

NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 596 /2017-18
August 19, 2017

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

Dept. of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI – 400 001
Scrip Code : '513023' / 'NBVENTURE'

Dear Sirs,

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

Ref : Our Letter No. NBV/SECTL/ 558 /2017-18 dated August 5, 2017


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Please find enclosed the transcript of the Conference Call with Investors / Analysts held on August 10, 2017 on the Unaudited Financial Results for the on Q1 ended 30.06.2017 declared on August 9, 2017.

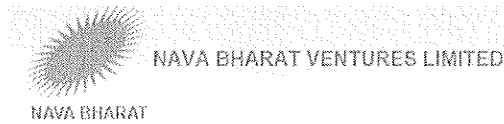
Kindly take the same on record and acknowledge the receipt.

Thanking you

Yours faithfully
for NAVA BHARAT VENTURES LTD.,

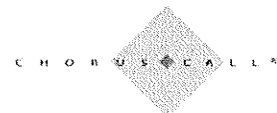
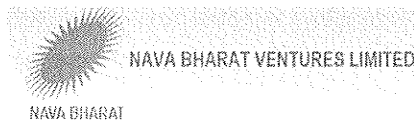

VSN Raju
Company Secretary
& Vice President

Encl: as above.



“Nava Bharat Ventures Limited Q1 FY2018 Earnings Conference Call”

August 10, 2017

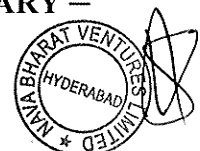


ANALYST:

**MR. ABHINEET ANAND – SBI CAP SECURITIES
LIMITED**

MANAGEMENT:

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



Moderator: Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q1 FY2018 Earnings Conference Call, hosted by SBI Cap Securities. As a reminder all participant's 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 the 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. Abhineet Anand from SBI Cap Securities. Thank you and over to you Sir!

Abhineet Anand: Thanks Lizaan. Welcome everyone to Q1 FY2018 post conference call of Nava Bharat Ventures. We are represented by Mr. GRK Prasad, Executive Director, Mr. T. Hari Babu, CFO, Mr. PJV Sharma, Director Nava Bharat Projects Limited, Mr. M.N. Rao, VP Finance, and Mr. VSN Raju, Company Secretary. I hand over the mike to the management now.

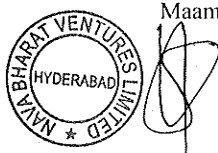
GRK Prasad: Thank you Abhineet and thank you everybody good afternoon. Hope you had a look at our financial results for Q1 FY2018. Company's release on the financial results for Q1 FY2018 has also been filed with the stock exchanges and posted on our website. The consolidated sales in Q1 FY2018 were Rs.364 Crores and consolidated net profit in Q1 FY2018 stood at Rs.19.1 Crores.

Let me start with the Company's domestic businesses that are faced with multifaceted challenges with power sector going through a severe trough and ferro alloy business being subjected to volatility in respect of input cost and realizations. For Q1 of FY2018, the merchant power volumes and realizations were significantly lower than those in the corresponding periods of the previous year, grid curtailments and very low prices on power exchanges being the principal factors. The Company has decided to put thrust on ferro alloys to obtain reasonable value addition in captive consumption of power and higher productivity in ferro alloys. The independent power plants 20 MW in AP, the second 60 MW in Odisha and the 150 MW unit in Nava Bharat Energy in Telangana took the brunt of the sector weakness and had to remain practically idle during Q1 resulting in lower volumes and revenues and under-recovery of fixed costs.

Moving on to the ferro alloy business, Manganese ferro alloy business kept pace with ferro chrome conversion in terms of productivity and aided in better recovery of fixed costs aside from improved margins in captive power. The conversion of ferro chrome for TSL afforded stability for the Odisha with marginal increase in volumes. For Q1 FY2018 consolidated revenue from ferro alloy business stood at Rs.204.44 Crores as against Rs.113.15 Crores in Q1 FY2017.

The sugar business sustained a firm price line in Q1 as was the case in the previous quarter, reflecting the general industry trend. For Q1 FY2018 consolidated revenue from sugar business stood at Rs.43.03 Crores as against Rs.35.50 Crores in Q1 FY2017.

Moving on to the international businesses; The Zambian coal and power project, under the Maamba Collieries Limited commenced commercial operations with effect from July 27, 2017.



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The consolidated financials of your Company will receive a big boost by the accretion to the revenues and profit henceforth. Though the COD of MCL was delayed by about an year, I am glad to report that the Zambian power project achieved capitalization without any cost overrun, which was mainly possible owing to the power revenues from the Zambian grid prior to COD, which helped it meet the time related additional costs. Another redeeming news is that Zambia has moved towards the tariff regime based on cost of service and this is a new development and which is a very positive development, which goes to strengthen the local utility and in turn helps Maamba Collieries Limited sustain operational stability, going forward.

The step down subsidiary of the company in Zambia called Kawambwa Sugars limited has been allocated 10,000 hectares of land by the Government of Republic of Zambia. The proposal is that an integrated sugar complex be established for which currently detailed feasibility study is on and site related approvals are being pursued and which would help us to form an informed investment decision in due course.

On the financial statements, I need to also say that the Company has complied with certain IndAS standards necessitating reinstatement of financials for FY2017 although they have marginal effect on the current financials.

That is all from our side and now we open the floor for question and answers.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question and answer session. We take the first question from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Good morning Sir! In the Indian operation especially in NBEIL, the contract would have been over by May 2017, have you received any more compensation given that there were shortage off take from Telangana and what is the plan going ahead for NBEIL? is there any Tender being floated or is there something which we heard from Telangana DISCOMs?

GRK Prasad: Well! the first part of your question is relating to compensation. The compensation is being reconciled now that the contract has been closed and we would pursue for payment thereof in the next couple of months. In terms of renewal of the contract or having an alternative arrangement, currently none exists. But we have been advised by the DISCOMs that they are coming out with a tender for medium term purchase. We hope to participate in that and be in a position to win as well because of the cost advantage as we are presently situated lower in the cost quadrant. So, that is one opportunity that the Company would pursue and hope to conclude in the next four months or so.

Mohit Kumar: Sir my second question pertains with ferro alloy business, how ferro alloy margins are panning out in Q2? I am talking about the current quarter?

GRK Prasad: Well, the ferro alloys business, I would say, has attained stability. So we are not seeing the same kind of volatility that was pretty much evident in the last few quarters in terms of input cost as

well as prices. So we hope this situation would afford us a decent performance in that division that is Telangana division. The conversion of ferrochrome is going on very well. The utilization of the furnaces is at the optimal level and so we do not see any problem there as far as Tata Conversion goes.

Mohit Kumar: Sir is it possible to quantify the PLF of the Zambian power plant and is there any issue of transmission constrained in the system right now? Are we able to evacuate the entire capacity and so what is amount received during the entire quarter?

GRK Prasad: Well! we were delayed for achieving the commercial operation date for the Zambian power project principally on account of the grid being not available to absorb the power. They have been going through this upgradation across the country, which facilitates movement of power from one region to another region and in the Southern African region. So that upgradation is still to be completed, but it is completed to the extent of about 90%. We are in the last mile, probably in the next one month or so the whole upgradation will be done. So our expectation is that from October onwards we would be able to inject the full quantum of power that is intended for Zambia, which is about 264 MW. At this point of time, the generation hovers around 200 MW. We are also utilizing this opportunity of last mile upgradation being completed to complete the overhaul of the two units so that by the time the grid upgradation is done, the plant also is in full **readiness** to supply power. Even otherwise it is a take or pay arrangement and so we expect a stable kind of operations from October onwards.

Mohit Kumar: Okay Sir thank you Sir.

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

Giriraj Daga: Hello Sir, first I would like to understand is that the tariff-based regime in the Zambian government so can you throw some more light on that ... So what I was asking was that like you said that Zambian Government has moved to tariff-based regime so like how.... you think it is beneficial and second when are you changing in our agreement.

GRK Prasad: Well! the tariff realization program is for end users of the Zambian grade and not for procurement. This is more a structural reform that the Zambian government and the local utility have undertaken. In fact they started this process sometime late 2015, but because of the intervening elections and all, they could not push through. But now they have been able to effect substantial increase in the local tariffs both retail as well as to the mining companies, almost to the extent of about 50%. So that creates a situation where the local utility is financially strengthened which affords stability in terms of our operations as well. So it is more a vicarious dependency and that has been addressed.

Giriraj Daga: Just a follow-up. As of now there is no cash loss to the utility or there is some loss to the utility?

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- GRK Prasad:** Last year they suffered some, it is not exactly loss, it is actually cash flow mismatch because they were required to procure high-cost power from other countries so there was a cash flow mismatch, which they are addressing through government means. But I think we will be seeing that behind us very soon.
- Giriraj Daga:** Okay Sir what was the trials and sales in the Q1 from Zambian Government?
- GRK Prasad:** Monthly it is around, I would say, US\$ 15 million or so is the run rate if both units are operational during trial period that is prior to COD. So in fact up to COD, the Company made something like \$100 million in terms of revenues.
- Giriraj Daga:** Okay and what is the amount receivable pending so far?
- GRK Prasad:** Well about 50% of that is still to be paid.
- Giriraj Daga:** 50% still to be paid and what is the visibility like... when we expect this amount to be received?
- GRK Prasad:** It is getting released in phases
- Giriraj Daga:** Okay any thought on the second phase so far or that is still sometime away?
- GRK Prasad:** Still sometime away I would say. We are doing some ground work necessary for that, but actual investment commitment will happen little later?
- Giriraj Daga:** Okay just coming back to domestic operation so whatever we say sales in the Q1 NBEIL was only for April and May, so June should be practically nil right?
- GRK Prasad:** No there were some sales for power through FIEX.
- Giriraj Daga:** Okay so like what kind of number should we build in let say for this quarter NBEIL?
- GRK Prasad:** It is difficult to put a number. But if you see for Q2, we have a limited time contract with the local grid wherein we participated and in August we have been supplying power almost like 135 MW for 13 hours a day to the grade and putting the balance on the exchange. Though in August we would say the entire power output would be sold. We hope the situation to continue in the next couple of months because of the perceived deficit. At this point of time there is no clarity on that.
- Giriraj Daga:** Okay my last question can you give debt separately for standalone NBEIL and consol?
- M N Rao:** Standalone NBVL debt is Rs. 245.62 Crores and NBEIL is Rs. 244.07 Crores and the consolidated debt after adding MCL is Rs.4441 Crores.
- Giriraj Daga:** Rs. 4441 Crores net debt, this number is all net debt or gross debt?

- M NRao:** It is gross debt.
- Giriraj Daga:** Okay if you can help the cash flow also then?
- M N Rao:** Cash flow at consol level we have something around Rs.980 Crores.
- Giriraj Daga:** And primarily sitting at MCL?
- GRK Prasad:** Primarily sitting at MCL.
- Giriraj Daga:** Okay thanks Sir.
- Moderator:** Thank you. The next question is from the line of Ravi Purohit from Securities Investment Private Limited. Please go ahead.
- Ravi Purohit:** Hi good afternoon Sir. A couple of questions, one is on Zambia now how are we looking at this phase II given that the phase as kind of phase I has already achieved COD, is there still government interest in putting up the phase II and also if you could just share a little bit more on this sugar plant or the sugar venture that we have in terms of some sense on the economics or the size of the market in Zambia and are there any comparable companies, which are there which one to look at to understand this market a little better and how much investment do we envisage in this venture as and when we do it?
- GRK Prasad:** The first part is on the phase II, Government of Zambia is pretty keen for MCL to take up the expansion as soon as possible. That is why we hope to push across some of the basic requirements in terms of documentation. The government actually has proposed to constitute a committee to put it on fast track. But the whole process in terms of documentation itself will take about nine months' time. So I think the investment commitment would happen after that not before. Then coming back to the sugar project at this point of time, it is just land allocation that has been done by the Government. We have requested the government to help us address certain of infrastructure issues like road and power and all of which the Government is considering. Once those are done and once the detailed feasibility report which has been commissioned is out then I think we would be able to tell you exactly what kind of commitments we are taking about. It is sometime away. So please bear with us. We will come back with full details on that. At this point, no commitment has been made.
- Ravi Purohit:** Okay. Thank you so much and I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.
- Bhavin Chheda:** Good afternoon Sir. Sir regarding the Zambia project you said that the full availability would be from the October because still there is some transmission line constraints?

- GRK Prasad:** In a sense it's a PPA is two-part tariff we based on capacity as well as energy so whenever we have full availability we have been billing the Zambian grid on full availability basis, which is about 264 MW notwithstanding the grid up gradation. So the plant availability is the key here and what I meant was from October onwards the injection of power also will happen at that level.
- Bhavin Chheda:** Plant availability is there today also right?
- GRK Prasad:** It is there so we are billing on 264 MW basis which is delivered capacity but in terms of injection of power that is energy, it is limited to something like 190MW.
- Bhavin Chheda:** Okay Sir your billing on 264 on a capacity charge and 190 based on the energy. So that you said is currently leading to \$15 million revenue per month?
- GRK Prasad:** Something like that yes.
- Bhavin Chheda:** On that you are making 50% EBITDA margin.
- GRK Prasad:** Yes we have not recognized the profit because it is pre COD revenue
- Bhavin Chheda:** Okay regarding the domestic power availability what is the visibility of remaining nine months like what kind of contracts we have in hand and how much we can sell on the exchanges as we will have to shut down the domestic excess capacity?
- GRK Prasad:** Well! that looks little I would say uncertain at this point, excepting for the 150 MW which is under the Nava Bharat Energy India. There is short-term tender in which the power is getting dispatched this month and hopefully next month as well and by then we would have some visibility on the medium-term contract, the DISCOM is talking about. So we hope that contract also could be concluded in the next four months or so which would ensure that the 150 MW power plant could operate on a sustained basis. Otherwise it is an exchange game currently and as you know exchange rates hover around Rs.3 so that does not give us very good comfort in terms of how sustainable that could be on a long-term basis. But whenever it touches Rs.3 we have been putting the power on exchange. That is how we deal.
- Bhavin Chheda:** Okay thank you Sir.
- Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan from IDBI Capital. Please go ahead.
- Bhavesh Chauhan:** Sir with regards to your power plants, we had read the news that you are looking to sell your 120 MW power plant in Odisha so have you already noted bids for the same?
- GRK Prasad:** Well, it is going through some kind of one on one approach, so there is nothing like a bid or anything.

Bhavesh Chauhan: Okay with regards to this Zambian sugar project that you are working on Sir if you do phase II of the power plant that it is looking more likely that you will go ahead, are we in a position to take a sugar project as well because this will require some capex and so our debt will be even higher?

GRK Prasad: Yes, I agree because the priority obviously will be for the phase II if at all, but the sugar is more a function of getting various clearances. That itself could take quite a bit of time. At this stage, we are concerned about getting the feasibility behind us which is of primary importance for us. The feasibility covers not only the project per se but also the market and how sustainable the market can be in the region.

Bhavesh Chauhan: Okay and lastly Sir on your Zambian power plant should we expect PLFs of 85% from October onwards?

GRK Prasad: Yes.

Bhavesh Chauhan: Okay. Thank you so much Sir from my side.

Moderator: Thank you. The next question is from the line of Harshvardhan KS from NMV Securities. Please go ahead.

Harshvardhan KS: Good afternoon Sir. What is the capacity utilization at the ferro plant?

GRK Prasad: We have two units, one in Telangana and one in Odisha. Odisha is under conversion for Tata Steel where the utilization is 100%. As far as the Telangana works are concerned, there are four furnaces, currently three are operational and the fourth one also is becoming operational in the next couple of months. So once that is done we can see 100% utilization in the Telangana as well.

Harshvardhan KS: Power plant which supplies the power to that one in Telangana, is it selling surplus anywhere?

GRK Prasad: Small surplus is being put on exchange, but it is predominantly captive.

Harshvardhan KS: Okay and that power plant PLF as of now it will be how much?

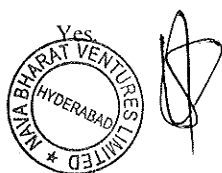
GRK Prasad: 75%.

Harshvardhan KS: 75% okay Sir. Regarding the ethanol production this year it has been lower than the previous year and why was it lower?

GRK Prasad: It is more an opportunistic production because prices of ethanol have slightly corrected.

Harshvardhan KS: Okay like the closing stock whether the same as also gone up.

GRK Prasad:



Harshvardhan KS: So once the price correct you will be planning to move it?

GRK Prasad: Exactly.

Harshvardhan KS: Okay. Sir and regarding NBEIL what is the PLF that was in the last quarter because the sales and production were like on the margin the lower like 7%?

GRK Prasad: Last quarter I think it is around 50%. That is the mix of sale to the grid as well as to exchange together.

Harshvardhan KS: Okay so the grid was through Tata power?

GRK Prasad: Yes through Tata power, but that was up to May.

Harshvardhan KS: Okay and post that it has been only through Exchange.

GRK Prasad: Actually about 57%.

Harshvardhan KS: Okay Sir and post that like post March it has been at 50% and selling to Exchange as of now?

GRK Prasad: Yes and to the Grid as well.

Harshvardhan KS: Okay. Sir regarding the Zambian plant during the pre-COD like you said 100 million is what you have received right.

GRK Prasad: That is right. 100 million has been billed.

Harshvardhan KS: Billed okay alright.

GRK Prasad: And 50 million received.

Harshvardhan KS: Okay Sir and regarding the interest payment going forward, how much will it be?

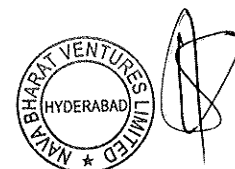
GRK Prasad: Actually the repayment of principal has already commenced. The original loans stood at \$590 million of which \$30 million was repaid in March and another \$30 million would be repaid in September.

Harshvardhan KS: Okay. It is done twice a year?

GRK Prasad: It is done twice a year.

Harshvardhan KS: So \$60 million outlet per year.

GRK Prasad: Yes.



- Harshvardhan KS:** Sir one last question, the coal, which we are getting right now, is done through e-auction?
- GRK Prasad:** No, for 100 MW we have captive linkage, which has been concluded. So as far as Odisha is concerned, the captive linkages are still going on, till March 2018. For the other requirements yes, the e-auction is the source.
- Harshvardhan KS:** Okay thank you Sir alright.
- Moderator:** Thank you. The next question is from the line of Chintan Mehta from Sunidhi Securities. Please go ahead.
- Chintan Mehta:** Hello Sir, two questions regarding most have been just answered. Sir when we were talking to some of them it says that Zambia as we understand the whole mine allocation was based on 600MW , the allotment commissioned and we can go to more 300MW , Sir we do not understand there are talks that we can even further go to 900MW , is there any possibility or eventually kind of thing possible and second thing being Sir I would need to understand the receivable days, suppose we bill to Zambian utility, what is our normal receivable dates at this point of time Sir?
- GRK Prasad:** The coal mine was not allocated based on 600MW. The concession that we have has mineable resources that can actually feed up to 900MW. Basically we have a commitment to produce and generate 300 MW and the opportunity is that it can be easily ramped up to 600 MW without any sweat because of the Brownfield expansion benefits and beyond 600MW, we need to have some kind of assessment of the steady of demand how it pans out, but clearly fuel security does exist for 900 MW as such.
- Chintan Mehta:** Thanks a lot. Second regarding Sir receivable days what is the actual cash conversion cycles we are following from Zambia actually at this point of time Sir?
- GRK Prasad:** As per the PPA, the local utility has 60-day credit period.
- Chintan Mehta:** Is it that 60 days or there are any kind of delays that has been observed Sir?
- GRK Prasad:** There have been some delays, but that is principally on account of structural reforms, which the Government had undertaken and since they have been done and tariff revisions have been affected, we expect those delays also to be addressed shortly.
- Chintan Mehta:** If you can answer, in terms of days, what is the number of days delayed actually at this point to just get a glimpse of it Sir?
- GRK Prasad:** It is about three, three-and-a-half months on an average.
- Chintan Mehta:** That is it Sir. Thanks a lot Sir.



- Moderator:** Thank you. The next question is from the line of Karthikeyan from Suyash Advisors. Please go ahead.
- Karthikeyan:** Good afternoon and congratulations on the COD.
- Karthikeyan:** I wanted to know what is the coal linkage strategy that you are thinking about Sir?
- GRK Prasad:** As far as 114 MW is concerned we have a captive coal linkage for the 100MW, for the 150 MW power plant under the sub, we are now pursuing a medium-term contract following which we will be entitled for an auction linkage and as far as Odisha is concerned 90 MW has a linkage, currently till March 2018. We would be participating in captive linkage there as well, as and when the window is open, but otherwise the rest of the coal requirement is through e-auction.
- Karthikeyan:** I heard one of the earlier participants talk about selling 120 MW in Odisha or 60MW, I did not get that right?
- GRK Prasad:** Actually we have two units of 60MW, ideally we were looking at putting both the units on sale because that would be strategically advantageous. The 30 MW would be adequate for the purpose of conversion.
- Karthikeyan:** 30 MW is adequate for consumption, okay. So you said from October you would be producing fully all four units also will be running in AP, does that mean you would be utilizing near fully the entire ferro alloy capacities?
- GRK Prasad:** You are talking about ferro alloy furnaces.
- Karthikeyan:** Yes.
- GRK Prasad:** Currently three furnaces are on, the fourth furnace will come on-board from October, so from then onwards we will be using entire capacity of ferro alloy
- Karthikeyan:** Closer to Rs.2 lakh tonnes?
- GRK Prasad:** Including conversion yes. The actual tonnage wise it pans out to 110,000 of manganese alloy and about 65,000 of chrome, so 175,000 is what it takes.
- Karthikeyan:** Right, sure and I had one more question I will come back in line Sir.
- Moderator:** Thank you. The next question is from the line of Vinod Malviya from Florintree Advisors. Please go ahead.

- Vinod Malviya:** Good afternoon Sir. My question is on the cost of generation now with the e-auction coal, what will be your cost of generation coming to?
- GRK Prasad:** Could we take this offline Vinod?
- Vinod Malviya:** My question is on the medium-term PPA, so you talked about medium term PPAs being floated, is it like **tender**? What will be the quantum of the PPAs?
- GRK Prasad:** Those two issues, of course are being worked out by the grid, so obviously I cannot predict what grid requires, but we are told it would be the in the region of 500 to 1000MW , so it could be anywhere between 500 to 1000MW .
- Vinod Malviya:** For your ferro alloy business, sometime back you had got approvals to export to US and you were planning to start that thing, so what is the status on that?
- GRK Prasad:** Yes those approvals still stands, it is not approval, actually we are the only ferro alloy producer in the country which has been exempted from the dumping margin for US exports, for silico manganese. So that is an opportunity we will use at an appropriate time during the current year.
- Vinod Malviya:** And just last on the strategic investor for your Mamba Collieries, so we were looking for some strategic investors for your Zambia operations, so what is the status on that?
- GRK Prasad:** No there is nothing of that sort, Mamba is structured in such a way that 65% is held by our Singapore subsidiary and 35 by Zambian Government, so that investment remains as far as Mamba project is concerned.
- Vinod Malviya:** Right, but we were planning to raise some – get some strategic investor and we had to monetise the investment, which we have done in Zambia?
- GRK Prasad:** Not at Zambia level, that is at Singapore level.
- Vinod Malviya:** Yes, Singapore level, so any update on that?
- GRK Prasad:** Nothing that we can share at this point.
- Vinod Malviya:** Okay. Thank you. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Srinath V from Bellwether Capital. Please go ahead.
- Srinath V:** Taking forward on the same question on monetising Zambia, are we looking at, at least returning part of our investment back, so that we can re-invest to the next 300MW , what is the strategic intent right now with our stake in Zambia?

- GRK Prasad:** Well, the objectives could be that, but at this stage it is at the what you call nascent stage of the plan, so..
- Srinath V:** So we are not in talks with anybody as of now, it is more of an intent and not close to an action?
- GRK Prasad:** Actually it is other way around, quite a few people have approached us, so we have not put that into some kind of action.
- Srinath V:** Wonderful Sir, I wanted to find out what is our status on the surplus land that we have in India?
- GRK Prasad:** There is nothing like surplus land, these lands are acquired by the company ages ago and some of the lands are with 20 MW power plant in AP We would like to monetise them in an appropriate fashion either by having some industrial use thereof or otherwise too.
- Srinath V:** But is there a kind of a timeline or thought process behind this process?
- GRK Prasad:** No, no timeline can be put, thought process is definitely there, so various options are being considered?
- Srinath V:** Okay Sir. Thank you. I will get back to the question queue.
- Moderator:** Thank you. The next question is from the line of Manav Shah from Arjava Partners. Please go ahead.
- Manav Shah:** Hi Sir. As you mentioned earlier you are operating at 200 MW currently in Zambia and the grid upgradation is taking place, when do you see the entire grid upgradation to take place?
- GRK Prasad:** By end of September.
- Manav Shah:** When do you think you would be operating at full capacity 300 megawatts?
- GRK Prasad:** From October onwards, 300 MW operation 264 is the delivery.
- Manav Shah:** Sorry I could not get you.
- GRK Prasad:** 300 MW generation, 264 is what we will be injecting post the auxiliary.
- Manav Shah:** So you will be doing 300 MW right, not the full capacity?
- GRK Prasad:** Yes, it is full capacity, but the actual delivery capacity is 264 post the auxiliary consumption.
- Manav Shah:** Okay so by October and the revenue potential will be how much because at 15 million is 200 MW right?

- GRK Prasad:** It is a function of capacity and energy, but on a full capacity basis it is likely to be about \$ 19 million per month.
- Manav Shah:** 19 million. Okay Sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** What is the premium paid on the captive linkage auction, which you have won, for 140MW , is it possible to share?
- GRK Prasad:** No those are cost...would prefer not to disclose, but it is a small premium to the earlier price.
- Mohit Kumar:** This mining that we have started showing mining EBIT from this quarter, of course I believe that this is entirely related to Zambian mines?
- GRK Prasad:** This is actually necessitated out of IndAS functionality. We thought would comply with that as well in terms of consolidated financials. That is why the mining is being shown separately.
- Mohit Kumar:** A lot of volatility in the EBIT number, it was minus Rs.2 Crores of loss in Q1 FY2017?
- GRK Prasad:** Mining is small activity going forward, but what happened in earlier periods was that some of the IFRS adjustment resulted in what you call, fair value and deferred tax treatment. Those resulted in – results being higher than the actual revenues accompanying the records, so I would rather not take the EBIT numbers for the previous periods as a benchmark, because of the various issues. One principal factor being the power plant being still under implementation. Going forward I think the mining division will reflect the correct operational metrics.
- Mohit Kumar:** So can we take the Q1 FY2018 as the base number to work on?
- GRK Prasad:** No, I would rather put it as Q3.
- Mohit Kumar:** Okay. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.
- Giriraj Daga:** A few clarifications, our EBITDA at peak should be about 60% at Zambia right?
- GRK Prasad:** That is after sometime, maybe I would say one year down the line.
- Giriraj Daga:** One year down the line because our costing.
- GRK Prasad:** By then we would have received at least three installments I think.

- Giriraj Daga:** No I am talking about EBITDA before finance cost?
- GRK Prasad:** EBITDA I would say that to hover around – I would say the safe assumption is 50% to 55%, have I answered your questions?
- Giriraj Daga:** No Sir I have not got about 50%, 60% like EBITDA level before finance cost?
- GRK Prasad:** No I am saying the max that you could take is about 55%.
- Giriraj Daga:** Okay, my second question if you can run us with the current costing at silico manganese like what are the current prices and manganese cost what is the current cost and manganese ore cost?
- GRK Prasad:** We would prefer not to give the cost details.
- Giriraj Daga:** Prices, what is the silico manganese prices?
- GRK Prasad:** They are currently hovering on an international level around \$1070 to \$1100 per ton.
- Giriraj Daga:** \$1070 to \$1100 and these manganese require about 8,000 unit of power right?
- GRK Prasad:** 4000 units.
- Giriraj Daga:** 4000 units of power. Okay. Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Ajay Jain from Astute Investment Management. Please go ahead.
- Ajay Jain:** Good afternoon. My question is regarding the Zambian project you said EBITDA margin of about 55%, can I have the breakup between the mining and the power?
- GRK Prasad:** This is at the company level, so mining is more a function of power generation going forward because you see the power plant would require something like 1.6 million tonnes of thermal grade coal which will be transferred from mine to coal at a transfer price, but at the Company level it gets nullified, so what we are talking about 55% at peak level is at the Company level.
- Ajay Jain:** What is the rate of interest on these foreign loans?
- GRK Prasad:** Including hedge cost it is 8%.
- Ajay Jain:** Okay. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question. I now hand the conference over to Mr. Abhineet Anand for his closing comments.



*Nava Bharat Ventures Limited
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Abhineet Anand: Hi, thanks everyone for attending the call and if the management wants to add anything, please go ahead Sir!

GRK Prasad: Thanks Abhineet and thank you very much for your participation in the call, I hope I have addressed all the queries adequately and if there are any questions or clarification that remain unanswered please get back to us, we would be happy to provide answers on a **wider investor** platform. Thank you very much.

Moderator: Thank you. Ladies and gentlemen on behalf of SBI Cap Securities that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.

For NAVA BHARAT VENTURES LIMITED

VSN Raju 
Company Secretary & Vice President