



NLC India Limited
Q2 FY'25 Institutional Investors Meet

November 5, 2024



Management: **Mr. M. Prasanna Kumar - Chairman and Managing Director**

Dr. Prasanna Kumar Acharya – Director (Finance)

Moderator: **Mr. Prateek Singh - DAM Capital Advisors Limited**

Prateek Singh:

Hi, good afternoon, everybody and thanks for coming. I'm Prateek Singh enlisted DAM Capital. On behalf of NLC India Limited, a Navratna Company under Ministry of Coal, Government of India. I would like to welcome you all to the Q2 & H1 FY25 financial results, Institutional investors meet. I would like to extend my thanks to NLC India Management for giving us time today. On the dais, we have with us Shri Prasanna Kumar Motupalli, Chairman & Managing Director of NLC India Limited. We also have Dr. Prasanna Kumar Acharya, Director (Finance) and Shri Siba Prasad Patnaik, CGM (Finance) along with senior management of the company. We would like to begin with a brief video about the company, followed by opening remarks by CMD Sir. Can we have the video now please?

Prateek Singh:

Now may I please request CMD sir for his opening remarks, over to you Sir.

M. Prasanna Kumar:

Thanks Prateek Singh ji for the introduction and warm thank you to DAM Capital for holding this Investor meet and also extend my gratitude to all the participants for your interest in NLCIL and to our investors for unwavering support. Today, I am happy to engage with NLCIL stakeholders and address any questions you might have regarding our financial results for the quarter and half year ending September 30, 2024 as well as provide updates on our capacity addition program. Your involvement and feedback are valuable to us, and I look forward to a productive discussion.

I, Prasanna Kumar Motupalli, Chairman and Managing Director of NLC India Limited, and joining with me is Dr. Prasanna Kumar Acharya, Director Finance, along with other senior management of the company.

Before the interaction, I would like to brief on the highlights and performance of NLCIL during the quarter and half year ended 30th September, 2024. The major highlights are:

- NLCIL successfully entered into 10th year of renewable energy generation.
- Vesting order was issued for Machhakata (revised) Coal Block by Nominated Authority, Ministry of Coal, Jharkhand
- NLCIL received the Forest Clearance (Stage I) and Environment Clearance obtained for Pachwara South Coal Block.

- NLCIL entered into Two Joint Venture Agreements was entered with RVUNL, Govt. of Rajasthan for setting up 3x 125 MW Lignite based Thermal Power Station and 2 GW Renewable Projects in the State of Rajasthan.
- The Company signed MoU (Long Term Power Usage Agreement) with Govt. of Telangana for supply of 200 MW of solar power.
- NLCIL's Five operating Mines have been awarded with 4 Star & 5 Star ratings. Four mines received 5 Star Rating and one mine received 4 Star Rating by the Ministry of Coal, Govt. of India for FY 2022-23 and Barsingsar Lignite Mines rated as No. 1 Mine out of lignite mines and No. 2 Mine out of all mines in the Country.
- The Company was awarded with the First Prize adjudged by Ministry of Coal in Swachhata Pakhwada for activities performed, innovative ideas involved, maximum public participation and awareness programmes conducted during the event.
- NLCIL's Market Price per share as on 30th Sept'24 increased to Rs.282.50 per share from Rs.134.95 per share as on 30th Sept'23, registering growth of 109%.

Coming to the physical performance, the Company has:

- Achieved Lignite production of 122 LT with 15% growth as compared to 106.5.LMT in H1 of FY 2023-24.
- The Coal production was 59.61 LT as compared to 45.99 LT in H1 of FY 2023-24. Thus, registering a growth of around 30%.
- Gross Power Generation registered a growth of 9% and stood at 14,192 MU as compared to 13,009 MU in H1 of FY 2023-24. This includes Renewable Power Generation of 1,136 MU.
- The Plant Availability Factor (PAF) was 79.19% with 12% growth as compared to 70.53% in H1 of FY 2023-24 with respect to Thermal plants.

Coming to the financial performance:

- The NLCIL group earned Revenue from Operations of around Rs. 7,033.32 Crore as against Rs. 6,294 Crore in the corresponding period of the previous year, registering a growth of 12%.

- Further, the Total Income was Rs. 8,010 Crore as against Rs. 6,662 Crore in the corresponding period of the previous year, registering a growth of 20%.
- The Profit After Tax (PAT) of Rs. 1,549 Crore as against Rs. 1,499 Crore in the corresponding period of the previous year, registering a growth of 3%.

I wholeheartedly thank all the investors for their support and encouragement all these years, facilitating outstanding performance of the company and hope the same would continue in the future also.

Thank you, Thank you all.

Prateek Singh:

Thank you, Sir. I would now like to request Dr. Acharya, Director (Finance) to give us a financial summary of Q2 and H1 of FY 2024-25. Over to you, Sir.

Dr. P. K. Acharya:

Respected CMD, My colleagues and investors. A very good afternoon to all of you. It is a small presentation with respect to the company overall performance and H1 and Q2 results for FY 2024- 25. You know, we are the giant in the lignite mining and we have highest lignite mining capacity of 30 million tonnes per annum, integrated total mining capacity is 50 million tons, i.e. 20 million ton Coal and 30 million ton Lignite.

We are the first CPSU who has crossed to One gigawatt renewable installation capacity in the Country and we are consistently paying dividends since last 26 years and earning profit since last 48 years on a continuous basis.

The total Equity Capital is Rs. 1,387 Crore. Lignite mining capacity as you told 30.10 MT. Net worth is Rs. 16,599 Crore. Thermal power generation capacity is 3,640 MW lignite-based and 1000 MW coal based. Total asset is around Rs. 35,139 crores. Renewable power capacity is 1431 MW and coal mine 20 million tonne per annum.

Government of India shareholding in the company is 72.20% as on date. This is the Pan India presence in various parts of the country, you see that in the Western side - Gujarat, Rajasthan, Northern side- that UP , Jharkhand, then Odisha, West Bengal and Southern parts of Tamil Nadu our presence is

there, apart from that we are also supplying power to all the southern states of the country.

This is the major milestones achieved in last 8 years. We have installed solar 450 MW during 2017, year wise progress are there and you know that we reached more than 6000 MW as on 31st March, 2024 and same status is there as on date also.

This is standalone performance at H1 24-25, our PLF has increased to 63.7% compared to this 57.93% in the previous year registering a growth of around 10%. Standalone power generation is 11.32 billion unit compared to 10.40 billion units in the previous year registering a growth of 9%.

Lignite production also is 12.24 million tonnes compared to 10.65 million tonnes in the previous year it is registering a growth of 15% and coal production registering a growth of 30%.

PBT for the half year is Rs. 1,233 Crore and lignite production increase and coal production as I told that 15% and 30% growth is there. Thermal generation also increased by 10% compared to previous year. Debt recovery also reduced by 31% and loan optimisation also, total loan has decreased by 13%, so thereby we have saved around 44 Crore in the finance cost. Debtors efficiency has also increased to 90.35%. Previous year the debtors as on 30th September was Rs. 5,400 crores and were reduced to Rs. 3,817 crores.

This is the consolidated performance, H1FY25 total income has increased by Rs. 1,348 Crore from Rs. 6660 Crore to Rs. 8011 Crore 20% increase is there. Expenditure marginal increase of 8% is there. Net regulatory movement was negative because previous year we have received favourable order of almost Rs. 1,200 Crore that is not there in the current year. Profit Before Tax has reduced by Rs. 359 Crore because that order impact was there. Profit After Tax marginal increase is there Rs. 50 Crore because of lower tax in NTPL. Mostly NTPL tax has helped to increase profits.

Similarly Standalone financial results, total income has decreased by Rs. 47 Crore mainly because of the CERC orders and non-tariff income sharing for previous few years around Rs. 500 Crore impact is there. Expenditure same level expenditure is there. Net regulatory movement that Rs. 284 Crore in the current year compared to Rs. 1219 Crore because of the previous year CERC order impact was there of Rs.1200 crore. Profit Before Tax has come down from Rs. 2,215 Crore to Rs.1,213 Crore because

of that order impact and similarly PAT also this order impact was there, otherwise financial performance is comparatively better to previous half year if you exclude that order impact.

This is the vision 2030 from present mining capacity of 50.1 million tonnes we are targeting to reach 104.4 million tonnes by 2030, Similarly thermal capacity we are targeting 10,020 MW from the existing 4,640 MW and renewables capacity from 1,430 MW we want to reach 10,110 MW which is seven times and with all this capex requirement for mining is Rs. 15,000 Crore and for thermal is Rs. 53,000 Crore and for the renewables it is Rs. 45,918 Crore. The total capex required till 2030 is Rs. 1.25 Lakh Crore.

These are the projects under implementation: Ghatampur thermal power project which is 3 x 660 MW, the project is in final stages of COD and COD is expected November'24, December'24 and March'25 for the 3 units respectively.

Similarly, Talabira thermal power project, the project cost is Rs. 27,213 Crore and expected COD in March 2029, September 2029 and March 2030. Pachwara South coal block total project cost is Rs. 2,243 Crore and anticipated COD is FY 26.

These are the renewable projects under implementation i.e. Solar 300 MW where the project cost is 1,813 crore and anticipated COD in FY25 in the current year itself.

Solar 200 MW i.e. project cost is Rs. 1,214 Crore and anticipated COD is FY 26 in the first half of FY 26 will be there.

SECI 100 MW Solar and 50 MW Wind anticipated COD is FY 25-26 and project cost is Rs. 927 Crore.

Solar project RRVUNL 810 MW estimated project cost is Rs. 4,147 Crore and anticipated COD is FY 26-27.

Gujarat Khavda (300 MW + 300 MW) i.e. 600 MW, estimated project cost is Rs. 3,336 Crore and anticipated COD is FY 2025-26.

50 MW mined out COD in the current year we are expecting, and estimated project cost is Rs. 225 Crore. This is in the first time in the country we are doing the solar park in the mined-out land.

We have also signed Joint Venture agreement with Rajasthan Urja Vikas Nigam Limited for 2,375 MW. out of that 375 MW is Lignite based power

plant, and 2000 MW is the Solar and wind projects. We have also signed JV agreement with Assam for 1000 MW solar projects.

These are the Few diversification projects:

We are the progress under implementation stage: Lignite to methanol, Battery storage , OB to sand, OB to sand one project was already completed only we are expecting some clearances from Govt. of Tamilnadu after that we can start the operations of the project. Pumped storage also feasibility study in the progress and also we are participating in the various critical minerals blocks and Green Hydrogen also we started pilot project on that. Thank you.

Prateek Singh:

Thank you, sir. With this, we would now like to open the floor for questions. I would like to request the participants to introduce themselves just the name and organization before asking any question. Yeah, you can start the Q& A round.

Mohit Kumar:

Hi sir, good evening, first question is on the under recovery in quarter and H1 in standalone and consol basis look like there is still some significant under recovery in the standalone basis. Sir, can you explain are you facing any Lignite issues still or is it sorted completely?

M. Prasanna Kumar:

The under recovery because of lignite shortage. That is stopped in January 2024 itself. As on date we are not facing any under recovery or any generation loss on account of lignite shortage because the production levels are meeting the requirement. Compared to last year, last year the under-recovery capacity charges under recovery was around Rs. 533 Crore in the H1 of 23-24. So now it is at Rs. 292 Crore That is mainly on account of TPS- II expansion.

Mohit Kumar:

Sir if you remember correctly, we were upgrading that 500 MW TPS- II expansion what is the status? Do you think we can achieve 100% or less 80% PAF for next year?

M. Prasanna Kumar:

Last time we communicated that we have taken up, we are going to take up unit for performance improvement. So, one unit we were supposed to take

in the month of July. But because of the grid requirement that was the given in the month of September, the modification of the boiler in Unit- I is in progress, so that is expected to be completed by November end or first week of December. So, once we observe the performance improvement, then we will go for the second unit. We are hopeful that the performance will be drastically improved after this modification.

Mohit Kumar:

Sir my third question on the timelines for RE IPO, are you looking for Renewable IPO next fiscal year? And have you started the work?

M. Prasanna Kumar:

Exactly. We formed one 100% owned subsidiary, NLC India Renewable Energy Limited for this purpose. and we are in the process of transferring the existing renewable assets to that company. The tax exemption for the bulk transfer from NLC India Limited to NIREL that is in the process with the government. So, we are hopeful that by the second quarter of the next financial year or 3rd quarter of the next financial year we will go for that IPO.

Mohit Kumar:

and sir last question, the status of the tender for the 1000 MW at Neyveli and also you are talking about 375 MW at Barsingsar. Do you think all these projects will be awarded in next 12 months?

M. Prasanna Kumar

This 2 x 500 MW earlier we were planning 2 x 660 MW Ultra Super critical boiler. Because of non-availability of technology now we changed to 2 x 500 MW and yesterday only we received formal approval from Government of India, Ministry of Power exempting us for going for sub-critical boiler. Actually, there is a ban on going for sub-critical boiler. Yesterday we received that permission and easy amendment we are applying, so we are hopeful that by next financial year, we will be able to award the contract and take the work forward. The good thing is that the entire land is in our position and Immediately after the award, the works can be taken in forward in fast track mode. The other 3 x 125 MW recently we signed JV agreement with Rajasthan and along with the Thermal Power Station for feeding to this thermal Power Station, we will be getting a mine also and we will be mining the lignite and using that in the 3 x 125 MW. Already our 2 x 125 MW plant is an operation in Rajasthan in Barsingsar.

There also we are mining in the Barsingsar mine and using that and that is supplying cheapest power to state of Rajasthan. Similarly, we are we want to take forward this 3 * 125 MW also in the first track mode. I think by the end of the next financial year, I think that will be that will be done. Phase-II Talabira, we have already applied for EC, EC for the addition and within next 6 months we will be going for tenderizing for the 4th unit of Talabira thermal.

Prateek Singh:

Just a reminder to participants to please introduce themselves before asking your question. For the record, the first set of questions from Mohit Kumar of ICICI Securities.

Aditya Welekar:

Yeah. Thank you, Sir, for this opportunity. I'm Aditya from Axis Securities. Sir, my question is I wanted to know the regulated equity as of now for both mining and power?

M. Prasanna Kumar

As on date, you can consolidate basis it is Rs. 7,436 Crore is the regulatory equity and we are targeting to increase this to around Rs. 18,500 Crore by 2030 because of our capacity increase from in mining from 50 million metric ton to 100 million metric ton and power from existing 4.6 gigawatt to almost 20 gigawatts. So, with this for the final equity by end of 2030 is around Rs. 18,700 Crore.

Aditya Welekar:

Thanks, Sir. And second is an update on commissioning of the Pachwara coal block. In the last call you had said that Jan 2025 we are expecting and any update on Machhakata coal when can we expect to start?

M Prasanna Kumar

This Pachwara south coal block there was some problem with the forest clearance stage-I. Recently we got that forest clearance, stage- I as well as we got the environmental clearance also and already MDO is in place and when land acquisition activities and many activities are in fast progress, even the coal evacuation route is also being laid. So, we are expecting that the production will start by around February or March of this financial year. And this will feed coal to our Ghatampur Thermal power station and whatever is left out, coal is there that we. Will sell in the open market?

Aditya Welekar: So, 16 metric ton of coal production target for this fiscal year is intact or? We have in H1 have produced 6 million tonnes.

M. Prasanna Kumar: The target of 16 million metric tonnes we are certainly going to achieve and even we are targeting for more and the Talabira is producing well. For your information, the last month the highest coal production in a month or in a day happened in Talabira and coal dispatches are also happening in the same rate, so we are hopeful that we will be doing much more than 16 million metric tonne targets.

Aditya Welekar: Sir, just one last question on that, you said that the boiler issue at TPS II expansion that should get resolved in this quarter, so from Q4 can we expect that PLF can improve?

M. Prasanna Kumar: Certainly, one of the units we are going to complete in the Q3. So and also as per CERC order 70% is the targeted availability for that. So, we are hopeful that that will for the time will improve.

Aditya Welekar : So that under-recovery will come down?

M. Prasanna Kumar: Certainly, come down.

Gaurav Birmiwal: Hello Sir, this is Gaurav from Axis Mutual Fund. I just wanted to know what is your target equity IRR and project IRR when you bid for any renewal project?

M. Prasanna Kumar: For any Renewable project our Board flat approval is ROE of 12%. So, but conservatively, we take that figure. That's why almost it is almost 14%.

Gaurav Birmiwal: Just to add, I mean if you go back to that slide on where you highlighted the upcoming projects, the first 2, the solar ones, the per gigawatt cost comes out close to Rs 6 Crore, which seemed a bit higher. Can you just? What am I missing out on?

M. Prasanna Kumar: Actually, see when those projects were awarded that time the module cost was at peak. Subsequently it got reduced and we calculated that based on the module cost at that time and quoted the price accordingly. So now there

is a drastic reduction in the price of the module. Now it is coming around as you rightly said, the Rs. 5 to Rs. 5.5 Crore but at that point of time it was 6 Crore.

Analyst:

Sir, regarding this coal profit, what is the total Coal profit for the first half of this year? and what is the coal distribution among the different entities like NTPC and our plant at Chennai?

M. Prasanna Kumar:

Our coal profit is mainly from Talabira. In Talabira the coal profit is around Rs. 292 Crore. But there was one CERC order was there regarding the profit sharing. So that is around Rs. 183 Crore. That's why for H1, it is Rs. 109 crores and the main reason for decreasing in the profit from Talabira is one is the CERC tariff order that impacted around Rs. 183 Crore and the second one is the reduction in the coal price that happened, although we increased production of coal by more than 30%. Because of the coal price scenario in the country the profit is comparatively lesser.

Analyst:

What is the distribution? NTPC and for us?

M Prasanna Kumar

Actually to NTPC through MoU, we have given around 31 lakh metric tonne and our own NTPL, we supplied around 13.25 lakh metric tonne and the coal swapping around 0.56 lakh metric tonne and through the e-auction we sold 17.95 lakh metric tonne and recently we tied up for long term supply also so for the entire financial year for the 16 million metric tons, we tied up sales and we also gone for next 2 years long term linkage also that is also tied up for Talabira coal.

Analyst:

Sir, regarding this Ghatampur plant so, should we expect, it will contribute in the second half of this year?

M Prasanna Kumar

Certainly, we our one unit, Unit-I is already in the process of declaring the COD. Coal firing already happened and within next 15 days we are expecting the declaration of commercial operation and Unit- II and III also, despite many constraints we are trying to complete both the units in the current financial year. So certainly, it will add to our revenue and profit from Q4 onwards.

- Analyst:** So, what is the regulated equity for Ghatampur now?
- M. Prasanna Kumar:** Regulated equity for Ghatampur is Rs. 5000 Crore.
- Rajesh Basu Majumdar:** Sir, this is Rajesh from BNK securities. I just wanted to know from the Rs.980 Crore PAT you declared for Q2, what is the impact of the one-time orders both on the revenue as well as the PAT? And what is the actual recurring PAT for the quarter? First question.
- M Prasanna Kumar:** So, the in the H1 this financial year, the order impact is Rs. 584 Crore
- Rajesh Basu Majumdar:** This is on the sales or? On the PAT. Sales or profits by 24.
- M. Prasanna Kumar:** On PBT.
- Rajesh Basu Majumdar:** And what is the revenue impact of this?
- M. Prasanna Kumar:** Same amount.
- Rajesh Basu Majumdar:** So, out of Rs. 847 Crore the balance is the interest income. Is it interest one time interest? The total one-time report is about Rs. 847 Crore, Sir. So, this is Rs.584 Crore. The balance is the interest.
- Dr. P. K. Acharya:** Yes, the balance is interest on CERC orders.
- Rajesh Basu Majumdar:** Ok, so my next question is what are the e-auction realization for H1?
- M. Prasanna Kumar:** E-auction Talabira the average price we got is Rs. 1720 per ton. That was last year. This year is Rs. 1450 per tonne.
- Rajesh Basu Majumdar:** So related question is that does it continue to? Does it make sense to continue increase the e-auction volume given the fact that the prices are much lower now, what is the profitability of the coal venture versus the MOU kind of prices?

- M Prasanna Kumar:** Yes, you are correct that there is substantial reduction in the premium over the basic price. But still, we are getting 26% premium over basic price of Coal India. So, it makes sense that as we increase the quantum through e-auction the revenue will be increased. So even today if we go for e-auction we fetch more.
- Rajesh Basu Majumdar:** One last question is for the Ghatampur project, do we have a coal linkage before Pachwara starts?
- M Prasanna Kumar:** Actually, for all three units we are having tie up with Coal India subsidiaries for the start-up coal i.e. for one month or one and half month of initial operation. Subsequently, till Pachwara starts producing coal, we are having bridge linkage. Ministry of Coal already has given us a bridge linkage. So, till we get coal from Pachwara we will get bridge linkage coal from subsidisers of Coal India and we can take forward and of course, if in any case anymore requirement of coal is there we will be sending the coal from Talabira also, we are having from Talabira also.
- Dhruv Muchhal:** Hi Sir. Thank you so much **Dhruv** from HDFC Mutual fund. So, the first question is, you mentioned that for Coal, you have done a long-term linkage now. So, if you can explain that?
- M. Prasanna Kumar:** Earlier going for the spot e-auction only. So then seeing the market conditions, we thought having a long term tie up would be more safe and secure. That's why initially we started for 6 months and recently we have gone for the process for 2 years linkage.
- Dhruv Muchhal:** So how is the price and how does the economics work now?
- M. Prasanna Kumar:** Actually, they have to quote the price as on date and the price escalation or escalation will be as per coal index. So going forward, if any increase is there in coal prices, then certainly that will be that will be adjusted.
- Dhruv Muchhal:** So, all the surplus coal under the two year tie up?

- M. Prasanna Kumar:** No, We are going for all the all the avenues we are exploring. Some quantity through spot e-auction, some quantity through 6 months and some quantity through 2-year MoU.
- Dhruv Muchhal:** So, if you can say, well, how much quantity have you allocated for the 2-year contract?
- M. Prasanna Kumar:** 2-year contract around 3 million metric we are allocated for 2 year contract.
- Dhruv Muchhal:** You mentioned there is an impact of PBT impact of about Rs. 584 Crore. So, it's a negative impact which is dragging PBT. This is account of what?
- Dr. P. K. Acharya:** Two orders are there, one is that non-tariff income that we shared, second is that Talabira we are selling coal to NTPL as well as outside sales. So NTPL portion coming under regulatory, based on CERC order the price has reduced because estimated capex was not there. Actual capex is less than estimated CAPEX, price reduction is there, so that impact also has been considered.
- Dhruv Muchhal:** So that about Rs. 183 Crore, which you mentioned.
- Dr. P. K. Acharya:** Yes.
- Dhruv Muchhal:** And the remaining is some regulatory orders. Is there is there anyone one-time benefit also because the other income in consolidated entities reasonably strong. So, is there any one benefit?
- Dr. P. K. Acharya:** Consolidated level we received order for NTPL. In the order interest component is there and principal is there. Interest is coming under other income.
- Dhruv Muchhal:** Ok. So, the how much is the interest? How much is the in the consolidated and how much is the one-time benefit? If all together.
- Dr. P. K. Acharya:** NTPL order impact is around Rs.600 Crore and ours is around Rs. 500 Crore negative, there is positive Rs. 600 Crore.

- Dhruv Muchhal:** Ok, on a console basis it's nets off so the Rs 600 crore is 1-H. So, you mentioned that your regulated equity growth should move from about Rs. 7,400 Crore to about Rs. 18,000 Crore. So, does it include the equity that you would be investing in your renewal projects or that's over and above that?
- M. Prasanna Kumar:** Renewables is not a regulated business, that is separate.
- Dhruv Muchhal:** So, is this pure equity?
- M. Prasanna Kumar:** This is pure in power generation and mining.
- Dhruv Muchhal:** It's a last question on the lignite mining thing. So, is the issue now permanently resolved or are there some further key milestones that you will have to achieve for this lignite production issue to be resolved?
- M. Prasanna Kumar:** See, there was a problem in the Quarter 1 & Quarter 2 of the last financial year because of the land acquisition issues and diversion of one of the rivers. Now we, with all the support from Government of Tamil Nadu and the Central Government, now we could divert that river. So, the next 25 years there is no problem in the mining activities of lignite. Also, we acquired and taken into possession around 560 hectares of land. So that is the sufficient for next 2 years. So, there will not be any immediate problem. Any impact on the lignite production because of the land acquisition.
- Dhruv Muchhal:** Thank you.
- Analyst:** What is the price discovery for the 3 million tonne which you're selling?
- M. Prasanna Kumar:** That's what I told, around 26% premium over the basic price.
- Analyst:** The second question, so. What is the revenue share of these Coal mines - Machhakata and North Dadu?

M. Prasanna Kumar: No, actually. North Dadu and Machhakata, both we won under Commercial action. So, we are free to sell the coal in the open market. So, you are talking about the government share.

Analyst: Yes, Sir. How much?

M. Prasanna Kumar: In both the cases, it is 6% revenue share.

Analyst: In notes to accounts, there is something about M/s BGRESL, right where provision for Interest recoverable is created for Rs. 113 Crore. I think this has affected the results for this particular quarter positively, is that right?

Dr. P. K. Acharya: No, NUPPL is not in operation, it's in CWIP. Even if interest is there, it is adjusted with the capital cost.

Analyst: This is the last question; you are doing so many EPC and RE projects. Have we awarded EPC for all under construction projects?

M. Prasanna Kumar: No, in all the projects we are not following EPC. In some projects, we followed EPC mode, like our Barsingsar 300 MW there we followed EPC mode. But in others, we found that if we buy modules ourselves, and balance of activity if we award, that we our margins are more. So, in 600 MW Khavda, we have gone in that mode, and we got modules in a very good rate. So, we are going in future projects also we will be doing that. We will be directly procuring the modules and for all other activities we will go for BOS package.

Analyst: Has the work on Talabira project started?

M. Prasanna Kumar: The Talabira work was awarded to BHEL. BHEL started all their activities. Only the notice to proceed is to be given, after the full possession of the land is taken. So out of 723 acres of land that is required, we already taken the position of 620 acres and around 110 acres of land is pending. That is about to be completed in next 1 or 2 weeks. So, we are expecting that by November end we will be giving the notice to proceed to BHEL. But

practically, the BHEL already started all other their activities, even the engineering activities also 60% completed.

Analyst: Thank you and all the best.

Analyst: Hi Sir.

M. Prasanna Kumar: Actually, you asked one Machhakata question last time which I have not answered. Machhakata, we got under commercial auction, and this is very good mine having almost 1.40 billion tons of coal reserves and 30 million metric tons per annum capacity and it's a very good grade coal and with having very less stripping ratio of around 2-2.1 only. The time given by Government for making it operational is 55 months. But whereas we are targeting to operationalize in 36 months. So many activities we completed before we got the vesting order also. So, we are hopeful that we will be able to start production in 36 months. Similarly, is the case with the North Dadu also. There also we got around 54 months' time from Government of India. There also we are targeting 36 months for starting the production.

Analyst: Sir, just 2 questions on the coal aspect. You said 26% premium you get. So that is over FSA prices of Coal India, right?

M. Prasanna Kumar: Yes.

Analyst: And just if you can elaborate slightly in detail, on that split of Coal sale to NTPC, to Tuticorin plant, e-auction and MoU? So slightly, granularly, you can tell how much roughly the ballpark sales to each of these units?

M. Prasanna Kumar: So, for our NTPL, we are targeting around 3 million metric tonnes. NTPC 5 million metric tonnes, and we entered into an MoU with DVC also, for supply of Talabira coal. There we are envisaging around 0.5 million metric tonnes this financial year, otherwise, it is for 2 million metric tonnes. In this financial year, because they are in the process of awarding the contract, we're expecting around 0.5 MMT. So, this mid-term Coal e- auction, coal supply is around 2 million metric tonnes and this 180 days, 6 months e-auction around 1.5 million metric tonnes. The spot e-auction we are keeping

around 2 million metric tonnes, and other excess coal available for e-auction, long-term & medium, all those things, is around 3 million metric tonnes.

Analyst: Understood. Thanks a lot sir.

M. Prasanna Kumar: So, we are trying to tie up, although our production target is 16 million metric tonnes, we are trying to tie up much more than that, 17 million metric tonnes atleast, so that the dispatches will be smooth.

Arijit: Sir, first thing, Ghatampur Unit-II, you mentioned March'25 will be the COD date?

M. Prasanna Kumar: No, we are targeting Unit-II in the month of either December'24 or January'25. Unit-III we are targeting for March'25.

Analyst: **Understood,** The second question is on the mines. Is it in the Mine-II, I believe, the capacity is 15 million tonnes, right Sir? So last year, if I recall correctly, it's 5 million tonnes. What is the run rate currently in FY 25? How much you are planning that you can get?

M. Prasanna Kumar: Ok. See our total target for this year is 25 million metric tonnes of Lignite, and we'll be doing much more than that. As on date, in the H1 of this Financial Year, we produced almost half. It is almost 12 million metric tonnes already we have produced.

Analyst: But that includes Mine-I & Mine-IA also, right Sir?

M. Prasanna Kumar: Yes.

Analyst: I'm talking about only for Mine-II.

M. Prasanna Kumar: If you talk about Mine-II, our production already is 11 million metric tonnes. Total, our target is 25 million metric tonnes out of that 11 million metric tonne will be from Mine-II.

- Analyst:** 11 million tonnes, but the capacity is 15 million tonnes.
- M. Prasanna Kumar:** Yes.
- Analyst:** Ok Sir.
- M. Prasanna Kumar:** No, capacity is not 15 million metric tonnes. The capacity is 13 million metric tonnes.
- Analyst:** There is so, what I understand that although the river is diverted, land is acquired, but there are 1 or 2 villages, where the problem is still there. It's almost like 2- 3 million tonnes. Any update on it? Because last I heard that is still not resolved.
- M. Prasanna Kumar:** Yes, you are right that there are 1 or 2 critical villages. They are required for future Lignite mining, not immediate, that land is not required, so already efforts are on for taking those 2 villages also.
- Analyst:** Perfect sir. Second thing on Mine-IA, I think that the capacity is 4 million tonnes, right Sir? But are we trying, because I think, Mine-I we cannot expand but for Mine-IA there is a possibility of expansion.
- M. Prasanna Kumar:** Yes, this year we are targeting against 4 million metric tonne capacity, we are targeting 5 million metric tonne production.
- Analyst:** But the land acquisition is again a problem there, isn't it?
- M. Prasanna Kumar:** No, there are no land acquisition issues.
- Analyst:** So, Mine-IA how far it can go in next 2 years to 3 years?
- M. Prasanna Kumar:** 7 million metric tonnes.
- Analyst:** 7 million metric tonnes. So, remaining land is to be acquired, right Sir?
- M. Prasanna Kumar:** No, it can go upto 7 million metric tonnes, and there is no issues of land for Mine-IA

Analyst: Understood. So, I think once it is 7 million metric tonnes and then we'll be selling Lignite in outside also, right? We will have surplus lignite.

M. Prasanna Kumar: See, as on date we are supplying to our FSA customer TAQA, and at present, we are not thinking of any going for any e-auction as on date. Mine-I production will come down and Mine-IA will increase. That's why, at present we are targeting to meet our generation requirement, and subsequently if some excess Lignite is there, then we will certainly go for that e-auction.

Analyst: Mine-I capacity I think it is 8 million metric tonnes, right?

M. Prasanna Kumar: 7 million metric tonnes.

Analyst: So, it will come down to what level?

M. Prasanna Kumar: It will come down by around 1 million metric tonnes reduce.

Analyst: 1 million metric tonnes will reduce or it will come down to 1 million metric tonnes.

M. Prasanna Kumar: No, reduce 1 million metric tonnes.

Analyst: Understood Sir. Thanks.

Analyst: So, one question on the regulatory income and expenses. So, are there any major orders still pending both on the positive side and the negative side? So last few years we have seen some positives, some negatives. Which makes understanding of the underlying numbers a bit difficult. So, are there any major pending orders still remaining, which one should note of?

M. Prasanna Kumar: Yes, there are around 2 orders pending. One is regarding the Neyveli Mines Lignite transfer price 2019-24. So already we got order for Barsingsar Mines. So, if the same is calculated in-line with the Barsingsar order, there will be impact of around Rs. 600 Crore positive. Similarly, there is one more

order is pending, the interest portion for 2009-14 order impact for the Neyveli mines, that is around Rs. 400 Crore, these are positive impact. Both are having the positive impact.

Analyst: So, this 2019-24 transfer price order of Rs. 600 Crore. this is the cumulative amount, and there will also be an annual amount, because then it gets readjusted to a higher level, if I'm not wrong or that this is just the benefit, this is the benefit.

M. Prasanna Kumar: No, that is only benefit.

Analyst: So incremental benefit is adjusted?

M. Prasanna Kumar: That is already taken.

Analyst: So, Rs. 600 Crore and the remaining is 400 Crore, that is the interest. Anything on the negative side, which is pending probably which you've filed for, and which is pending?

M. Prasanna Kumar: No, these are the 2 CERC orders pending. Some orders are pending in APTEL. Once the CERC order comes and the Beneficiaries or we approached APTEL, some orders are pending. But they are mostly of favourable nature except one or two, having total impact of around 100-150 Crore.

Analyst: On the favourable side, is there a material single order, which can be of material amount?

M. Prasanna Kumar: Around Rs. 230 Crore, one order is pending regarding TPS-II Expansion time-overrun, that we are expecting, and Barsingsar truing-up 2009-14 also, around Rs. 140 Crore favourable impact is expected.

Analyst: Ok, this is helpful. Thank you so much, Sir.

- Arijit:** On Rs. 233 Crore of under-recovery in H1, H2 some guidance that you were seeing especially to TPS-II Expansion will be out of service. So, I think it will be more, right Sir?
- M. Prasanna Kumar:** Yes, because one Unit is under renovation, that we are expected to complete by around December'24.
- Arijit:** Assuming, that it is a success, and we will again go for the other unit. What would be the under-recovery that you are envisaging for the H2 as of now on a negative side?
- M. Prasanna Kumar:** As on date, it is under-recovery is Rs. 292 Crore and it may maximum lead to around Rs. 400-450 Crore total overall total in this year.
- Analyst:** So, Rs 400 Crore means Rs. 170 Crore under-recovery in H2. So, it will be less than H1, although TPS-II will not be there.
- M. Prasanna Kumar:** Because TPS-II only 1 unit is not there, otherwise other units are performing well, so overall it will be around Rs. 170 to Rs. 180 Crore under-recovery.
- Analyst :** Perfect Sir, thank you.
- Analyst:** TPS-II Stage-1 & Stage-2 is 630MW & 840 MW. The Plant Availability Factor (PAF) of this particular power plant is 57-56% YTD. So, there must be some under-recovery right, on the 1470 MW?
- M. Prasanna Kumar:** Yes, that's what it is there. It is around Rs. 44 Crore in Stage-1 and Rs. 60 Crore in Stage-2.
- Analyst:** And on the TPS-II Expansion?
- M. Prasanna Kumar:** Rs. 186 Crore
- Analyst:** Understood Sir, Thank you.
- Rajesh Basu Majumdar:** Sir, considering the issues on land acquisition in Lignite we've had in the past and also with the TPS-II Expansion with the boiler issues, how

confident are we of the expansion in Neyveli per-se on the lignite-based power plants? I mean is it going to still be an issue going forward or how confident are we of giving those figures?

M. Prasanna Kumar:

See, the lignite reserves in the County are 46 billion tonnes. Out of that, 80% are there in the state of Tamil Nadu and out of that 80% is there in the Neyveli. There are huge reserves in the Neyveli area, which are sufficient for next 100 years. So, there will not be any problem. After doing due diligence and all these calculations only, we are going for 2 x 500 MW, and absolutely it is no problem, only whatever land acquisition is required that already we got and 1 or 2 critical villages we are going to get, so that will not be a problem going forward. And the major activity of river diversion also we completed, for next 25 years there is no issue of river diversion. So, we are 100% confident that there will not be any shortage of lignite for power generation there.

Rajesh Basu Majumdar:

If I were to ask you as a company, is your focus now on Coal, RE or Lignite, what would be your priority?

M. Prasanna Kumar:

See, since the beginning, we have been maintaining the balanced approach, that is well appreciated by both domestic as well as international investors. While giving focus to renewables and aggressively adding the capacity. At the same time, we are adding the thermal capacity also, at the same time we are increasing our mining capacity also. So, we are maintaining a balance between all these three, because we believe that going forward both will be required. We cannot 100% rely on renewables and we cannot 100% rely on thermal, so we are taking a balanced approach and moving forward.

Rajesh Basu Majumdar:

Lastly, Sir, in the structure in NIGEL was that, the old 1400MW odd capacity would be transferred there, and the new capacity will all come in the NLCIL. What is the meaning of that structure, or it is changed now? In NIGEL, we are talking about putting the old capacities and monetizing.

M. Prasanna Kumar:

The old capacity will be in NIRC i.e. NLC India Renewable Limited and the new capacity we are adding in NIGEL.

- Rajesh Basu Majumdar:** So, what is the justification of this?
- M. Prasanna Kumar:** The justification was that to focus more on the new capacity addition, the separate Subsidiaries was formed and to keep the asset monetization focus. So that's why the NIRL was formed.
- Gaurav Birmiwal:** Sir, Gaurav from Axis, Just for my understanding, all these CERC orders that you mentioned, so we are already accounting for that in our books through these regulatory deferral account balances, right? Or are these 2 things different?
- Dr. P. K. Acharya:** Some of the things, which is known based on the regulation, we are accounting in the regulatory deferral accounts. Some of the things which is not in the regulation but interpreted by the regulatory in a different way that cannot be anticipated now. Based on the receipt of the order, we are accounting only.
- Gaurav Birmiwal:** So, the interest component, of course won't be accounted.
- Dr. P. K. Acharya:** Based on the receipt of the order only we will account.
- M. Prasanna Kumar:** Machhakata, I told 6% revenue sharing, it is 6.5%.
Anything else? Anybody ?
- Prateek Singh:** So, there is no more questions, this brings us to the end of the session. I would like to extend our thanks to the NLC India Limited Management team and also all the participants. There is Hi-Tea arranged outside, so please help yourselves and again thanks for attending.
- M. Prasanna Kumar:** Ok, Thank you all.