



NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/140/2021-22

June 22, 2021

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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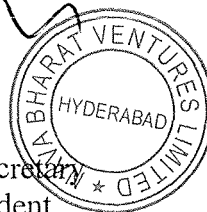
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on June 18, 2021 on the operational and financial performance of the Company for the quarter and year ended March 31, 2021.

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



Encl: as above.



NAVA BHARAT

“Nava Bharat Ventures Limited
Q4 FY2021 Earnings Conference Call”

June 18, 2021

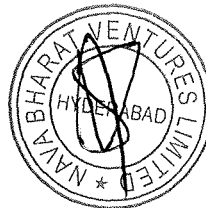


NAVA BHARAT



ANALYST: MR. MOHIT KUMAR – DAM CAPITAL LIMITED

MANAGEMENT: MR. ASHWIN DEVINENI – CHIEF EXECUTIVE OFFICER - NAVA BHARAT VENTURES LIMITED
MR. GRK PRASAD - EXECUTIVE DIRECTOR - NAVA BHARAT VENTURES LIMITED
MR. SULTAN A. BAIG – CHIEF FINANCIAL OFFICER - NAVA BHARAT VENTURES LIMITED
MR. VSN RAJU - COMPANY SECRETARY & VICE PRESIDENT – NAVA BHARAT VENTURES LIMITED
MR. NIKHIL DEVINENI – VICE PRESIDENT – COMMERCIAL - NAVA BHARAT VENTURES LIMITED





Nava Bharat Ventures Limited
June 18, 2021

Moderator: Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q4 FY2021 Earnings Call, hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference 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. Mohit Kumar from DAM Capital Advisors Limited. Thank you and over to you Sir!

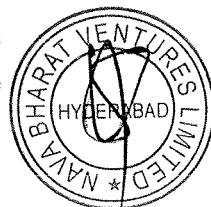
Mohit Kumar: Thank you Mallika. On behalf of DAM Capital, we welcome all the participants to the Q4 FY2021 & FY2021 earnings conference call. We have with us Mr. Ashwin Devineni – Chief Executive Officer, Mr. Sultan A. Baig – Chief Financial Officer, Mr. GRK Prasad- Executive Director, Mr. VSN Raju - Company Secretary & Vice President, Mr. Nikhil Devineni – Vice President – Commercial. We will start with a brief update followed by Q&A. Over to you Sir!

Ashwin Devineni: Good morning everyone and a very warm welcome to all the participants. This is Ashwin Devineni, the CEO. The statement of the financial results both on standalone and consolidated basis and the press release detailing operations of the Nava Bharat Ventures Group for the quarter and year ended March have already been filed in the stock exchange and posted on our website. I hope you had a look at them and trust that they provide adequate information on our performance for the quarter and year ended March 31, 2021. Given the above we would now like to proceed with the question and 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 Lodha from Sanmati Consultants. Please go ahead.

M Lodha: Sir, regarding the consolidated accounts of the company, there is a provision of Rs.334 Crores during FY2021 and Rs.53.88 Crores during the quarter allowance for the credit loss. Can you explain briefly to us?

GRK Prasad: This is on account of time value of the receivables in our Zambian company. So a provision is made in accordance with the IFRS regulations and it has been done on a quarter-on-quarter basis, so you will find this year the charge





is about \$45 million and together it is about \$75 million as of March 31, 2021. This is a provision for time value of receivables.

M Lodha: My second question is regarding status of one of the units in Maamba Collieries which was shut down in that quarter for maintenance due to requirement of critical part?

GRK Prasad: Well the shutdown was a planned one in Q4 and was scheduled to complete by end of March as per the norms in the power plants, but we found that some of the critical parts of turbine require replacement and that replacement is currently going on., We ensured that the availability of the power plant with the other unit continued as it is till now and also for the next month or so, so in a way the budgeted generation is not greatly impacted excepting for a couple of months where we were required to operate both the units and that loss will be there in the current financial year.

M Lodha: Sir, presently only one unit is working?

GRK Prasad: Yes. One unit is working.

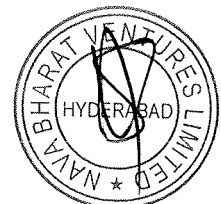
M Lodha: Can we expect surplus coal for merchant sale from this quarter in case the power is not being produced?

GRK Prasad: The sale of coal for rational customers is of a different grade, that is a metallurgical grade coal whereas the coal that is intended for power generation is a low-grade coal. So, the stoppage of power plant does not impact the coal sales at all because that is a separate revenue stream. In fact, it has been robust since last few months. So that coal sale is happening without any hindrance, and we will continue to do so this year as well, but the stoppage of power plant has no relationship with the coal sales because that is a separate unit altogether.

M Lodha: Can you sell the low value coal also as a merchant sale?

Ashwin Devineni: The power grade coal is used for power generation and high grade coal is used for merchant sales.

Moderator: Thank you. The next question is from the line of Monika Arora from Share Giants Wealth Advisors. Please go ahead.





Monika Arora: I have two questions; one is how was the performance of the healthcare business in Asia and the second is what is the outlook of power business in Odisha?

Ashwin Devineni: In terms of the healthcare business, definitely COVID has taken its toll because of lockdown, so some of the sales that we were expecting were not realized because of that but that being said the business is growing quarter-by-quarter by a substantial amount, so I think once these lockdowns end, we do see potentially a fair bit of growth on the healthcare side of things in Singapore and Malaysia. Now with respect to Odisha power, we were glad to announce that the 60-megawatt independent power plant that was under shutdown for a long time due to a matter that needed to be resolved with the utility, was resolved and we have recommissioned the 60-megawatt IPP in Odisha, which is currently selling power.

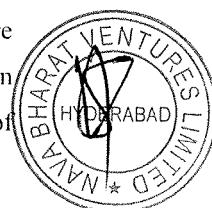
Moderator: Thank you. The next question is from the line of Meet Vora from DAM Capital. Please go ahead.

Meet Vora: My first question regarding the ZESCO tariff order, is there any development in negotiation with the ZESCO for tariff and can you please update on the arbitration cases and timelines?

Ashwin Devineni: On the ZESCO tariff negotiation, discussions are currently going on. There have been certain delays given that the Zambian election is scheduled for the month of August but those discussions are currently going on and the arbitration in London is also underway. I do not want to discuss too much about the arbitration because it is still subjudice and we are hoping for an early verdict.

Meet Vora: Second question was regarding the status of the monetization of the assets?

Ashwin Devineni: Yes, in terms of the monetization of the assets, there were a couple of assets that we are talking about, one is the Dharmavaram land, because of the entire COVID situation the progress has been fairly slow and even the valuations have taken a large hit so we are hoping that once things settle we can accelerate activities to monetize the Dharmavaram land. With regards to the land near Hyderabad, hearing of the ULC matter is done, the arguments were made and the results are expected shortly so once that is out of the way then we could go forward with looking for buyers and monetization and in terms of





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Samalkot as you probably know we are looking at selling the machinery and that process is currently underway.

Meet Vora: Sir, we have given fantastic numbers in the standalone, so how are the ferro alloy prices faring right now? I just wanted to understand the sustainability.

Nikhil Devineni: Ferro alloy prices are doing extremely well right now. This uptick in momentum was seen mainly through Q1 onwards and the momentum has kept up as we speak. Going forward, I understand that even in Q2 the prices might have a small correction but there should not be a major correction because most producers have already booked their quantities for Q2 and coupled with that the export market is also doing extremely well right now and also two major producers in Malaysia had been in shutdown or had to curtail their capacity owing to COVID so this has given a boost to Indian markets.

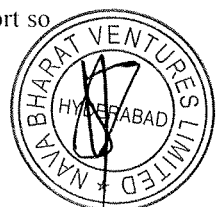
Meet Vora: One last question from my side was about 150-megawatt IPP in Telangana and 64 MW in Odisha operating now and what is the outlook on that?

Ashwin Devineni: Yes, so unfortunately the 150-megawatt IPP in Telangana is not operating. It has operated for a couple of days previously when tariffs were better, given the COVID situation, the demand has significantly dropped and therefore the IEX prices for power have been very low. So financially it did not make sense continuing running the 150 megawatt IPP, but I think once the lockdown eases and the demand rises, we will see an improvement on the IEX side of things which will allow us to fire up the 150 megawatt IPP again. In terms of 60 megawatt in Odisha, the utility matter has been resolved and, we have recommissioned it. We are currently exporting about 25 megawatt out of 60 megawatt and the remainder of the power we were looking for a slightly better IEX prices to fire up the second boiler and start exporting power.

Moderator: Thank you. The next question is from the line of Samil Surendran from Argus Media. Please go ahead.

Samil Surendran: We have seen a rise in exports demand of ferro alloys from overseas, so do you expect to focus more on exports in the coming quarter?

Nikhil Devineni: We normally cater to about 35% of our production to export and 65% to domestic but this ratio always fluctuates based on the realizations that you are able to procure, sometimes the domestic market is far better than the export so





based on the orders that we book and the realizations of those orders, we either cater to the export market or the domestic market, that being said last year we have stuck to this ratio of 35% to exports and 65% to the domestic market.

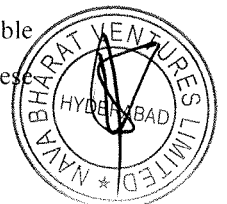
Samil Surendran: Any guidance on the ferro alloy business for the full year?

Nikhil Devineni: As we mentioned earlier, right now the ferro alloy prices are doing extremely well particularly for silico manganese and we expect that there would not be any major correction in Q2 mainly owing to the fact that most suppliers have sold out their quantities, that being said it is very hard to predict going forward, on one hand there has been a sharp improvement in the real estates and infrastructure segments accounts for almost 60% of the steel so given that the end users of steel are suffering right now because of the extreme high prices there might be a correction post Q3 but we do not expect it to fall much.

Moderator: Thank you. The next question is from the line of Keshab Garg from CCITL. Please go ahead.

Keshab Garg: I want to thank and congratulate you for the share buyback. The company is so undervalued in relation to its assets so it makes more sense for the company to buyback and extinguish its own shares rather than go for some external investment opportunity because the market is providing us that opportunity. So thank you very much for that great decision and I hope so in future you carry on the share buyback. Just to get some clarity that a huge part of our consolidated net worth is stuck in trade receivables from our Zambian operations and this amount is increasing every year so until some clarity or some reassurances are provided to the shareholders, there will be a state of constant suspense. Although you are mentioning that there is a sovereign guarantee but what good is it that if every year we have to provide for some part of it so if you could provide some clarification on that part then that would be really helpful?

Ashwin Devineni: In terms of the Zambian operations, yes, it is kind of unfortunate that the amount of receivables are going up but I think process to resolve that has commenced. One major step we have taken is arbitration and that deals with what is due, everything retrospective, so we have a clear indication of the amount and it is clear to all parties and there has been a determined effort from both i.e. our side and the lender side and also with a new tariff that is workable both for us and for them moving forward so that we can kind of freeze these





receivables and our dues going up, so both these processes are underway, unfortunately these processes do take time since you are dealing with the country utility and the arbitration process takes its own time but we are hoping that once both are resolved we will have a proper sustainable result in terms of the Zambian project.

Moderator: Thank you. The next question is from the line of Raja Nahar from Mili Consultants. Please go ahead.

Raja Nahar: Congratulations on a good set of numbers. My first question is on the ferro alloy business segment. Are you booking this Tata conversion contract at the market rate or is it basically conversion charges in our sales realization?

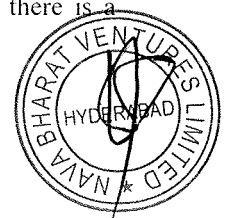
Nikhil Devineni: The Tata contract is on a conversion charge basis where they supply the ore and they have the rights of marketing the finished product.

Raja Nahar: The second question is again on the ferro alloy. Since many of your competitors in India are expanding the capacity and you have the 150 megawatt power plant and also 60 megawatt power plant is lying down basically. So, are you considering ferro alloy expansion because availability of raw material is also not a big concern and you are also projecting that market is likely to continue good, so are you considering any kind of expansion?

Nikhil Devineni: We are considering it, but I must add here that the current raw material cost control is not in our hands. We are procuring it from outside suppliers so in the interest of having some visibility on our cost of production we are also looking at backward integration where we are scouting for having our own manganese ore mines, that process is also underway. I think once there is some visibility on that, expansion would be taken up.

Raja Nahar: Next question is about the coal in Zambia. Basically, this quarter you produce over 1 lakh tonnes of coal so what is the potential there, because you get 100% payment unlike power where we are stuck at 57.8% so what is the scope where we can increase to 2.5 lakh tonnes per quarter, is it possible?

GRK Prasad: The coal is currently being sold in Zambia and surrounding regions and there is to some extent a limited market. Whatever market is there we have been able to service that so we are looking at a new mine pit that is coming on stream whereby the quantity of coal would go up in which case there is a





possibility of expanding this coal volume as well but at this point it is early stage. The demand actually percolates from surrounding regions which is yet to be tapped whatever is happening is in Zambia predominantly.

Raja Nahar: So, what kind of quantity you are projecting or possibility to reach coal per quarter?

GRK Prasad: We cannot put a different number than what was achieved last year excepting for a slight increase. Yes, certain increase is certainly visible given the robust performance but beyond that in the current year it is difficult to say. We are working on that. You are right in the sense the coal revenues and revenue has been 100% realized. There is no issue, which is one of the significant developments in Zambian operations.

Moderator: Thank you. The next question is from the line of Amit Vora from TCS Securities. Please go ahead.

Amit Vora: Good morning. I am Amit from TCS Securities.. The other income for the quarter is the same as it was in the last quarter in the same year Q4. What is the reason for the increase to Rs. 107 Crores ?

GRK Prasad: The other income comprises capex gains and MTM gain in terms of our Zambian operations. That is the principal contributor to that for the quarter.

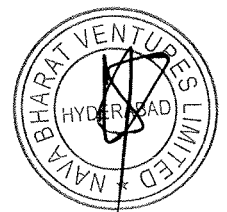
Amit Vora: If you can give that breakup that would be helpful Sir?

GRK Prasad: Roughly out of Rs. 107 Crores for the quarter, about Rs. 45 Crores is the FX gain and MTM together.

Amit Vora: Rs. 45 crore is capex gain and Rs. 12 crore is MTM.

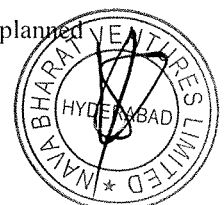
GRK Prasad: Both put together it is Rs. 45 Crores, and the balance of course is more an interest provision which has happened but that is available for the previous quarters also.

Amit Vora: Sir, what is the kind of other income other than the forex, like this interest provision that we can assume that can continue because for the full year as well I think our other income is always Rs. 250 Crores compared to negligible other incomes?





- GRK Prasad** This other income stemmed from the interest charge that is happening on the outstanding receivables, so it is not like an interest from bank finances or anything like that. It is a function of receivables being outstanding and interest being levied on that.
- Amit Vora:** This is the cash flow that is received or I think only a provision that we are making?
- GRK Prasad:** This forms part of the overall receivables.
- Amit Vora:** Sir, can we expect the interest cost to be at the steady run rate because now we are almost touching around Rs. 80 Crores per quarter?
- GRK Prasad:** Again, it is principally driven by MCL operations. If you see the standalone debt is pretty low, completely driven by MCL debt and interest small variation is on account of the principle being outstanding for last three installments so little additional interest instance would have happened but other than that it is a standard interest charge and it will continue while the loans are outstanding.
- Amit Vora:** Last question Sir; any incremental debt that we are planning to have in the FY22 in this current year?
- GRK Prasad** No, we do not have any plans at this point.
- Amit Vora:** This is our peak debt is a fair assumption?
- GRK Prasad:** Yes, because we don't have capital expenses at this point, so I do not think any debt is being planned.
- Moderator:** Thank you. The next question is from the line of Vijay S an individual investor. Please go ahead.
- Vijay S:** My first question is about the ferro alloy plant utilization. As can be seen from the figures, the silico manganese plant utilization is 75% and ferro chrome plant utilization was 75% too. Now when the ferro alloy market is booming so much and the prices are going to the roof, why is the plant utilization low? Is the demand low?
- Ashwin Devineni:** No, Mr. Vijay, for the ferro alloy unit in Odisha the plant utilization was slightly lower than the preceding year mainly on account of a planned





shutdown that we had for 30 days this is something that was inevitable for the furnace realigning activities and this is an immediate requirement and therefore it had to be shutdown.

Vijay S: The first quarter is almost ending now, so for this quarter with the booming ferro alloy prices, can we say that the plant is fully utilized in Odisha as well as the one in Telangana.

GRK Prasad: Yes, I could say that. The plant utilization is a function of how much power we are putting in there so if you look at it we have four smelters in Telangana and two smelters in Odisha, all six are at 100% utilization at this point.

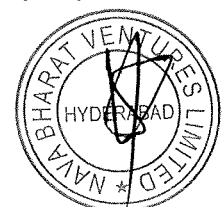
Vijay S: The second is about the dividend distribution policy of the company. We have increased the dividend from 1.5 to 2.5 this year which is very good, but what percentage of the profits is this? What percentage of standalone profits and what percentage of consolidated profits?

Ashwin Devineni: Mr. Vijay, our dividend policy has generally been 20% of the standalone PAT but I think this year given the good performance on the standalone side owing mainly because of the ferro alloy division we thought we would give a little more and I think the current dividend that we have declared equates to about 23%.

Vijay S: Why is it a standalone profit? The company as an entity has got standalone profits alone or consolidated profits as well?

Ashwin Devineni: The reason is with respect to consolidated profits, a lot of that is owing to Maamba Collieries where we were having issues in terms of the receivables. So that amount is not completely being received and some of those issues are being dealt with in Zambia in the form of arbitration and tariff negotiation, so that is why it is a part of standalone.

Vijay S: The purpose of my question is particularly in the light of the monetization of land that the company is looking at in future which is not happening for a long time but it seems to be close to happening now. If we have a clear dividend distribution policy, I suppose that monetization will be shared with the shareholders with all the stakeholders, given the percentage the policy that the company has?





Ashwin Devineni: Yes, the monetization is progressing, and we will definitely come up with the policy because we are also doing buybacks to improve shareholder value so we will have kind of look at all the various options and probably come after some time.

Vijay S: Are you contemplating any haircut in Zambia receivables in your arbitration proceedings?

Ashwin Devineni: Arbitration matter is right now subjudice, so I do not want to comment on the arbitration matter at this point of time.

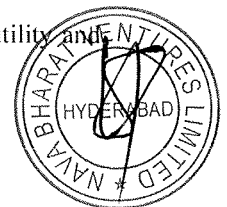
Moderator: Thank you. The next question is from the line of Sameer Shah an individual investor. Please go ahead.

Sameer Shah: I wanted to ask about the timeline of the arbitration with ZESCO, you did mention that there were elections and all that going on but would you have a definitive timeline in mind? The second question is about the merchant power business. You had a bit of ups and downs in some quarters when the IEX numbers are high, it goes into sale and then again comes down, so do we have a sustainable strategy for that in the long-term because 150 plus 60, 210 megawatts is a fairly large capacity to go idle and go only in fix and starts?

Ashwin Devineni: To answer your first question with regards to the arbitration, it has nothing to do with the Zambian election. I think about the Zambian election I brought up more in terms of the tariff negotiations for the perspective tariff. The arbitration has been currently held in London. In terms of timeline, it is very hard to say, we hope that we will have something by the end of this year, but it all depends on how the proceedings go. With regards to the merchant power, in terms of the 150 megawatt and the 60 megawatt, I completely agree with you, the IEX prices fluctuate quite a bit. The long-term solution we have been looking at is a group captive scheme for both the units i.e 150 megawatt and the 60 megawatt.

Sameer Shah: When would that come into play? Would that take a long time?

Ashwin Devineni: Well, with respect to the 150 megawatt, there are certain procedural issues that we are facing. It is in court and that process is currently underway. With respect to the 60 megawatt in Odisha, we just re-commissioned it and so we were happy to kind of go past all the issues that we had with the utility and





resolve that so now that we have recommissioned the 60 megawatt. We are pursuing the group captive scheme and we will inform you once significant progress has been made.

Sameer Shah: This is about the discontinued sugar business. I can still see that there are sales being recorded over there, probably some inventory of the past but there was some announcement that the sale has been canceled could you throw some light on that?

Ashwin Devineni: In terms of the sale, we had identified parties and had signed an agreement but unfortunately some of the conditions, precedents were not met so we had to terminate that agreement, so we are currently engaging other buyers with regards to the machinery sales.

Sameer Shah: Would you not want to relook at that business, now that ethanol is starting to come on its own and most sugar producers are excited about the new ethanol policy and 20% blending?

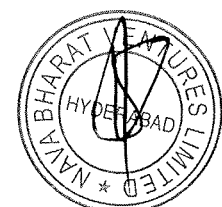
GRK Prasad: You see for this unit it is nothing to do with the ethanol. The major problem that was being encountered is the availability of cane, that is getting shrunk year-on-year and it was coming to a point where it was not meeting even our minimum kind of operations. That is the reason we did not want to pursue that business there but given that we have taken decision and we have to move on in terms of unit sale. I do not think there is any intention to relook at the resumption of operations at that location at least.

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

Ayush Agarwal: My first question is what was the reason behind the booking of interest and receivables this year and is it provisional or have we received something against it?

Sultan A. Baig: As per terms of the PPA we are eligible for interest on their delayed payments from ZESCO so we are raising invoices on ZESCO for the delayed payment and we are recognizing as revenue in other income and the same is being carried in the receivables amount from ZESCO.

Ayush Agarwal: Will this be done retrospectively?





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- GRK Prasad:** No. This is being done on every month basis so whatever outstanding receivables that are there they also have this interest component.
- Ayush Agarwal:** In the previous years we did not use to book this income?
- GRK Prasad** It was there even in previous year.
- Sultan A. Baig:** During the previous financial year, we have recognized the revenue of \$5 million for the interest on delayed payment.
- Moderator:** Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to the management for closing comments.
- Ashwin Devineni:** Thank you very much everyone for your participation on the call. I hope we have addressed all the queries adequately or if there are any questions or clarifications that remain unanswered, please get back to us and we will be happy to provide answers on a wider investor platform. Thank you all once again.
- Moderator:** Thank you. On behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

