

NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 55/2020-21

July 6, 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 June 29, 2020 on the operational and financial performance of the Company for the quarter and year ended March 31, 2020.

Kindly take the same on record and acknowledge the receipt.

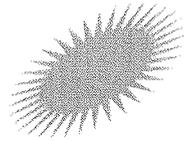
Thanking you

Yours faithfully
for Nava Bharat Ventures Limited


VSN Raju
Company Secretary
& Vice President



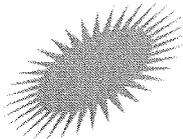
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NAVA BHARAT

“Nava Bharat Ventures Limited Q4 FY20 Earnings Conference Call”

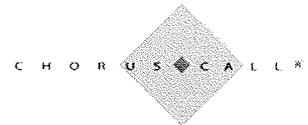
June 29, 2020



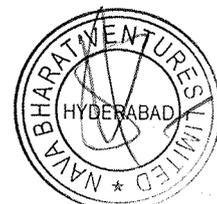
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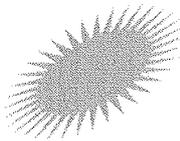


IDFC LIMITED



MANAGEMENT: MR. ASHWIN DEVINENI – CHIEF EXECUTIVE OFFICER,
MR. GRK PRASAD – EXECUTIVE DIRECTOR,
MR. SULTAN BAIG – CHIEF FINANCIAL OFFICER,
MODERATOR: MR. SHIRISH RANE – IDFC SECURITIES LIMITED





NAVA BHARAT

*Nava Bharat Ventures Limited
June 29, 2020*

Moderator: Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q4 FY20 Earnings Conference Call hosted by IDFC Securities. 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. Sirish Rane from IDFC Securities. Thank you and over to you, Mr. Rane.

Sirish Rane: Good morning everyone and welcome to Nava Bharat Ventures Limited’s Q4 FY20 Earnings call. We have with us today, from Nava Bharat Ventures Limited Mr. Ashwin Devineni – Chief Executive Officer; Mr. GRK Prasad – Executive Director and Mr. Sultan Baig – Chief Financial Officer.

To start the call Mr. Ashwin will give some opening remarks, after which we will have question-and-answers. Over to you, sir.

Ashwin Devineni: A very good morning everyone and a warm welcome to all the participants. The statement of our 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 year ended March 31, 2020 have already been filed with the stock exchanges and posted on our website.

I hope you have had a look at them and trust that they provide adequate information on our performance for the quarter and the year ended March 31, 2020.

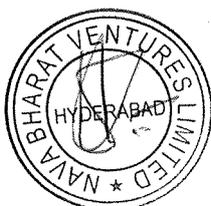
Given the above, we would like to proceed with the question-answer session and request you all to seek clarifications as you may desire. Thank you.

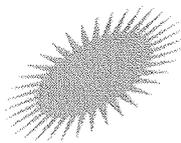
Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nalin Shah from NVS Brokerage. Please go ahead.

Nalin Shah: I would like to know what is the latest position on the power plants in India and outside India and latest position of the ferro alloys prices in the global markets?

GRK Prasad: The power plants in India are driven by the captive consumption of manganese alloys and chromium alloys respectively in Telangana and Odisha. They have been operating well post the lockdown. We had a setback during the lockdown for April and May, and part of March was also affected. However, from June onwards the operations have been fairly steady. In Zambia, the operations continued to operate uninterrupted at full scale.

Even now the operations are still at a normative level there. In terms of ferro alloys also, we had to shut down our operations during the lockdown and commenced the operations at full





scale from 1st of June. So there also the production levels have been at full level in both Telangana and Odisha plants, and the movements have been happening, respectively for direct sale of manganese alloys in Telangana works and for chromium alloys under conversion arrangement with Tata Steel in Odisha

Nalin Shah: Okay, so what is the likely impact in terms of pricing both in Zambia as well as in this ferro alloys?

GRK Prasad: Zambia is a power business dedicated to the grid, there is no change there. In terms of Indian operations there has been a significant volatility that is seen in the steel and dependent ferro alloy industry as well. We expect that kind of volatility to continue for some more months to come.

Nalin Shah: What is the expected position in terms of this Q1 with regard to impairment of assets or any extraordinary or any such thing?

GRK Prasad: There will not be any write offs, but obviously the fixed cost was not recovered fully during lockdown, to that extent we would suffer higher cost instance.

Moderator: Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

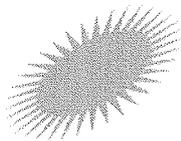
Mohit Kumar: Sir, my first question primarily, is regarding the status of receivables at the end of March '20 from Maamba and has there been some improvement in this quarter? Secondly, on the status of discussion over tariffs negotiation as mentioned in press release, has that happened or is there a plan in place with the Zambian Government or ZESCO?

Sultan: Mohit, status of receivable in MCL stands at \$279 million as of March 31, 2020. As you may be aware that we have not received the last installment due, or the bulk payments which has also resulted in increase of the receivables. So, it is status quo on the receivables as of now. Ashwin will now take you through the tariff negotiations with ZESCO and ZESCO's current position on the tariff hike and the substantial increase in receivables to MCL.

Ashwin Devineni: Before I talk about ZESCO, just to set the stage in terms of what we have billed and what we have received. For FY20 we had billed about \$252 million for the sale of power and we have received \$129 million which equates to about 51% of what we have billed. But if you look at it from July 2016 when we started the power plant to March 2020, we have billed \$774 million and we have received close to \$500 million which equates to about 64% to 65%.

So the situation is not like, that we are not getting any money from ZESCO. I think as you probably are aware MCL bills and receives about 40% to 50% of the invoice amount monthly which is enough for our operational expenditure, O&M and so on but it is not enough for debt repayment and equity distribution. Now for the debt repayment we have been receiving lump





sum payments from the government now and then. But they are harder to come by nowadays given the current Zambian economic situation.

So, what this has resulted in, given the fact that we are not receiving the full monthly amount every month, the outstanding amount that are kind of gradually going up on a month-on-month basis. And in order to address this, the Company is engaging in dialogue with ZESCO and the Government and trying to understand what the current situation is and accordingly come up with an approach and a plan to address the problems that we are facing in a very realistic manner.

So, with respect to the tariff, we have started discussions and negotiations with ZESCO for future tariff and it will not affect the outstanding amount or the current tariff, as it is for the future. Those negotiations and discussions are under way and the objective of that is to come up with a workable tariff both for Maamba Collieries and for ZESCO so as to ensure that ZESCO is able to pay its full bill on a monthly basis and on time.

And now that is to do with the future tariff, and with respect to the entire outstanding amount that ZESCO currently owes us, that has led us to basically initiate a process which is leading towards arbitration with ZESCO over the non-payment of the outstanding dues and the various breaches in the agreement. This process has been backed by the lenders too because we were not able to make their principal amount for the last debt repayment. Therefore, the lenders have backed us for initiating the action against ZESCO to retrieve the outstanding amount.

Ashwin Devineni:

In terms of the tariff revision there was quite a bit of media releases regarding the 110% hike in terms of commercial and residential tariffs which makes up approximately 45% of ZESCO's receivables. Yes, the hike was effective from January, but unfortunately there were two factors that prevented ZESCO from really reaping the benefits. One of it was the fact that the Kwacha which is the local currency there has depreciated by almost 35% and this tariff revision relates to Kwacha receivables.

So due to the depreciation of the kwacha the tariff hike really did not help. And secondly the consumption of power also decreased fairly drastically. So, net-net although the tariff had increased for both the residential and commercial, ZESCO's revenues did not increase proportionately.

Mohit Kumar:

I think the bulk supply agreement between the Copperbelt Energy Corporation and ZESCO has come to an end from 1st June,

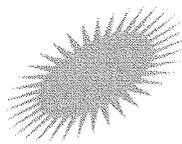
Mohit Kumar:

So what kind of impact will it have on ZESCO's financials and could it improve their financial position significantly?

Ashwin Devineni:

See I think we look at this as a positive development, as you know Copperbelt Energy Corporation (CEC) and ZESCO had a long term bulk supply agreement and CEC was





charging ZESCO a fairly high wheeling rate to supply to a lot of the mines, residential and commercial areas in the copper belt. So now the bulk supply agreement has come to an end and ZESCO has indicated its willingness to supply directly so that they can capitalize on some of those wheeling rates and increase their margins.

So we see that there is going to be a positive impact in terms of revenues that ZESCO is going to get because now they will be getting a lot from the mines and so on directly without incurring very large wheeling rates. But the exact figure and number is yet to be determined because there are still quite a few discussions that are currently taking place between the CEC, ZESCO and the government in terms of wheeling and so on.

B R Nahar:

I have two questions on the business firstly about the MCL mining operations which have given very good performance during the quarter and whole year also, what is the potential in terms of merchant sales? And secondly whether the realization which we get in the local currency is sufficient for meeting the local operating cost or are we in a position to remit out of Zambia in dollars?

Ashwin Devineni:

With respect to our Zambian subsidiary, Maamba Collieries Limited, there are two parts of the business as you have indicated, one is the power side and one is the mining side. Fortunately for both verticals, power and mining our receivables are in dollars. So we bill in dollars and we receive in dollars so there is really no forex exposure there, and this includes mining by the way. When we sell coal to the companies and the consumers, we invoice in dollar and collect in dollar.

So, our exposure to forex fluctuations or the Zambian government's ability to convert to dollars does not really exist. Now with respect to the mining operations like you rightly said it has performed fairly well owing to a lot of cost reductions that we had conducted in the past year and also the efficiency of mining that has improved drastically. So, that is by itself a fairly profitable business. And yes, we are in the process of increasing coal production so we can cater to larger outside sales to generate more revenue.

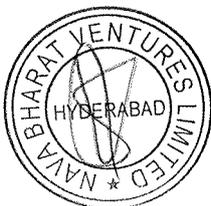
We are in the process of opening up a new pit which will essentially be catering to outside sales which will bring in a fair bit of additional revenue.

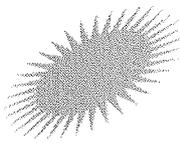
B R Nahar:

Can I add one more point that what is the head room available for increasing the coal production and selling in the local market?

Ashwin Devineni:

I mean see in terms of increasing production like what I just mentioned, we are planning on doing that by opening a new pit. When you open a new pit, you can essentially mine out more coal. In terms of the current market being able to absorb more coal, there are certain limitations because today all the big players, cement companies and so on that currently consume coal buy from Maamba Collieries Limited.





Although there is some more room to increase coal sales, we are currently doing fairly well in terms of capturing most of the coal consuming customers. So yes, there is a slight opportunity for us to increase revenue from outside coal sales.

Moderator: Thank you. The next question is from the line of Ayush Mittal from Mittal Analytics Private Limited. Please go ahead.

Ayush Mittal: If you see over a last couple of years the problems of receivables have just kept on increasing with passing time and today we are having a huge amount of receivables outstanding and we have not been able to meet the debt obligation also.

So, realistically what is the resolution that you guys are looking at when you are in discussions with the government because going by the articles and the developments it seems that ZESCO may not be able to make payments going forward also. What is the solution that you guys are looking at?

Ashwin Devineni: So in terms of the receivables like I had mentioned before, I think essentially what we are looking at is a very concrete payment plan from both ZESCO and the government and in order to attain that we have initiated a process that is leading to arbitration in London. This is with respect to the outstanding receivables. And moving forward like you rightly said it is not sustainable for us charging what we currently are and ZESCO not being able to pay and the receivables amount increasing on a month on month basis.

So that is why we have initiated this tariff renegotiation where consultants have been engaged on either side, and we are trying to arrive at and attain a tariff which Maamba can work with where it ensures enough money for opex, for debt servicing and for equity returns and at the same time also ensures that ZESCO can pay us that amount based on whatever the new tariff is in full on a monthly basis and on time.

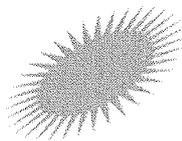
Ayush Mittal: But we will have to take haircut on the past receivables in such a case?

Ashwin Devineni: No, so that is something that we would not be taking at least for now. In fact, ZESCO has also acknowledged the current receivables amount that is outstanding inclusive of the interest amount. Whatever tariff renegotiation we are talking about is going to be for the future.

Ayush Mittal: And what is the timeline for this arbitration that we are talking about?

Ashwin Devineni: As you probably know these arbitrations, although the matters may be simple, they do take a while. So, we are forecasting about one to two years in terms of the outstanding amount and arbitration. But the tariff negotiation that we are conducting with ZESCO we foresee that happening in a much quicker timeframe.





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*Nava Bharat Ventures Limited
June 29, 2020*

Ayush Mittal:

Sorry, just to get a better understanding on this, so till this arbitration does not come to a final outcome or something, what happens in the meanwhile on the loan obligation? In what way are we obliged, what are the risks on that?

Ashwin Devineni:

See we service our debts twice a year, once every six months. The way it has been working is that we have been getting about \$9 million on a monthly basis and some time every six months normally the government has been supplementing with additional amounts so that we can meet our loan obligations. As of date, we have made six successful principal and interest repayments.

Now what has happened recently is because of the current dire economic situation, the government has also been facing a lot of liquidity issues. Hence, they were not able to really top up what ZESCO was giving so that we could meet our complete principal and interest obligation. So while the arbitration continues, we are still going to be seeking assistance from ZESCO and the government to give us sufficient funds to meet our loan obligations, and while I say that arbitration could take up to two years and so on, we are hoping that this process will yield to some kind of payment plan or result in a much earlier timeframe. It does not mean we have to go till the end of arbitration to come to a result that works for both of us.

Ayush Mittal:

Actually what I am trying to understand is that we have written in the press release that as of today we have not been able to make the payment to the lenders and now given that the mismatch may continue for a year, what risk do we have on our company from the lender side?

Ashwin Devineni:

Actually, this arbitration or this move has emanated with the blessing of the lenders. It is because we have not paid the last obligation. We were looking at different avenues and recourses that Maamba could take against ZESCO and so this has been done in coordination with all the lenders, and lenders have blessed our approach of initiating arbitration and get the outstanding amount.

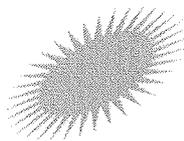
GRK Prasad:

Just to supplement what Ashwin said, you see it is a multi-thronged approach that the company has been adopting, first part to tackle the receivables. So, we talk about receivables up to a finite point, beyond which the new tariff regime will take over and we hope that the receivables will stop appearing from then on, this could happen in the near future. The second part is in terms of debt service we have actually engaged the lenders on this process.

Essentially what happens is that it will be a cash flow driven approach going forward. So what we plan to do is to seek some kind of a loan restructuring for the balance installments including possibly a slight extension of the tenure of the loan without impacting either the ratios or the returns on a larger scale. So, the lenders have appreciated that point because factually everybody is aware of what is happening in Zambia.

And they see that this is the right approach and they are also looking at that proposal which we have. So we hope that all these things will fall in place over the next few months because any





process requires lot of action from the lenders which comprises of multiple lenders from China and Africa. So we hope these things would be resolved quite satisfactorily for everybody in a few months' time. But as far as the payment of receivables is concerned as Ashwin said, this could be a long-term solution. But what we hope to achieve is to have a certain finite timeline for getting those loans discharged once we agree for all these things. So that could happen in the next few months.

Ashwin Devineni: And just to add further, you may be aware that the O&M services is generating revenue for Nava Bharat Ventures for providing O&M service to Maamba Collieries.

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

Bhavesh Chauhan: Again, on the Maamba Collieries, I would like to know at what point do we take a write off on these receivables because these receivables continue to mount. So, what is the auditor's opinion on this?

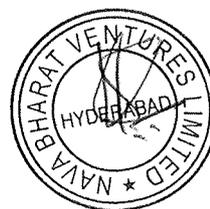
Sultan Baig: We did not anticipate any write off on these receivables at this point of time, because the entire debt has been acknowledged by ZESCO in writing along with the interest that is due on the receivables. But taking into consideration the long time that it may take for us to realize receivables we have provided some expected credit loss.

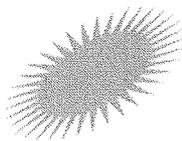
So, this year we have provided for an ECL of \$22 million on the receivables taking into consideration that the outstanding amount is about a year old and discounting at 8%. So we have made a provision which is a notional provision on the ECL for \$22 million and at the same time we do not see any write offs of this receivables.

Bhavesh Chauhan: Okay. And sir, with regards to ZESCO is it possible to divert our electricity supply to some other party or is the ZESCO only option for us considering that they are not paying on time?

Ashwin Devineni: Yes, the government did approve open access during the latter part of last year and so the option is available. But you know we need to keep in mind that because of the power purchase agreement that we currently have with ZESCO we have a government guarantee. So, if we decide to now start selling a part or portion of the power to other suppliers or other independent players then the government guarantee will essentially be diluted to that extent.

And that is a big source of security that a lot of the lenders and we take comfort in. It is one of the reasons why the government has always been forthcoming to provide additional funds. So yes, I mean the option is available, but I do not think the time is now where we start looking at other options and entities to sell power directly.





GRK Prasad: Especially when the bulk power supply agreement of CEC has been determined and the ZESCO has now started billing directly to some of the copper companies. Our expectation is that ZESCO has a better revenue profile now and also going forward than before.

Bhavesh Chauhan: Okay sir that was helpful. Just lastly what would be the weighted average cost of ZESCO's electricity rate that suppliers like you supply to them? Is it above us or it is below us or it is somewhere around our realization which is around \$0.10?

GRK Prasad: \$0.10 is little higher than their average realization but then the full cost could be lower. We do not have full details. But there has been a separate study undertaken by Energy Regulatory Board in their cost of service study. We hope that this would bring out all these facts which essentially mean on a one on one basis there is no mismatch as it is a pooled cost versus pooled revenue. But there could be other issues which seem to be affecting ZESCO's operations mostly on the administration side. So, we do not know yet, but we will find out eventually.

Moderator: Thank you. The next question is from the line of Ajay Jain from Astute Investment. Please go ahead.

Ajay Jain: My question is what is the credit risk from ZESCO and what is the default risk of the Zambian government?

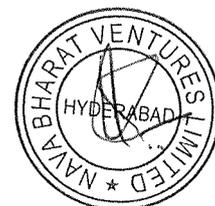
GRK Prasad: I do not think we have reached a point for that kind of a situation because as you probably have seen, the Zambian government has been proactively taking steps to have their fiscal problems being addressed. They are going through a sort of a restructuring program themselves. So, I do not think we are looking at a situation where either the government or ZESCO completely defaults. They have problems currently in meeting the payment obligations, but I do not think it will come down to a point where they will completely shut off.

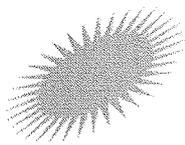
Sultan Baig: And just to add further, the Zambian government has a significant amount of assets whose value is yet to be unlocked. So, we do not see any credit risk either from Zambian government or ZESCO.

Ajay Jain: Another question. On a scale of 0 to 10, what are the chances of MCL being nationalized or taken over by the Zambian government? Zero means zero chance.

GRK Prasad: See the Zambian government is a performing government. We do not need to go by some incidents where the occasions demanded that kind of action by the government. But what we see is that the Zambian Government has been respecting the suite of documents that they have signed on behalf of ZESCO, and also on behalf of the company. So, we do not see that any kind of action being taken like that. I do not think that is a matter for discussion.

Ajay Jain: Okay. Another question is what is the solar power penetration in Zambia?





Ashwin Devineni: They have been going through a solar program, but that is for a small portion of their total demand. It is more dictated by other considerations. I do not think that could actually supplement or substitute a base load power like what we have.

Moderator: Thank you. The next question is a follow up from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: The agreement for ferro chrome conversion with Tata Steel expired in March 2020, which was extended up to September 2020, if I correctly remember. And I believe that Tata Steel has already won this Kunda mine. So, is there any sort of renewal which is happening for this Ferro Chrome conversion arrangement?

Ashwin Devineni: I think with respect to our Odisha Ferro Chrome operations, fortunately there has been a degree of stability during these very volatile times. The current conversion agreement that we have with the Tatas is going to run till March 2021. And owing to the fact that yes, Tata steel have won various Chromite ore mines, we are in discussions and negotiations with Tata steel on a new conversion agreement that would commence from the start of next financial year and all indications point towards a fairly long term agreement with them.

Mohit Kumar: Secondly sir, on Telangana power purchase agreement, I think expired on March 2020 and there was shortage of demand from Telangana. Is there any final reconciliation which has happened for the penalty which they are supposed to pay for that time period. Could you give an update on that?

Sultan: Yes, Mohit. Our PPA with Telangana Transco expired on 31st March. At the end of the PPA taking into consideration the availability of the plant during the PPA and the actual drawl by the Transco we have arrived at the compensation which the Transco is liable to pay to us. We have raised an invoice. But as you know generally these negotiations with the Transco for settlement of the compensation takes a very long time.

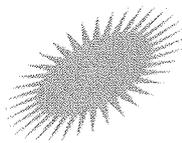
So, we have not recognized any revenue in our books for this as of now. We recognize it on a receipt basis only. We do not anticipate that it will be settled in the next couple of months. I think taking into consideration the current situation with COVID and all other factors, we anticipate that it will be settled only in the year 2021.

Mohit Kumar: And thirdly on the interest which you booked on the receivables from Mamba. At what rate we have booked and is it completely booked now. So, is there nothing left, can you confirm that?

GRK Prasad: Yes, it is completely booked as of March 2020. It is at 8% as per the terms of the PPA.

Mohit Kumar: Lastly sir, given the fact that there hardly any competition for coal linkage. Are you looking to tie-up something under a mid to long term linkage given the fact that the interest on the coal linkage and thereby coal mines are pretty lower, we can get it at a decent rate?

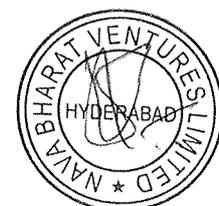


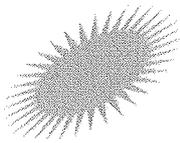


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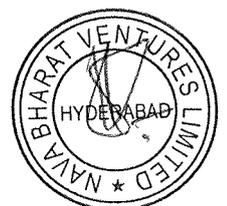
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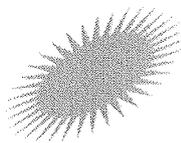
- Ashwin Devineni:** Yes, in fact efforts are underway for both the 150 megawatt which is under subsidiary as well as the second 60-megawatt unit in Odisha.
- Mohit Kumar:** You have also signed for linkage as well as mines, am I right?
- Ashwin Devineni:** Linkage not mines actually. The auction linkage under the Shakti scheme is what we are pursuing.
- Moderator:** Thank you. The next question is from the line of Srivatsa Venkatachalam from UTI Mutual Fund. Please go ahead.
- Srivatsa Venkatachalam:** I have four questions. So first is we did talk about divestments for a fairly long period of time and obviously I understand with the current scenario it is very difficult. But may I know in what stage we are with regard to our key assets which we have identified including the land as well as the sugar business which we have now discontinued. I mean have you started negotiating or we are still yet to call for tenders or are the assets ready to be sold once the situation improves? If you could just update us on that, sir?
- Ashwin Devineni:** So, with regards to the divestments like you rightly said, this is not the best of time for us to close. We have the sugar assets which have recently become available, so we are looking at the options to unlock the value both for the assets and the land. And the same applies to the Dharmavaram piece of land which is about 150 acres and inclusive of 20-megawatt power plant. Over there also we are looking at various options including joint ventures or co-development or outright sales.
- But I do not think we are in any stage right now where we have anything finalized or anything concrete. But yes, markets right now are quite bad given the current situation. So, we think it will take a little longer time.
- Srivatsa Venkatachalam:** My question as you had also indicated some land in Secunderabad. I mean is the land ready. I mean if tomorrow you identify a buyer, can the transaction be concluded or there is some other process we need to do with the land in terms of transferring the land use or some other kind of process?
- GRK Prasad:** As far as the Dharmavaram and sugar plants are concerned probably that the timelines are more determined on the current impact of COVID. But as far as the land at Secunderabad is concerned, there is a small process. Again, it got halted because of this COVID-19 disruption. We hope that in the next couple of months by when if the market improves then we can get into a straight deal. That is how the situation is.
- Srivatsa Venkatachalam:** And this sugar is a completely integrated unit, or it is just only a sugar processing unit?





- GRK Prasad:** It is fully integrated in terms of alcohol unit and then ethanol unit and cogeneration of power. In fact, ethanol has been driving the profitability to some extent with mere sugar not yielding the required results.
- Srivatsa Venkatachalam:** And sir, the second question I had was on the status of our Indian subsidiary NBEIL which is having an independent power plant. So given the current scenario where demand for merchant power is low and PPA visibility is not there, what is the outlook on that for the next one year. In one of the meetings with you, you had also indicated that we are in talks with some captive players for them to take a stake and make it into the captive arm. So, any thoughts on that subsidiary?
- Sultan:** So, we have been in discussions with captive consumers for entering into a group captive mechanism for the NBEIL 150 megawatt IPP. So, we are in fairly advanced stage of discussions. We hope that it can be concluded with the approval from the Transco in the next few months. So, which may give a solution for this entity for the next couple of years.
- Srivatsa Venkatachalam:** And the third question was on the debt side at the standalone level. It has close to Rs. 250 crores of debt. So I do not know what was the figure in NBEIL, but if I look at the ex-Zambia what will be the debt and is there any further plans to reduce the debt in the current year or will it remain at the current level if I look at on an ex-Zambia business?
- Sultan:** For the Indian operations, we are not planning to take any new debt in the current year and whatever are the installments due as per the repayment schedule will be paid. By end of this financial year March 2021, we will see a significant reduction from the current levels. The slight increase in debt in Q4 was due to higher utilization of the working capital.
- Srivatsa Venkatachalam:** And sir, you also did mention that you have got some hikes on the O&M side. So, is there any big outstanding sum pending on the O&M fees that we have charged to the Zambian entity? I mean has that been cleared as per the process?
- Sultan:** There are no outstanding receivables on the O&M side.
- Srivatsa Venkatachalam:** And sir, what would be the total fees that we would have received last year in INR terms or USD Terms?
- GRK Prasad:** Well, last year our fees means on a standalone basis, was about \$10 million which is set to go up to by \$5 million this year. So, we are talking about \$15 million in revenue in FY21.
- Srivatsa Venkatachalam:** And sir, I think the point is if I really look at the share price performance for last three, four years it has been a very big underperformer and it is largely because of the fact that we have not been able to collect the receivables in Zambia. So today the market is actually not giving any value to the Zambian venture where we have invested probably more than \$200 million.





So, at what point will you take some action on this, or explore a stake sale there because as a shareholder it is not yielding us anything for the kind of money that we have invested?

I mean if you look at the value destruction in the last three years which is seen by your share price, it is clearly because of the investment that we are not able to monetize. So as a management there has to be some time limit. We just cannot go back to them and delay it. I mean the process is just getting elongated. And again, probably two years down the line if the situation is the same, we will be back to square one.

So is there any time limit which the management has put or your board has put that once the decided time has elapsed let us try to explore the sale and let us get the money back because it is I mean from the shareholder's perspective this is not yielding anything for us?

Ashwin Devineni:

Let me just state two facts. One is it is not a case where it is not yielding anything for the shareholders right now because like you talked about the O&M services, we do get that on a monthly basis and on a yearly basis. So that revenue for providing services does come into the company as Mr. GRK said, is about \$15 million.

Now over and above that, I think it is important to note that the project finance was done on a limited or a non-recourse basis and there are no more financial commitment for obligations from the parent company side or from Nava Bharat Ventures Limited towards Maamba Collieries. So yes, I mean it has taken longer than we had expected, but unfortunately the economic situation has become pretty bad in terms of the country and ZESCO and it is for that very reason that we have initiated this arbitration process.

So, I think it is too early to talk about things such as stake sale and so on because we are getting revenue from the operations. Yes, we are not getting equity returns now. But we are hoping that once we agree on a reasonable tariff with ZESCO things will change where we get our monthly payments on time and we can start supplementing what we are making on the O&M services with equity distribution.

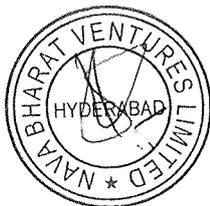
Srivatsa Venkatachalam:

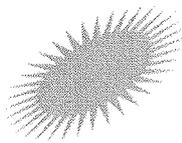
No sir, my simple point is that you have invested from Nava Bharat's point of view about \$200 million plus and we are not seeing any cash return. Yes, you are getting that \$15 million but apart from that neither are we getting the interest payment nor is there any significant cash inflow from operations. You can show it in the consolidated figure, and you can show a good ROE. But as a shareholder unless I get that cash, it is of no use to me.

That is the simple point I am making. And sir, finally on that loan that we have given to the Singapore subsidiary, what is the status? I mean have you recognized that interest or it will be on actual cash basis, sir?

GRK Prasad:

No, the loans have been converted into equity. So, the \$65 million loan was converted into equity in the Singapore books and so interest accrual stopped accruing from third quarter





onwards. But on the other points your point is well taken. I think the matter is at the top of the mind for the Board of directors. We would probably take some action at some point of time.

Basically, you need to have an asset which is a quality asset which is what all these efforts will drive it to be. Once the asset is a functional asset and yielding quality results, then I think all those steps would make more sense. At this point it is probably a little premature given the kind of receivable that we have. I think it is important we put all those issues behind us before we talk about any corporate action.

Srivatsa Venkatachalam: And sir, just your thoughts on doing any kind of buyback because we are quoting at 0.4 times price to book and it is probably amongst the lowest among the top 500 companies.?

Ashwin Devineni: I think as far as the company is concerned, we have always looked at increasing the shareholder's value and one way is possibly by doing continuous buybacks. That has always been on our mind. But in today's current situation every company is trying to conserve and preserve cash as much as possible because we do not know what tomorrow is going to look like.

And I think one of the reasons why we can operate the way we are due to the debt levels being low. So, I think the Board will take an appropriate decision on the buyback based on cash flows. But yes, it is our intention that down the line we will continue doing buybacks.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Shirish Rane for closing comments.

Shirish Rane: Sir, would you like to say any closing comments?

Ashwin Devineni: Thank you very much everyone for your participation in the call. I hope we have addressed all the queries adequately or if there are any questions or clarifications that remained unanswered, please get back to us and we will be happy to provide answers on a wider investor platform. Thank you all once again and stay safe.

Moderator: Thank you. On behalf of IDFC Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

