

NAVA BHARAT VENTURES LIMITED

NAVA BHARAT CHAMBERS, RAJ BHAVAN ROAD, HYDERABAD-500082, TELANGANA, INDIA

NAVA BHARAT

NBV/SECTL/ 398 /2020-21

November 19, 2020

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra Kurla Complex, Bandra (E)
MUMBAI – 400 051
NSE Symbol : 'NBVENTURES'

Dept. of Corporate Services
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI – 400 001
Scrip Code: '513023' / 'NBVENTURE'

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcript of the Conference call with Investors.

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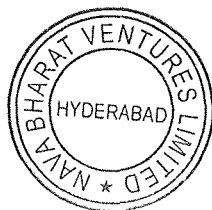
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on November 12, 2020 on the operational and financial performance of the Company for the quarter and half year ended September 30, 2020.

Kindly take the same on record and acknowledge the receipt.

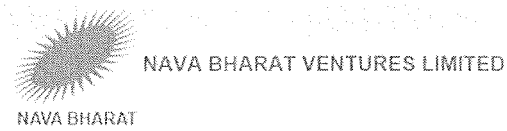
Thanking you

Yours faithfully
for Nava Bharat Ventures Limited

VSN Raju
Company Secretary
& Vice President

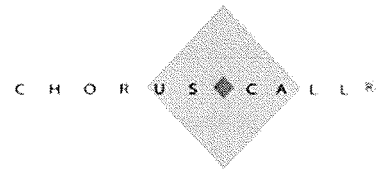


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“Nava Bharat Ventures Limited Q2 FY 2021 Earnings Conference Call”

November 12, 2020



ANALYST: MR. Vishal Chandak – EMKAY GLOBAL FINANCIAL SERVICES

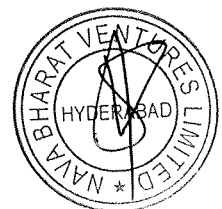
MANAGEMENT OF NAVA BHARAT VENTURES LTD.:

MR. ASHWIN DEVINENI – CEO

MR. GRK PRASAD – EXECUTIVE DIRECTOR

MR. SULTAN A. BAIG - CFO

MR. VSN RAJU - COMPANY SECRETARY & VICE PRESIDENT



Moderator: Ladies and gentlemen, good day. And welcome to the Nava Bharat Ventures Limited Q2 FY 2021 Earnings Conference Call, hosted by Emkay Global Financial Services.

We have with us today the management of Nava Bharat Ventures Ltd.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions at the end of today's presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Chandak of Emkay Global. Thank you and over to you, sir.

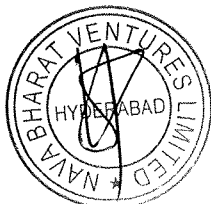
Vishal Chandak: Thank you very much, Raymond, and good day to everyone. And welcome to the Q2 FY 2021 Earnings Call for Nava Bharat Ventures. We are thankful to the management for the opportunity. And without much ado, I would like to call in Mr. Ashwin Devineni for his opening remarks. We will open the floor for Q&A after his opening remarks. And over to you, sir.

Ashwin Devineni: Thank you, Vishal. A very good morning to everyone and a very warm welcome to all the participants. The statement of the financial results, both on standalone and consolidated basis, and the press release detailing the operations of the Nava Bharat Ventures Group for the quarter and half year ended September 30, 2020, have already been filed with the stock exchanges and posted on our website. I hope all of you have taken a look at them and trust that they provide adequate information on our performance for the quarter and half year ended September 30, 2020. We would like to now proceed with the question and answer session and request you all to seek clarification that you may desire.

Moderator: We will now begin the question and answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Congratulation on decent set of numbers. Sir, my first question is on the receivables. Can you please update what is the status right now and what is the timeline? And any further discussion if you had, how did it go?

Ashwin Devineni: With respect to receivables, I presume you are talking about Maamba Collieries. The current situation on the receivables is that to date we have billed about US\$ 909 million, we have received about US\$ 550 million, which is about 61% of what we have billed. And the outstanding remains at about US\$ 359 million, and this includes about



US\$ 19.6 million of interest. We have commenced an arbitration proceeding against ZESCO with regard to the outstanding amount and the process is currently underway.

Mohit Kumar: Any timeline by which you are expecting things to get resolved?

Ashwin Devineni: Well, the arbitration normally is a general process, that is being done in London. So we are all hoping that it gets resolved sooner rather than later. But generally, an arbitration of claims of such nature takes about one to two years.

Mohit Kumar: And secondly, coming to your domestic operations, how do we expect the H2 to perform given that power demand has not yet picked up. Do you see any improvement in the PLF of the power plant in H2 for the domestic power plants?

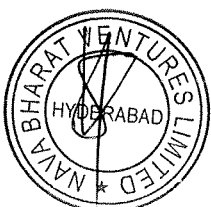
Ashwin Devineni: So, fortunately, we are in a situation where we have captive consumption, both in the Odisha and Paloncha site. For the power plants such as the 150 MW in Paloncha and so on, which are not linked to captive consumption, we are looking at a group captive scheme. As you probably have noticed, power demands are not at the greatest given the current condition, so we are looking at a group captive scheme where we have several industrial players that have shown interest to be a part of this scheme. So, we are looking at essentially getting the non-captive power plants operational using a group captive arrangement.

Mohit Kumar: Can we expect some kind of announcement regarding that in H2 or do you think it will take some longer time?

Ashwin Devineni: No, we are progressing well. This is always a combination of regulatory approval and commercial agreements. So, yes, while we do expect or we hope that these agreements will be crystallized sooner rather than later, we cannot give a very definitive timeline. But we are in fairly advanced stages in terms of discussions on these deals.

Mohit Kumar: In the press release there is a mention on restructuring of balance loans relating to Maamba. Are you looking at a larger tenure here? And on the prospective part, any update on debt adjustment which you can share?

Ashwin Devineni: Yes. As I mentioned we have the arbitration process on the previous outstanding amount. In terms of future tariff, we want to attain a tariff that is workable for both of us, such that ZESCO can pay us on a monthly basis, in full, without us having to chase them and there not being any shortfall. So, for those tariffs, discussions and negotiations are underway. And I think once we come up with a tariff that is workable for both ZESCO and for us, which will be enough to meet our operational expenditure, debt servicing and also we should have some



surplus for dividend distribution, so the monies can flow back into the parent company. I think once we arrive at a tariff, we will be approaching the lenders in terms of the debt restructuring. The restructuring process will probably envisage a combination of various elements, including probably an increase in loan tenure and so on, so that our repayments are brought down and where we can also sustain the new tariffs that we agreed to. The lenders are aware of this tariff negotiation and so they are also in line with our plans of agreeing to a sustainable tariff and looking forward for debt restructuring.

Moderator: The next question is from the line of Vishal Chandak.

Vishal Chandak: There have been news about export tax on chrome ore from South Africa. So, if you could just help us understand, if that flows through then what would be the demand-supply situation of ferro chrome as well as ferro alloys in India? And also, how is the pricing expected to move?

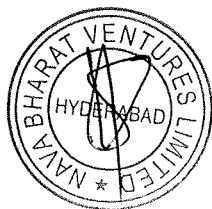
Ashwin Devineni: In terms of chrome ore, our ferro chrome is based on conversion with the Tatas, so we are not really impacted by chrome ore from South Africa and so on. We are in the process of finalizing another long-term agreement in terms of conversion with the Tatas where they will provide us the chrome ore and we are essentially the conversion partners.

Vishal Chandak: Yes. So, how do you see the ferro chrome market once this tax is imposed? Because as I understand, there is no quantum which has been declared by the government of South Africa so far.

GRK Prasad: See, it is a dependent industry and principally driven by China. So the persons who are importing the ore will face immediate impact of the tax. Let's say, private players in China who are doing ferro chrome production, they could get affected. But as a market for ferro chrome, we see some kind of stability though it went down a bit in the last few months, but we see some kind of a rebound happening in ferro chrome, specially driven by stainless steel production. Today, if you see, it is hovering in the range of around US\$ 65 to 70 per tonne, which could improve over a period of time.

Vishal Chandak: My next question, as discussed last time is with respect to opening another pit at Maamba Collieries, and supplying coal to third parties. If you could throw some light on where we are with that?

Ashwin Devineni: Yes. So with respect to the new pit, which we call the Kanzinze pit is currently in the process of being opened, and we are going to probably start extracting coal from that newly opened pit from next month onwards. This is really helpful because, our external sales of coal at Maamba Collieries is picking up as mentioned in our quarterly results,



the market demand is increasing, and also the prices are holding up. So we look at this as some positive news, because this will generate a good increase in revenue and liquidity for the company, Maamba Collieries.

Vishal Chandak: Great! And lastly, there is some land adjacent to our 60 MW power plant in Odisha. Are there any plans to monetize that 200 acres land?

Ashwin Devineni: We are working on it. We have a 20-megawatt cogeneration power plant in Andhra Pradesh and along with the 200 acres of land. This is in Dharmavaram in Andhra Pradesh, not in Odisha. Yes, we are looking at adding value to the land. We have realized that selling it per se in terms of just outright sale, does not make sense given the very discounted valuation. So we are looking at monetizing it more in terms of trying to attract new industries, especially the manufacturing sector, in various different verticals to come and set up shop and set up their factories on that land, that's what we are looking at.

Vishal Chandak: Something like an industrial park, if I could put it that way?

Ashwin Devineni: Exactly, with probably different verticals that we can also enter into in future.

Vishal Chandak: And how long do you think it would take to fructify this plan?

Ashwin Devineni: Well, it's 200 acres of land, so it would probably be a mix and match. We have taken certain steps in terms of discussions with some players, which are currently underway.

Moderator: The next question is from the line of Harshwardhan, who's an individual investor. Please go ahead.

Harshwardhan: Sir, you filed an international arbitration against ZESCO, so when are you expecting it to be cleared in terms of hearing and yielding in our favor, any time period?

Ashwin Devineni: Yes. Normally in the arbitration process that deals with the matters like ours, it takes about a year to a year and a half, just because of the procedure involved. And a lot of it also depends on what ZESCO contests. So, it's hard for me to exactly indicate definitive time periods, but generally such a process takes about year to year and a half.

Harshwardhan: Okay, sir. And one more question. The receivables are around 39% from 2016 billing, is it from 2016 or the recent billing also you are not receiving?

GRK Prasad: The current receivables that are outstanding are probably about a year old.

Moderator: The next question is from the line of Ninad Sabnis from Sabnis Financials. Please go ahead.

Ninad Sabnis: Sir, I have two questions, the first would be on the status of the sugar operations which we seem to have wound up and secondly what is the status on hiving off or selling of that business?

Ashwin Devineni: Yes. In terms of the sugar business, we are looking at an asset sale of all the machinery of the co-gen power plant that we currently have. Based on valuation done, we have invited certain parties, and also engaged couple of brokers. The process is currently underway. And once we get the machinery and the assets out, we probably will come up with a plan to monetize the land.

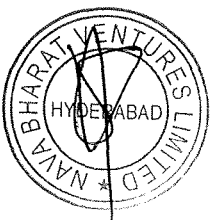
Ninad Sabnis: Right. I went through the press release, which was very well crafted, and gives all segment performance laid out really well. Based on that, I would like to ask one more question, as to what is the outlook for receivables from MCL for FY 2021? And one more specific question would be that I think the silico manganese business is doing well, so do you expect this to improve further in FY 2021?

Ashwin Devineni: Yes. In terms of the receivables of Maamba, we still do get about \$9.2 million to \$9.5 million every month from the state utility, although we bill upwards of that. What we are looking at, which I had described during prior part of the call is we are currently in discussions with ZESCO, which is a state utility, in terms of renegotiating the tariffs and basically agreeing to a tariff that we can confidently pay 100% on a monthly basis, rather than the partial payment that the outstanding keeps going up.

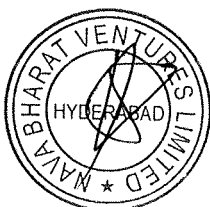
Ninad Sabnis: So, are we renegotiating the terms and amount?

Ashwin Devineni: Yes, essentially renegotiating just the tariffs right now, not the other terms of the PPA. We are not negotiating the outstanding amount which is under arbitration. I think what we are seeing is rather than on a month-on-month where the outstanding just keeps increasing, let's agree to a tariff that you as a utility can pay us in full every month, and also a tariff that is enough for us to meet our operational expenditures, meet our debt service and also give some returns back to the sponsors i.e. both Nava Bharat and ZCCM-IH Investment Holdings Plc. That is currently underway. I think once we agree to something there we can restructure the deal with lenders hoping that 100% of our bills will be paid in time, and the outstanding amount would be frozen.

Now, to move on to your silico manganese question, I think we have performed fairly well, better than the others. Right now the silico manganese market is in kind of a slump, it's bottomed out.



- Ninad Sabnis:** That's what, it seems to have bottomed out, so for the second half of the year maybe we will see more upside.
- Ashwin Devineni:** Well, we are hoping to. We are looking at basically making cost plus, which we are. Our operations, as you have probably noticed, are still profitable. And fortunately, we balanced out between both domestic and export, so as to make sure that we make enough money and we are basically receiving above cost. That being said, you should also realize that our silico manganese operations benefit our power plant in terms of profitability there.
- Ninad Sabnis:** Okay, that seems really encouraging. All the best for the rest of the year. And we wish you a Happy Diwali in advance. Thank you.
- Moderator:** The next question is from Samir Joshi, who is an individual investor. Please go ahead.
- Sameer Joshi:** What is a total group level exposure to ZESCO?
- GRK Prasad:** Only our Zambian subsidiary 'Maamba Collieries has exposure to ZESCO. At present, we only have receivables of US\$ 359 million.
- Ashwin Devineni:** But I think just to clarify, the US\$ 359 million of exposure is Maamba Collieries, Nava Bharat Ventures does not give any corporate guarantee or so on for that. So it is a project company that has the exposure to it.
- GRK Prasad:** Zambian company is our subsidiary, so whatever is reported is at the subsidiary level. The Nava Bharat Venture, the listed company is not exposed to any kind of debt recourse from that company to us.
- Moderator:** The next question is from the line of Anirudh P, who's an individual investor. Please go ahead.
- Anirudh P:** You were looking at reduction in the capital of the company, so can you please share the latest update on what is happening on that front?
- GRK Prasad:** Yes. The process of reduction of the capital is awaiting its last leg of approval from the NCLT. We expect to have the clearance probably by the end of December, 2020.
- Anirudh P:** All right, so that's fairly on track?
- Ashwin Devineni:** Yes, actually, it got delayed because of COVID disruption, but it is on track now.
- Anirudh P:** And my second question is, we have also discussed in the past about certain land parcel in Hyderabad, which is quite valuable. So how are



we looking to monetize it? Is there any update you would like to share with the stakeholders?

Ashwin Devineni: Yes. I think in terms of the monetization of the land in Nacharam, which you are referring to, there is no specific update. In the last call what we had mentioned is, because of COVID, valuation of all real estate or land in general had taken a severe hit, so we are kind of holding back on selling it at a discounted price. Fortunately we are in a stage where we have cash within the company. Hence, we are going to hold on to it, and we are looking at other kind of plans to monetize that piece of land, rather than just an outright sale.

Moderator: The next question is from the line of Ajay Jain who is an individual investor. Please go ahead.

Ajay Jain: While you are discussing the revision of future tariffs, negotiating it, is there any discussion about a haircut on the past dues?

Ashwin Devineni: No, we made it very clear during the negotiations that currently at least at this stage whatever discussions we are having, is only for the future tariff, and it is not going to be retrospective. Because the past dues are currently in arbitration, so it's only for the future tariff.

Ajay Jain: But could it help in expediting the resolution of this issue? If you were to offer a haircut or something like that?

Ashwin Devineni: We can't really say, because unfortunately the matter of outstanding receivables is in arbitration. So, I don't think we are in a position to comment on it right now in terms of the outstanding receivables.

Ajay Jain: There is a provision of ECL of about Rs. 80 crores, what is that exactly?

GRK Prasad: It's only an accounting provision dictated by IFRS because of the long overdue nature of the receivables so that provision is made in accordance with the IFRS and that translated into the consolidated numbers.

Ajay Jain: And has it affected the profit numbers for the quarter?

GRK Prasad: Yes, of course, to that extent the profit has come down.

Ajay Jain: And do we expect this to continue in the future quarters?

GRK Prasad: It is a provision which is recurring, so every time the accounts are updated, the provision is worked out based on how long the receivables have been outstanding.

Moderator: Thank you. That was the last question in queue. I would now like to hand the conference back to the management team for closing comments.

Ashwin Devineni: Thank you all very much for your participation in the call. I hope we have addressed all the queries adequately. If there are any other questions or clarifications that remain unanswered, please get back to us and we would be happy to provide answers on a wider investor platform. Thank you all once again. Please keep safe and Happy Diwali. Thank you.

Moderator: Thank you very much. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

