

# NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 486 /2021-22

November 16, 2021

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' / 'NBVENTURES'

Dear Sirs,

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

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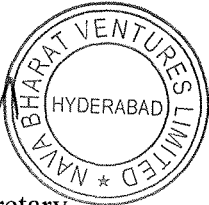
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on November 9, 2021 on the operational and financial performance of the Company for the quarter ended and half year ended September 30, 2021.

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.



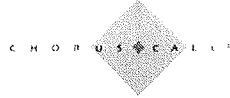
NAVA BHARAT

“Nava Bharat Ventures Limited  
Q2 FY2022 Earnings Conference Call”

November 09, 2021



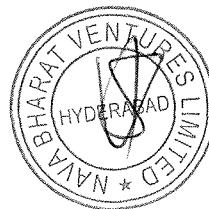
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**ANALYST: MR. MOHIT KUMAR – DAM CAPITAL LIMITED**

**MANAGEMENT OF NAVA BHARAT VENTURES LTD:**

**MR. ASHWIN DEVINENI, CHIEF EXECUTIVE OFFICER  
MR. GRK PRASAD, EXECUTIVE DIRECTOR  
MR. NIKHIL DEVINENI, SENIOR VICE PRESIDENT  
MR. SULTAN A. BAIG, CHIEF FINANCIAL OFFICER  
MR. VSN RAJU, COMPANY SECRETARY AND VICE PRESIDENT**





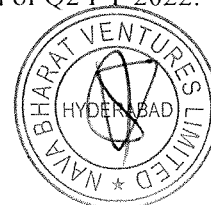
*Nava Bharat Ventures Limited  
November 09, 2021*

**Moderator:** Ladies and gentlemen good day and welcome to Nava Bharat Ventures Limited's Q2 FY2022 earnings conference call, hosted by DAM Capital Advisors Limited. As a reminder all participant lines will be in the lesson 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 "\*" and then "0" on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from DAM Capital Advisors. Thank you and over to you sir!

**Mohit Kumar:** Thank you, Nirav. On behalf of DAM Capital, we welcome you to the Q2 FY2022 Earnings call for Nava Bharat Ventures Limited. From the management side, we have Mr. Ashwin Devineni, Chief Executive Officer, Mr. GRK Prasad, Executive Director, Mr. Nikhil Devineni, Senior Vice-President, Mr. Sultan A. Baig, Chief Financial Officer and Mr. VSN. Raju, Company Secretary and Vice President. We will start with opening remark after that we will open the floor for Q&A. Without much ado I hand over the floor to Mr. Ashwini Devineni for his opening remarks.

**Ashwin Devineni:** Thank you. Good evening everyone and a warm welcome to all the participants. The statement of the financial results both on standalone and consolidated basis and a press release detailing the operations of the Nava Bharat Ventures Group for the quarter and half year ended September 30, 2021 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 half year ended on September 30, 2021.

The quarterly standalone financial performance of Nava Bharat Ventures was exceptionally good, delivering an EBITDA of Rs.161 Crores and a profit after tax of Rs.101 Crores. On the consolidated financials, Nava Bharat Group reported a profit before tax and exceptional item of Rs.243 Crores which is up by 59% year-on-year. Positive investment outlook following the change in government of Zambia had resulted in a sudden and significant hardening of the local currency against the US dollar by almost 26%. This has resulted in a notional restatement of tax liabilities denominated in the local currency by MCL at the end of Q2 FY 2022.





The forex change of Rs.189 Crores has unfortunately impacted the reported profit after tax since we follow the Ind-AS standards; however, it must be noted that this has no cash impact at MCL and absolutely no impact on the parent Company's financials.

Trust this addresses the concerns of the investors on the consolidated financial results. We will be glad to provide any other clarifications that may be required by the investors.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mr. Srinivasa Rao from HCG Limited.

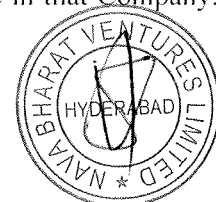
**Srinivasa Rao:** Good evening Sir. Congratulations for a very good set of standalone numbers. My first question is on MCL outstanding amount. During the past six months, it has gone up by about Rs.195 Crores. What is the way out to get our payment for the power we are supplying, and second question is when are we expecting the on arbitration award?

**Ashwin Devineni:** Thank you Mr. Srinivas Rao. Basically, we have been paid 58% of what we have billed them so the outstanding amount currently is at approximately USD 460million. We have been in discussions. The outstanding amount is essentially being dealt with the arbitration process. So, I do not want to comment on that. In terms of the timelines of the arbitration process, I think the Courts will take their time and we hope they will make a judgment sooner. With respect to the future tariffs, we have been discussing with the power utility there and that is moving forward. The outstanding amount does not increase, but one thing I would like to add that the MCL project has no financial impact on NBV in terms of the liabilities and debt. Whatever we needed to put in financially we have put it in the form of equity and the project finance has been done in a non-recourse way. So, in terms of Owings to the lenders or so on Nava Bharat Ventures has absolutely no liability.

**Moderator:** The next question is from the line of Hanish Alluri, an individual investor.

**Hanish Alluri:** My question is regarding the goodwill. There is a slight increase in goodwill. Is it because of the acquisition of stake in BIPL?

**GRK Prasad:** Yes, of course. We invested in BIPL to get a controlling stake in that Company. Also, we made investments in other subsidiary in the quarter.

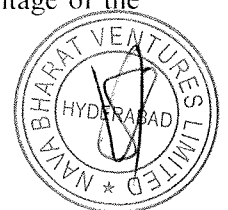




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- Moderator:** The next question is from the line of Mr. Mohit Kumar.
- Mohit Kumar:** I understand that the arbitration hearing is complete, so what are the next steps once we get the order? Is there any chance to appeal against the order or once the order is given only the recovery is pending?
- Mohit Kumar:** Secondly of course I think the merchant rates have been very high especially for the power sold in the quarter. How are we selling entire 150 MW and 60 MW power at merchant rates right now? Are we looking at some short-term bilateral? Last time you spoke that you were looking at some solution for 150. MW Is there any update which you can share, and also any update on the 60 MW IPP?
- Ashwin Devineni:** In terms of the Maamba Collieries question, unfortunately I do not want to comment too much on the arbitration process. Because that will just be speculating on what could happen and what would happen. We are looking at the current government change like the rest of the World has seen, as a big positive thing in the Country. That is one of the reasons why the Zambian kwacha also had appreciated by over 24%. So we do see light at the end of the tunnel. An important thing to note is as far as Nava Bharat Ventures is concerned, we are right now at the bottom in terms of this because all the financial exposures that we could possibly make have already gone in. So I think whatever happens will definitely be towards an upside for Nava Bharat Ventures. With respect to the independent power plants both at Odisha and in Telangana, yes fortunately in terms of Odisha we were very happy to note that the cases that we were fighting before were behind us and it was operational. We were able to take advantage of the higher IEX prices. Both the 60 MW in Odisha and the 150 MW in Telangana we have been operating, making use of the exchange and I think for both plants we have benefited from the increased rates and extremely high rates in October too, but I do not think it will be at the same prices, but we see a bright future for the sector too.
- Mohit Kumar:** My question is that you were looking some long-term tie ups or some sale to some captive Companies. Is there any update in the quarter or which you expect in the next couple of quarters?
- Ashwin Devineni:** Those discussions are ongoing Mohit, but we have been fortunate that we did not tie up with any group capital scheme yet, because of which we could take advantage of the





high merchant trade. So those discussions are going but while they are ongoing we continue to take advantage of the IEX price.

**Mohit Kumar:** Lastly on Ferro Alloys what is the outlook? How was the realization last quarter and what is the current realization compared to last quarter and how do you see it panning out in the next six months?

**Nikhil Devineni:** Mohit, last quarter was excellent for Ferro Alloys vertical. We registered a growth of 33% in total realization over the preceding quarter. Going forward, we feel that the trend is going to continue. In fact, from Q2 to Q3 there has been a slight increase in realizations and we are at a stage right now where our total order book is full until Q4.

**Moderator:** The next question is from the line of Nimesh Vaja from KVP Financial.

**Nimesh Vaja:** I would like to have a breakup in our revenue of coal sales. We read the news that coal is touching all-time high. We want to understand what the contributions of coal sales are to our total revenue?

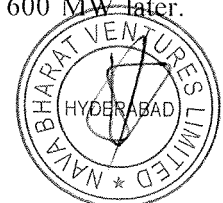
**Ashwin Devineni:** We will give you the breakup, Mr. Nimesh, but just to keep in mind that in Zambia, unfortunately, we do not go as per the international prices, which is a land law of the Country. The pricing we follow there is slightly independent of the international trends. So, the revenue from the mining operations at the end of September 2021 was about US \$13.6 million and the revenue from operations from the power segment on the Maamba Collieries was \$41.2 million.

**Moderator:** The next question is from the line of Vijay P, an individual investor.

**Vijay P:** During the power outage in Zambia last Saturday and a month before, was Maamba Collieries power plant in operation?

**Ashwin Devineni:** With respect to the power outage that happened recently, we had one of the units operating and one was still under major overhaul. It was a complete grid disturbance. So yes, our unit also tripped but we got it back online immediately.

**Vijay P:** The initial commitment of Nava Bharat when the plant was started was of putting up a 600 MW plant, we put up only 300 MW and said you will expand to 600 MW later.





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Zambia is in perennial power deficit, if that condition is put by the government for giving a favorable arbitration outcome, where does Nava Bharat stand to this?

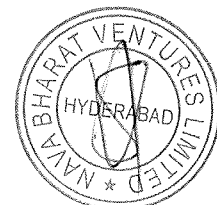
**Ashwin Devineni:** Firstly, there is no specific condition that we need to put up 600 MW. The understanding has always been that we will set up 300 MW, we will see how it works. If the opportunity exists and we are satisfied as sponsors and shareholders, we will put up another 300 MW. So, I think as far as we are concerned, we are still trying to make sure that the payment mechanism works. I do agree with you that there is a power shortage in that region, we could always look at potential expansion provided all these securities are in place.

**Vijay P:** So, Nava Bharat is open to going in for the expansion, doubling the capacity to 600 MW?

**Ashwin Devineni:** Well, it is conditional on a lot of things happening and taking place. If it makes financial sense, all the securities are in place and we are extremely certain that the current situation we are facing will not be faced if we put another 300 MW, yes we will be open to it.

**Vijay P:** Now coming back to Indian operations with the boom in Ferro Alloys. I have asked this question once before, do we have any plans to expand our Ferro Alloy operations since almost 75,000 MT is committed to Tata Steel, which cannot be put to commercial use?

**Nikhil Devineni:** That is right. Mr. Vijay in our last call as well we had addressed this point. If you remember we were banking on having a backward integration where we have certain fuel security, which insulates us from any volatility and input cost. Fortunately, we have made significant headway in that regard. The government of Côte d'Ivoire (Ivory Coast) has granted us a concession area of 64 square kilometers, where there are proven deposits of manganese. So work is underway to engage the exploratory works to ensure what the reserve deposits are and so on. So right after that we are looking at it meaningfully in terms of expanding in India and abroad, but at this moment we do not have a concrete plan to share.





**Vijay P:** This Côte d'Ivoire mine will it cover our entire requirement of manganese for the Ferro Alloy plant?

**Nikhil Devineni:** It depends on what the reserve deposits are and what the quality of the ore is because even currently to manufacture both export grade and domestic grade we blend high grade, medium grade and low grade ores. So if the quality is all of high grade, then there is no requirement to blend other ores and we can use that as a single source.

**Vijay P:** Any update on the agricultural plants in Zambia?

**Ashwin Devineni:** On the Agri side, we have been taking it up seriously. In fact, we have been testing a couple of crops because one thing we realized is rather than doing a mass farming crop like maize, corn, sugar and so on, we wanted to look at high value crops. We are still in the exploration stage. We are planting plots with different crops, recruited a couple of agricultural experts to help with that and I think once something clicks, we will inform the wider group.

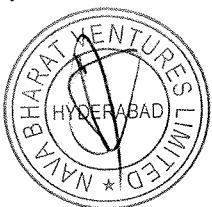
**Vijay P:** Any progress on the monetization of idle land bank assets including the sugar plant?

**Ashwin Devineni:** The asset sale of the Sugar plant has progressed well. We have been selling a lot of the equipment piecemeal to traders and individual Companies. That has gone well. The realization has been good and almost 90% of the equipment has been sold. Now with respect to the other land banks in terms of Nacharam, the court case is still ongoing. So things are being delayed and in terms of Dharmavaram we are still given the location, we are still evaluating options of monetizing.

**Vijay P:** Mr. Ashwin Devineni my sincere request to you is to inform the investing public regularly about these developments which we come to know only through the conference calls.

**Ashwin Devineni:** Mr. Vijay I think if there are any significant developments we do inform the investor community. Unfortunately, we cannot inform the investor community about every step we take but when there is a significant development, we do that.

**Vijay P:** Now the two specific developments that you disclosed just now about the acquisition of manganese ore mine in Côte d'Ivoire and the 90% sale of sugar assets, the investing







public has not been aware of nor is there any announcement made by the Company about it.

**Ashwin Devineni:** With respect to the sugar assets I think we made it clear that we are selling the assets by piecemeal. Now a lot has progressed but you know it is difficult for us to inform the investment community for every piece of equipment we sell. So we found it prudent to inform them once everything is complete. The Côte d'Ivoire exploration license that is a very recent development that has just happened. It is just basically an approval for us to go into the site for site activities while we await the formal communication from the President or the Prime Minister.

**Moderator:** The next question is from the line of Kritika Jain from Sequent Investment Management.

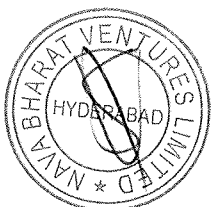
**Kritika Jain:** Good evening, Sir. Thank you for the opportunity. Do we plan to acquire 100% in the Brahmini subsidiary?

**GRK Prasad:** Well at this point we have controlling stake. There is no immediate plan to acquire 100%. If the party is willing for sale, then probably we could look at it. Our own we are not putting any effort at this point because anyway we have controlling stake.

**Moderator:** The next question is from the line of Nimesh Vaja from KVP Financial Services Limited.

**Nimesh Vaja:** As you said that coal is not sold at international prices. What is the typical discount on the coal prices? That is question one and second question, we like to know on the Company strategy going ahead. We are seeing that we have unutilized assets and we are just banking on those assets to be utilized? There is no growth seen. Is this we are looking for kind of an opportunistic business, what is that line of trajectory of the business management is thinking going ahead? Any light on this would be very helpful.

**Ashwin Devineni:** In terms of the coal question Mr. Nimesh, like I said it is not like a discount factor that we apply on the international prices are, the average realization that we have booked is about \$61.8 per metric ton of coal. Now the way we price is slightly different because it is landlocked. We are competing with other coal producers in Zimbabwe and so on so we keep the coal competitive enough so that customers do buy from them and we are





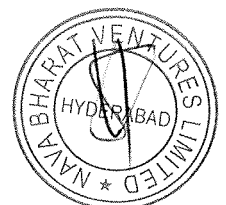
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proud to say that the majority of all the coal consuming customers in Zambia buy from us. In terms of the strategy, we are not just looking at making the idle assets operational. Although we have done that with a couple of idle assets like the 60 MW power plant and also we have been fairly successful with the Samalkot equipment sales. We are also looking at expanding in the verticals we are currently in and which are promising. One of them is the Ferro Alloys vertical. As we have repeatedly said we do not want to increase furnace capacity or production capacity unless we have some backward integration. That is why we have been actively pursuing acquisition and exploration of mines in manganese-rich countries, one being Côte d'Ivoire. So we hope we find it promising in terms of both quantity and quality. Then we will consider expanding our Ferro Alloy smelting capacity. Apart from that we are always looking at other strategic investments in areas that are related with the current verticals we are in, in terms of expansion. The one point I would also like to make is, in Zambia the agriculture is another project that we are currently concentrating on. We are testing some as I mentioned some high value crops and when we proceed, I think that would also be a significant expansion for the Company, but as far as we are concerned we are always looking at improving shareholder value by expanding in current verticals and looking at new promising verticals that could yield fruits tomorrow.

**Nimesh Vaja:** One of our power plant 150 MW in Telangana, sometime it remains idle, sometimes it is operating. So what are the reasons behind the same? Can you just elaborate on that so for continuity as an investor I will come to know that this plant has been operative or will remain idle because six months back it was idle, now it is operative.

**Ashwin Devineni:** In terms of the 150 MW as I mentioned previously while we are looking at group captive opportunities, it is an ongoing process and which requires several approvals we have been subject to selling in the exchange, the IEX. Now if the IEX prices are low where you are not even able to recover your variable cost, which is your coal cost, there is no point in continuing to operate the plant. So that is when we turn it off and when prices go up we turn it back on. We hope that prices would remain at high levels all the time, but the reality is not that. The market trend has been strong and we think will be able to sustain the Q2 power prices moving on to the next few quarters.

**Moderator:** The next question is from the line of Niraj Khandelwal an Individual Investor.





**Niraj Khandelwal:** Sir my question is on the manganese ore mine, which is there, what is the term and the lease period, and are you paying any premium? My second question is on the power plant, the second power plant which has been shut down for past six months what is the status? When is it expected to go live?

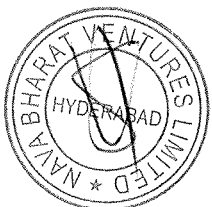
**Nikhil Devineni:** I will take the first part regarding the manganese ore mines. The license we have been granted is for an exploration license. The period for exploration given to us for four years. We feel that we should not take that long. We should probably complete it in a year or so. Now post exploration the government grants you an exploitation license that license is valid for a period of 20 years. Sorry, I did not get your second question. Could you repeat that?

**Niraj Khandelwal:** Once they grant us the exploration license is there any premium that we are supposed to pay? Currently for other iron ore etc. anybody getting mines allocated, a premium is paid by the company. What is the status of the second power plant? When is it going to go back into production? Have the critical parts arrived?

**Nikhil Devineni:** Mr. Niraj there is no premium that needs to be paid. As it is a natural resource of the Country, the government takes 10% as free shares in the subsidiary holding company. So the profit sharing mechanisms would be that the government would due to its 10% holding would get an appropriate portion of the profits, which amounts to 10%. In terms of the second unit for the overall that has been completed so currently at Maamba both the units are running at full capacity.

**Moderator:** The next question is from the line of Mr. Sameer Mehta, an individual investor.

**Sameer Mehta:** I have couple of questions. I was looking at your consolidated segmental report it shows that the mining revenues this quarter have been probably up by about 8% to 10% but the mining profitability is down by about 30% so is there a specific reason for that? That is the first question. The second point is on the Maamba receivables. You gave us a consolidated number from 2016-2017 but would not it be prudent to give us a rolling number for the last four quarters because that is more relevant at some point it was 80% then 70% then 60% now it is 58% because it takes the historical numbers into calculation. Now if you just want to look at the last four quarters, what is the revenue accretion to us? These are my two questions.





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- Sultan A. Baig:** Thank you for your questions. The mining revenue has increased to US \$13.6 million in the quarter compared to US \$10.4 in the previous quarter. There is a slight decrease in Profit before tax from the mining division for this quarter as it stood at \$3.7 million as compared to \$4.3 million in the previous quarter. The reason for decline is because of the taxes that we have to pay in the Kwacha. Similar to the power division there is a forex translation loss when you convert the kwacha tax into US dollars. That is where the profit in US dollars is slightly lower as compared to the previous quarter though there is a slight increase in the revenue, and this is a notional loss.
- Sameer Mehta:** The second question on the revenue from Maamba, can the management give us the percentage receivable on a four quarter rolling basis?
- Sultan A. Baig:** Yes. Every quarter the financials are published on the Company's website. It can always be accessed. As per the LODR requirements, we are publishing the results for the quarter compared with the previous quarter and year-on-year basis, but if you specifically require, the financials are always available on the Company's website, which can be downloaded for information on quarter-on-quarter basis.
- Moderator:** Thank you. As there are no further questions, I will now hand the conference over to the management for 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 any questions or clarifications that remain unanswered, please get back to us and we would be happy to provide answers on a wider investor platform. Thank you all once again.
- Moderator:** Thank you very much on behalf of DAM Capital Advisors Limited. Thank you for joining us. You may now disconnect your lines. Thank you.

