



“NLC India Limited  
Q1 FY2020 Results Conference Call”

August 19, 2019



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LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the NLC India Limited Q1 FY2020 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Rahul Modi from ICICI Securities. Thank you, and over to you, Sir!

**Rahul Modi:** Thank you Raymond. On behalf of ICICI Securities, we welcome you all to the NLC India Q1 FY20 results conference call. We have with us, Shri. Rakesh Kumar, CMD, NLC India holding additional charge of Director (Finance) as well and senior management team of NLC India comprising of Director HR, Director Planning & Projects, and Director Power. I would like to hand over the call to the management for their opening remarks and then we will move on to the Q&A. Thank you and all the best.

**Rakesh Kumar:** Good Morning everyone. I am Rakesh Kumar, CMD, NLC India Limited and holding the additional charge of Director Finance also. With me my directors are also joining the call. Mr. R. Vikraman, Director (HR) from Neyveli and Mr. Shaji John Director, Power from Neyveli and Mr. N N M Rao Director P&P joining with me from Chennai, so just wanted to give you an update before we start on the queries.

During the quarter, the power generation and power sales was 5059.11 Million Units and 4305.91 Million Units respectively for the power generation and power sales compared to 4883.91 Million Unit and 4111.89 Million Units in the corresponding quarter of the previous year registering a growth of 3.59% in power generation and 4.72% in power sales.

The company has commissioned 163 Megawatt of Solar Power Plant during the quarter taking its renewable footprint to 857.56 Megawatt at the end of the quarter ended June 30, 2019. Renewable power generation during the quarter is 291.89 Million Units as against 116.53 Million Units in the corresponding quarter of the previous period.

The plant load factor (PLF) of thermal power stations achieved during the quarter is 69.52% as against 67.37% in the corresponding period.

So the average thermal tariff during the quarter has come down from Rs.3.93 Per Unit to Rs.3.70Per Unit. Accordingly, during the quarter, power surrender has also reduced by 11.18% i.e., from 366.02 Million Units to 325.10 Million Units. During the quarter lignite production has increased by 20.91% i.e., from 36.20 LT to 43.77 LT. During the quarter total income is Rs.1904.03 Crores as against Rs.1841.11 Crores in the corresponding quarter of the previous year registering a growth of 3.42%.



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Profit after tax for the quarter is Rs.323.04 Crores as against Rs.319.63 Crores in the corresponding quarter of the previous period registering a growth of 1.07% . EBITDA for the quarter is Rs.754.48 Crores as against Rs.732.83 Crores in the corresponding quarter, which has registered a growth of 2.95%. Now I welcome you for the questions.

**Moderator:** Sure. Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

**Mohit Kumar:** Good morning Sir. Sir my first question is on the consolidated profit. Consolidated profit is far lower than the standalone profit. Last year the profit in consolidated was 3.6 billion, this quarter it is 2.8 billion, can you just explain why the consolidated profit was lower than the last year same quarter?

**Rakesh Kumar:** The consolidated profit, which has come down in the Q1 is mainly on account of our subsidiary NTPL and we have two units of 500 MW in NTPL in which one unit was under forced shutdown and we had faced a problem of rotor and this generator rotor was sent to BHEL and for almost whole of the quarter this rotor was not available and therefore one of the units did not function. Now the rotor has been repaired very quickly and our team has got this rotor back, which is installed and now both the units are running.

**Mohit Kumar:** What were the losses in subsidiary?

**Rakesh Kumar:** Because of the one unit not functioning almost the performance is 50% on revenue. PLF has come down from 68.33% to 34.55% and PAF has come down from 88.41% to 48.73% and revenue has seen a decline from Rs.754.48 crore to Rs.452.34 crore and profit before tax has come down from Rs.67.45 crore of profit to Rs.60.28 crore of loss and PAT has come down from Rs.42.94 crore of profit to Rs.39.29 crore loss.

**Mohit Kumar:** Can you repeat the numbers of the loss number Sir?

**Rakesh Kumar:** Loss of NTPL is Rs.39.29 Crores loss in Q1 of 2019-20 on account of shutdown of one unit.

**Mohit Kumar:** Sir what is the status of stabilization of 500 MW TPS-II expansion Sir and what was the under recovery, when do we expect it to start operating at normalized levels?

**Rakesh Kumar:** TS-II expansion 250 MW x 2 at Neyveli is CFBC-based boiler in which we were facing technical problems as we have informed in the last quarter also. Our company is making all out efforts in overcoming the problem. Q1 of this year, we have reached 33.54% PAF. We have reached cumulative PAF 33.54% in the month of June and in April and May, we have witnessed 42.71% and 45.04%. If we see the comparative figure of cumulative PAF of the last year corresponding period June as against 33.54%, we reached 24.44% in last year and in the month of May also as



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against 45.04% reached this year we were at 28.24% in May-18 and in April-19 also 42.71% as against last year 25.78%, so there is an improvement in the PAF and we are hopeful that we will be able to overcome this technical problem in due course of time.

**Mohit Kumar:** When we expect it to Sir for the top period normalized level? Can we expect in Q3 to be critically far better?

**Rakesh Kumar:** Normalization of the operations for TS-II expansion, we are targeting to reach up to the normal operations by last quarter of this current year.

**Mohit Kumar:** The last question what is the state of the Talabira II and III are we going to produce from this particular financial year or it is from FY2021 and what is the kind of production you are targeting?

**Rakesh Kumar:** Talabira II and III in Odisha is progressing as per schedule and as against our target, we are expecting more than 1 million tonne of coal this year itself and we are progressing satisfactorily on that front.

**Mohit Kumar:** Will you sell the coal in the open market meanwhile or you will use it for in-house purposes?

**Rakesh Kumar:** We have our arrangement for supplying coal to our NTPL. NTPL plant is right now getting coal from MCL. However, after the Talabira II and III start mining operations then Fuel Supply Agreement (FSA) between Talabira and NTPL is signed then we will switch over and the coal will be supplied to NTPL from Talabira only.

**Mohit Kumar:** Okay Sir. Thank you Sir.

**Moderator:** Thank you. The next question is from the line of Akhilesh Bhandari from ICICI Prudential Asset Management. Please go ahead.

**Akhilesh Bhandari:** Sir I had asked that during the quarter as a result of lower PAF in TPS II expansion and Barsingsar plant, what is the overall fixed cost under recovery?

**Rakesh Kumar:** TPS II expansion during the quarter, the fixed cost under recovery is Rs.67.69 Crores.

**Akhilesh Bhandari:** Sir what was the number last year?

**Rakesh Kumar:** Last year the same plant number was Rs.92.42 Crores. This is net of taxes.

**Akhilesh Bhandari:** For Barsingsar Sir what is the number this year and last year?

**Rakesh Kumar:** For Barsingsar our AFC under recovery is Rs.29.73 Crores this year Q1 as against it was Rs.18.78 Crores last year.



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- Akhilesh Bhandari:** Sir the second question what is our current receivable level at the standalone and consolidated level and have we started getting from TANGEDCO?
- Rakesh Kumar:** TANGEDCO or you wanted to know total?
- Akhilesh Bhandari:** Sir total receivable level and then also have we started getting money from TANGEDCO?
- Rakesh Kumar:** Total receivable as on June 30, 2019 is Rs.5960.59 Crores out of which TANGEDCO total is Rs.3467.33 Crores for thermal dues and wind is Rs.59.86 Crores and solar is Rs.326.64 Crores.
- Akhilesh Bhandari:** Sir if I look at the March number there has not been any significant improvement from that level so is it that we are still facing some issues getting the money?
- Rakesh Kumar:** Realization has always been a concern to the company for which efforts are being made by all levels in the company not only at the marketing level, but also at director level and CMD level. We are holding periodical meetings with TANGEDCO and other EBs also. Recently Government of India has come out with a measure of ensuring LC adequately with effect from August 1, 2019 and we are ensuring that the LCs of all the EBs are in place and current bills are expected to be made because of this LC mechanism in operation adequately.
- Akhilesh Bhandari:** What is the status for that 1000 megawatt NNTP project?
- Rakesh Kumar:** NNTP project- The unit one is in the advance stage of commissioning and we are targeting to commission the unit I 500 Megawatt by September 30, 2019 and unit II commissioning activities have also started and we are targeting to commission the unit II 500 megawatt by December 31, 2019.
- Akhilesh Bhandari:** Thank you. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Apurva Bahadur from Jefferies. Please go ahead.
- Apurva Bahadur:** Thank you so much for the opportunity. Sir if you could share the plant wise PAF data for this quarter?
- Rakesh Kumar:** I am not able to hear the voice. Can you please be a bit louder?
- Apurva Bahadur:** What is the plant wise PAF data for the quarter?
- Rakesh Kumar:** Plant wise cumulative PAF data, this quarter for the month of April 2019 we have achieved TS-II stage I 98.42%, TS-II stage II 101.23%, TS-I expansion 100.74% and TS-II expansion 42.71% and BTPS Rajasthan is 60.98%. The company as a whole is 80.82%. Similarly, in the month of May, TS-II stage I 95.13%, TS-II stage II 82.86%, TS-I expansion 93.13% and TS-II expansion



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is 45.04%, Rajasthan BTPS is 31.32%. The company has a whole is 69.50%. In the month of June 2019, TS-II stage I is 97.70%, TS-II stage II is 62.89%. TS-I expansion is 62.35%. TS-II expansion 33.54% and BTPS Rajasthan is 40.99%. The company has a whole comes to 59.49%.

- Apurva Bahadur:** Very helpful. Sir also were there any under recoveries in the mining business?
- Rakesh Kumar:** Are there any?
- Apurva Bahadur:** Under recoveries in the mining business?
- Rakesh Kumar:** In the mining for the Q1, we are facing the under recovery to the extent of Rs.23.23 Crores.
- Apurva Bahadur:** Sir lastly on this solar receivable from TANGEDCO site, there is a sharp increase so is the general operational receivables as in the delay in payment or is this because there was a delay from our side in commissioning assets and there was some dispute going on there?
- Rakesh Kumar:** No the dues of renewables are mounting because TANGEDCO is not able to release the dues against our renewable not only for us and for others also, but at the same time, we are taking up periodically with the top management and we are hopeful that we will be able to get some dues shortly.
- Apurva Bahadur:** Fine Sir thanks a lot.
- Moderator:** Thank you. The next question is from the line of Anuj Upadhyay from Emkay Global. Please go ahead.
- Anuj Upadhyay:** Thanks for the opportunity. Sir could you please elaborate on your commissioning target for FY2020 and 2021, which are the projects, which we have commissioned to target this year and next fiscal and also was there any negative impact of DSM during the quarter that is the deviation settlement mechanism during the quarter?
- Rakesh Kumar:** Negative impact of?
- Anuj Upadhyay:** Of DSM Sir deviation settlement mechanism Sir?
- Rakesh Kumar:** In FY2020, we are going to enhance our capacities. Both the units of NNTPS will be commissioned during the year 2019-20 and in addition to that we are expected to commission the solar project also completely 709 MW and in addition to this Andaman and Nicobar out of 20 megawatts, 2.5 megawatt is already commissioned in December and balance 17.5 megawatt is expected to commission in this current year itself plus Talabira Mine the coal production will start in this current year. It is expected and these are the addition to the capacities in this year and even in the next year. Next year by November 2020, it is expected to commission one unit of NUPPL Ghatampur 660 megawatt. These are the capacities in queue as of now.



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- Anuj Upadhyay:** Then On DSM part?
- Rakesh Kumar:** Deviation settlement, I will come back to you.
- Anuj Upadhyay:** Fine Sir. That is it. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities.
- Rahul Modi:** Sir a couple of questions. Sir on the delayed payment that we are receiving so are we getting the surcharge as and when it is due and Sir are we recording the surcharge as per accrual basis or actual received basis?
- Rakesh Kumar:** In 2013, we have signed the revised amendment to our PPA based on one-time settlement of long pending surcharge for the last 10 years by 2013 in which we have waived 50% of the surcharge amount and after entering into the revised payments terms, we are getting a right to adjust the surcharge or long pending payments first. Therefore, as per that mechanism, which is duly signed by EBs including TANGEDCO, the surcharge as and when it was accruing in the past we are adjusting the surcharge first and whatever payments are being received and quarterly basis, we are signing the reconciliation statement also with all the EBs and this surcharge because we have adjusted and received also, therefore we have accounted this surcharge income as our income.
- Rahul Modi:** Sir for the new dues that are getting created beyond the dates of payment, so you are confident of receiving the surcharge for the same?
- Rakesh Kumar:** There is no reason why as we are pursuing our dues so surcharge will also be realized. There is no such perception or notion in our management team that we will not be able to get. These are the PPA terms now. The amendment agreement has been signed and there is no reason to believe that this term will not be honored.
- Rahul Modi:** Sure. Sir can you help us with the renewable revenue, EBITDA and profit for the quarter please?
- Rakesh Kumar:** Renewable revenue, sure. During Q1 we have been able to sell 264.71 MU of solar power, which resulted in a revenue of Rs.88.57 Crores as against our solar power was 81.02 MU and revenue was realized Rs.34.51 Crores only last year. In case of wind power, we have supplied 26.06 MU, revenue is Rs.10.38 Crores as compared to the last year Q1 33.83 MU a revenue of Rs.12.81 Crores.
- Rahul Modi:** So this is wind, the 26.06?
- Rakesh Kumar:** Yes.
- Rahul Modi:** Sir the EBITDA and PAT for solar and wind?



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- Rakesh Kumar:** Profit before tax in the case of solar during this current year Q1 is Rs.24.64 Crores and wind is Rs.4.99 Crores PBT, as the Tax is about 24%, so it should be something like Rs.21 Crores to Rs.22 Crores is solar and approximately Rs.3 Crores plus is wind.
- Rahul Modi:** Sir in terms of capex how much have we done in the Ghatampur project and can you give us the timelines of ordering of Talabira and the 1320 megawatt another project that is coming at Neyveli?
- Rakesh Kumar:** Talabira Power?
- Rahul Modi:** Yes sir.
- Rakesh Kumar:** You interested to know about Talabira Power?
- Rahul Modi:** Talabira power sir, yes sir.
- Rakesh Kumar:** Now so far we have not ordered anything on thermal power at Talabira and for the TS-II second expansion at Neyveli also, although tender processing is on and you wanted to know some capex of solar project?
- Rahul Modi:** Of Ghatampur Sir.
- Rakesh Kumar:** Of Ghatampur, okay. Ghatampur - out of the total sanction project cost of Rs.17238 Crores so far last year against the target of Rs.3500 Crores we have been able to incur more than Rs.3500 Crores last year and this year we have a target of about Rs.4500 Crores for the year 2019-20 and cumulative expenditure on NUPPL, cumulative expenditure up to June has come to Rs.6531.52 Crores and the project is progressing as per schedule.
- Rahul Modi:** Okay Sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Sir on the NLC 1320 megawatts Super Critical Power Plant, have we did float the tender right?
- Rakesh Kumar:** I am not able to get your voice, please be a bit louder.
- Mohit Kumar:** Sir this is, so my question is regarding NLC 1320 megawatts power plant, Supercritical Power Plant and Sir what is the status I think we had floating the tender, so when we expect to finalize this tender?
- Rakesh Kumar:** 1320 megawatt Neyveli TS-II second expansion the tendering is under process our team is working on the tender document so far it has not yet been finalized.



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- Mohit Kumar:** What is the timeline Sir?
- Rakesh Kumar:** Timeline we need to synchronize with mine III and there has been some delay on mine III because of the resistance of the local area, therefore we will have to synchronize both the projects in such a way that there is no overlapping and mismatch.
- Mohit Kumar:** Sir coming to Talabira Mine sir, what is the terms of MDO and sir what is the volume you are targeting in FY2020?
- Rakesh Kumar:** The terms and conditions with MDO are customized we have come out with a model in line with the guidelines issued by ministry of coal and the industry practice. Therefore, accordingly MDO contract was awarded in 2018 and the total volume at peak level will be 20 million tonne per annum and this year we are expecting as per schedule if the operations are carried out more than 1 million tonne this year itself we will be anticipating.
- Mohit Kumar:** Next year Sir FY2021?
- Rakesh Kumar:** Next year it should be around 5 million tonnes.
- Mohit Kumar:** And Sir on Barsingsar, and Barsingsar, sir we are facing issues from a longtime and is there any chance?
- Rakesh Kumar:** I am not able to hear your voice clearly.
- Mohit Kumar:** Sir on Barsingsar Sir when do you expect the normal operation to resume because we have been facing issues in this power plant also from a very long time and what is the technical issue and when do you expect this to be completely sorted?
- Rakesh Kumar:** Barsingsar (BTPS), it is also again the CFBC technology 125 megawatt two units and although the PLF has improved last year and we have been able to achieve 58.22% in the Q1 of 2018-19 as against that this year we have been able to achieve only 43.66% but this year we have scheduled maintenance so therefore in this Q1 the reduction in PLF should not be construed as low performance or some technical issues. Although in CFBC technology and for that matter thermal power stations in a routine manner these problems will crop up but at the same time these are addressed from time-to-time. Therefore, this year we are targeting PLF for BTPS better than the last year.
- Mohit Kumar:** Can I expect the more than the normative benchmark?
- Rakesh Kumar:** Normative benchmark we may, we are not sure to reach that level, but we will make all our efforts to improvise.
- Mohit Kumar:** And Sir on the funding of renewables especially 500 MW and...?



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- Rakesh Kumar:** Please come near to the mike.
- Mohit Kumar:** Sir I am near the mike Sir.
- Rakesh Kumar:** Yes now it is better.
- Mohit Kumar:** Yes Sir, on the funding of 500 megawatt of solar and 709 megawatt of solar, is this funding entirely to debt or has the company put in some part of equity?
- Rakesh Kumar:** Total capital cost is about Rs.2210 Crores for the 500 megawatt solar and we have invested equity to the extent of 30% equity and 70% debt.
- Mohit Kumar:** And what was 709 megawatt Sir?
- Rakesh Kumar:** 709 megawatt the total project cost is about Rs.3035.93 Crores and in this project we have kept equity of 20% and debt of 80%.
- Mohit Kumar:** And Sir since the government has made it mandatory to open the Letter of credit. Sir has there has TANGEDCO open the letter of credit for the entire power for you?
- Rakesh Kumar:** Yes, in line with the regulations and reiteration by Government of India to ensure LC opening, TANGEDCO has opened and ensured the LC for the quantum of one month in line with the PPA terms and regulations.
- Mohit Kumar:** And there is absolutely no conditional LC am I right in saying that?
- Rakesh Kumar:** This is the LC received is in order.
- Mohit Kumar:** Okay Sir. Thank you Sir and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.
- Rahul Modi:** Sir just a couple of questions, Sir what was the O&M under recovery this quarter?
- Rakesh Kumar:** O&M under recovery for the thermal power station, we have witnessed under recovery of Rs.99.86 Crores and for mines Rs.23.23 Crores.
- Rahul Modi:** This is for the O&M.
- Rakesh Kumar:** This is for the fixed cost, but O&M there is no under recovery of O&M charges.
- Rahul Modi:** And Sir what was the cash and equivalents in hand as on Q1 end?



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- Rakesh Kumar:** Cash equivalent, as you are aware that we are because of our growth plans we are infusing our equity and internal generation more and more and therefore we have availed the working capital limits. So as on June 30, our working capital limit usage is to the extent of more than Rs.3000 Crores and, no sorry, as on June 30, it is Rs.2340 Crores, up to May it was Rs.3789 Crores but it has come down now it is Rs.2340 Crores.
- Rahul Modi:** And Sir what about the movement of coal from Talabira to Tuticorin, are we doing it through ports or will it be through rail and this still landed cost comes cheaper than MCL?
- Rakesh Kumar:** Yes from Talabira to Tuticorin the transportation of coal will be partly by sea route and partly by road route as well as rail also, the initial 8 to 10 kilometer will be by road and from there up to the port it will be by rail and from port to Tuticorin port it will be by sea.
- Rahul Modi:** Sir just I wanted to check with you on the rationale of this, why do you think we should switch from an MCL to our captive mines?
- Rakesh Kumar:** These are the conditions of the coal block allocation, we got this coal block in which the coal was allocated for NTPL also.
- Rahul Modi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Apoorva Bahadur from Jefferies. Please go ahead.
- Apoorva Bahadur:** Sir on this LC part just wanted to know whether we will be encashing this and for how much time will we wait before encashing this?
- Rakesh Kumar:** LC mechanism is normally to act as a standby arrangement. Therefore, in case our customers are not able to make the payments for the dues then only we will be encashing the LC.
- Apoorva Bahadur:** So Sir this is like in case TANGEDCO you are saying that they are struggling to pay dues. So in that case will we go ahead and encash the LCs?
- Rakesh Kumar:** In case they do not make the payment for the period for which LC is there then we will be sustained to encash the LC.
- Apoorva Bahadur:** Okay Sir and how much time will you wait for that?
- Rakesh Kumar:** Pardon me?
- Apoorva Bahadur:** How many days of the grace period we will give. So basically so how long will we wait before we proceed with the encashment?



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- Rakesh Kumar:** Now as per the new regulations the debt or payment time given is 45 days as against 60 days earlier.
- Apoorva Bahadur:** So going ahead for any power that we supply under this mechanism now hence post 45 days we will automatically encash the LCs.
- Rakesh Kumar:** Yes, because the bills are being process are raised on a monthly basis therefore the August month invoice will be raised in the month of September and 45 days means it will fall in October.
- Apoorva Bahadur:** Okay, got it Sir. Thank you so much.
- Rakesh Kumar:** I just wanted to clarify one more point that deviation charges, the DMS charges for 2019-20 Q1 we have a net outflow of Rs.22.22 Crores out of which receipt is Rs.10.04 Crores and payment is Rs.32.26 Crores. As against this year, last year the net inflow was there to the extent of Rs.26.15 Crores out of which receipt was Rs.35.65 Crores and payment was Rs.9.50 Crores. This was in response to the question on DMS and as on June 30, 2019 in addition to the working capital limit utilization we have a cash and cash equivalent as on June 30 of Rs.14.19 Crores.
- Moderator:** Thank you very much. The next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.
- Rakesh Vyas:** On the LC point and the payment security, if you can just highlight the money that you receive from consumer every month is it adjusted for the billing for that month or there is some part of this proceeds which is adjusted for the prior period receivables as well if you could just throw some light on how this mechanism works?
- Rakesh Kumar:** To my understanding as per the discussions going on and instructions given by Government of India, the LC will be used if it is required to be used, LC will be used for the month of August and on the basis of payment of use for the month of August, if LC is invoked the same will be replenished against the next period thereafter.
- Rakesh Vyas:** Sir pardon my knowledge on the numbers, but let us say every month we are billing Rs.100 Crores to TANGEDCO and is this Rs.3000-odd Crores of receivable pending from them for the prior period. If you receive for a particular month Rs.100 Crores from them that is adjusted against the bill that was raised for that particular period or part of this Rs.100 Crores also goes into accounting for the prior period including the surcharge, thereof.
- Rakesh Kumar:** That understanding for that we are talking to TANGEDCO and at least with this mechanism our current payments will be ensured and we are talking to them for having a roadmap to realize our past dues also.
- Rakesh Vyas:** Okay. So if my understanding is right the proceeds that you will receive now will be set off against the receivables for the particular period of billing essentially, so that LCs are not taking...



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- Rakesh Kumar:** As far as TANGEDCO is concerned they are ensuring the LCs based on the current month and how this payment will be adjusted that we are talking because the payment term mechanism as per PPA gives an understanding that we need to address the earlier dues but for that we are talking to them and we will be able to reach an understanding anyway as far as money is concerned, this money will ensure that the dues will not increase at least in future.
- Rakesh Vyas:** Fair enough Sir. Got your point. Secondly if you can just highlight what was the surcharge income recognized in P&L for this quarter and last quarter?
- Rakesh Kumar:** Surcharge income accounted in the Q1 of 2019-20 was Rs.163.67 Crores as against Q1 of 2018-19 Rs.60.36 Crores.
- Rakesh Vyas:** You said Rs.163 Crores in 1Q and Rs.60 Crores last year.
- Rakesh Kumar:** Yes, Rs.163.67 Crores as against last year Rs.60.36 Crores.
- Rakesh Vyas:** And what was it for the last full year Sir?
- Rakesh Kumar:** Last full year for 2018-19 Rs.478 Crores.
- Rakesh Vyas:** Got it. Great Sir, thank you so much.
- Moderator:** Thank you. The next question is from the line of Akhilesh Bhandari from ICICI Prudential Asset Management. Please go ahead.
- Akhilesh Bhandari:** You mentioned that the under recovery mining for the quarter was Rs.23.23 Crores what was the number last year?
- Rakesh Kumar:** Last year under recovery, last year was Rs.30.71 Crores.
- Akhilesh Bhandari:** Sir and what is the capex target for the current year?
- Rakesh Kumar:** Capex target for current year we have kept at the level of Rs.8271 Crores.
- Akhilesh Bhandari:** Sir this is for consolidated right?
- Rakesh Kumar:** Consolidated and including NUPPL also, NTPL also. For standalone we have kept a target of Rs.3733 Crores.
- Akhilesh Bhandari:** Sir given that we have a higher capex requirement this year and that there has not been any significant reduction in the receivable level?
- Rakesh Kumar:** Hello, I am not able to get your voice sorry for...



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- Akhilesh Bhandari:** Hello, am I audible now.
- Rakesh Kumar:** Now it is better, yes.
- Akhilesh Bhandari:** Sir I was saying that, given that our capex target for the current year is higher as compared to FY2019 and there has not been till now at least a significant reduction on receivable level. Are we confident of maintaining our dividend payout as similar to last year or there might be a reduction this year?
- Rakesh Kumar:** Dividend payout, at an appropriate time we will be evaluating this issue and discussing with Board of Directors in the time to come, but as per the guidelines of DIPAM, we need to pay minimum dividend of 30% of PAT or 5% of Net worth. These are the prevalent guideline
- Akhilesh Bhandari:** Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Sir can you repeat the DSM impact again Sir I did not get the numbers correctly?
- Rakesh Kumar:** Yes, DSM is for the current year Q1 net outflow, net expenditure on account of DSM charges Rs.22.22 Crores, receipt is Rs.10.04 Crores and payment is 32.26 resulting in a net outflow of Rs.22.22 Crores. Corresponding figure for last year is Rs.26.15 Crores income out of which receipt is Rs.35.65 Crores and the payment is Rs.9.50 Crores.
- Mohit Kumar:** Sir so why there is a negative impact in current year.
- Rakesh Kumar:** Director Power is with us from Neyveli and I will request him to respond to how this DSM has seen such a negative impact in the Q1 of current year.
- Director Power:** Current year is because of the addition of SCED i.e., Security Constrained Economic Dispatch...
- Mohit Kumar:** We cannot hear you Sir.
- Rakesh Kumar:** Director power is explaining from Neyveli are you able to get his voice?
- Mohit Kumar:** No Sir it is not clear.
- Rakesh Kumar:** So he is explaining that this is there is a new mechanism of SCED which is introduced with the new regulations 2019-24 because of that mechanism the DSM charges have witnessed an adverse impact.



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- Mohit Kumar:** And Sir on the coal mine regulation have you heard anything of CERC or and how are you going to account for Talabira the transfer price meanwhile and Sir which port you are going to use for transport of coal from Talabira to power plant?
- Rakesh Kumar:** As of now although CERC has mentioned the new regulations that coal prices will be decided, so far there is no decision communicated by CERC and we are envisaging that till such time CERC is deciding the price of our Talabira II and III coal, we will be valuing the coal for the purpose of dispatch to NTPL.
- Mohit Kumar:** Sir so how much Capex which we will be incurring in Talabira, I mean to say are you going to earn any returns on equity meanwhile or is it going to capitalize for some period of time before you reach the peak capacity.
- Rakesh Kumar:** Actually the model of Talabira mine is on MDO basis wherein all the capital expenditure on account of plant and equipment is envisaged to be incurred by the MDO, however for the purpose of acquisition of land and other statutory charges, we have kept a capital expenditure provision of Rs.2400 Crores plus and in the time to come this expenditure and our other peripheral charges will be taken in to account and we have prepared a project report in which we will be able to earn the return more than our benchmark rate of return.
- Mohit Kumar:** And Sir which port you are going to use for the transport of coal Sir?
- Rakesh Kumar:** We are envisaging that the coal will be transported through Paradip Port.
- Mohit Kumar:** Same port through which you are transporting the coal right now?
- Rakesh Kumar:** Right now also it is Paradip port.
- Mohit Kumar:** Thank you Sir.
- Moderator:** Thank you. That was the last question, I would now like to hand the conference back to Mr. Rahul Modi for closing comments.
- Rahul Modi:** We would like to thank the management for their time for such an interactive session with the investors and analysts. Thank you very much, have a nice day Sir.
- Rakesh Kumar:** All of you are welcome. Thank you very much.
- Moderator:** Thank you. On behalf of ICICI securities that concludes the conference. Thank you for joining us, Ladies and gentlemen, you may now disconnect your lines.