

# NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 306/2021-22

August 11, 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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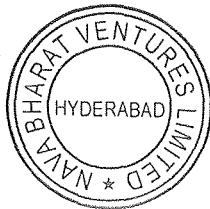
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on August 5, 2021 on the operational and financial performance of the Company for the quarter ended June 30, 2021.

Kindly take the same on record and acknowledge the receipt.

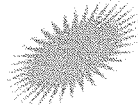
Thanking you

Yours faithfully  
for Nava Bharat Ventures Limited

VSN Raju  
Company Secretary  
& Vice President



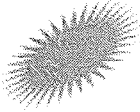
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NAVA BHARAT

# “Nava Bharat Ventures Limited Q1 FY2022 Earnings Conference Call”

August 05, 2021



NAVA BHARAT

**DAM**  
CAPITAL



**ANALYST:**

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

**MANAGEMENT:**

**MR. ASHWIN DEVINENI – CHIEF EXECUTIVE OFFICER**

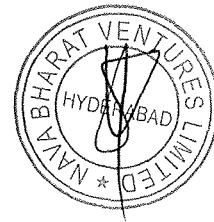
**MR. GRK PRASAD - EXECUTIVE DIRECTOR**

**MR. SULTAN A. BAIG – CHIEF FINANCIAL OFFICER**

**MR. VSN RAJU - COMPANY SECRETARY & VICE PRESIDENT**

**MR. NIKHIL DEVINENI – SENIOR VICE PRESIDENT**

**- NAVA BHARAT VENTURES LIMITED**





*Nava Bharat Ventures Limited  
August 5, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q1 FY2022 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Kumar from DAM Capital. Thank you and over to you, Sir!

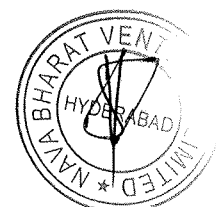
**Mohit Kumar:** Thank you, Nirav. On behalf of DAM Capital, we welcome you to the Q1 FY2022 Earnings call for Nava Bharat Ventures Limited. From the management side, we have Mr. Ashwin Devineni – the Chief Executive Officer, Mr. Sultan A. Baig– Chief Financial Officer, Mr. GRK Prasad, Executive Director, Mr. VSN Raju, Company Secretary & Vice President and Mr. Nikhil Devineni, Senior Vice-President. Now, I hand over the floor to Mr. Ashwin Devineni for his opening remarks, following which we will have the Q&A session. Over to you, Sir!

**Ashwin Devineni:** A very good afternoon to everyone and a very warm welcome to all the participants. This is Ashwin Devineni, the CEO. The statement of the financial results, both on standalone and consolidated basis and a press release detailing the operations of Nava Bharat Ventures Group for the quarter ended June 30, 2021, have already been filed with the stock exchanges and posted on our website. I hope you had a look at them and trust they provide adequate information on our performance for the Q1 FY2022. Given the above, we would now like to proceed with the Q & A session and request you all to seek clarification as you may desire. Thank you.

**Moderator:** We will now begin the Q& A session. The first question is from the line of Dharmesh from QG. Please go ahead.

**Dharmesh:** I would like to know from the Board of Directors, that Nifty made new high, small cap index has a made new high, but we are not really understanding why the market is not preferring to buy the stock of Nava Bharat Ventures?

**Ashwin Devineni:** In terms of our valuation and stock price, unfortunately we, as management, cannot speculate or discuss. We have been reporting profit quarter-after-quarter and all our operations are fairly healthy. So, as management, we are doing our best to increase shareholder value and make sure that operations are sustainable, and we have significant growth potential for the future. But, in terms of stock price and valuation, we cannot speculate or discuss in this forum.





**Dharmesh:** The second question is, the buyback offer from the Company was at Rs.100 and no doubt, at that time the stock price was at Rs.70 or Rs.75, but Rs.100 is also very low price. So, the Company should have fixed higher price.

**Ashwin Devineni:** Yes, the buyback ceiling price was essentially the board's decision after much deliberation. We took into account where the stock was at the time and we made the decision. We thought the ceiling back we had attached to the buyback was appropriate.

**Dharmesh:** Thank you so much.

**Moderator:** The next question is from the line of Harsh M from DAM Capital. Please go ahead.

**Harsh M:** My question is what is the status of the Maamba tariff negotiations and is the plant fully operational currently?

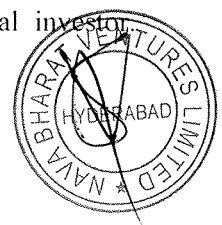
**Ashwin Devineni:** Both the units are fully operational currently. Unfortunately, one of the units was down for an extended period because of a major overhaul. We had noticed few issues or damages with the turbine diaphragms, but that has been resolved and rectified. Currently, both the units are operating at full capacity at Maamba. With respect to the tariff negotiations, that is taking a little longer than expected, owing to the elections that are coming up next week on 12th of August. So, because of that, everything has taken a backseat, but we expect things to pick up once the elections are done, during the later part of this year, with respect to the tariff negotiations.

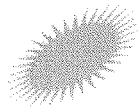
**Harsh M:** In terms of the debt restructuring, is there any progress or update that you can give us?

**Ashwin Devineni:** The lenders are favourable towards debt restructuring, which is essentially dependent on the tariff negotiations because if we are to restructure debt and agree on a debt restructuring proposal, it will be very dependent on what revenues we would be recognizing on a monthly basis in the future and that is directly linked to the tariff negotiations. I think once we progress further on the future tariff negotiations matter, we will parallelly start progressing on the debt restructuring too, and the lenders are also committed towards a workable solution.

**Harsh M:** Thank you so much, Sir.

**Moderator:** The next question is from the line of Sameer, individual investor. Please go ahead.





**Sameer:** What went incorrect in the current quarter as compared same quarter of the previous year, and with respect to Zambian electricity, are we receiving at least variable cost from the power purchaser, which is just providing us 60% of our total billing?

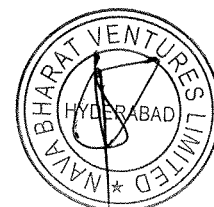
**Ashwin Devineni:** Nothing went wrong. The major reason for the decrease in terms of both revenue and profitability is the fact that one of the units at Maamba Collieries has been down for major overhaul which was supposed to take 60 days, but unfortunately, when we opened up the turbine, we found about six diaphragms and diaphragm casing was damaged, beyond repair. That led us to order parts, which had a fairly long lead time. So, after fixing was done, the parts had arrived, and so we were able to re-commission the unit only on the 29th of July. So for the entire quarter, we had only one unit running at Maamba Collieries. The cause of the second unit not running was basically the loss of recognizing revenue to the extent of about \$45 million. So that was one main reason why your concerned numbers are comparably lower compared to the last quarter or the year before.

**Sameer:** What about ferro alloys and silico manganese?

**Nikhil Devineni:** Mr. Sameer thanks for your question. In ferro alloys, there were two counts for the reasons why the realization for this quarter is less than the preceding quarter. One was in terms of production volumes; we had taken a plant shutdown for one of our larger furnaces for 15 days. Unfortunately, the shutdown was prolonged due to the second wave of COVID where there was an acute shortage of industrial oxygen, which we required for restarting activities. So, this put together, we lost almost 3,000 tonnes of volume, which we had in the last quarter. The second reason is, in the last quarter, we had a large opening inventory of almost 10,000 tonnes which were able to liquidate. So, that is the reason for a higher realization in the previous quarter, compared to this quarter.

**Ashwin Devineni:** I think you had a question if we are recovering the variable costs. In terms of that, we are on a monthly basis, like you rightly said. Today, if you look at our cumulative billing, it has exceeded a billion dollars from the time we have commissioned. We have realized close to 60% of that. So, on a monthly basis we are getting about \$8 million to \$9.5 million every month. That is enough to cover our variable cost and we have also been servicing interest with the lenders.

**Sameer:** So, basically, we are covering the entire variable cost and a part of the fixed cost or the entire fixed cost?





**Ashwin Devineni:** We are covering the fixed and variable in its entirety, but the only shortfall is to essentially service the loan and in terms of equity return.

**Sameer:** Thanks.

**Moderator:** The next question is from the line of Dharmesh, QG. Please go ahead.

**Dharmesh:** I have checked balances in 2014, we had fixed asset of Rs.2,000 Crores and now we have about Rs.6,000 Crores. The Company is establishing some new plants. But according to that the shares has not increased too much. Before also 1,700, now 2,500, so the shares' growth is not in respect to the manufacturing capacity increase. So, is our understanding wrong?

**GRK Prasad:** I think the differential was on account of capitalization in Zambia, where we had a capitalization of about \$700 million that was done in the financial year 2015-2016.

**Dharmesh:** I mean to say, we have increased our manufacturing facility, but the number of shares is not with respect to the manufacturing capacity increase. So, our understanding is the simple multiplication 2,000 should become 6,000, so shares should be triple or at least double but it is not observed.

**GRK Prasad:** The Maamba power plant got commissioned in 2016, and we started recognizing revenues on a commercial basis in the last quarter of that year, that is 2015-2016. As far as your point of sales, that is purely related to the power sales there. Those were being captured on a quarter-on-quarter basis since then on a consolidated number.

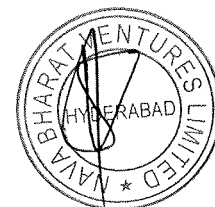
**Dharmesh:** If I simplify my question, when will the Company reach the sales target of Rs.4,000 Crores approximately?

**GRK Prasad:** See, we probably are talking about almost optimal performance, both in terms of the subsidiary, which is in Zambia and in India, excepting for this slight aberration of the plant being down for maintenance and all. So, if you look at a normative basis, the Maamba Company will churn out revenue of about \$200-\$210 million while the Indian companies will make about Rs.1,500 Crores. That is how it is.

**Dharmesh:** So we may see Rs.4,000 crores in 2023.

**GRK Prasad:** We were doing, but this year has been an aberration, yes by 2023 financial year should again be optimal.

**Dharmesh:** Thank you so much.





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*August 5, 2021*

**Moderator:** The next question is from the line of Harish Shah from HS Investments. Please go ahead.

**Harish Shah:** I have two questions. We have seen good performance from the standalone entity and in the press release note we have mentioned that the domestic power and coal business have been performing well. So, can you share the guidance for the year, particularly FY2022 and what would be the trajectory in the coming year? That is my first question. The second question is what is the challenge from the production side faced in the Tata Steel deal and how does this impact our margins? Do we have a compensated, incremental cost? These are my two questions.

**GRK Prasad:** We do not actually speak out guidance, but I want my colleague to dwell on the current scenario in the ferro alloy especially, the manganese alloys and also on the chrome side where the provision charges occurred.

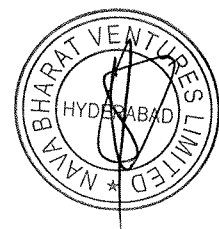
**Nikhil Devineni:** Thank you, for your question, Mr. Harish. The silico-manganese vertical continues to be buoyant, mainly driven by strong demand from the steel sector. This trend, we see, is going to continue, for the rest of the year. The reason being, more ferro alloys producers, along with us, have an order book which is almost full until the beginning of Q4. So, we do not see any major correction in terms of silico-manganese prices going forward. To answer your second question regarding the ferro-chrome operations, this quarter yes, we did face some operational challenges, wherein we had made a provision for Rs.6.25 Crores, a major reason being Tata's have been supplying from three different mines unlike earlier, where it was from a single source. This had caused a little bit of operational challenge in terms of the blend that we feed into our furnace. That being said, I am happy to report that this issue is behind us and our production team has sorted out the problem.

**Harish Shah:** So, in that case, my basic question was how does it impact the margins going forward?

**Nikhil Devineni:** Going forward, from the silico-manganese side, we can expect an increase in margins, owing to higher market prices. From ferro-chrome point of view, where we have a conversion agreement with Tata, this is more or less a fixed contract for the next five years. So, we do not foresee much variation in terms of cost or in terms of margins.

**Harish Shah:** Thank you.

**Moderator:** The next question is from the line of Ajay Jain, an individual investor. Please go ahead.





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**Ajay Jain:** First question is what is the status of arbitration? Second part of the same question is suppose we do win the arbitration case in total, does the Zambian government have funds to pay, because I believe they have defaulted on some loans way back in November 2020?

**Ashwin Devineni:** Mr. Ajay Jain, in terms of arbitration, the process is ongoing. The hearing is scheduled for mid-September. So, we are hoping that we should get a verdict, hopefully, before the end of this year. In terms of the situation with the Zambian government and the verdict, how we would enforce it, I would not want to comment at this stage because the matter is currently ongoing arbitration.

**Ajay Jain:** But what is your self-assessment about the recoverability of the amount if you win the arbitration that is my question?

**Ashwin Devineni:** Agreed Sir. But since the matter is currently under arbitration, I do not want to discuss the matter on a public forum.

**Ajay Jain:** Thank you.

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

**Hanish:** My question is regarding the other comprehensive income. Can you help us with what is this Rs.2,900 Lakhs?

**Sultan A. Baig:** Thank you, Mr. Hanish for your question. Are you comparing the previous quarter's other income with the current quarter's income?

**Hanish:** Exactly.

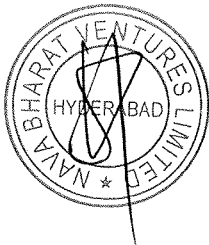
**Sultan A. Baig:** In the previous quarter, we had the MTM gain of Rs.49 Crores which we recognized in the books. It is not there, in the current quarter. So, that is the difference.

**Hanish:** Thank you.

**Moderator:** The next question is from the line of Harish Shah, from HS Investments. Please go ahead.

**Harish Shah:** What is the current status of divestment of our non-core assets? By when can we expect the stockpile of sugar and ethanol to clear out?

**GRK Prasad:** In terms of sugar, the process is on. We expect the residual stock of sugar to get cleared in this quarter i.e., running quarter. With respect to sugar equipment, which is up for sale also, we have been doing an







equipment-based sale for the last few months. We expect that profits to gain momentum and get closed in the next six months or so.

**Harish Shah:** Thank you.

**Moderator:** The next question is from the line of K. K. Maheshwari from CIL Securities Limited. Please go ahead.

**K.K. Maheshwari:** In the notes to accounts, there is a mention as point number 5 – MCM is in breach of its existing loan, which is secured exclusively and only runs up underlying assets of MCL. Is this a note which has been coming previously or is it a new note and from when has there been a breach of repayment of loans?

**GRK Prasad:** This is not a new occurrence. It has been coming up. The breach occurred for the last two years, roughly three installments got unpaid, six-monthly installments, and the matter has actually reached the point of arbitration because of this payment default. The point that we are trying to make here is notwithstanding these payment defaults, the standalone financials are not impacted because there is no recourse of the Zambian company debt to the parent company. It is completely secured on the basis of the project assets and whatever cheat of agreements that the Zambian company had, with the off-taker as well as with the government.

**Moderator:** The next question is from the line of Dharmesh from QG. Please go ahead.

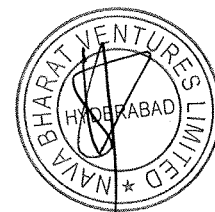
**Dharmesh:** At which year can we expect Nava Bharat Ventures will be debt free with all the problems solving?

**GRK Prasad:** Nava Bharat has a very thin debt, very thin level. As a standalone company, it has a total debt of about Rs.200 Crores as of June 30, 2021 including working capital debt of about Rs.70 Crores. So, these Rs.130 Crores debt that we are talking about will get paid in the next couple of years, 2-2.5 years in fact. So, that is a very small debt relative to the size of our operations. Whatever debt that is being reflected as balance, is in the Zambian company.

**Dharmesh:** So, ultimately together with fall, can we expect around 2024, the company can be debt free?

**GRK Prasad:** On a consolidated basis?

**Dharmesh:** Yes.





- GRK Prasad:** No. Let us talk about a standalone, because standalone debt and standalone company matters are completely independent of the Zambian company. Yes, by 2024, the standalone company will become debt free.
- Dharmesh:** But Zambian will not be confirmed?
- GRK Prasad:** Yes. The Zambian company's debt is at 413 million at this point. So we expect that to last till about 2029. But that has no impact on standalone financials in anyway.
- Dharmesh:** Thank you Sir.
- Moderator:** The next question is from the line of Anirudh, an individual investor.
- Anirudh:** Firstly, would you be able to tell us the outlook and guidance for the power sector in India, considering that we now have NBEIL and the Odisha units being run to their optimum capacity? The second question is on the asset sale relating to land parcel in Hyderabad, Samalkot and Dharmavaram?
- Ashwin Devineni:** With respect to the power sector unfortunately, what we have experienced in the last few months and the last quarter due to COVID, was extremely low demand that resulted in very low exchange prices. I think our game plan for our IPPs both in Odisha & in Telangana – 150 MW in Telangana and 60 MW in Odisha, is to get into long term power offtake agreements with large companies and industries so that we can sustain an ongoing operations for both these IPPs rather than just solely be dependent on the exchange prices. But I think, as we go along, we are hoping that now the lockdowns are easing and so on, the demand is going to pick up and the exchange prices in the next few months should move up. In terms of the asset sale, I will first talk about Samalkot, since you mentioned that, I think as Mr. GRK Prasad said we are selling the equipment item wise. Initially, we were looking at a bulk sale, but that did not work out because the buyer did not meet his obligation. So, we decided to go and sell the equipment on a piecemeal basis. So, that is what we have done and in terms of doing that, the cash flow realizations are on the expected lines and that is an ongoing process. Apart from the asset sale, if you look at the Samalkot line, it is about 100 acres and what we have managed to do is convert 45 acres for mixed use which basically means non-industrial use. We are looking at monetizing that area through certain developments. Nacharam in Hyderabad, that's about 65 acres, currently the ULC matter was an issue and the hearing for that which is in court is at a very advanced stage. We are anticipating the hearing to end and the verdict in August. But unfortunately, due to COVID, all the court





schedules have also been postponed. We hope that will resume quickly and hope we get the verdict on that. Once that takes place, we can look at monetizing that chunk of land where valuations are pretty good.

**Anirudh:** Thank you.

**Moderator:** The next question is from the line of Dharmesh from QG. Please go ahead.

**Dharmesh:** We are a diversified company and now currently functioning in Malaysia as well. In Malaysia, we have the healthcare businesses. I would like to know that in the current conditions, the demand in industries, are mostly retail and IT. So, is there any planning to launch some any new concepts somewhere in the world regarding retail and IT?

**Ashwin Devineni:** I think, right now, we have nothing in the books. But, we are always, as a company, exploring new opportunities apart from growing our existing verticals. We will definitely have our eyes open in terms of what is new and has good potential for the future.

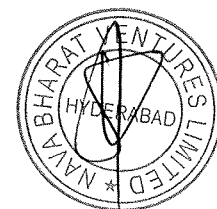
**Dharmesh:** Thank you.

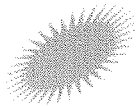
**Moderator:** The next question is from the line of Harsh from DAM Capital. Please go ahead.

**Harsh M:** Thank you. Just one additional question, are you thinking of expanding the ferro alloys business given the strong outlook?

**Nikhil Devineni:** Mr. Harsh, as you rightly pointed out, from a demand perspective we have seen a huge expansion in the steel sector, particularly those companies we are also catering to, they are essentially doubling their capacity. So from a demand perspective, there is a definite case for expansion. However, what we are looking at right now is from a supply point of view. We are currently dependent on outside suppliers for our manganese ore. So we are looking at backward integration where we are able to benefit from a good cost advantage and from that perspective, we are exploring different avenues in Africa and other places where we have planned to acquire our own manganese ore mine. I think there has been some significant traction in this aspect. Once that does come to a conclusion, we would definitely look at it in a more meaningful way.

**Harsh M:** Thank you so much.





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*Nava Bharat Ventures Limited*  
*August 5, 2021*

**Moderator:** Thank you very much. As there are no further questions, I will now hand the conference over to Mr. Mohit Kumar for closing comments.

**Mohit Kumar:** Thank you all, for participating in the earnings call. Thanks to Nava Bharat management for giving us the opportunity to host the call. Sir, do you have any closing remarks?

**Ashwin Devineni:** Thank you very much for all the participants on the call. I hope we have addressed all the queries adequately. If there are questions or clarifications that remain unanswered, please get back to us and we would be more than happy to provide answers on a wider investor platform. Thank you all once again and please stay safe. Thanks.

**Moderator:** Thank you very much. On behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

