because Karnataka I think you have already exhausted, right?

**Amitava Mukherjee:** We have a 2.5-million-ton upgradation in the plants in Bachel that is going to come up. So, that will have commissioned from around mid-next year. It is 2.5-million-ton fifth line in Bachel plant along with upgradation of downhill conveyor and then we have applied for EC for 10 million ton at Kumarswami. If the approvals come in, some growth would be seen there also. So, we expect on the FY23-24 in fact, about 50 to 50 plus.

**Rahul Jain:** And lastly sir on your pricing, still it is looking a bit you know with a lot of lag in terms of how the international prices are doing and how we because we have just hardly taken a Rs. 350 price increase whereas we have seen almost a 50% price increase in the you know ex-China prices. So, why are we seeing so much of a disconnect between the domestic and the international price because I was thinking that with the cost for us also going up, we would be more proactive in raising prices.

**Amitava Mukherjee:** Now, you see, I have been always explaining this to in all my investors calls that international prices and domestic prices are not linked. Domestic prices have always worked at anything between 30% to 60% discount to the international prices simply because export is not a viable



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option for high grade or because it has a 30% export duty, as a result the Indian market is fairly isolated when the International Labor prices are only high. So, naturally there is no direct bearing, it is one of the pricing parameters, but it is not it does not have a direct bearing on the domestic prices. Domestic prices always are in the East Coast somewhere around 40 to 50% discount of international prices. In the West it is being around 20 to 30% historically also and so, but now, things have been looking up for the last one month. We have been able to take a price hike and we are keeping a very close watch on the domestic parameters. There are several parameters that we take into account may it be the finished steel prices, how the pellets are behaving and what is the domestic production, the demand supply position. So, there is a multitude of variables that go into pricing. International prices is only one of them and a marginal one at that. So, we are keeping a close watch on the market regularly and we will take a call as and when it is feasible for us to do so, even we are obviously keen that the revenues that is possible to generate from the market should be generated, but we cannot speculate on the pricing as of now.

**Moderator:**

Thank you. The next question is from the line of the Pinakin from JP Morgan, please go ahead.

**Pinakin:**

First of all, apologies if you have already answered this question I joined the call 10 minutes late. So, can you give us an update on the steel plant demerger and the scheme of arrangement? Has it been filed? Where is it? What is the status of on the approval process?

**Amitava Mukherjee:**

I mentioned in the previous question somebody asked that the approval from SEBI and stock exchanges has been obtained and along with the annexes, it has been filed with the Ministry of corporate affairs with a request to waive off the meeting for creditors. If that meeting is waived off by MCA then we should be able to complete the process of demerger from around end of March or end of April. If, however, the MCA directs that we should nonetheless hold a creditors meeting, then what will happen is that the entire process will get further delayed by anything between a month or two because it will take 21 days to at least convene a meeting of creditors. Any other question on this?

**Pinakin:**

Yes sir just one more question follow-up. Given that you have filed the demerger scheme document, is it publicly can we understand what is the level of debt that has been transferred and whether NMDC will NMDC be the existing Company? Will there be any investments that it will own in terms of intercompany loan to the new steel Company or how will that transfer of assets takes place?

**Amitava Mukherjee:**

No, no. What happens is that you see this entire scheme was available in the stock markets. It was available in the public domain when we had filed it because if somebody has objections, they could have raised that. The amount of loans that will be transferred on NMDC account is

actually nil because after the appointed date, that is April 1<sup>st</sup>, 2021, the CAPEX of NISP is being met through two debt instrument one is the non-convertible debentures of 543 crores that we raised and another is a loan of around 440 crores that we have negotiated with SBI and all the CAPEX is being financed through these two loan instruments. So, as the demerge takes place it will be SBI and **(Inaudible) 15:36** will sit on their balance sheet as creditor and not as NMDC. The NMDC's total investment of around 17,000 crores will be the only thing that would appear in the demerged balance sheet and of course, that will be extinguished by issue of similar amount of equity to the existing shareholders including the government.

**Pinakin:** Surely sir lastly just from the not to close the loop on the steel plant, there were media reports that Mecon has been given the contract so the blast furnace commissioning process will start at some point of time and where will the steel plant source the iron ore or as NMDC entering into an agreement of selling the iron ore to the steel plant?

**Amitava Mukherjee:** Oh yes, the iron ore will be sourced from Bailadila itself, our existing mines and our future mines that will come up under the banner of NMDC CMDC Limited or NCL, which is Deposit-13 and Deposit-4. So, there is plenty of iron ore, which is available for supply to the steel plant. So, that is not a problem. We have also assured that we have given an assurance in writing that we will be willing to enter into at least a 10-year agreement, long term agreement for supply of iron ore. Of course, like any other long-term agreement, this will be un-priced. So, the prices will be on the date of dispatch, but the assurance will be for at least a decade. So, we have given that undertaking, both for the demerger process and the disinvestment process that NMDC will give a 10 year long term agreement with the demerged entity.

**Pinakin:** Sir just to clarify, the pricing of the iron ore will be the same that you have in Chhattisgarh for your other ores that you sell to other customers.

**Amitava Mukherjee:** Prices will be as of the date of dispatch.

**Pinakin:** Date of dispatch, there will not be any differential pricing for this particular contract.

**Amitava Mukherjee:** No, absolutely not. We do not have any differential pricing or any of our customers be the big be the small.

**Moderator:** The next question is from the line of Prashant Kumar from Dolat Capital, please go ahead.

**Prashant Kumar:** Sir my question is regarding iron ore. Sir the current prices iron ore export potential. At the current prices, even after paying 30% export duty, is it not a slightly more beneficial to export some qualities? Now, I am not talking about the specific contracts with Japan and Korea that got



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scrapped. I am not talking about that, general exports to China or some other country. Will it be at par with domestic pricing or we will get a slight premium or what is your calculation suggestion.

**Amitava Mukherjee:**

In files we will definitely not get it, but in I have not had the latest today the pricing was around i think \$148 for 62% and around \$179 for something for the 65%. So, at that rate, it still does not make a major substantial increment over the domestic prices so as to trigger any export option from our end. Apart from 30% duty was also realized that in export the freight from the x mines to Vizag is ours. the entire 20% that is royalty and DMF and **(Inaudible) 19.30** is also on our account. So, when you arrive at a net back it is not only deduct not only 30% but then you deduct to the royalty which in domestic sale is paid by the customer or the waring charges which is a very substantial Rs. 1350 per ton which is paid by the customer when exports it is paid by us. So, when you deduct all these prices and you arrive at the mine head it is not necessary a very lucrative proposition to export even at around \$180 or 65%.

**Prashant Kumar:**

Sure sir I completely appreciate the netback pricing methodology. Sir in case in any particular month or in a couple of quarters, when there if at all there is a window that opens up so where in, you know, what I mean? So, let's say iron ore suddenly globally spikes and at the same time there is a significant lag in Indian market for the prices to catch up and if there is an opportunity that arises where in will it be making Rs. 1000 or Rs. 1500 rupees more realizations versus domestic after taking into account the netbacks. Will it be okay to export or that is completely objectionable.

**Amitava Mukherjee:**

Yes. There is absolutely no in principle sorry, decision that we will never export and that is a market that will never look at, obviously, we will look at it. But it depends on various factors of domestic demands and other things as well and as and when we ramp up to 70 million ton, or maybe 80 million ton and 70 million ton by 2025 and 100 million by 2030. Exports might be one of the options that compulsively we will have to look at, you might not have such consumption from major street players because all of them are adding substantial amount of captive mining to their kitty. So, what will happen then is a different thing but as of now, the immediate mathematics do not work out, but in future of course, it is open even in the short term, it is an option that is always open before us and we always take a note how profitable or not profitable it is at any given point of time.

**Prashant Kumar:**

Just finally understand but slightly different. Sir, do we have some plans or why not think about having a substantial pellets capacity so that we can front load some of iron ore reserve utilization sir pellets is kind of easily exportable and would you give some thoughts on it?





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**Amitava Mukherjee:**

If we have to export, it makes more economic sense to make it into a pellet and then export because of the duty structure in pellet is completely different from the duty structure in high grade iron ore and we are making a 2-million-ton pellet plant at Nagarnar as a part of the Slurry Pipeline Project and as and when the Phase-2 comes, which will be another 12 million pipeline from our Nagarnar 2 Vizag. There is an option of making a 6-million-ton pellet plant at the Vizag end also, but that is an option that has been kept. Deliberately we will have the option of selling what you call as concentrates or then if we can choose we can make another pellet plant there. But as of now the 2-million-ton pellet plant tender has already been awarded to L&T I think last month only, this month only I think and it has a completion period of 30 months so I understand 30 or 36 months. So, in around three years' time, we will have a pellet plant of 2 the million ton capacity in Nagarnar next to the steel plant, which will be NMDC property as a part of the Slurry Pipeline Project.

**Moderator:**

The next question is from the line of Vishal Chandak from the Motilal Oswal Financial Services, please go ahead.

**Vishal Chandak:**

Thank you for the opportunity. Sir just wanted to understand, you know, we are commissioning the Steel Plant and we are appointing Mecon as MDO given the fact that Mecon really does not have that kind of expertise, and they will be pulling in the expertise and finally the Steel Plant will be sold off. Just wanted to understand what is the rush at this point in time to really commission the steel plant when we do not have the Iron ore Slurry Pipeline or the iron ore deposit which was earmarked for the steel plant also in our hand. So, just, you know, a thought on that.

**Amitava Mukherjee:**

Before I answer the question, I would ask Mr. Nandi to join in. Two things number one, the Slurry Pipeline has nothing to do with the NISP plant. It is the only that there will be a 2-million-ton pellet plant at Nagarnar, of which 1 million ton may be consumed by the Steel Plant otherwise, it is something that we will have to sell in the market and even if 1 million ton is consumed by the steel plant, we will still have 1 million ton to sell in the market. So, the Slurry Pipeline has no generic linked with the steel plant. Second that there was never a captive mine attached to the steel plant. It was always envisaged that our Bailadila mines would cater to the steel plant and accordingly it is still in a position to cater, although the new mines under the NCL flag that is Deposit-4 and Deposit-13 it will take some a couple of years to come. Number three, why commission it now please understand that unless you commission the vendors will run away you have a plant ready at 12% of the contract is on commissioning and testing and other things. So, they are not going to wait for you for three years for somebody to come over one year to somebody to come and then commissioning it because they have once they have built the structure, they are in a hurry to prove that their plant works, take their money and go and we will also not like a very-very expensive structure to be there and having nothing. So, now comes the



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question of Mecon obviously, to run a steel plant, we need skilled people. Now the option for us was that obviously, the question of permanent recruitment was absolutely ruled out because it was being demerged. Now, the other option was to get in these experienced people from the market, NMDC could have personally done it, could have done it by itself by going to the market and hiring such people on short term contracts of three to five years, but it was thought that Mecon would be in a better position to talk to other experts, get a team of experts and monitor the overall commissioning of the plant and operation of the plant and then hire skilled people from the market on three to five year contracts, and then run the plant as well. So, it is Mecon is basically working as an agency to get the skilled manpower and the super skilled manpower with who can monitor the plant and on this, I would like the Director Technical also to enlighten you on this aspect.

**Somnath Nandi:**

Yes because Mecon handles, they are the actual consultant for the steel plant. There was a long history of commissioning, getting ready steel plant as a consultant. So, they have the knowledge of people who are in this line since long. So, their experience has been really useful for getting the people that's why they are engaged. Nothing, nothing like that, that Mecon. Of course, they do not have the experience of running a plant, definitely. But they are not running like MDO. They are pulling in people and our people, whatever minimum people are there, they will also be there in tandem with Mecon.

**Vishal Chandak:**

Thank you, sir for elaborate answer. That was quite elaborate sir. Sir my second question was with regard to the status of the KK line. I think there has been a partly commissioned partly it is working through, but one of the last part of that line is still under work in progress. So, what would be the latest update on that sir?

**Amitava Mukherjee:**

KK line is actually as you know, 131 kilometers. So, out of 131 kilometers almost 85 has already been commissioned and in various patches, and another 15 will be commissioned I think, another 15-20 will be commissioned in the coming two months. So, that leaves around 30 kilometers which will visit the railways has promised us that it will be completing by December 2022. So, that is the last part between Kirandul to Gidam that is the last part. The rest of it is already working, commissioned and working and substantial part will be commissioned in a couple of months and it will be working. Railway lines as you know, even a patch doubling gives you benefit. So, it is not necessarily that once the end-to-end completion has to be done to take the benefits. So, whatever has been commissioned, we are already taking benefit of that. There was the estimates have gone up as well as was envisaged by around 300 to 400 cores and that is why it required a renegotiation of our MOU with railways, which Actually now has been completed and we have entered into a revised agreement with the railways MOU and accordingly the work is progressing thereby understand them about the gender and promises that by December 2022 the entire 131 kilometer would be commissioned.



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- Vishal Chandak:** Sir just a follow up on this, if we have entire 131 kilometers of line commissioned, so, what kind of additional volume can we expect from Chhattisgarh in FY23.
- Amitava Mukherjee:** Chhattisgarh, if we do around 44 this year, the Chhattisgarh will be doing around 30 million ton. Subsequently, if we go up to around 35 to 37 million in phases and then in the long term, when Deposit-13 and Deposit-4 also come then Chhattisgarh itself will give around more than 60 to 70 million around 70 million tons, 65 to 70 but that will be 2030 approximately.
- Vishal Chandak:** I was looking at more closer as FY 23 and FY24.
- Amitava Mukherjee:** I think this year it will be around 30-31 So, FY23 I think it will be around 34 to 35., 2.5 million downhill conveyor at Bacheli coming up, coming in we are doing the waste mining. So, that will. In any case dispatch is not a constraint even as on date. Even a 35 dispatch will not be a constraint.
- Moderator:** The next question is from the line of Rahul Jain from Systematix Shares. Please go ahead.
- Rahul Jain:** Sir, on the on the pellet side. Sir, you said that you are going to add 6 million in Vizag, is that plan final or is it still under consideration?
- Amitava Mukherjee:** So, that is under consideration. What is what we are the Slurry Pipelines Phase-1 is from Bacheli to our steel plant in Nagarnar that is a 16-million-ton Slurry Pipeline, right, that is Phase-1, for which contracts have been awarded and work is going on and within that we have a 2 million ton pellet plant at Nagarnar, for which also contract has been awarded to L&P. So, this is the Phase-1. Phase-2 is from Nagarnar to Vizag which is 313 kilometers, which is at the project elevation stage, we sanction the work, we are just evaluating the project, one of the options there is that we are contemplating we might sell either the concentrate itself at Vizag of 6 to 8 million ton or the other option B is that in future we might actually have a pellet plant of 6 to 8 million ton and sell instead of concentrates, we might as well sell pellet only at the contemplation stage.
- Rahul Jain:** Can you spell out how much will be a CAPEX for FY 23 and what is the timeline for this Slurry Pipeline I mean sense for next 2 years what is the CAPEX.
- Amitava Mukherjee:** Next year we are planning around 3500 of which around the 2000 crores would be NISP that is the steel plant. If the steel plant is demerged then for the mining business it will be around 1500 crores. Mostly on slurry pipeline which will be more than 500 cores and then we have a major project of screening plant III at Kirandul which is a 12-million-ton capacity expansion plant, screening plant at Kirandul so that will be.



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- Rahul Jain:** Sir you will not pursue any more steel investment right. I mean this is the final like in Karnataka you may think of setting up a steel plant or something like that. Sir you will not contemplate setting up any more steel plants right.
- Amitava Mukherjee:** No that with now that Nagarnar will be demerged. I think the underlying fact is that we are out of the steel business for the better or worse.
- Rahul Jain:** And you will not take up any more such initiatives in future right.
- Amitava Mukherjee:** No because once we have got out on once, I do not think it makes sense to get into another.
- Rahul Jain:** No, I am just being clear about it. So, that this is the final, you know, sort of investment that we have. So, in future all the cash flow will be towards dividend payment, right.
- Amitava Mukherjee:** Never say never again. As of now it is a big no and it is a very resounding no, but then never say never again.
- Moderator:** The next question from the line of Ashish Gautam, an investor, please go ahead.
- Ashish Gautam:** I just wanted to know if we will get any proceeds from the NINL stake sale because NMDC had 10% stake in the Company.
- Amitava Mukherjee:** Oh, yes, we are going to make a windfall profit out of it, not only our not only our loans will be repaid in full along with interest. Now that the court has come for 12000 plus crores. For the 10% stake, I think we should get around anything between 400 to 500 crores as a bonus.
- Ashish Gautam:** So, those proceeds will be reflected in Q4 results, if I am correct.
- Amitava Mukherjee:** It depends on when the realization comes.
- Moderator:** We will move on to the next question that is on the line of Saket Kapoor from Kapoor & Company, please go ahead.
- Saket Kapoor:** Sir if we take if we look at the CAPEX done by the organization, it is on the improving the efficiency and then on the volume increase. So, for this financial year, for the nine months, what has been our spend on the improving of efficiency on the various projects and also on the volume increase, as I am talking about this screening lines and at site crushing plants, so, what is the update on the same sir?



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**Amitava Mukherjee:**

We have got big projects lined up, some of them are under implementation, one small one is 2.5 million tons at Bachel, the downhill conveyor and the crushing plant 2.5 million ton and additional line is being made. We have awarded a contract of more than I think 1400 crores for the third screening plant at Kirandul which is a 12-million-ton screening plant one of the biggest in India. We have already approved; the board has already approved the project for relocation of the crushing plant of Deposit-14 and Deposit-11c. So, that more ore is the existing crushing plants are sitting on ore body, so that they can be released and put to production and as you know, the Honorable Minister himself may inaugurated our new screening plant II at the Karnataka sector Donimalai sector for 6 to 7 million ton. So, we have huge and these all projects have already been approved and are at various stages of either tendering or execution. So, in the next 3 to 4 years, all of these will be commissioned and then that is why we say that when a previous question was asked that how much we will do at Bailadila. So, naturally we should be able to do more than 50 from Bailadila itself.

**Saket Kapoor:**

Sir what is the current EC clearance of our various mines both for Chhattisgarh as well as Karnataka.

**Amitava Mukherjee:**

51.5.

**Saket Kapoor:**

And the work which we are doing the efficiency and the CAPEX. What are we eyeing in terms of the expanded capacity.

**Amitava Mukherjee:**

The plant capacity will go up to around 60 to 70 million done from Bailadila. I think 60 it will go, not considering the NCL not considering the mines Deposit-4 or a Deposit-13 which are under NMDC control through NMDC-CMDC Limited or NCL excluding those I think, we have capacity of more than 60.

**Saket Kapoor:**

Sir when we look at so when we look at the pallet part of the stories and last time it was informed that the 1.2-million-ton pallet at Donimalai would be contributing to the bottom line going forward. So, what is the update on the same and the losses have definitely narrowed down for this quarter. So, what is the update on this?

**Amitava Mukherjee:**

See for the 9-month period we have broken even for the first time there was this dropping off the pressure filter, which has now been solved and the second filter is also being replaced now, so, that will substantially increase the throughput of the pellet plant and once we hit at least 50% or 60% we will start making handsome profits. We are currently we have increased from around 10% to 20% and we have already broken even and as and when the second filter is completed that should take another 3 months at least 3 to 4 months. So, our capacity to be ramped up and we are looking at sources to feed the pellet plant the best way to feed the pellet plant.



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- Saket Kapoor:** Sir as we have contemplated this demerger scheme and as per the understanding of the listed space once a Company goes through this corporate action buyback is not feasible and is not allowed. So, by the time this entire process gets over the issue of coming up with a buyback is totally ruled out. This technical understanding is correct sir, are we of the same view.
- Amitava Mukherjee:** We are not contemplating any buyback as of now. We have already declared a total dividend of more than Rs. 14. Yesterday we declared 5.3 or 5.9 and previously we are declared 9.01 I think. So, that's Rs. 14.45 we have already declared. We are not contemplating as of now.
- Saket Kapoor:** And for the cash flow part for the 9 months can you give the breakup how much has gone for the CAPEX and what is the total dividend payout in absolute numbers?
- Amitava Mukherjee:** Yes the total CAPEX is around 1600 crores of which the steel plant we have spent around 83 crores of which steel plant 1002 crores.
- Amitava Mukherjee:** Okay, and for this remaining three months.
- Amitava Mukherjee:** CAPEX figure of around everything between 2500 to 3000 crore.
- Moderator:** The next question is from the line of combination Kamlesh Bagmar from Prabhudas Lilladher. Please go ahead.
- Kamlesh Bagmar:** Yes, sir, just one question on the part of this NISP. So, how much is the total land we have there and how much has been used for the steel plant?
- Amitava Mukherjee:** Director of technical will answer that.
- Somnath Nandi:** It is roughly around 2000 acres and as per the configuration not much land is left. You are asking for the expansion part in that sense.
- Kamlesh Bagmar:** Like what are the opportunities available to expand the current capacities with the available land.
- Somnath Nandi:** It will be very difficult, but it can be worked out. Mecon has already estimated it and can go to 6 million tons with some rearrangements.
- Kamlesh Bagmar:** No but like sir if they have to increase the capacity, whoever is the party or even if you like say work on that land. So, can the capacity be increased with the current land available or we have to acquire.



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- Amitava Mukherjee:** The capacity can be increased to 6 million ton in the existing land but some amount of plants have to be rearranged.
- Kamlesh Bagmar:** So, rearrangements is what sir.
- Amitava Mukherjee:** Rearrangements means if we need second blast furnace then we will have to move the Lime and Dolo plant, etc., to a new location.
- Kamlesh Bagmar:** Okay and lastly, sir, on the part of this integrated commissioning. So, what is the status of coke oven and all that to like say different modules of that commissioning.
- Amitava Mukherjee:** You are asking about mode of steel plant.
- Kamlesh Bagmar:** No, I am talking about coke oven plant and various other modules which are the integral to commissioning or the integrated commissioning.
- Amitava Mukherjee:** Yes, the coke oven heating process has already started. The production from coke oven is expected to be sometime in end March or April. After that **(Inaudible) 0:45:26** mid of next calendar year, maybe June or July.
- Kamlesh Bagmar:** Okay and lastly like near to the steel plant, what are the available land parcels or like is it more of a tribal land? Would there be a forest clearance requirement to buy incremental land? What is the thing there? What are the available infrastructure there at the plant.
- Amitava Mukherjee:** And the land around the plant you're talking about?
- Kamlesh Bagmar:** Yes, yes, around the plant.
- Amitava Mukherjee:** Actually, we are having a pellet plant they are around just beside the plant that is we are manufacturing a pellet plant there. Leaving aside other private land is there and of course, forest plant is also there, but those are to be acquired separately.
- Moderator:** The next question is from the line of Prasenjit Bhattacharya from IHS Markit. Please go ahead.
- Prasenjit Bhattacharya:** I just wanted to ask you a little bit about iron ore market in India, how are you seeing the next 3 to 6 months in terms of demand and I do not know, you do not want to talk about prices as such, but given the demand scenario, where do you see prices headed? Can we paint a picture?
- Amitava Mukherjee:** Yes, the last month, it has been on the upswing. So, that is good news for us. The demand has been robust. Our demand has always been fairly consistent because of our quality, especially



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from the Bailadila sector and even now, with the pricing at Karnataka sector, we see very regular demand being there. So, demand is as of now not a problem. We have adequate demand and we hope with the current steel prices be it sponge iron or be it flat, all of them have been reasonably consistent and there has been slight upswing of based on that we could take a small price hike after six months. So, going forward, we would expect that this to continue, at least in the near future. So, hopefully we are bullish about the demand scenario in the near future.

**Prasenjit Bhattacharya:** Okay, so just a follow up question on the I didn't get you see your FY23 volume. What was your target? Did you say between 47 and 51 million tons for FY23?

**Amitava Mukherjee:** That is for FY23. We will do more than 47 to 50. Anything more than 47 to 50.

**Prasenjit Bhattacharya:** Okay, more than 47 and just finally just wanted to understand this clarify that the steel plant commissioning you are expecting in June or July of 2023, right?

**Amitava Mukherjee:** 2022.

**Prasenjit Bhattacharya:** 2022 okay.

**Amitava Mukherjee:** Coke oven plant is already; the heating has started it is a irreversible process. So, once coke oven is commissioned in end of March.

**Moderator:** The next set from the Sumangal Nevatia from Kotak Securities. Please go ahead.

**Sumangal Nevatia:** First on the steel plant demerger. I joined the call late but I believe you said that by April end we will get the demerger closed with the creditor approval required or not required, but the real value unlocking will happen when the steel plant gets listed. So, from there to the listing, what are the steps and what is the time it could take.

**Amitava Mukherjee:** It should take out two to three months to list a new Company in the stock markets, not more than that, once the demerger is complete and it could be April or it could be June, depending on whether we are exempted from holding the creditors meeting or not. So, once the demerger is complete, the new Company will take the necessary steps to get itself listed in the market. So, that should take listing up a new Company takes hardly a two to three months not more than that maybe even a year.

**Sumangal Nevatia:** Okay, okay, what are the steps, we have to file the DRHP or something of that sort are relatively shorter route.





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- Amitava Mukherjee:** I will have to look at it. I can give you an offline thing. But right now, I do not have the detailed steps for listing a new Company, but we have to file the Red Herring Prospectus, etc., but I do not think should be more than two to three months for listing a new Company.
- Sumangal Nevatia:** Okay, no worries, I will take it separately from you sir. Then only when **(Inaudible) 51:34** of it, till the time the dedicated iron ore mine comes in, will we be supplying and also this time from our existing Bailadila operation?
- Amitava Mukherjee:** Yes, I have already informed you've joined late. So, number one, this production of a dedicated mine was never with **(Inaudible) 51.52**. It was always contemplated that the Nagarnar steel plant will be fed through our existing mines in Bailadila and the new mines of Deposit-4 and Deposit-13 that that will come under the NCL banner and we have also our clearance to the ministries and to the new Company that we will be willing to enter into a 10 year long term purchase agreement unpriced of course to supply iron ore from our existing mines to the steel plant.
- Sumangal Nevatia:** Understood. Thank you sir, for repeating it. The next question is CAPEX for 2022 you said 9 months is 1600 crores so remaining for fourth quarters for the overall for the year what are we looking at?
- Amitava Mukherjee:** 2500 to 3000 crores depending on how fast the commissioning progresses because a substantial amount of payments are due on commissioning activities. So, once the commissioning started, these payments will get released. So, we expect to end at around 2500 to anything between 25 to 3000 crores anything between those figures.
- Sumangal Nevatia:** Sir do you think I mean what we spend in the 9 month we can spend that in the remaining 2 to 3 months.
- Amitava Mukherjee:** Also, that the Q4 is always 50% of the entire spends. If you see last quarter out of the 2000 crores we spent around 1100 crores in the last quarter.
- Sumangal Nevatia:** Understood. The next question is on this balance sheet what is the net cash on 31st December.
- Amitava Mukherjee:** Net cash of 35,000 was around 6000 crores. Today we have around 8700 crores.
- Sumangal Nevatia:** Today around Jan end.
- Amitava Mukherjee:** As on date it is 9000 crores. As on Jan end it was 8700 crores. As on today it is 9000 crores. Of course, we have dividend to pay of the 1600 crores. Advance tax to pay about 1000 crores, some



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(Inaudible) 0:54:16 2700 that means to be 3700 crores is committed expenditures that we have apart from the OPEX that we will need for the next.

**Sumangal Nevatia:**

Sir just one last thing on this NINL divestment you said that there are some loans also extended. So, we'll get of course equity of 10% but is there any loans also given from an NMDC to NINL.

**Amitava Mukherjee:**

Around 80 crores of loan was given that was interest-bearing loan. So, we will be comfortably getting the entire thing back along with interest and apart from that after the NINL meets all its (Inaudible) 0:55:02 I think outset more than 5000 crores will be left over after meeting all its liabilities and we will get 10% of that. So, that we will be a windfall gain of around at least getting between the expenditure.

**Moderator:**

Ladies and gentlemen, that was the last question. I now have the conference over the management for the closing comments.

**Amitava Mukherjee:**

Thank you to all for attending this conference. We are in the middle of a great year. We expect to continue this great run not only through the last quarter of this current financial year, but also to the next financial year. We expect to have major events lined up in the next financial years including the demerger of the steel plant, the commissioning of the steel plant and substantial capacity expansion of our mining business. So, the entire scenario looks very positive from our perspective, and given the overall demand situation of iron ore, we expect that this great run would continue comfortably in the next financial year. Thank you so much.

**Moderator:**

Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.