

To, प्रबंधक/The Manager बीएसई लिमिटेड/BSE Limited, फीरोज जीजीभोय टावर्स/ Phiroj Jeejeebhoy Towers, दलाल स्ट्रीट/Dalal Street, मुम्बई/MUMBAI- 400 001 स्क्रिप कोड/Scrp Code: 532234	To, प्रबंधक/The Manager अनुसूचन विभाग/Listing Department नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लि., National Stock Exchange of India Ltd., एक्सचेंज प्लाजा, बांद्रा-कुर्ला कम्प्लेक्स, Exchange Plaza, Bandra-Kurla Complex, बांद्रा ईस्ट/Bandra East, मुम्बई/MUMBAI-400 051 प्रतीक/Symbol: NATIONALUM
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विषय: 20.12.2024 को आयोजित निवेशक बैठक की प्रतिलेख।
Sub: Transcript of the Investor meet held on 20.12.2024.

श्रीमान/Dear Sir,

In continuation to our letter no. NBC/S/4.5&4.5(A)/2024/2168 & NBC/S/4.5&4.5(A)/2024/2195 dated 17.12.2024 & 20.12.2024 respectively and pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, an Investor Meet was conducted on Friday, the 20th December, 2024 through virtual platform with the Analysts/Investors i.e. M/s. Nirzar Securities LLP and M/s. YES Securities (India) Limited.

The transcript of the above investor meet is enclosed herewith.

Further, during the above investor meet no Unpublished Price Sensitive Information (UPSI) was shared with the Analysts/Investors.

This is for your information and record.

धन्यवाद/Thanking you.

भवदीय/Yours faithfully,
कृते नेशनल एल्यूमिनियम कंपनी लिमिटेड
For National Aluminium Co. Ltd.

(बी. के. साहू)/(B. K. Sahu)
कंपनी सचिव और अनुपालन अधिकारी /
Company Secretary & Compliance Officer
ACS: 9953

Encl.: As above

नेशनल एल्यूमिनियम कम्पनी लिमिटेड
(भारत सरकार का उद्यम)
निगम कार्यालय
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Transcript of the Investors' Meet held on 20.12.2024

Shri Bharat Sahu: Greetings from NALCO. We welcome you to the Investors' Analyst Meet. Today, we have with our Director (Finance), Mr. RC Joshi, and sitting next to him is our ED (Finance) In-Charge, Mr. Srimanta Panda. Myself, Bharat Sahu, the Company Secretary of NALCO. I would appreciate if you could kindly introduce yourselves before we proceed with the formal meeting.

Shri Manav Gogia, YES Securities: Yes. A very good afternoon to all of you. Thank you so much for having us today. I am the lead analyst at YES Securities, looking after the metals and mining sector. We wanted to formally introduce ourselves in order to build a relationship and get a chance to know more about the company, its business operations, and future plans. We are looking forward to stay connected with you as we develop our partnership.

Nirzar Securities LLP: Thank you, Manav, and thanks to the NALCO management for this opportunity, as well as to Chintan, who facilitated this meeting. At the outset, I would like to congratulate the entire management team for their recent outstanding performance at the company level. We have observed very positive results and are truly appreciative. As a significant investor in your company, we generally pursue long-term value. Our senior partner, Shri Hitesh Doshi, runs this family-owned business. We don't interface with clients but manage approx. ₹3,000 crores of assets under management (AUM) within this family-owned investment portfolio. NALCO appears to be a very promising and long-term story for us. Today's meeting aims to help us better understand your business operations, views, cost matrix, and strategic vision, especially in the global context. That's our brief introduction. Over to you, sir.

Shri RC Joshi: A very good afternoon to all our esteemed investors. At the very outset, I welcome each one of you to this Investors Meet. I feel privileged to interact with our partners in progress who share a common vision of building a robust, resilient, and financially sound NALCO which is future-ready, synchronized with its values and beliefs, and inspiring all stakeholders in order to dream and achieve more. The journey of NALCO has been one of the consistent growth and transformation. The steady growth of the organisation has been made possible because of the trust, support, and commitment of all our stakeholders and partners. I am delighted to share insights into our performance and discuss our strategic plans for the future. As we move forward, our focus remains on expanding our alumina and aluminum capacities by early completion of ongoing expansion projects. Our commitment is to drive significant growth through innovation and adoption of best practices to minimize waste, ensuring that our operations remain cost-efficient, profitable, and also environmentally responsible. I want to extend my gratitude to each one of you for your continued support and belief in NALCO. Together, we have achieved several milestones, and I am confident that we will achieve even greater progress in the near future.

Nirzar Securities LLP: Thank you so much for this kind introduction, sir. In the interest of time, I will ask my questions in a very sequential and orderly manner, and I hope you will be happy to answer them. Starting with the cost of production and the conversion ratio, since these are the backbone of our industry. Could you help us understand the average cost of production for bauxite, alumina, and aluminum? If you could broadly share these figures, it would be very helpful.

Shri RC Joshi: Sure. According to the Wood Mackenzie report, we are the lowest-cost producer of bauxite and alumina in the world. While these are price-sensitive figures, I can still share a broad range for the products we are producing.

The cost of production for bauxite ranges from ₹1,000 to ₹1,100.

For power, it ranges from ₹3 to ₹3.30 per unit.

The cost of producing alumina ranges from ₹23,000 to ₹25,000.

For metal, it ranges from ₹1,65,000 to ₹1,85,000.

Nirzar Securities LLP: That's very helpful, sir. Can you share the conversion ratio on which we operate? For instance, how much bauxite is required to produce 1 ton of alumina?

Shri RC Joshi: Yes, for producing 1 ton of alumina, we would require about 3.5 tons of bauxite.

Nirzar Securities LLP: And for producing 1 ton of metal?

Shri RC Joshi: For 1 ton of metal, we need 2 tons of alumina.

Nirzar Securities LLP: And broadly, what would be the power consumption in terms of units for producing alumina?

Shri Srimanta Panda: It's 14,500 units.

Shri RC Joshi: Yes, approximately 14,500 units.

Nirzar Securities LLP: And, sir, in the overall cost matrix, could you break down the cost components for alumina and aluminum? For example, what percentage is allocated to raw materials, power, etc.?

Shri RC Joshi: Sure, for metal:

Raw material: 42%,

Power and fuel: 37%,

Staff costs: 11% (roughly),

Depreciation: 3%,

Other costs: 6%,

For alumina:

Raw material: 39%,

Power and fuel: 40%,

Employee costs: 13%,

Depreciation: 3%,

Other costs: 5%,

Nirzar Securities LLP: Thank you, sir. This brings me to my next question. As we are about to expand and build new facilities, such as the upcoming alumina refinery, will these cost metrics remain constant? Or will there be any changes, such as savings in employee costs or other efficiencies?

Shri RC Joshi: As you know, we are expanding our alumina capacity by 1 million tons, which is expected to be commissioned by September 2025. While legacy costs may remain for existing facilities, we anticipate some efficiencies and potential savings in areas like employee costs for the new facilities. However, the broad cost metrics should remain in line with our current operations.

Nirzar Securities LLP: Okay.

Shri RC Joshi: The entire project cost is being funded through internal sources. We have not borrowed any money.

Nirzar Securities LLP: Okay.

Shri RC Joshi: This means there is no interest component involved. The only additional cost will be some extra depreciation. However, we are using better and more advanced technology, which will result in some savings. As mentioned earlier, there will also be savings in employee costs, as proportionate employee costs will not be incurred. The primary additional cost will be depreciated, given our investment of ₹7,600 crores. Compared to our current costs, the overall cost is expected to increase by about ₹2,000 to ₹2,500 per ton.

Nirzar Securities LLP: The cost will increase for the new facility, right?

Shri RC Joshi: Yes, approximately ₹2,000 per ton.

Nirzar Securities LLP: Okay, that was very helpful, sir. As of now, what is the landed cost of caustic? Since we have a joint venture (JV) for caustic with GSCS.

Shri RC Joshi: The landed cost of caustic is currently ₹36,700.

Nirzar Securities LLP: This seems slightly higher than our peers. We've been tracking Hindalco for comparison purposes. Do you have any understanding of why our cost is on the higher side? Do they have better sourcing arrangements or some other advantage?

Shri RC Joshi: It may be due to the location. I'm referring to the landed cost, which includes transportation logistics.

Nirzar Securities LLP: So, primarily because of transportation and logistics costs?

Shri RC Joshi: Yes, exactly.

Shri Srimanta Panda: Good afternoon. The transportation cost from our JV to our alumina refinery itself is around ₹6,000 to ₹6,500. This contributes significantly to the landed cost.

Shri Hitesh: Good afternoon, sir.

Shri RC Joshi: Good afternoon, Hitesh.

Shri Hitesh: I believe the higher cost is due to the distance from the source of the caustic.

Shri RC Joshi: That's correct. It's primarily an extra logistics cost.

Nirzar Securities LLP: Thank you, sir. I'll now move to the CAPEX part. Regarding the proposed 1-million-ton alumina refinery, are you on track to commence operations by the end of FY2023-24?

Shri RC Joshi: Our target is September 2025, and we are on track so far.

Nirzar Securities LLP: Okay. And, in the initial years of operation, what is your view on production capacity utilization for the new facility?

Shri RC Joshi: In the first year, that is FY 2025-26, we aim to achieve around 3 lakh tons of production.

Nirzar Securities LLP: Right.

Shri RC Joshi: From the next year onwards, we will achieve full capacity.

Nirzar Securities LLP: Also, sir, there were cost overruns and slight delays associated with our proposed CAPEX. As noted in our annual report, in FY23, we had a budgeted CAPEX of around ₹6,500 crores, which has increased slightly in FY24. This could be due to factors like changes in scope or regulatory approvals. Can you guide us on what factors led to this increase in CAPEX? Could you provide a breakup, including cost escalations?

Shri RC Joshi: The increase is mainly due to project delays.

Nirzar Securities LLP: Okay.

Shri RC Joshi: However, this is now the final figure, and we are hopeful that we'll see some savings from within this budget as certain projects are coming under cost. So, within the allocated CAPEX, we plan to complete the project.

Nirzar Securities LLP: What kind of savings can we achieve broadly, sir?

Shri RC Joshi: Mainly due to changes in scope. Some reductions in the initial scope of work are helping us save costs.

Nirzar Securities LLP: We've also went through the Central Project Monitoring website, which mentions that roughly 67-68% of our work has been completed. They have stated an expenditure of around ₹5,700 crores so far. However, in our annual report, it is mentioned ₹8,200 crores. Could you clarify?

Shri RC Joshi: The final figure will be less than ₹8,000 crores.

Nirzar Securities LLP: Okay. Does this figure include the power plant cost as well?

Shri RC Joshi: No, it does not.

Nirzar Securities LLP: Okay.

Shri RC Joshi: It includes only the refinery and the Pottangi mines.

Shri Srimanta Panda: No, the power plant is internal.

Shri RC Joshi: The power plant for the refinery, specifically the steam power plant, is included in this cost.

Nirzar Securities LLP: How much of this is allocated to the Pottangi mines?

Shri RC Joshi: ₹2,100 crores.

Nirzar Securities LLP: ₹2,100 crores. Okay. And the conveyor belt we are planning from the Panchpatmali mines—is it included in this figure?

Shri RC Joshi: Yes, it is included in the ₹2,100 crores.

Nirzar Securities LLP: Okay. How much of the budget is allocated to the power project?

Shri RC Joshi: I don't have the exact breakup right now.

Nirzar Securities LLP: Okay. The conveyor belt we are planning from the Panchpatmali mines, since we are about to start operations at the Pottangi mine, what benefits do you foresee from this additional conveyor belt for the fifth stream of alumina?

Shri RC Joshi: It's not a question of benefits; it's a necessity. As per environmental clearance (EC), transportation must be done through the conveyor belt.

Nirzar Securities LLP: Right.

Shri RC Joshi: Moreover, the conveyor belt is the cheapest mode of transportation.

Nirzar Securities LLP: Are we expecting some delays in the commencement of operations at Pottangi? Is this why we are considering the conveyor belt?

Shri RC Joshi: No. We have already taken an in-principle decision to engage an MDO. The Board has already approved the engagement of an MDO. We have also given the order for transaction advisors. Once they submit their report, we will float our NIT to put the MDO in place.

Nirzar Securities LLP: So, for Pottangi, do we have all clearances and approvals in place?

Shri RC Joshi: Yes, all clearances are in place. Only a few more permissions are required. One is for opening the mining operations. Additionally, there is some delay because the conveyor belt

will take time. Until it is operational, we will transport by road. However, the EC (Environmental Clearance) specifically states that transportation must be done via conveyor belt only.

Shri Srimanta Panda: Conveyor belt.

Shri RC Joshi: Yes, so we need to amend the EC, among other clearances, which will take some time.

Shri Srimanta Panda: Also, DGMS (Directorate General of Mines Safety) clearance is required for safety. Otherwise, all other clearances are in place.

Nirzar Securities LLP: That's very heartening to hear, Sir. Now, after Pottangi mines commence, we will be having two sources for the 5th stream: one conveyor belt we're planning from Panchpatmali mines and Pottangi mines. Will there be a double source?

Shri RC Joshi: Panchpatmali will cater only to the existing refinery. Pottangi will be solely for the new 5th stream refinery.

Nirzar Securities LLP: So, Panchpatmali to the new conveyor belt, plus Pottangi—both sources will provide bauxite?

Shri RC Joshi: Yes, but the bauxite from Panchpatmali will meet the needs of the current refinery, and Pottangi will cater solely to the new 5th stream refinery.

Nirzar Securities LLP: Sir, Panchpatmali is already sufficient to run the current operations. Are we expanding Panchpatmali?

Shri RC Joshi: No. We are not expanding Panchpatmali. Expansion is at Pottangi.

Nirzar Securities LLP: There was some confusion that the conveyor belt is from Panchpatmali to the 5th stream.

Shri RC Joshi: No. The conveyor belt is from Pottangi to the 5th stream.

Nirzar Securities LLP: Thank you for clarifying. So, there's no expansion planned at Panchpatmali mines?

Shri RC Joshi: No.

Nirzar Securities LLP: But in the annual report, it mentioned potential delays in commencing Pottangi operations, which is why a conveyor belt from Panchpatmali to the 5th stream at a cost of ₹450 crores was proposed.

Shri Srimanta Panda: That's an alternate system.

Shri RC Joshi: Yes, it's an alternate sourcing of bauxite. As of now, we are on track with Pottangi operations. The commissioning is planned for September 2025, and we will be ready by then. The alternate sourcing may or may not be required.

Nirzar Securities LLP: So in the future, we will have extra bauxite capacity. Will we use it for brownfield expansion, or is there another plan?

Shri RC Joshi: No, there's no scope for further brownfield expansion.

Nirzar Securities LLP: On the reserves, the 2009 data shows 376 million tons of bauxite ore. What's the current estimate, and is there any potential for re-evaluation?

Shri RC Joshi: We'll provide updated data shortly. Re-evaluation is happening because IBM (Indian Bureau of Mines) is changing their guidelines. Earlier, reserves were calculated for ore with 3-4% silica content. Now, with 7% silica permissible, reserves have increased. This has raised caustic soda consumption and production costs, but reserves have grown accordingly. The current estimate for Panchpatmali Bauxite Mines is 150 million tons of reserve left and for Pottangi Mines, it is 110 million tons.

Nirzar Securities LLP: With this change from 4% to 7% silica, production costs rise by around \$20-\$30 per ton?

Shri RC Joshi: Mainly, there's an increase in caustic soda consumption. Other costs remain unchanged.

Nirzar Securities LLP: So, the sensitivity is around \$10 per ton for every 1% increase in silica?

Shri RC Joshi: Yes, approximately \$10.

Nirzar Securities LLP: Regarding Utkal D and E, the combined capacity EC is obtained. What's the current status?

Shri RC Joshi: The combined capacity of 4 million tons will be operated from this month or maybe in a week time. Utkal D alone produced 2 million tons. For the remaining three months, we expect an additional 1.3 million tons, bringing total production to 3.3 million tons this year.

Nirzar Securities LLP: Are there any reassessments of Utkal D and E reserves?

Shri RC Joshi: No reassessment is planned.

Nirzar Securities LLP: Any plans for acquiring new bauxite or coal mines?

Shri RC Joshi: Yes, we are participating in auctions for mines as they become available.

Nirzar Securities LLP: Since 2015, and especially post-2021, there has been a shift where mines are no longer reserved for PSUs. Is that correct?

Shri RC Joshi: Yes, all mines are now obtained through the auction process only.

Shri Hitesh: Is there any preference or preferential treatment?

Shri RC Joshi: No. No more dispensers, Sir. No more dispensers.

Shri Hitesh: When we talk to many PSUs at conferences in Bombay, we've learned that under the leadership of Modi Ji's government, almost all PSUs have hired big consultancy firms. This is to help them grow, become leaner, more efficient, and evolve into globally admired companies. Have we hired a global consultant in recent times to take NALCO to the next level? I don't need the name, but just to confirm, have we hired someone for this purpose?

Shri RC Joshi: Yes, we have hired consultants. We have prepared our Vision documents through them. For auctions, we also hire their services to guide us in acquiring mines. It's a regular practice here to hire such big firms.

Shri Hitesh: So, would this hiring have been done one or two years ago, or much earlier?

Shri RC Joshi: It's a regular feature. Whenever we have mining auctions, we hire their expertise as needed.

Shri Srimanta Panda: Even for manpower assessment.

Shri RC Joshi: Yes, in 2024, we hired consultants for manpower assessment. In 2018, we hired them for corporate planning, and we regularly engaging them for mining auctions.

Shri Hitesh: Other PSUs, like SJVN, hired consultants to significantly scale their operations. For instance, SJVN is moving from 1–2 GW to 25 GW in just 10 years. Similarly, China produces 45 million tons of aluminum annually. With India, aspiring to be the third-largest economy, we have substantial bauxite reserves, competitive power rates, and good coal mines. How does NALCO plan to capitalize on this and scale aluminum production?

Shri RC Joshi: With the expansion of our alumina capacity, we'll reach 3.1 million tons. We've also planned a 0.5 million-tons of smelter with a CAPEX of ₹17,300 crores has already been approved by the board. We are in discussions with NTPC for power sourcing through a joint venture, and the MOU has been signed. A consultant is preparing the DPR, and the project's zero date is May 2026. It will take about three years to complete the 0.5 million tons of smelter.

Shri Hitesh: How do we typically handle alumina and aluminum sales? What proportion is spot sales versus long-term contracts? And how do we link these to LME pricing?

Shri RC Joshi: There's no fixed strategy. Generally, roughly 40% of sales are through term contracts, and 60% are spot sales. However, this year, alumina prices are abnormally high, so we've capitalized by focusing on spot sales.

Shri Hitesh: What was the average realization last quarter?

Shri RC Joshi: Till November, it was \$529.

Nirzar Securities LLP: What about current pricing?

Shri RC Joshi: It is higher than this, around more than \$600.

Nirzar Securities LLP: While transferring alumina to the aluminum division, at what price is it done?

Shri RC Joshi: At the cost price, based on the cost of production.

Nirzar Securities LLP: Maybe Manav, you can take the next question and I will get back in the queue.

Shri Manav Gogia, YES Securities: Thank you. On the royalty rates, can you explain how does the bauxite royalty system works? There are significant fluctuations in royalty payments. How does such things work-out?

Shri RC Joshi: Royalties based on three parameters - the quality of bauxite (ATH), LME prices, and exchange rates. These variables cause month-to-month fluctuations in royalty payments.

Shri Manav Gogia, YES Securities: I read that royalties are roughly 0.6% of LME rates. Is that correct?

Shri RC Joshi: Yes.

Shri Manav Gogia, YES Securities: Unlike other minerals, does NALCO pay any domestic royalty premiums for mining?

Shri RC Joshi: No, we pay standard royalties without any premiums.

Shri Manav Gogia, YES Securities: What impact does Supreme Court's ruling on the royalty regime have on NALCO?

Shri RC Joshi: We fall under the ruling's domain, but the act hasn't been enacted yet, so it's hard to assess. We haven't disclosed anything in our annual reports because of this.

Shri Srimanta Panda: State governments have also announced on the floor of the house that the act needs reform. The Supreme Court hasn't made specific pronouncements on the act, and the government appears hesitant to proceed as it could harm the mining industry.

Shri Manav Gogia, YES Securities: Yes. Yes.

Shri Hitesh: So, is it the mindset of the state government or the central government, sir?

Shri Srimanta Panda: No, it is the mindset of the government. The state government is in sync with the central government on this issue because they belong to the same year. It's not like Jharkhand or West Bengal, where they want to maximize their revenue. They are in sync.

Shri RC Joshi: Because both governments are the same. They are in sync.

Shri Srimanta Panda: And there is no question of recovering from the customer. It is not possible.

Shri Manav Gogia, YES Securities: Sure. Sure.

Shri Srimanta Panda: One more thing, even for companies, even if it is retrospectively given a pack, they cannot recover from us. Because as far as the FSA is concerned, the coal price is frozen. For any change in royalty, they cannot recover or pass it over to Nalco.

Shri Manav Gogia, YES Securities: Sure. Sure.

Shri Hitesh: Manav, just one minute. So, you mean to say that the state government is not in favor of retrospective or prospective changes? Is that your concern?

Shri Srimanta Panda: Yes. As of now, whatever has been reported in the media, that is the understanding or impression.

Shri Manav Gogia, YES Securities: Yeah. Sure. So, one question on the Pottangi mines. What would be the expected annual production capacity run rate from those mines?

Shri Srimanta Panda: 3.5 million tons.

Shri Manav Gogia, YES Securities: 3.5 million tons. And it's to suffice the need for your refinery. Additionally, you mentioned that you will be doing this through MDO.

Shri RC Joshi: We'll be doing it through MDO.

Shri Manav Gogia, YES Securities: Yeah. Yeah. Through MDO. So, there will be some cost shift taking place on the MDO from the earlier deposit to 1,100 Rs. per ton. This cost shift might go up a bit.

Shri RC Joshi: Yeah. There will be some increase in cost, definitely.

Shri Manav Gogia, YES Securities: Yes. So, a fair option should be around 1,500-1,600 Rs. per ton for the mines.

Shri RC Joshi: Oh, no. It will not be that high. Around 1,400 Rs..

Shri Manav Gogia, YES Securities: 1,400 Rs. Okay. So, I wanted to talk a little bit about how the global supply and pricing scenario for alumina is. Considering the prices have been higher than average over the last 10 years, especially this particular year, we wanted to know if the global alumina industry is seeing a supply deficit of roughly 1 million to 1.5 million tons. But we have seen that some of the remaining expenditures in China have shut down and also announced production cuts. So, do you see that the pricing situation can be expected to cool off from these highs of 70,650 levels? What do you think?

Shri RC Joshi: I expect that this price level will continue until at least March 2025.

Shri Manav Gogia, YES Securities: Okay. Post that, because even Nalco's 1 million tons refinery is coming in, right? We have another refinery coming in Russia, adding 2.5 million tons, if I'm not wrong. So, do you think that we may go back to the original 450 levels or below that?

Shri RC Joshi: Yes. We will go back to that price level, definitely. This is an abnormally high price. It will not sustain. Smelters will not sustain with these prices.

Shri Srimanta Panda: This abnormal alumina price was driven by four factors. There was a production disruption in Australia, then there was carbon export of bauxite from Guinea to China. So, there was a demand for alumina. Then, there was another issue in Brazil as well. Recently, it

has softened by more than \$100 due to a smelter production shutdown of around 2.5 lakh announced in Mozambique. So, that has taken a demand of around 7.7 lakh tons off the market. So, that has softened the price. Now, coming to China, yes, as the winter approaches, there will be carbon production restrictions because of environmental concerns and emissions. So, that may again reduce some of the demand, but that will play out in a month. We are still expecting more than \$600 for the remaining period.

Shri Manav Gogia, YES Securities: For the side only? But in the longer term, I can expect it to be around 16-17% of how the LME aluminum prices behave, right? That would be much more interesting.

Shri Manav Gogia, YES Securities: One question on the proposed CAPEX for the aluminum smelter, which you have guided for 17,000 crores. Can you give us a broad breakup in terms of machinery expenses planned and what regulatory approvals are taking place here?

Shri RC Joshi: Right now, I don't have the breakup with me.

Shri Manav Gogia, YES Securities: Okay. But, where are we in the process? When will the EC (Environmental Clearance) be granted?

Shri RC Joshi: No, no. Now the status is...

Shri Hitesh: And a related question to what Manav Gogia, YES Securities: just asked is regarding this CAPEX of 17,000 crores. Have we also included the alumina capacity that would be required, like 4.5 million tons? That would require, what, 1 million tons?

Shri RC Joshi: That will be coming from our refinery plant.

Shri Hitesh: Okay.

Shri RC Joshi: That 1 million tons we are planning to source.

Shri Manav Gogia, YES Securities: So, the 17,000 crores is only for the smelter?

Shri RC Joshi: Only for the smelter.

Shri Hitesh: And any recycling plans or is this a future-ready plan? Meaning, if there are any future expansions, the infrastructure would be ready for that initial CAPEX.

Shri RC Joshi: This will be a brownfield expansion. This will be a brownfield expansion.

Shri RC Joshi: And there is no further land in the same place. We will have to go to another location. It will be a brownfield.

Shri Srimanta Panda: Beyond this point.

Shri RC Joshi: Beyond this point. Right?

Shri Hitesh: Okay. Because this comes to mind, the 17,000 crore CAPEX, from what we study and understand from the public domain information for our industry and other peers, it seems

quite steep. I just wanted to understand whether it is for the future, because recently, Hindalco and others have announced their CAPEX plans. They are incurring 8,000-9,000 crore for 1 million tons of capacity, half a million tons, I mean.

Shri Srimanta Panda: They have announced for the expansion of 180 pots with the same technology, AP 300, but our endeavor is to go for AP 500. They have not commercialized AP 500 yet, so we might go for AP 600. So, discussions are ongoing. Our capacity expansion is for something different, not just expanding the existing technology by another 180 pots.

Shri Hitesh: Could you just explain this once again? My concern is, sir, if we are spending roughly double the amount to produce the same thing, what kind of technology benefits and cost savings can we expect, given that you are upgrading the technology, as you mentioned?

Shri Srimanta Panda: Yes, in terms of power efficiency, it is much cheaper. In terms of output, it will be much higher. This is the latest technology available in the world. It will be 600.

Shri Hitesh: So, we can save 8,000-10,000 crores per year for producing half a million tons. How much is half a million?

Shri Srimanta Panda: No, we don't have their breakup of what comprises 8,000 or 8,500 crores. Our 17,000 crores is different.

Shri RC Joshi: 8,000 crores seems very low for 1.5 million tons. It's not possible to build 5 million tons of capacity at 8,000 crores.

Shri Hitesh: We'll send you whatever we have read through published information and whatever presentation they have given to other investors.

Shri RC Joshi: Okay.

Shri Srimanta Panda: We can update it after that.

Shri RC Joshi: Please share it. We'll update it. We'll update. Please share that.

Shri Hitesh: I just want to know. Nothing else.

Manav Gogia, YES Securities: Yes. So, on the CAPEX guidance, what numbers can we expect for the next 3 fiscal years? I mean, this fiscal, then FY 26 and FY 27, if you could broadly share those?

Shri RC Joshi: This fiscal, it is 2,000 crores. Next fiscal, it is 2,200 crores. And for FY 27, we haven't planned anything so far.

Shri Manav Gogia, YES Securities: I'm guessing that in FY 27, it might start peaking since the smelter will be operational. So, more details will come down the line, right?

Shri RC Joshi: Right. Yes.

Shri Manav Gogia, YES Securities: One thing, you mentioned earlier, about the Utkal coal D and Utkal coal E blocks, right? The combined capacity is 2 million tons per annum for each.

Shri RC Joshi: 4 million tons. The combined capacity is 4 million tons.

Shri Manav Gogia, YES Securities: 2 million tons for each, right?

Shri RC Joshi: Yes. 2 million tons for each.

Shri Manav Gogia, YES Securities: And what would be the current blend of coal requirements? How much are we sourcing from Coal India through contracts, and how much is sourced through the e-auction route?

Shri RC Joshi: Our requirement is about 7.5 million tons of coal in total. We have about 4.5 million tons under FSA with Coal India. So, besides that, whatever is required, we are taking it from our mines. We are not procuring anything through e-auction right now.

Shri Manav Gogia, YES Securities: Okay.

Shri RC Joshi: So, that is the saving we are getting in coal.

Shri Manav Gogia, YES Securities: Okay. And with the Utkal mines kicking in, what per-ton cost savings can we expect on the coal front?

Shri RC Joshi: Per ton?

Shri Manav Gogia, YES Securities: Yes. I think it's going to replace the 4.5 million tons you're currently sourcing from coal. Could you provide me with the number of how much that quantity will be replaced, and on what basis?

Shri RC Joshi: Yes. So roughly, if you compare it with the e-auction price, it's about ₹800 to ₹900 per ton in savings on full cost.

Shri Manav Gogia, YES Securities: ₹800 to ₹900.

Shri RC Joshi: Yes.

Shri Manav Gogia, YES Securities: Eventually, with the Utkal mines running at full ramp-up capacity, what would be the targeted coal blend in our requirements? I think 7.5 remains the same?

Shri RC Joshi: Yeah, that remains the same. So, whatever we get from NCL as FSA, anything additional will be sourced from Utkal D and E.

Shri Manav Gogia, YES Securities: Okay.

Shri RC Joshi: It's roughly 3 to 3.2 million tons.

Shri Manav Gogia, YES Securities: One question, I think I'm probably done with that. The mining ECs are completed on the Pottangi mine, right? It should be up and running by May 2025?

Shri RC Joshi: Yes, April-May, 2025, we may start mining.

Shri Manav Gogia, YES Securities: Yes. And we did the project for that alternative sources of bauxite, right? That should also be in line with the aluminum sales mix?

Shri RC Joshi: Yes. That is in line for September 2025.

Shri Manav Gogia, YES Securities: Good. And regarding that aluminum sales mix, what portion of it will be domestic versus exports?

Shri RC Joshi: In terms of volume?

Shri Manav Gogia, YES Securities: Yes, volume.

Shri Srimanta Panda: Can you repeat that?

Shri Manav Gogia, YES Securities: Yes. When it comes to alumina sales, what percentage of the volume is targeted for the export market, and who are we supplying?

Shri RC Joshi: Alumina, as such, we are exporting the entire quantity, except whatever is required for the smelter. Hardly 60-70,000 tons are sold in the domestic market, the rest is all exported.

Shri Manav Gogia, YES Securities: Completely. Okay, so with the export markets, I'm guessing we will get higher realizations over there?

Shri RC Joshi: Yes, definitely.

Shri Manav Gogia, YES Securities: And that's one reason. The second reason is it's not possible to sell in the domestic market due to logistic constraints.

Shri Hitesh: Sir, I think you've been very transparent and forthcoming with your answers, which were beyond our expectations. Sir, what can be the reason for the company's 5-year tenure in terms of alumina and aluminum capacity going forward? And secondly, aluminum doesn't seem very profitable for us. What are our thoughts on that? Would we prefer to focus more on alumina in the future? How can we acquire more mines? And what can be our 10-year plan for capacity expansion?

Shri RC Joshi: 5 to 10 years down the line, we will focus more on value-added products. So far, we are only in primary metal production, but in the future, we'll shift to value-added products. We already have some plans in place as per our recent document. Regarding aluminum not being very profitable, that's not entirely correct. I thought that too initially, but when I looked into it, I found that it actually gives us the maximum contribution.

Shri Hitesh: The second thing is, as you said, we have Hindalco's 5 lakh-ton expansion and its cost. If we have your email ID, we can exchange details on email to get more clarity.

Shri RC Joshi: Yes, sure. You can email our company secretary, who is coordinating this. We will also provide feedback.

Shri Hitesh: And one more thing: for aluminum production of 5 million tons, we will need roughly ₹4,000 crore in power, based on the numbers you provided. We believe there could be a power saving of 20-25% with better technology. Can we become one of the most efficient plants in the world?

Shri RC Joshi: Yes, absolutely.

Shri Hitesh: Sir, can you tell us something about the KABIL JV and any assets we've acquired abroad, and the reason behind the company's and government's involvement in these ventures? I think the government is offering tax benefits for rare earth minerals. What's the bigger picture here? Could it lead to large volumes and profitability in a market where the private sector cannot enter so easily? The government is in favor of PSC-based projects. What can we expect in this space?

Shri Bharat Sahu: Yes, sir. I'm sorry I wasn't present earlier. Could you please repeat your question?

Shri Hitesh: Could you tell us about the KABIL JV and the assets we've acquired abroad? What is the company and government's strategy in these ventures? The government is offering tax benefits for rare earth minerals, so what is the bigger picture here? Can it lead to large volumes and profitability in markets where the private sector is not allowed to enter?

Shri Bharat Sahu: It's still too early to discuss the profitability and mining acquisitions with KABIL. However, KABIL is progressing steadily in that direction. In Argentina, exploration activities have already started in Catamarca. KABIL has signed an agreement with CAMYEN, a state-owned mining company in Argentina. One of our representatives has been appointed as country head to oversee exploration activities there. When KABIL was initially formed, NALCO was a promoter company and had hired DMT Consulting to identify 12 critical minerals, including lithium and cobalt. These minerals are abundantly available in Argentina, Bolivia, Chile, and Australia. Due to political unrest in Chile and Bolivia, our focus is on Argentina and Australia. In Argentina, we've made good progress with exploration activities. If successful, we will move to the next phase. Meanwhile, in Australia, we have also made progress and recently signed a non-binding MOU with an owner to acquire a 20% stake in one of the projects. While it's still early to name them, other major PSUs, are joining hands with KABIL for mining in Australia, provided our bid is successful.

Nirzar Securities LLP: It's encouraging to hear that, sir. Regarding the global scenario, I noticed in the annual report that Chalco (China Aluminum Corporation) has signed a framework agreement with Guinea to establish an alumina refinery. How do you see this development, especially in comparison to our alumina production? What scale could this have? How does Guinea's bauxite compare to our bauxite?

Shri RC Joshi: Guinea's bauxite quality is good, but our Panchpatmali bauxite is still considered superior. As for Chalco's refinery in Guinea, their cost of procuring bauxite will likely decrease, but we don't think this will disrupt the alumina supply-demand balance.

Shri Hitesh: Sir, it seems that the company is focusing on value-added products, as I understand. When can we expect this to roll out? What kind of capital expenditure should we anticipate for this, and what return ratios are we looking at for this expansion?

Shri Srimanta Panda: This has been on our drawing board since 2018 as part of our corporate plan. We've already prepared feasibility reports for 4 downstream products, and land has been identified. The main constraint is the hot metal production. These products will become a reality once our smelter expansion materializes. Until then, we'll have to rely on curtailing domestic market sales and setting up internally. So, there is a little bit of internal churning going on. So, once the smelter plants get loading, definitely the value-added products, rolls, foils and other extra products will come up.

Shri Hitesh: But, sir, we already have half a million tons of aluminum. Can we not expand value-added products in that facility?

Shri Srimanta Panda: No, because each of the 4 downstream units requires 40-50,000 tons of hot metal. This will require around 1.6-2 lakh tons, and Nalco has entered into a JV with Midhani for 50,000 tons, but it's not materializing as of now.

Shri RC Joshi: Aluminum Park...

Shri Srimanta Panda: Then NALCO is committed to providing 50,000 metric tons to the Angul Aluminum Park, which has come up our JV with state government, after that NALCO will be totally out of the domestic market scenario.

Shri RC Joshi: No surplus metal with us. We are waiting until we get that 0.5 million tons.

Shri Hitesh: So all the future CAPEX will come after 2020, and that, too, on value-added products. We are not planning anything right now on the metals?

Shri RC Joshi: No.

Shri Hitesh: Manav, do you have something to ask, or should we wind it up?

Shri Manav Gogia, YES Securities: That's exactly the question I was about to ask, Hitesh ji. One thing to clarify: over the next 5 to 10 years, what we are going to see is that Nalco will shift much more towards end products and a much more consumer-oriented approach. Can we expect that this probably be the last stream of refinery in the CAPEX plans going ahead? The first stream could be the last alumina refinery, and the focus will be completely on the metal side.

Shri Srimanta Panda: No, it would be premature to say that. That cannot be said because there are still bauxite mines available in the country.

Shri RC Joshi: We are also going to acquire some more mines, and that is the most profitable business for us. Selling that surplus material provides a lot of comfort to us, even in any market, because we make a profit. So that is why we'll definitely go for the further addition of alumina capacity.

Shri Srimanta Panda: It's too premature to say that this is the end of the road for alumina.

Shri Hitesh: You mentioned you may acquire more mines for future expansion. Can you provide more details on that? What kind of plants do we have, and when can we expect an additional 1 to 1.5 million tons of alumina from our company? Because we have preferential rights...

Shri RC Joshi: Actually, to add more alumina, we definitely need bauxite mines. These bauxite mines are sufficient only for our current needs. So, we are bidding for all available bauxite mines in every auction. Once we are successful in any bidding, we will plan for further expansion of alumina.

Shri Hitesh: So, we'll be doing the mining ourselves, like we did recently with Odisha Mineral Corporation? We'll acquire bauxite from the JV rather than doing the mining ourselves, correct?

Shri RC Joshi: No. No. We will go for our own mining. We'll do the mining ourselves.

Shri Hitesh: So, this may happen in the next 6 to 12 months?

Shri RC Joshi: Yes. Yes, it would happen anytime because we participate in every bidding. Once we are the highest bidder, we'll acquire the mines and plan accordingly.

Shri Hitesh: So, we might acquire a 6-7 million tons alumina company going forward?

Shri RC Joshi: Yes. Yes, definitely.

Shri Hitesh: The big picture is to become a very big company, right?

Shri RC Joshi: Yes, a big number. Right.

Hitesh: Thank you. Where can we get the recent document, or is it internal?

Shri RC Joshi: It's internal, sir.

Shri Hitesh: Where can we find the auction details, sir?

Shri RC Joshi: The auction details? The Ministry of Mines provides it generally.

Shri Hitesh: Is that information on India's bauxite? I believe the results are understated. We're not exploring countries like Guinea, which have huge reserves. Do you think India is underexplored, and as a company, we could add more reserves?

Shri RC Joshi: Actually, the present Ministry of Mines is focusing a lot on this, and I hope that more reserves will come up in the future.

Shri Hitesh: So, as a country, we can have much more reserves than currently?

Shri RC Joshi: Yes. Yes. Yes, sir.

Shri Hitesh: Substantially more than the current?

Shri RC Joshi: Yes, definitely.

Shri Hitesh: Okay. Thank you, sir.

Shri RC Joshi: Can we wind up, sir?

Shri Hitesh: Yes.

Shri RC Joshi: Sir, we have a meeting now. Can we wrap up?

Shri Hitesh: Thank you so much for your time.

Shri RC Joshi: Thank you. Thank you so much.

Shri Bharat Sahu: Thank you, Manav, for organizing this. Thanks a lot, sir. Thank you to the team at Nirzar Securities. Thank you very much for this meeting, and we look forward to a similar kind of association in the future as well. Thank you.

Shri Manav Gogia, YES Securities: Thank you so much, Mr. Bharat, for organizing this for us. Thank you so much.
