

NAVA BHARAT VENTURES LIMITED

Regd.Off. : NAVA BHARAT CHAMBERS, RAJ BHAVAN ROAD, HYDERABAD -500 082. TELANGANA, INDIA

NAVA BHARAT

NBV/SECTL/ 429 /2017-18
June 9, 2017

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

BSE Limited
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 Concall with Investors.

Ref : Our Letter No. NBV/SECTL/ 379 /2017-18 dated May 24, 2017

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Please find enclosed the transcript of the Conference Call with Investors / Analysts held on May 29, 2017 on the Audited Financial Results for the on Q4 and year ended 31.03.2017 declared on May 27, 2017.

Kindly take the same on record and acknowledge the receipt.

Thanking you

Yours faithfully
for NAVA BHARAT VENTURES LTD.,

VSN Raju
Company Secretary
& Vice President

Encl: as above.

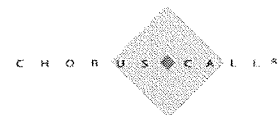
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ISO 9001 ISO 14001



“Nava Bharat Ventures Limited Q4 FY2017 Earnings Conference Call”

May 29, 2017



MANAGEMENT: **MR. GRK PRASAD – EXECUTIVE DIRECTOR - NAVA
BHARAT VENTURES LIMITED**
**MR. T. HARI BABU – CHIEF FINANCIAL OFFICER –
NAVA BHARAT VENTURES LIMITED**
**MR. PJV SHARMA – DIRECTOR - NAVA BHARAT
PROJECTS LIMITED**
**MR. M.N. RAO – VP FINANCE - NAVA BHARAT
VENTURES LIMITED**
**MR. VSN RAJU – COMPANY SECRETARY - NAVA
BHARAT VENTURES LIMITED**



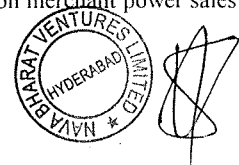
Moderator: Ladies and gentlemen, good day and welcome to Nava Bharat Ventures limited Q4 FY2017 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 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. GRK Prasad.

GRK Prasad: Thank you. Good afternoon. A very warm welcome to all the participants. I am joined by my colleagues Mr. T. Hari Babu – CFO, Mr. PJV Sharma – Director, Mr. M.N. Rao – VP Finance, Mr. VSN Raju – Company Secretary, and SGA, our IR Advisors. I hope you all had a look at our financial results. The company’s release on the financial results and the corporate developments have been filed with stock exchanges as well as posted on our website. I will briefly dwell on the salient features of the operations.

Power business, the power business had subdued operational performance. Grid curtailments as well as low prices on power exchange continue to affect the operations. The Telangana discoms did not even lift the minimum guaranteed power requiring us to reduce the generation as the alternative market on power exchange was not lucrative for most of the period of back turn. Similar price regime on power exchange limited the generation in Odisha as well. The captive power consumption at the ferro alloy division mitigated the lower performance of the power division to some extent.

On the cost front, we were able to recover the fixed cost on integrated operations basis. DISCOMS settled a part of the compensation for the reduced off take and this formed part of the revenues for the power division of the company as well as its subsidiary. During the quarter, we have earned technical support fee from the Zambian company towards interim services provided prior to power plant achieving COD. The technical support fee forms part of the O&M service fees of the Zambian company and will form a new revenue stream for the power division of the company from FY2018 onwards.

Ferro alloy business: The performance of the ferro alloy business has been volatile for the last few quarters. On one hand the conversion agreement with Tata Steel Limited provided the cushion to the ferrochrome business, while the silico manganese business remained very volatile. Manganese ore cost and sales realizations were very erratic during the year. However, compared to last year the division performed better and the value addition for captive power was also better as compared to sales on power exchanges. From FY2018 onwards the company focuses on better utilization of ferro alloy manufacturing capacities with higher production of manganese alloy and higher conversion volume of ferrochrome unit to reduce dependency on merchant power sales of surplus power.



Sugar business, the sugar business imitated the sector's buoyant performance for FY2017 in terms of better revenues and profitability. The division is expected to continue its improved performance in FY2018 as well.

Zambian coal and power project, the 300 MW power plant of the Zambian subsidiary has been operating since October 2016 and has completed the performance guarantee tests in phases for both the units of 150 MW each by March 2017. The Zambian company awaits the clearance from project lenders and their technical advisors to declare commercial operation date as per the financing documents expected by June 2017. Since October 2016, the power plant has been generating power and feeding into the local grid that earned revenue in the aggregate of US\$68 million, which will be set off against the project cost capitalization. The revenue so generated is more than adequate to cover the time-related additional project cost up to COD.

Recently the Zambian government and ZESCO, the utility with which the Zambian subsidiary has the PPA, has rationalized the power tariffs for domestic and commercial uses and mining companies. This rationalization was aimed to improve the financial health of ZESCO, which in turn provides assurance of payments for sale of power to the utility by the Zambian company. The power operations on the Zambian company will be consolidated after it reaches COD in June 2017

Impact of foreign currency adjustment on the profitability and on the other comprehensive income. The company currently has intercompany foreign currency loans and short-term hedging contract against which rupee parity has to be adjusted as of March 31, 2017. While the net effect of hedging contract cost which forms part of the financial expenses is reduced interest cost, the rupee appreciation against US dollar has reduced the value of loan due from the Singapore subsidiary notionally. The impact is to the tune of Rs.22 Crores, which forms part of the foreign currency adjustments in the standalone financials for Q4 and for the full year 2017. Also a similar effect is given for the rupee parity for long-term loans of Zambian subsidiary in other comprehensive income at consolidated level, which you will find is lower.

Brief comparison of the consolidated performance with that in FY2016 reveals that it is lower than that in FY2016 principally on account of another performance of the Indian power subsidiary operating the 150 MW unit in Telangana and lower profitability in the overseas subsidiaries while the benefit of O&M operations is yet to be realized. This is all for our side and we are open the floor for questions and answers.

Moderator: Thank you very much. Ladies and gentlemen we will now begin with the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We take the first question from the line of Chintan Mehta from Sunidhi Securities. Please go ahead.

Chintan Mehta: Hi Sir, you mentioned somewhere regarding O&M contract, we are just trying to understand the difference between the standalone power revenues and consolidated power revenues. The

difference between them is Rs.170 Crores; so first I need to understand is what amount would be O&M in this power segment revenue Sir?

GRK Prasad: This was for interim services, captured in FY2017 and was about Rs.18 Crores.

Chintan Mehta: Rs.18 Crores, right; so even after that Sir I mean Rs.170 Crores, Rs. 18 Crores we have Rs.152 Crores remaining and in Rs.207 Crores generated, there is something around Rs.7.34 for this quarter. So how to understand is it kind of amount received from Telangana government, which was due in this power revenue?

GRK Prasad: Consolidated financials also include our subsidiary.

Chintan Mehta: Right Sir but we have not booked the Zambian mill power revenue in revenue segment, haven't we?

GRK Prasad: I am talking about the 150MW power plant of NBEIL.

Chintan Mehta: Right Sir. So the difference is Rs.170 Crores from the NBEIL, per unit comes to Rs.7.34 after adjusting the Rs.18 Crores to Rs.20 Crores of O&M. Still Rs. 7.34 rupees per unit, so how do we get that number?

GRK Prasad: I would suggest that the actual reconciliation may please be done offline.

Chintan Mehta: Okay. That is it from my side.

Moderator: Thank you. We take the next question from the line of Bhavesh Chauhan from IDBI Capital. Please go ahead.

Bhavesh Chauhan: Sir, this \$68 million of revenue that we have booked in Zambian power plant is over what period?

GRK Prasad: This has been for the last six months that is from October onwards. The first unit got the NDC test in October 2016 and the second unit sometime in early December and then the PG tests were done in March for both the units, so after the NDC tests the company has been realizing full commercial tariff. So we could say it is an accrued basis since then in phases.

Bhavesh Chauhan: Okay and Sir if you can give us the quarterly PLF of both these units in Q4?

GRK Prasad: Well they are not done in operational and commercial basis like a phase where all the tests are done so roughly I think it is about 50%.

Bhavesh Chauhan: 50%, okay. Sir what could be the bottleneck going forward because we already seen a lot of delay in declaring COD. So from here onwards what could be the further bottlenecks to you announcing COD?

- GRK Prasad:** Well we expect the COD to be announced in June 2017 because all the necessary formalities have been completed and we are only talking about final documentation, which is currently being exchanged between the company and the lenders while the second aspect is about availability of the one of the grids for taking full power. The grid has been under up-gradation for the last couple of years and is expected to be ready by end of this June. So all in all we expect the unit to perform on an optimal basis from July onwards.
- Bhavesh Chauhan:** Okay and should we expect the PLF to be over 80% from next quarter onwards, which is July quarter onwards?
- GRK Prasad:** Yes, because you see two-power tariff is based on capacity and declared availability. So we expect to declare full availability of the power plant from July onwards in fact from the COD date onwards.
- Bhavesh Chauhan:** Okay, thank you. That is it from my side.
- Moderator:** Thank you. We take the next question from the line of Harsh KS from Nayan M Vala Securities. Please go ahead.
- Harsh KS:** Hi Sir. What is happening with the grid expansion in Telangana?
- GRK Prasad:** Well there is no grid expansion as such in Telangana. The Telangana issue relates to renewal of the contract for the power sale, which ended in the last week of May 2017. So our surplus power has to be exported either on exchange or by way of a bilateral contract. Exchange is one mechanism, which we are pursuing for the time being. We are also pursuing in parallel to get into a medium to long term contract with Telangana discom for the 150 MW. That process is on currently and probably it will take a couple of months for us to get the tender process done and get into the contract.
- Harsh KS:** Okay. Sir regarding NBEIL the contract is with Tata Power for the off take, correct?
- GRK Prasad:** That is right, Tata Power is trading intermediary but the sale of power was to the Telangana discoms.
- Harsh KS:** Okay, because the figure for 2017 was 30% lower compared to last year? Tata Power did not take the power in intermediary also?
- GRK Prasad:** That is right.
- Harsh KS:** So is there any penalty from that side also expected?
- GRK Prasad:** We realized a part of the penalty pertaining to the previous contract, which formed part of the revenues in the financial year 2016-17 for the contract which ended in May 2017, the compensation issue will come up in the current financial year.

- Harsh KS:** Okay Sir and regarding the contract with Telangana, is this renewed?
- GRK Prasad:** It is not renewed that is what I am trying to tell. The contract is not there so our effort is to get into a medium- to long-term contract from now on for the 150 MW. We probably will have to reduce the price to be able to be competitive and get into that contract.
- Harsh KS:** And regarding the price figure because when I was checking your merchant sales figure it comes to nearly thousand million units and the revenue was around like Rs.900 Crores. So the average price for unit is going above Rs.5. How is it possible sir?
- GRK Prasad:** I would suggest the details of numbers may please be obtained offline.
- Harsh KS:** Alright Sir but we are not selling anywhere above Rs.5?
- GRK Prasad:** No, the contract price was five in fact the net realization was lower, hovering around 4 rupees 20 paisa.
- Harsh KS:** And for Zambia what is the debt repayment structure other than 8% of the debt that is around Rs.4000 Crores?
- GRK Prasad:** Yes the Zambian Company had a debt of US \$590 million carrying a cost at around 8% including hedge costs on account of the interest rates swap and the company has actually started repayment from March 2017. It is a mix of revenues obtained through pre COD sales as well as some withdrawal from the debt services reserve account, so we expect the repayment to be structured in a phased manner, but it will be over a period of Ten years.
- Harsh KS:** Sir what was the amount paid this year for debt repayment?
- GRK Prasad:** It is about US \$30 million.
- Harsh KS:** US \$30 million and regarding the numbers in your financials what was the exceptional item, which came to around Rs.78 Crores for last year?
- GRK Prasad:** That is the amount there.
- Harsh KS:** That is from Laos?
- GRK Prasad:** Yes, see we exited from our Laos Hydropower Project during the financial year. Part of the sale was captured before September 2016 and another part after September 2016, the aggregate is about that amount.
- Harsh KS:** And regarding sourcing of coal for domestic operations. From now onwards you will be planning to take it through e-auctions correct?

- GRK Prasad:** No, as far as the 114MW is concerned, we have an auction linkage, which is available for four years, and as far as 150 MW is concerned, yes you are right. We are going to buy through e-auction.
- Harsh KS:** Through e-auction that is for NBEIL one right?
- GRK Prasad:** That is right.
- Harsh KS:** Sir why I asked this because e-auction happens like only twice a year, so the prices will be dependent on that right?
- GRK Prasad:** No e-auction has been happening on a monthly basis almost.
- Harsh KS:** Sir that is it from my side. Thank you.
- Moderator:** Thank you. We take the next question from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.
- Amit Golchha:** Yes good afternoon Sir. Sir in case of ferro alloys you mentioned that FY2018 would be higher production and currently the captive transfer price is better than what you are getting in merchant power, so can you just explain a little bit in terms of, at current prices of ferro alloys what kind of EBITDA margins or captive transfer pricing level you are making?
- GRK Prasad:** Let me brief you only on the transfer price because the EBITDA level could be a matter of actual price and realizations. The power is being transferred at the transfer price of about Rs.5.10 between the power division and the ferro alloy unit in Telangana. The actual realization is a factor of how much realization the silico manganese fetches, so last year our value addition for captive consumption was about Rs.4.
- Amit Golchha:** So last year you mean FY2017.
- GRK Prasad:** FY2017 that is right.
- Amit Golchha:** And what was that in FY2016.
- GRK Prasad:** FY2016 was also about that because both FY2016 and FY2017 if you recall the years where the manganese alloy prices were in volatility.
- Amit Golchha:** Sir at the current prices of ferro alloys and manganese ore is this same realization which you are getting or has it improved or declined?
- GRK Prasad:** Realization actually has declined. It actually improved in Q4 and subsequently they declined, but so is the price of the manganese ore. As we see it, the way forward is to concentrate on production as much as possible and see that we get the marginal profit in, while the value

addition for power would be better than that being obtained either through bilateral contact or through exchange.

Amit Golchha: Sir, today whatever power plants we have in India, let's say at Rs.4 per unit you continue to get net realization from ferro alloys then what kind of power capacity can be used in ferro alloys?

GRK Prasad: We would be using about 50 MW out of 114 MW that means let us say 50% of our generation will definitely be used in ferro alloy consumption. It could hover up to 60 MW depending on how the furnaces are loaded, as far as the Telangana Power Plants are concerned. In Orissa, the usage would be 30 MW minimum, so it would be between 30 to 35 MW.

Amit Golchha: So basically about 80 to 90 MW is what we will use?

GRK Prasad: Correct.

Amit Golchha: What was this number this year Sir FY2017 totally the same number?

GRK Prasad: Yes almost same, but the FY2017 is lower because we are set to increase the production of ferro manganese alloys in FY2018 and increase it further in FY2019 as well.

Amit Golchha: Can you expect this kind of Rs.4 per unit realizations to continue as per whatever demand and supply scenario, which you see in ferro alloys?

GRK Prasad: I would say so. As you know Amit it is a function of how the ferro alloy market behaves, but going by our experience, I think Rs.4 seems possible on an average.

Amit Golchha: So far it is safe to assume that about 100 MW of power, essentially the rates would be kept at round Rs.4 per unit?

GRK Prasad: Yes.

Amit Golchha: And for the balance power Sir especially 150 MW what kind of interest you are seeing from Telangana or any other medium-term or short-term tenders, which are there in the market?

GRK Prasad: Well there is no other medium- to long-term tender ongoing currently, but we are waiting. As far as Telangana is concerned, I think our rate also would be targeted around the same level of Rs.4.

Amit Golchha: Why I am asking you this sir is because the contract is till May 2017, we are almost approaching the end of the contract?

GRK Prasad: The contract has ended.

Amit Golchha: It has ended. So currently whatever you produced, you are selling it in market exchanges?

GRK Prasad: Correct.

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- Amit Golchha:** So do you think this will keep on happening, for some time you will have to sell it on exchange and then look for PPAs?
- GRK Prasad:** That is right. I would expect that to continue for at least a couple of months.
- Amit Golchha:** Sir and for Orissa power plants what is the strategy today, earlier you were trying to get some strategic partner.
- GRK Prasad:** Our effort is still on. See basically we have these two units of 60 MW, so that search for strategic investors will continue either for outright sale or have some kind of an arrangement.
- Amit Golchha:** Any visibility there Sir?
- GRK Prasad:** Well we will come back. I do not think we can discuss anything at this point.
- Amit Golchha:** Sir this O&M service charges, which you are earning from Zambia, at the Singapore level, I believe this gets offset while consolidating, so in the overall consolidated numbers this Rs.20 Crores to Rs.22 Crores will not feature as an income. Is that correct assessment or how is it?
- GRK Prasad:** See NEPL is the operator. To some extent yes the costs and fee are, but they will not be completely extinguished. I will tell you why. The O&M operator is in Singapore and Nava Bharat Ventures is rendering the backend technical support. So we get backend technical support fee from the O&M operator. So the O&M operator's revenues and the costs in Zambian subsidiary would get nullified, but the backend technical services fee minus costs in India will effectively remain.
- Amit Golchha:** Right Sir and that will be how much Sir broadly?
- GRK Prasad:** I cannot give you a number. I think this revenue could pan out to be about US \$7 million from the Indian company to the O&M operators on a full-year basis.
- Amit Golchha:** And this was there in the current year?
- GRK Prasad:** That was not there and was probably around US \$2 million to US \$2.5 million.
- Amit Golchha:** How much is the total consolidated debt today?
- GRK Prasad:** Consolidated debt is Rs.4153 Crores.
- Amit Golchha:** Of which how much is standalone Sir?
- GRK Prasad:** Standalone is Rs.230 Crores. Nava Bharat Energy is Rs.209 Crores.
- Amit Golchha:** And balance is Zambia?



- GRK Prasad:** Yes
- Amit Golcha:** And cash reserve, I am seeing a number of about Rs.600 Crores plus, so where this cash is?
- GRK Prasad:** It is about Rs.800 Crores.
- Amit Golcha:** Is it at the Zambian level?
- GRK Prasad:** Zambian level is more of cash drawn in the form of loans which are being spent on the last mile activities of the project, that is about Rs.543 Crores.
- Amit Golcha:** Rs.543 Crores.
- GRK Prasad:** Yes
- Amit Golchha:** So essentially about Rs.200 Crores to Rs.250 Crores is usable cash across subsidiary?
- GRK Prasad:** That is right.
- Amit Golchha:** And Sir lastly this forex item of Rs.22 Crores in 4Q FY2017, is it a gain or loss?
- GRK Prasad:** It is a loss. If it is a gain then the profits would have been higher. Because rupee appreciated by about Rs.3 and we are carrying around US \$71.5 million of loan in our books as I said. That suffered deterioration as notional charge on the books as of 31st March 2017.
- Amit Golchha:** Sir if rupee has appreciated your loans should have actually appreciated in terms of when you have net gains right?
- GRK Prasad:** Loan is in dollars, so rupee appreciation actually brings the asset value down.
- Amit Golchha:** You have taken some hedge against this?
- GRK Prasad:** No. This is the intercompany loan.
- Amit Golchha:** Right Sir thank you very much and all the best.
- Moderator:** Thank you. We take the next question from the line of Ravi Purohit from Securities Investment Private Limited. Please go ahead.
- Ravi Purohit:** Hi thanks for taking my questions. Sir, just wanted to understand in the segment wise numbers for our power division for this quarter, the consol sales is about Rs.299 Crores out of which the standalone numbers are about Rs.129 Crores, which leaves about Rs.170 Crores in the subsidiaries. What was the sale of power in Nava Bharat Energy Limited and how much was the compensation part from the discom?

- GRK Prasad:** Well I think that you could probably take the details of the power sales in detail later, but compensation is about Rs.23 Crores in the subsidiary accounts.
- Ravi Purohit:** Rs.23 Crores and then is pertaining to the prior contract, which would have got ended in May 2016.
- GRK Prasad:** That is right.
- Ravi Purohit:** And how much is due for May 2017 approximately?
- GRK Prasad:** Difficult to give a number.
- Ravi Purohit:** Fair point and Sir on this Zambian COD I think it has been getting delayed for some time now. Earlier our anticipation was that it would have probably got commissioned in April now we are looking at June, so June looks like it will get done finally or how does it work out?
- GRK Prasad:** Well in April it started Ravi, basically the process of documentation took much longer than we anticipated because of several institutions' involvement as well as the technical advisors, so although the PG tests were done in March and we were operating on a full planned scale basis from April onwards. So now we could say the visibility is pretty much there as far as the COD is concerned, but if you ask from an accounting perspective the plants were in fully readiness so under accounting regulations we could have done it, but for the limitation under financing documents
- Ravi Purohit:** Sir, for June quarter when you report consolidated numbers, will the Zambian operations be reported?
- GRK Prasad:** Suppose COD takes the shape in early June, yes a part of the month operations would come there in power plant operations otherwise from July onwards.
- Ravi Purohit:** Okay Fair point and any update on phase two of this project in Zambia or any monetization plans that you had discussed in the earlier calls?
- GRK Prasad:** Phase two is something which we could probably look at, but we are waiting for this tariff rationalization to happen in Zambia to give us some confidence and also see how the performance happens of the Zambian utility over the next one year. We would do some basic works in between and have the project launched only after satisfying ourselves on the viability part. On the other aspect of the monetization at this point we do not have any developments to report. We will do that as soon as some development takes place.
- Ravi Purohit:** Sir any light you can throw on what happens to the Indian power business, given the uncertainties and given that discoms are either not taking too much power and the rates in the open market are also quite low, so what is the company's game plan over the medium term on this side? We have been looking at strategic partners of our Orissa unit, but we have not been successful there much so..?

- GRK Prasad:** Well as far as Orissa power plants are concerned, which are 2 x 60 MWs the way we see it, we probably have to look at an exit or have somebody completely run the power plants for their own sake. So that is the only solution there for which efforts are on. As far as the 150-MW is concerned, we plan on getting into a medium-to-long-term contract. When I say long term it could be max seven years, so it could be hovering around five years or so. There is some window, which is available. We are in talks with the government and the discoms. That is the process, which we expect would last for the next two months or so, by when we hope to get into this contract. As far as the price is concerned, it could be lower than what we were getting on merchant sale, but it could at least benefit us in terms of stable off take and revenues.
- Ravi Purohit:** Fair point Sir. I will get back in the queue Sir thank you.
- Moderator:** Thank you. We take the next question from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Good afternoon Sir. A couple of questions, first is, have you withdrawn the entire debt on Zambian power plant of \$590 million and can we consider the current debt which we have in the balance sheet right now as a peak debt?
- GRK Prasad:** Yes we could.
- Mohit Kumar:** Sir my second question is since we are running the power plant, we must be using our low grade coal so at what price you are transferring and at what price we had carried it in our balance sheet earlier?
- GRK Prasad:** The transfer price as determined under the local regulator guidelines is about \$14 and I think the inventory value also hovers around that. So at this point not much of profit is captured because of lower volumes but once the power plants regular operations takes place, which will have a run off about 150000 tonnes of coal every month, you will find some differential in the coal division.
- Mohit Kumar:** Is it possible to give the breakup of revenue, EBITDA, PAT for NBV, NBEIL, and Zambian operations for FY2017?
- GRK Prasad:** I would suggest you take it offline.
- Mohit Kumar:** Thank you Sir. That is it from my side.
- Moderator:** Thank you. We will take the next question from the line of Shrinath V from Bellwether Capital. Please go ahead.
- Shrinath V:** Again taking up on the Odisha Plant, can you kind of shed a light? Is it in kind of advanced stages and talks with partners to either divest or get somebody to run it or we are just thinking about it in, can you kind of give a broad timeline as to when you think this resolution will take place?



- GRK Prasad:** I think the sector is in a position where we cannot possibly talk about timelines, but I think the roadmap is set by the management and the board and that's what we are pursuing, either getting to a strategic arrangement for the 2 x 60 MW unit or have an exit.
- Shrinath V:** But have the talks started on this particular line or is it still in a drawing board stage?
- GRK Prasad:** We started.
- Shrinath V:** Sir, just wanted to find out on the Secunderabad land parcel and our sugar assets in India. Are we taking any strategic call on this particular business and our land parcel?
- GRK Prasad:** Presently, the company is evaluating various options to see how the existing assets could be monetized either by undertaking other operations or have them monetized as assets by themselves.
- Shrinath V:** Okay and is it still on the drawing board or you have actually started moving on it Sir?
- GRK Prasad:** It has started moving.
- Shrinath V:** What would be the rough value of this particular land parcel Sir, a very ballpark?
- GRK Prasad:** I do not think we could give you a number.
- Shrinath V:** At least size of the land.
- GRK Prasad:** We have about 60 acres of land in Secunderabad and about 170 acres of land in Dharmavaram, that is 20-MW unit, where it is situated at this point.
- Shrinath V:** Last question is I just missed one part of the call. So currently we are selling all our power to the merchant market because our contracts are over.
- GRK Prasad:** Well the contracts ended so as far as 150 MW is concerned, we are looking at medium to long-term contract with the Telangana Distribution Companies.
- Shrinath V:** But what are you doing for Q1 Sir as in current production?
- GRK Prasad:** Q1 contract ended in May. So post the contract the power is being dispatched to the extent possible on the exchange.
- Shrinath V:** So currently we are selling and what kind of rates are coming in from the merchant side in the exchanges, roughly?
- GRK Prasad:** It is in public domain, it is about Rs.3 net.
- Shrinath V:** Thanks.

Moderator: Thank you. We will take the next question from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Sir, my first question is in case of 40 MW of Telangana can be used captively at the current utilization or enhanced utilization?

GRK Prasad: Currently it is about 45 MW. It could go up to 60 MW on full scale. That 60MW we would have in phases from October onwards.

Giriraj Daga: Okay, now you said that at Rs.4 the acquisition remains profitable and you are selling in merchant market at Rs.3, so is it not beneficial as of now to scale up the ferrochrome operations and transfer it at may be Rs.3?

GRK Prasad: There is a limitation of how much we can scale up because again that is a business, which has been very volatile. So what we are trying to do is to have the existing capacities run at full loads, so that we could get the value addition within the asset frame that we have.

Giriraj Daga: My second question is that on the Zambian operation, you have touched upon tariff rationalization, so what is the situation currently. As of now the state utilities, what kind of additional subsidy they are having or what are the differences between what they are charging and what they are drawing as of now?

GRK Prasad: I do not have actual number but let me give this way. The tariff rationalization for domestic and commercial has been planned by about 75%, in phases. The first phase was implemented from May 2017 and the second part of this 75% increase will happen by October 2017 as far as retail and commercial customers are concerned. As far as mining customers are concerned, they came out with the notification a few days ago where the tariff stood revised to about 9.3 cents effective from January 2017.

Giriraj Daga: There is some news that it was actually not able to pass through for the household so has that nascent increase passed on?

GRK Prasad: Yes. That was last year and this year they did the price revision.

Giriraj Daga: My last question Sir, this is more of a bit long term question. How do you see Nava Bharat placed over the next two to three years assuming that we are able to find a strategic partner for Odisha and so where do you want to see the next capital allocation, if I have to say over the next two, three, four years. Will we go into again the ferro side or domestic power side or international? So how do you want to see the next round of capital allocation from Nava Bharat Ventures?

GRK Prasad: That is the corporate development on which the board is engaged currently. So we would make the necessary disclosures at an appropriate time.

Giriraj Daga: Thanks a lot.



- Moderator:** Thank you. We will take the follow up question from the line of Chintan Mehta from Sunidhi Securities. Please go ahead.
- Chintan Mehta:** Thanks for giving me the opportunity again. Sir, regarding Zambia, there was a proposition of raising the tariff by 75% in two phases, 50% from May 1, and 25% from September 2017 but it was subject to certain conditions for 30 days grant period was granted and the last time when it was in August 2015 when it was asked for 177% increase it was rejected. So how the same quantum has been accepted by the governments out there?
- GRK Prasad:** I think you need to differentiate between the two tariff revisions, Chintan. One, which was made effective from January 2016, was actually withheld by the government not rejected. The government withheld it and probably that was more a political decision and whatever has happened now is with a clear objective of reaching out to the customers on a cost of service basis. So this has a solid backing, solid steady behind it.
- Chintan Mehta:** So because ZESCO has made an application that ERB has to proceed over the proposed tariff, so it was granted 30 days, but it is accepted now? Why I am asking that is because it signifies that ZESCOs financial viability increases if in case our PPA with the copper mine which we are planning to sell it to, in case if it fails in eventuality then ZESCOs health remains strong. So is it accepted by the ERB Sir?
- GRK Prasad:** Long and short of it is ERB has since notified.
- Chintan Mehta:** Okay and Sir second question when you say that \$68 million of revenue and we are paid \$30 million of loan. Sir, how did we manage because I understand that we sold this \$68 million have we received that amount? That \$68 million from the government when you billed it, has it been received? How do we manage that \$30 million repayment Sir?
- GRK Prasad:** Well this \$68 million is an aggregate for over so many months, yes, we have realized almost half of it. In fact the current outstanding and overdue amount is about \$20 million.
- Chintan Mehta:** So I mean to understand that the receipt is quite smooth because it gives us confidence that if the amount continues, is there any chance of repayment of standalone loans because when I am trying to understand the standalone loans amount is still around Rs.500 Crores?
- GRK Prasad:** Well, I think, you have mixed the question. See as far as Zambian operations are concerned, it is a function of various things including the tariff, generation and the performance. As far as the standalone and subsidiary debt is concerned, we have certain inflows planned so those inflows will be used. So our idea is to pare the debt at the earliest opportunity.
- Chintan Mehta:** No issues. I will get back.
- Moderator:** Thank you. We will take the next question from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.

- Amit Golchha:** I needed one clarification. You mentioned that sale of Laos you had an income of 78 Crores, how much was the net profit booked in this year?
- GRK Prasad:** That was about \$1 million
- Amit Golchha:** Against this amount there is some other expenses have been put in?
- GRK Prasad:** In various other places.
- Amit Golchha:** One more thing, in terms of this forex gain or loss which you are booking, given that this will be a feature in most of the quarters going forward, I believe this liability which is there is at the Singapore level on which we are booking this?
- GRK Prasad:** That is right.
- Amit Golchha:** So essentially we have assets, which are getting affected in terms of loss when there is appreciation, that loan amount gets some gain. Ideally there should be a net off and there should be no loss?
- GRK Prasad:** Under consolidated yes, you are right. On the consolidated the statement this does not figure. We are talking about standalone performance which is getting impacted, but on a consolidated basis it does not get impacted.
- Amit Golchha:** Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen due to time constraints that was the last question. I would now like to hand the conference over to Mr. GRK Prasad for closing comments?
- GRK Prasad:** Thank you very much for your participation in the call. I hope we have addressed all the queries and questions. If there are any questions or clarifications that remain unanswered, please get back to us or to our investor relations advisors, SGA. We will be happy to provide answers in a wider investors platform. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Nava Bharat Ventures Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

For NAVA BHARAT VENTURES LIMITED

VSN Raju
Company Secretary & Vice President