

# NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 757/2019-20

February 4, 2020

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> 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.

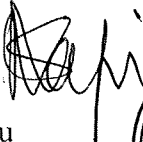
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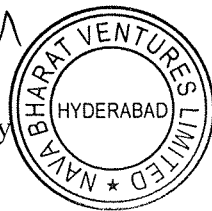
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on January 30, 2020 on the operational and financial performance of the Company for the quarter ended December 31, 2019.

Kindly take the same on record and acknowledge the receipt.

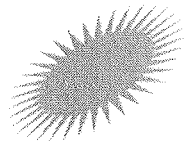
Thanking you

Yours faithfully  
for Nava Bharat Ventures Limited

  
VSN Raju  
Company Secretary  
& Vice President



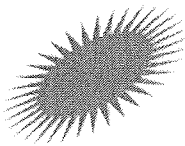
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# “Nava Bharat Ventures Limited Q3 FY 2020 Earnings Conference Call”

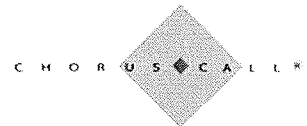
**January 30, 2020**



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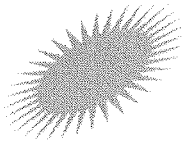


IDFC LIMITED



**MANAGEMENT: MR. ASHWIN DEVINENI -- CHIEF EXECUTIVE OFFICER,  
MR. GRK PRASAD -- EXECUTIVE DIRECTOR,  
MODERATOR: MR. SHIRISH RANE -- IDFC SECURITIES**





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*Nava Bharat Ventures Limited  
January 30, 2020*

**Moderator:** Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q3 FY 2020 Earnings Conference Call hosted by IDFC Securities 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. Shirish Rane. Thank you and over to you, sir.

**Shirish Rane:** Good morning, everyone and welcome to the Third Quarter FY 2020 Conference Call of Nava Bharat Ventures Limited. We have with us today, from the management, Mr. Ashwin Devineni, –CEO; and Mr. GRK Prasad – Executive Director of Nava Bharat Ventures.

To start over the call, Mr. Ashwin will make opening remarks and then we will have question and answers. Over to you, sir.

**Ashwin Devineni:** Good morning, everyone, and a very warm welcome to all the participants. The statement of Financial Results both on the standalone and consolidated basis and a press release detailing the operations of the Nava Bharat Ventures Group for Q3 FY 2020 have already been filed with the Stock Exchanges and posted on our website.

I hope, all of you have had a look in them and trust that they provide adequate information on a performance for the quarter ending 31<sup>st</sup> December 2019.

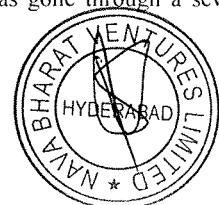
Given the above, we would like to proceed with the question-and-answer session and request you all to seek clarification as you may desire. Thank you.

**Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC Ventures. Please go ahead.

**Mohit Kumar:** Good morning Sir, three questions. First on the receivable side, I believe the receivables to be about USD 232 million from Mamba. Given that there is a tariff hike taken by ZESCO, when we expect our receivers to normalize? And have you heard anything from the government? First. Second question was sir on the Mamba performance for the quarter, there was plant maintenance shut down and I hope, that by January the power plant would be up and running, and Q4 will have a higher availability. So, what was revenue loss in Q3, will it be the recouped in Q4? And then, sir, last question on the ferro alloys business. We have seen a sharp dip in the volumes in the quarter. And can you let us know how the Q4 is panning out?

**GRK Prasad:**

Yes. Mohit, good morning. Let me give you a rundown on the ferro alloy business. As you know, ferro alloy business the trials three steel business, which has gone through a severe





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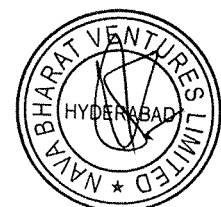
downside in the last quarter, with no exception. Because one, we also had a pressure on our margins, as well as the moment of stock also. So that actually led to the performance for manganese alloys in Q3. Having said that, we see now, a quick ramp-up of volumes that have taken place in Q4. So, to some extent, this attrition is normally as I would say on the volume side. But pressure on margin still seems to continue because the right volatility has been seen in the last couple of months. And still is doing, it we see that normalization should happen maybe in a month or two times. Once, the stock levels have adjusted and now normative buying takes place.

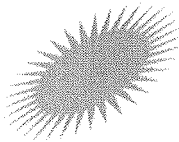
**Ashwin Devineni:**

Hi, Mohit. Yes, as you rightly said, current outstanding receivables is about USD 232 million. The tariff hike that is really a very positive step both from ZESCO side and the government side. You know, in the past ZESCO has been trying to hike the tariff. But didn't get the adequate support from the government. But this time around, I think the government was behind ZESCO and they have since hiked tariffs by almost about 113% for the entire domestic and the commercial users, which constitute about 40% of ZESCO's receivable. So, this essentially was resulting in additional receivables being recognized by ZESCO, and I think the primary aim and objective of this is to ensure that ZESCO meets its payment obligation to all the IPPs and suppliers. So, yes, we do look at this as a very positive kind of move by the government and ZESCO. But that being said, it is going to take a couple of months before ZESCO starts receiving the additional receivables and is in a position to start paying in full. What we also see is that the outstanding amount to us is fairly large and we are hoping that the government and ZESCO uses these additional receivables to secure the loans that they were trying to do in the past, to ensure that they start paying us the outstanding amount, in addition to paying our monthly bills in full. Now, with respect to the shutdown that we had in Q3, yes, in the month of October and November, we did have shutdowns for both the units. Now these shutdowns were not planned, they were unplanned shutdowns and unscheduled shutdowns primarily caused due to tube leakages, which is a fairly common phenomenon when you run CFBC boilers and due to certain grid disturbances because of the ZESCO grid. Now, generally, when you take a shutdown for the tube leakages, you shut it down for about 15 days, because there is a certain period for cooling, before you can run any of the works. Now, there was a planned shutdown scheduled for the month of January, which is this month. So, what we thought was given that we already are shutting down the unit because of the tube leakage. We will extend the shutdown and carry on the works, which were scheduled for January, so that we don't have to take another shutdown for both the units until the next major overall shutdown, which is scheduled in the month of March. So, we do expect to see increased availability during the Q4 because of that reason.

**Mohit Kumar:**

My question is sir, will there be over recovery in Q4 given that the availability for nine months will be below 80%. For Q4 the availability is expected to be much higher than 80%. Does it mean that the revenue loss in Q3 will get recovered in Q4?





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**GRK Prasad:** I think, the availability for Q4 could be as close to 100% for both the units. But given that it is only for a short period. The target is definitely to reach the 80% average availability. We will see how it pass down.

**Ashwin Devineni:** The other thing, Mohit, I think what needs to be understood is that although we only had one unit running, which is just 150 megawatts running for the most part of October and November, the receivables that we have been getting from ZESCO remain unchanged. We were still getting that \$8.5 million to \$9 million on a monthly basis. They did not slash that by half. So, the receivables that we recognized may not change.

**Mohit Kumar:** Understood, sir. And sir, what is the availability for Q3 of FY 2020 for Maamba, if you can share the data?

**Ashwin Devineni:** 55%.

**Mohit Kumar:** Availability also? The PLF was 55%, right?

**Ashwin Devineni:** Both.

**Mohit Kumar;** Thank you Sir.

**Moderator:** Thank you. The next question is from the line of Ankit Gupta from IndiaNivesh PMS. Please go ahead.

**Ankit Gupta:** Sir, you said that the next maintenance will be in March 2020. So, sir, how many days of shutdown should we expect for that month?

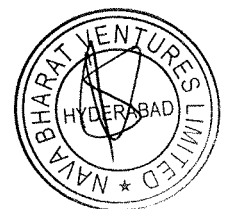
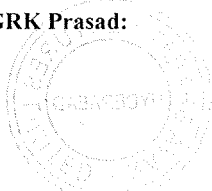
**GRK Prasad:** Well, this is a major overhaul that is required for the conveyance of both the rake. Normally this takes about 60 days each rake. So, our scheduled plan is the after March. But given that, we had a long outage, and during that the number of hours will be still there. We probably could take it up in FY 2021 in a staggered fashion for each unit. That schedule is yet to be finalized.

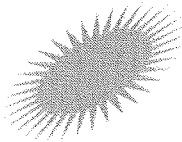
**Ankit Gupta:** Understood, sir. Understood. And sir, regarding our receivables. Can you tell us in the past nine months what was the billing and how much were the receivables, incremental receivables in the past nine months?

**GRK Prasad:** See against USD 169 million, we received USD 93 million.

**Ankit Gupta:** So, our receivables will increase only by 50 odd million, right?

**GRK Prasad:** 76 million.





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**Ankit Gupta:**

Thank you Sir.

**Moderator:**

Thank you. The next question is from the line of Ayush Mittal from MAPL Value Investing Fund. Please go ahead.

**Ayush Mittal:**

Good morning Sir, in line with the discussion around that country has increased the tariff after a very long time and this is a very major positive development for the long term. What kind of expectations do we have? Do we believe that going forward our billing will be honored 100%? If, yes, by when do you expect that to happen? Also, how do you plan that this long term accelerated receivables will be addressed? Any clarity on that?

**GRK Prasad:**

Yes, as I said before, I think our aim and also ZESCO's aim is that the honor 100% of the monthly bill commitment. That is one of the reasons government has led this tariff increase, so that the government does not need to subsidize ZESCO. So, with respect to the monthly billing, we're hoping that ZESCO will honor 100% of the billing requirement, but it is going to take a little time. And when I say little time, it would be probably a couple of months before ZESCO start receiving that cash flow from its end customers and they are in a position to pay the full bill. Now with respect to the outstanding as you probably know, there were efforts in the past that where ZESCO trying to secure a large loan to the tune of \$500 million to pay off all the outstanding to the IPP. That unfortunately didn't progress because of numerous reasons, one, being which ZESCO did not have enough receivables to kind of assign. So, we are hoping that now that the tariff has increased, the ZESCO will be getting more receivables and that the government and ZESCO will be able to secure that large loan. And which will enable them to pay the outstanding among, probably in a staggered process but nevertheless commencing and reducing the outstanding amount.

**Ayush Mittal:**

Okay. Any litigation or any risk that we see on the receivables that we have been standing in our book as of now?

**Ashwin Devineni:**

You said litigation?

**Ayush Mittal:**

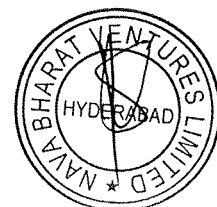
Yes.

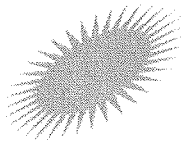
**Ashwin Devineni:**

Well, neither ZESCO nor the government has disputed the amount outstanding from ZESCO to us. So as of now, we are owed what we have billed and there has not been any dispute on that number.

**Moderator:**

Thank you. The next question is from the line of Sidhart Shah from MK Ventures. Please go ahead.





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**Sidhart Shah:** Sir, my question is basically on again on the receivables part. So, from January onwards, when ZESCO's own receivables increases, you are expecting from February onwards the payments will increase at least or sequentially now and in two - three months it will be normalized?

**Ashwin Devineni:** We are hoping so. So, we are having also series of meetings with ZESCO to impress upon them to start increasing their monthly payments, with a hope that they will start increasing it as soon as possible and pay the bill in full down the line.

**Sidhart Shah:** So, have they in principle agreed or shown a intention to now increase the payout on a monthly basis?

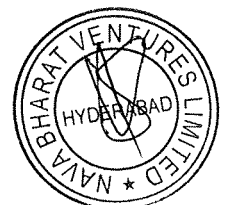
**GRK Prasad:** Siddharth, let us understand this. ZESCO's tariff implementation has happened as expected from 1st January, 2020. The actual cash inflows should happen by the end of January and February onwards. So, we are waiting to see how their financial position improvement will happen. Now, our target as Ashwin briefed is to see that the monthly bill payment is made in full by ZESCO instead of that particular benefit has been happening, which bulk payment coming every six months. So, our priority is to ensure that part first. The second thing is, all of us also should be aware that there has been a severe power deficit in Zambia and there has been a load management. So, the revenue expectations whatever have been projected by ZESCO, to us it looks will be achieved over a normative full year. But this year being still subject to some load management, we expect some revenue size they will not get as expected, but that is definitely going to happen because, as with any kind of changes, the financial position should improve over a period of time. So, given all these factors, we are seeing that ZESCO would be in a position to meet our full monthly payment maybe in a couple of months or whatever. And also, we will see that the monthly accretion that has been happening in respect of outstanding will be minimized. So that is one great development we would see from what has happened in Zambia , which has been there for almost like a couple of years now.

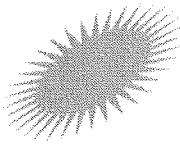
**Sidhart Shah:** Right? So, has this tariff hike been fully absorbed among the locals or is there any opposition, kind of demonstration against this. Anything you have seen there?

**GRK Prasad:** No, actually it is other way around because the situation has become so detrimental in terms of lack of power and all. There was some resistance but generally people expected ZESCO to perform better with this kind of revision. And actually, are looking forward to a better service from ZESCO.

**Sidhart Shah:** Sure. So, we are not expecting any even partial rollback or anything, right?

**GRK Prasad:** No.

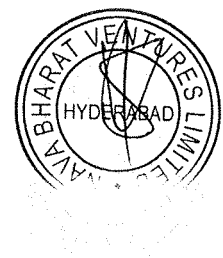




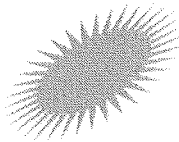
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- Sidhart Shah:** Okay. The second question is on the sustainable kind of EBITDA and PAT for Maamba, the Zambian subsidiary. If you can just tell us if the availability is full for next year, what is a sustainable EBITDA or PAT, can this kind of subsidiary do?
- GRK Prasad:** You see it has been happening. The normative availability is 80%, to 85% from that subsidiary and if ZESCO drops the power in full then PLF also will match. Now, based on that number we were looking at something like \$220 million of annual revenue coming from the subsidiary. And I mean, I don't see why that should undergo any change in the near future and rest of the number should also follow.
- Sidhart Shah:** Okay. Sir, any guidance at for EBITDA at the subsidiary level?
- GRK Prasad:** No, I do not think, we have been giving any guidance. Excepting that, next year, we will have these major overhauls for the two turbines, which would affect the availability nevertheless the targeted availability is think is about 70% next year because of shutdowns.
- Sidhart Shah:** Sir, how much is the tax provisioning we have done in the subsidiary till now? We have been providing some tax in every quarter, right?
- GRK Prasad:** In Maamba, the tax is relatable to mining division. Our expectation is that could be about USD 2.5 million this year.
- Sidhart Shah:** Okay. But for the power division, you have tax benefit for five years, right?
- GRK Prasad:** Correct.
- Sidhart Shah:** Okay. Sir, and the domestic business side, we have a short term PPA till March. So any guidance, what kind of visibility do we have after March?
- GRK Prasad:** See unfortunately the notwithstanding PPA they are drawing from the distribution company, has not been upto the mark. In fact, you know it has clearly dented the profitability in our 150 megawatts subsidiary by Q3. But from January onwards, the drawing has been almost full, the 135 megawatt is being drawn from 150 MW subsidiary and about 20 MW is being drawn from our 140 megawatt.
- Sidhart Shah:** Right. But this, short-term PPA ends in March or April, right?
- GRK Prasad:** That is right.
- Sidhart Shah:** So are we already in talks with them for renewal or anything?



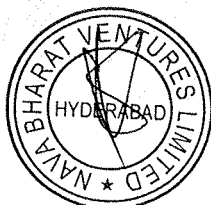


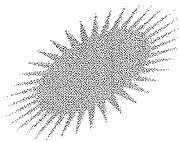


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- GRK Prasad:** No, nothing. I just want to make a small correction. See, this 155 megawatt is the contract. So, they are actually drawing 70%, which is the committed off - take and off late we are drawing even more. So we expect that site a better performance in Q4.
- Sidhart Shah:** Sure. But beyond that, we do not have a visibility as of now, right?
- GRK Prasad:** This should come right, I am not sure timeline, and normally it is a month before they shut. So, something can happen in February.
- Sidhart Shah:** Sure. Sir, the Ferro-alloys wise part, is there agreement with Tata coming up for renewal anytime soon?
- GRK Prasad:** See, the Tata mining lease is expiring on 31st March, 2020. So, our conversion agreement is also coming to an end there. But what has been happening is Tata plan to extract ore to enable us to continue the conversation for some more months, maybe three - four months later. Beyond that, when we are talking to Tata as to how it would be resumed thereafter.
- Sidhart Shah:** Sure. So, they are still under discussion?
- Ashwin Devineni:** Yes, because they have two mines now already and based on that, some negotiations are on.
- Sidhart Shah:** Okay, understood Sir, that's it from my side, thank you.
- Moderator:** Thank you. The next question is from the line of Ravi Purohit from SIMPL. Please go ahead.
- Ravi Purohit:** Hi, most of my questions have been answered. Just a few questions regarding asset monetization steps that we had initiated a few quarters back or maybe a year back. Anything that you could update us on any steps that we have taken so far on that?
- Ashwin Devineni:** Yes. So, in terms of the monetization, efforts are underway, since we are sitting on a couple of assets that we are looking at monetizing or forming JVs for development. But there is nothing to report at this point of time. But everything is underway, and we are working hard to close something rather than later.
- Ravi Purohit:** Okay. So, this refers to a few land parcels, which we had mentioned in the press release about six months back. But there is also a idle power plant sitting in Orissa. Anything that we have been able to kind of do about that power plant or are there any buyers or anything about it? It has been like five years that we have put up that 60 megawatt and just like just sitting on the ground.
- GRK Prasad:** Yes, I agree. The 60 megawatt still awaits the court resolution. We expect that to happen anytime soon as it is getting listed now unlike earlier where, it does not even getting listed, so





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it is getting listed. So, we expect to have resolution very soon and given that there are certain changes in the on the grounds, in terms of our local distribution company being taken over by private **power firm**, so we expect some better decision to come along.

**Ravi Purohit:** Okay. And sir, this reduction in equity capital, by when is it likely to kind of get done? What are the next steps?

**GRK Prasad:** Currently it is before NCLT. So, we expect the NCLT order maybe in a couple of months.

**Ravi Purohit:** Okay, Thank you.

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

**Bhavesh Chauhan:** Sir, on Maamba collieries, what we are saying is, next year the availability will be only 70%, right?

**GRK Prasad:** That's right.

**Bhavesh Chauhan:** Okay. And from FY 2022 onwards, it should be higher?

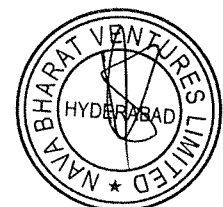
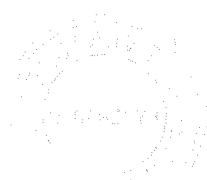
**GRK Prasad:** 85%. See, this 70% is more operation because of the campaigning overhaul, which is mandatory after three years of running of the power plant. So, both the units will go through that overhaul. But for that the availability could have been higher. But the normative availability is 80%.

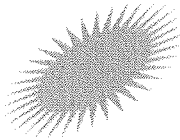
**Bhavesh Chauhan:** Okay. And sir, once we have cash flows from ZESCO and ZESCO is likely probably to pay us in the coming years, what is the management's view on utilizing that cash flow? How does management think about that?

**GRK Prasad:** Well, we are looking forward to receiving new cash flow before we sort of thinking of any deployment unit scheme. So, our priority is to get that equity returns back to the Singapore subsidiary and to the Indian company thereafter. This will be first step.

**Bhavesh Chauhan:** Sir, we wanted to set up a Sugar plant in Zambia, I think maybe it was announced from long quarters back.

**GRK Prasad:** Yes, we are not moving with the project in the current form anyway, we still have the land of 10,000 hectares. So, the project is currently on hold because the government had promised to meet certain obligations with respect to providing infrastructure which they have not met. So right now, that is on hold.

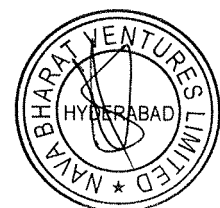
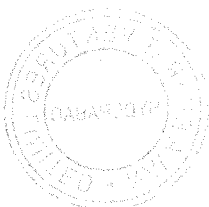


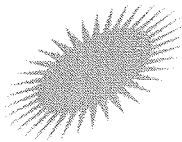


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- Bhavesh Chauhan:** Okay, Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Ventures. Please go ahead.
- Mohit Kumar:** Sir, one question, in the press release. You mentioned the expected credit loss on receivables, which are booked during the quarter, can you please tell the amount?
- GRK Prasad:** It was USD 3.5 million.
- Mohit Kumar:** Okay, understood, thanks
- Moderator:** Thank you. The next question is from the line of Sidhart Shah from MK Ventures. Please go ahead.
- Sidhart Shah:** Yes, sir. Just a follow-up this, 10,000 hectares in Zambia, that is a freehold land or it is a lease land or what is it?
- Ashwin Devineni:** It is 99 years lease. All land in Zambia are leasehold, there is no freehold land in Zambia. So, this is a 99 years lease.
- Sidhart Shah:** Sure. Sir, also, if you can just highlight once again, the asset monetization plan, if you can just describe the assets which we are looking to monetize in terms of location acres. I understand it is difficult to see the timeline or value but at least, if you can just describe the assets which we are kind of apply to an exit?
- Ashwin Devineni:** Are you talking about monetization of the Indian and our land parcels?
- Ashwin Devineni:** See, there are two land parcels that we are talking about, one is 65 acres in Secunderabad, which used to be our machine building division, that is on block. The second one is about 200 acres of land along with 20 megawatt power plant in East Godavari District, of Andhra Pradesh.
- Moderator:** Thank you. The next question is from the line of Ravi Purohit from SIMPL. Please go ahead.
- Ravi Purohit:** Sorry, I just forgot to ask one question earlier. Have we been still receiving bullet payments; I think earlier the Zambian government was actually making bullet payments every six months when our own our debt repayment schedule was kind of due. Is that bullet payment continuing? And if yes, how much did we receive as bullet payments in the quarter of December and September?





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**Ashwin Devineni:** Yes, I mean, we had our six monthly loan repayment due in the month of September. During that time, the Zambian government did exit with a certain lump sum payment of about 34 million. Yes, so we have been receiving, the six monthly assistance from the government in the form of lump sum payments. But I think, moving on and going to the future. I think one of the intentions of the government regarding this tariff increase is so that they do not need to come into the picture every time we have loan repayment or so on and that ZESCO can be in a position to make do with it the payment obligations as such.

**Moderator:** Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

**Anurag Patil:** Thank for the opportunity Sir. So, can you briefly explain the Ferro- alloys as segment in terms of realizations and the raw material cost last quarter and the outlook for the same in the next couple of quarters?

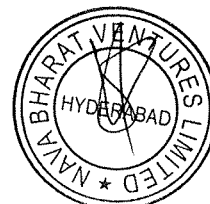
**GRK Prasad:** We can't probably give you a specific. But the price drop which was there in Q3 was about 14% from what was prevailing in Q2 and there was no associated fall in ore rate, which is the manganese ore. So, that in fact resulted in negative performance from the manganese alloys division. Our expectation is that Q4 would be definitely better because one there has been volume jump in terms of sales and there is a slight improvement in realization as well by about 5% or so. So, in Q4 we expect that to be definitely better.

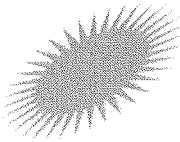
**Anurag Patil:** Okay Sir, Thank you very much.

**Moderator:** Thank you. The last question is from the line of Srinivas Venkat from UTI Mutual Fund. Please go ahead.

**Srinivas Venkat:** Good morning Sir, So, we have invested close to \$150 million in the Zambian venture both in the form of debt and equity. So, just from a very theoretical perspective, I want to understand what are the timeframe and conditions under which we can recover this money back, once the payment schedule starts over the next two years to three years?

**GRK Prasad:** Yes, Srinivas, it is like this, the debt and equity for the project from our side is about 220 million, which is in the form of equity share capital and shareholder loan. So once the distributions are funded by the lenders, which we expect to happen in FY 2021, it could take the shape of either interest on shareholder loan which is already accrued and standing in our books or it could take the shape of repayment of shareholders loan as well as the non-equity share capital. So, we expect these things be decided by the board in a mix, all three are possible.





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**Srinivas Venkat:** But in terms of at least getting the interest back, I mean you have been accrued, so what is the total interest, which is accrued in our books because you would have been accruing it for the last two to three years?

**GRK Prasad:** Yes, it is about \$18 million.

**Srinivas Venkat:** Okay. And we have not received any payment on this?

**GRK Prasad:** No, we have not. It is pro-rata.

**Srinivas Venkat:** And what would be the condition I mean, is that Zambian loan falling below a certain threshold would be the trigger to at least this interest money coming or what are the essential conditions for that?

**GRK Prasad:** The preconditions for the payment of interest as well as repayment of loan and equity dividend are same, which is mostly relatable to payment performance by ZESCO. A standard payment performance by ZESCO, let us say over a year's time. So, we have been engaging with lenders, then they should allow us that with this interest on shareholder loan, if this ZESCO payment performance is improved in this year, we expect that the interest in being permitted

**Srinivas Venkat:** So, I mean, we you remain confident that in FY 2021 at least some money will flow in from the Zambian venture to us?

**GRK Prasad:** Yes.

**Srinivas Venkat:** Or this will get pushed to FY 2022?

**GRK Prasad:** No, some money, especially top interest on the shareholder loan.

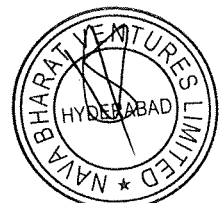
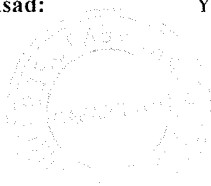
**Ashwin Devineni:** Yes, but I would like to add that as we speak, we do have money coming from our Zambian operations not in the MCL but in the form of the O&M services, which flow in on a monthly basis.

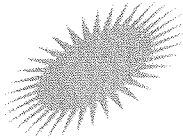
**Srinivas Venkat:** Okay. So, there is no outstanding on that. I mean, that is getting serviced.

**GRK Prasad:** There is no outstanding. In fact, the company has agreed for an increase also.

**Srinivas Venkat:** Okay. No, I meant that O&M that you are providing of USD 10 million that is not outstanding that is getting paid on a regular basis with the Zambia entity.

**GRK Prasad:** Yes, completely. There is no outstanding at all.

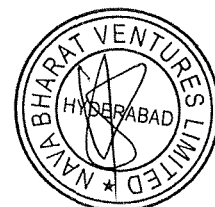


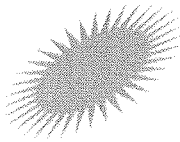


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- Ashwin Devineni:** No, I think what Mr. GRK was saying is even that O&M fee that we charge to Maamba has increase starting from January. So, there will be additional revenues coming in.
- Srinivas Venkat:** Okay. And sir, secondly, we had that PPA with the Telangana or the Andhra government for six months and my guess is looking at the numbers it is probably not honored. So, is there any kind of penalty, which is being payable by them because of them not honoring this PPA because you had one from July to March if my memory serves me right.
- GRK Prasad:** Yes, the PPA parsley that they have to take off take at least 70% of the committed power and with a fall below 70%, they have to pay 20% of the agreed tariff as penalty, roughly Rs. 1 per unit. So, there is an accrual of that penalty, but the matter will be settled after the contract is closed.
- Srinivas Venkat:** Okay. But we have not accounted for that.
- GRK Prasad:** When have not accounted for that.
- Srinivas Venkat:** And what can be the potential amount, if you could give us some indication?
- GRK Prasad:** Well, I mean, we would like to give a number because it request a settlement, the accrual amount could be in the region of about Rs. 20 crores.
- Srinivas Venkat:** But historically, we have got this, right? I mean in the past whenever they have not committed to their share of PPA, we have got this amount?
- GRK Prasad:** Yes, in the sense after some discount that is something which we would not like to dwell on now.
- Srinivas Venkat:** Okay. And sir, if I just look into next year. I mean, since you have lot of merchant capacities available, I mean, is there any discussion that you are doing to ensure some kind of visibility for our merchant capacities for next year, I mean or we have to rely solely on the IEX or in the spot basis to kind of make some money on the power assets?
- GRK Prasad:** No, we are looking forward to some contract medium term, contracts definitely because distribution companies have indicated that they could come up with tenders, we are waiting for them to come. The exact period we will know once the tenders are out. Meanwhile, we are also looking at the possibility of supplying the bulk consumers to the that is an alternate proposal which we are pursuing.





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- Srinivas Venkat:** Okay. And sir, lastly on the sugar business, it is a very small scale operation, while it is not losing money I mean, what is the outlook on that? I mean, are you looking to let go of this business, if you get a certain price or you are looking to put some investments into ethanol because a lot of sugar mills are putting money into ethanol and trying to make the overall business profitable. So, what is our overall thought process on the sugar business that we have?
- GRK Prasad:** See, we are not intending to put any investment. We are doing some kind of B heavy molasses conversion into ethanol just to get that upside captured. Beyond that no investments are being planned, future investments in this business. And we probably will take a closer view post, the current season which is ongoing.
- Srinivas Venkat:** Okay. But this is also on the block like some of the other assets or this we are intending to continue this business in the medium-term?
- GRK Prasad:** We have not taken a decision on that. Actually, we have declared the top quality and things are falling in line. We will see how it takes shape by end of this season, sometime in the April.
- Srinivas Venkat:** Okay fine, thanks a lot.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Ashwin Devineni:** Thank you very much for your participation everyone on the call. I hope, we have addressed all the queries adequately or if there are any queries, questions or clarifications that remain unanswered, please feel free to get back to us and we would happy to provide answers on a wider investor platform. Thank you all once again.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of IDFC Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

