

# NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 617 /2021-22

February 1, 2022

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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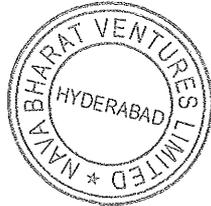
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on January 28, 2022 on the operational and financial performance of the Company for the quarter and nine months ended December 31, 2021.

Kindly take the same on record and acknowledge the receipt.

Thanking you

Yours faithfully  
for Nava Bharat Ventures Limited

VSN Raju  
Company Secretary  
& Vice President

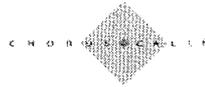


Encl: as above.



**“Nava Bharat Ventures Limited  
Q3 FY2022 Earnings Conference Call”**

**January 28, 2022**



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

**MANAGEMENT OF NAVA BHARAT VENTURES LIMITED:**

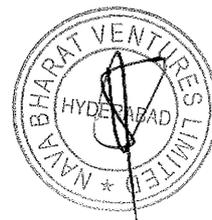
**MR. ASHWIN DEVINENI, CEO**

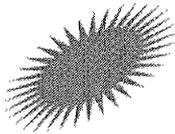
**MR. GRK PRASAD, EXECUTIVE DIRECTOR**

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

**MR. SULTAN A. BAIG, CFO**

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





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**MODERATOR:** LADIES AND GENTLEMEN GOOD DAY AND WELCOME TO THE NAVA BHARAT VENTURES LIMITED'S Q3 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 THE 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 LIMITED. THANK YOU AND OVER TO YOU SIR!

**Mohit Kumar:** Thank you Lizaan. On behalf of DAM Capital, I welcome you all to the Q3 FY2022 Earnings Call of Nava Bharat Ventures Limited. From the management side, we have Mr. Ashwin Devineni, CEO, Mr. GRK Prasad, Executive Director, Mr. Nikhil Devineni, Senior Vice-President, Mr. Sultan A. Baig, CFO and Mr. VSN. Raju, Company Secretary & Vice President. Now I hand over the floor to Mr. Ashwin Devineni for the opening remarks, which will be followed by Q&A. Over to you, Sir!

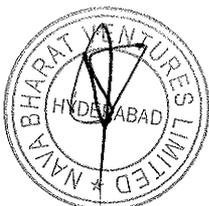
**Ashwin Devineni:** Thank you Mohit. Good evening everyone and a warm welcome to all the participants. The statement of financial results both on standalone and consolidated basis and a press release detailing the operations of the Nava Bharat Ventures Group for the quarter and nine months ended December 31, 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 they have provided adequate information on our performance for the quarter and nine months ended December 31, 2021.

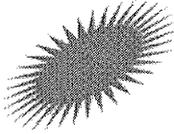
Given the above, we would like to now proceed with the question and answer session. Thank you.

**Moderator:** Thank you very much. We will now begin with the question and answer session. The first question is from the line of BV Bajaj from Bajaj Shares and Securities. Please go ahead.

**BV Bajaj:** Good evening and congrats for the team of Nava Bharat Ventures on all fronts. The standalone results are very good and efficiently brought good results, but my only inhibition is your confidence level on the international recovery and how you are expecting that it will be resolved and how fast? that is my only question, Sir. Thank you.

**Ashwin Devineni:** Thank you for the question. So this is with regards to I guess the power plant and the coal project in Zambia. I think as you probably know the arbitration is currently underway and we are glad to note, I mean, happy to inform you that we have received an interim order for \$250 million that ZESCO is supposed to pay us by January 31, 2022. As of now, we expect ZESCO to pay, but discussions are underway between ZESCO and us in terms of them possibly coming up with a payment plan, as far as we are concerned, we will take all necessary actions until and unless we are satisfied with the payment plan to enforce the order and the award.



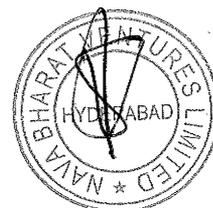


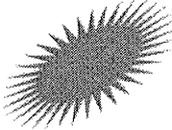
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- BV Bajaj:** Thanks for your confidence level.
- Moderator:** The next question is in the line of M. Srinivas Rao from Jubilant. Please go ahead.
- Srinivas Rao:** Good evening Sir. Congratulations on the good set of results. My question is what is the outstanding overdue amount on MCL to be paid to the lenders as on date.
- Ashwin Devineni:** Yes, so that amount is \$118 million.
- Srinivas Rao:** Okay and what is the current order book position for Ferro Alloys at Paloncha unit?
- Nikhil Devineni:** Mr. Srinivas thank you. The order book of Q4 is fairly good in a sense that it is more or less sold out. So, we have good visibility in terms of our realization going forward for Q4.
- Srinivas Rao:** Thank you. Sir.
- Moderator:** We will move on to the next question that is from in the line of Harish Shah from HS Investments. Please go ahead.
- Harish Shah:** I thank the management for the opportunity. I have some questions/ what is the status on manganese ore mining, if you can share?
- Nikhil Devineni:** Mr. Shah thank you for your question. The manganese ore exploratory works are currently underway. Unfortunately, owing to COVID there was a slight delay in grant of the statutory permissions required to conduct the works. Now as we speak, all that is behind us and work is underway to carry the exploration.
- Harish Shah:** Okay, so the revenues from these operations can be seen like coming in this Q4?
- Nikhil Devineni:** Unfortunately, it is too nascent at this stage to comment on revenues coming from the project. At this juncture, what we are looking for is firstly the deposits that are available in this concession area and secondly whether the quality of the ore present in this area is suitable for manganese alloy production. So, I would not be able to comment in terms of revenue inflow just as yet.
- Harish Shah:** Okay, got it and if you can share what is the maximum volumes can we do on the coal front, coal business?
- Ashwin Devineni:** You said maximum volumes.
- Harish Shah:** Yes volumes.





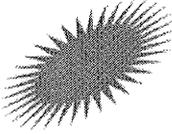
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- Ashwin Devineni:** Yes, so I think this is in relation with the Zambian operations. Today we do about 35,000 to 45,000 tons on a monthly basis. Now in terms of volumes, we want to increase that to potentially like 50,000 and even probably 60,000 a month but it all depends upon the demand. Today, we cater to most of the Zambian markets, but what is happening is now we are seeing a fair amount of traction also from neighboring countries such as Congo and so on. So, if that works out, then we will definitely see an increase in volume. With regards to our production and the mine reserves, there is no limit really, we can go much higher than that.
- Harish Shah:** Okay and what is the approximate EBITDA that we get from this business.
- Ashwin Devineni:** The coal mining business.
- Harish Shah:** Yes, coal mining business.
- Ashwin Devineni:** It is approximately about 50%.
- Harish Shah:** My last question what is the total remittance that we as a standalone business receive from Zambia that is MCL?
- Ashwin Devineni:** Today as it stands from MCL, we have not been receiving any dividends primarily owing to the fact that some of the conditions that the lenders have imposed have not been met because of the partial payment from this course. So I think now that things are moving in a positive direction. We hope to resolve that and probably unlock the value and start receiving. Hopefully, we will start receiving dividends in the near future.
- Harish Shah:** Can we say that from the next financial year, this would come in?
- Ashwin Devineni:** It is very hard for me to say. All I can say at this moment that our discussions with ZESCO given the change in government are very positive. I think they are also eagerly looking for a resolution. I think once we structure something around that I think we will be able to discuss with the lenders and relax some of the terms so that we can start declaring dividends.
- Harish Shah:** Thank you for the detailed answer. That's it from my side and wish you all the best.
- Moderator:** The next question is from the line of Ankit Sonthalia from Oculus Capital Advisors. Please go ahead.
- Ankit Sonthalia:** Congrats on the great numbers and thanks for the opportunity. I have a couple of questions. My first question is we are working on this new tariff structure in Zambia and currently we are receiving \$11 cents per unit. So can you just tell us what is the demand from the





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ZESCO or the government side? What kind of tariff they are demanding? We were working on the debt structuring as well because as we have not paid the principal amount since last few quarters. So are we hoping that the total debt amount will come down or what is happening around this debt structure and the new tariff structure?

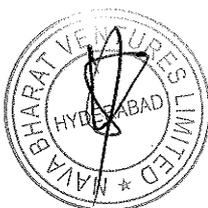
**Ashwin Devineni:** Yes, I do not want to go into particulars, Ankit, because these discussions are fairly confidential but what I can say is that with the recent discussions where we are in terms of tariffs and what they are proposing, we are not too far apart. I think the key here is basically getting them to agree to a very robust payment security mechanism so tomorrow if we agree to this tariff there would not be any more defaults. I think once that is achieved then we go to the lenders to basically restructure the debt. The lenders are aware of what we are discussing with ZESCO, but I think once we agree on a tariff and a payment security mechanism that is acceptable both to us and the lenders, I think the lenders will come forward to restructure the debt.

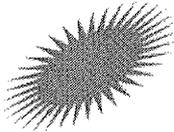
**Ankit Sonthalia:** Okay I am assuming that the tariff will not be too low and we will still make net profit on that so then why will the debt holders agree to reduce the debt if they know that we are also making money in the new tariff structure. So I just want to know that now we have received this court order that they have to pay us \$250 million although I know that probably the government does not have money to pay even if there is an order of the court I just want to know whether is there any possibility that the debt will come down?

**Ashwin Devineni:** No, firstly I think in terms of the tariff being profitable, I think the Company is still in the money making business so we would not agree to a tariff where we do not make money it has to be a win-win situation. With respect to the debt and the lenders, I do not think our intention is to reduce the debt it is more in terms of changing the loan profile so that the payment terms and things such as the interest rate and all those things could undergo a slight change. So that is currently underway and with respect to ZESCO not being able to pay, I think the way the current discussions are going on, there is an intention to pay and think they are trying to work a deal with us where they get additional revenue essentially to pay us so that is currently under discussion.

**Ankit Sonthalia:** Okay and last time I heard that the coal mining we cannot sell it in the international market as we are not getting the benefit of international prices because our operations are in landlocked areas and just now you mentioned that we are thinking to sell it to neighboring countries. So do you mean that within Africa you can sell it but not outside Africa?

**Ashwin Devineni:** See logistics is still an issue, it is not like we can't sell it anywhere. The only thing is that logistics cost kills you if you want to move it out of the African subcontinent as you are not competitive anymore. So today, what we find is if you look at countries like Congo and so on, there is a huge demand because they are increasing their cement capacity and also their copper mining plants are expanding given where the world is going. So we are trying to





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take advantage of those opportunities and there is quite a bit of demand there. Today we cater to most of the Zambian market and now we are starting to see inroads into the Congolese market.

**Ankit Sonthalia:** Okay got it and just one last question on the receivables part because the government has changed and I believe you guys have a lot of discussions in last few months with the new authorities, the receivables are still going up as we speak or have they structured something that at least it will not go up and they will pay you for the new off takes.

**Ashwin Devineni:** No the receivables as we speak are still going up until and unless we agree to these prospective tariffs that are currently in discussions where we have made a fair bit of progress as it stands right now, from what we have it invoiced. They have paid us about 56% to 57% of what we have invoiced but yes I mean today when we bill them, we bill them based on the old tariff and whatever is not paid, falls into dues. Once we agree on the new tariff and they start paying us based on the new tariff in full, then that will put a stop to increase of arrears.

**Ankit Sonthalia:** And is there any discussion of reducing the existing receivables also in your new structuring plan.

**Ashwin Devineni:** Existing receivable I mean if you negotiate a tariff downwards essentially that would mean reducing receivables right so or are you talking about the previous receivables.

**Ankit Sonthalia:** The previous receivables I am talking about.

**Ashwin Devineni:** What we made clear is that we are going to be discussing prospective tariffs and that would only be applicable towards future receivables. The matter of previous receivables dues and arrears is something that is being dealt with in the arbitration process.

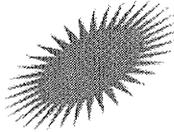
**Ankit Sonthalia:** Got it. Thank you.

**Moderator:** The next question is on the line of Monika Arora from Share Giants. Please go ahead.

**Monika Arora:** I wanted to ask that our 150 MW power plant in NBEIL. What is the exact roadmap for the plant?

**Ashwin Devineni:** The Country had experienced extremely good months of September and October and ever since then, I think tariffs have dropped and unfortunately for us the coal prices also in Telangana have been increasing due to Coal Suppliers making abrupt increase now and again. Currently, the 150 megawatt is shut although we are currently working on some short-term supply initiatives to certain States. We hope that in the next few days to a month, we will get it back into operation. As far as the short-term plan, that is where we are talking of one month to six months kind of tenders, we participate in with different States. In terms





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of the longer-term plan, we are still discussing this group captive scheme, which the 150 megawatt could be a part. Unfortunately, we have experienced certain regulatory hurdles which we hope can overcome soon and I think if that is out of the way then the group captive scheme is probably the best long-term solution for the 150MW.

**Monika Arora:** Okay and one more question. We see our revenues have grown but we are lagging somewhere in the actual cash receipt. So what is the ultimate goal like if you can give me a outlook for another say one year or two, three years in line what is the outcome for two, three years for the Company.

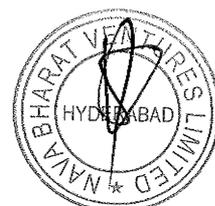
**GRK Prasad:** We cannot make a forward-looking statement but let us look at, on a standalone basis our Ferro Alloy operations seem to be on a nice level at this point and we hope to see whether a further capacity addition can take place but that is subject to various metrics which our team is working on. So that is one aspect which you will be probably looking at and the second aspect is once this resolution as Ashwin mentioned of the Zambian payment problem, is done then what we could see in some kind of improved financial position at the step down subsidiary level; which in turn gives us some more opportunities. However, at this point we cannot really say what they are, but we could probably look at some cash flow visibility once that resolution is done, but that can be better onset once this current arbitration is behind us, which probably will happen during this calendar year.

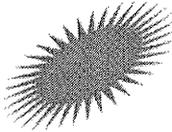
**Monika Arora:** So as an investor what is the ultimate view we should look at.

**GRK Prasad:** Well I think on a standalone basis you should look at this Company as a Ferro Alloys Company with a base anchor position and I would invite our CEO to dwell on what are the new initiatives that the Company is looking at.

**Ashwin Devineni:** Yes, so I mean as an investor what GRK said is true we are primarily a Ferro Alloys Company supported by Power. Here Ferro Alloys is doing good and the steel outlook looks good definitely. One thing we are looking at is increasing our Ferro Alloys production capacity but that we mentioned on previous calls on us having integrated or having raw material security and in terms of that, we are actively working on certain raw material assets and I think once those materialize, we will definitely be expanding our production capacity. With regards to other initiatives that we are taking, I think now that we are seeing a fair bit of positive traction on the Zambia front too. I think that is going to open a significant cash flow coming back into the Company and that is where we stand with respect to our core operations. With regards to other projects that are not within our core operations; we are exploring agriculture in Africa and also involved in a small way on the healthcare side in Southeast Asia.

**Monika Arora:** Thanks for answering so patiently. I will come back in the queue.



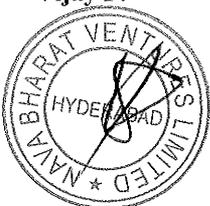


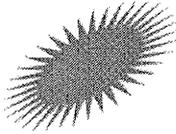
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- Moderator:** The next question is from the line of Harish Shah from HS Investments. Please go ahead.
- Harish Shah:** We have seen a good performance from the Ferro Alloys division this quarter, so we are working on the optimum capacity and according to the management what are the next triggers for growth.
- Ashwin Devineni:** I think for the first part of your question, the answer is yes both that are Odisha Unit where we are producing ferrochrome for TATAs under the conversion agreement and we are operating at near optimal level in Paloncha using silicon manganese there as well.
- Nikhil Devineni:** And in terms of the trigger for growth, as Mr. GRK and Mr. Ashwin have alluded earlier, one of the main triggers right now that we are seeing which is contributing to the Company's topline and bottom line on a standalone basis significantly is the Ferro Alloy division particularly the silico manganese production. The prerequisite for us to expand further was to backward integrate and find our own raw material source namely manganese ore. This is for two reasons, one is it gives us guaranteed fuel supply for any expansion unit, second is it insulates us from any market volatility in the index pricing, which provides a significant cost advantage over our comparators. Now I am glad to report that both the backward integration plans are coming to fruition and all the necessary clearances for us to start work are in place and as we speak, the works are being undertaken.
- Harish Shah:** Okay thanks for a detailed answer, wish you all the best.
- Moderator:** The next question is from the line of Vijay P an Individual Investor. Please go ahead.
- Vijay P:** Thank you for the opportunity. My question is regarding the Zambia operation. I would like to know what is the status as far as coal mining is concerned what is our realization per ton for coal mine from this mine in metallurgical coal and in the lower quality coal which is used for power generation.
- Ashwin Devineni:** In terms of the realization per metric ton, it is about \$63 dollars per metric ton the average realization.
- Vijay P:** For the metallurgical coal or the lower quality coal.
- Ashwin Devineni:** Yes, this is what we are talking about for the high-grade coal.
- Vijay P:** High-grade coal.
- Ashwin Devineni:** Yes.
- Vijay P:** So when the international price is ruling at \$ 220, why are you not realizing even half of it.



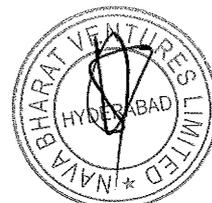


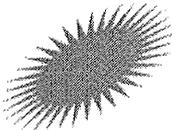
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- Ashwin Devineni:** Well, I mean, I think the first thing is as we said the way the pricing works in Zambia being landlocked is very different. When international coal prices were down, our prices were not lowered to that level. So the way the coal pricing market works in Zambia is fairly different. We basically have to compete with our neighboring partners, which are Zimbabwe and Botswana. So if you price higher than them then basically the people who buy coal from us move to them. So essentially, we have increased our coal price from time and time again, but we definitely cannot peg ourselves with the international coal price market.
- Vijay P:** My second question is regarding expansion in Zambia, we know that Zambia is a copper rich country and currently two mines. The Mopani mine and the one owned by Vedanta are in the market. The government has seized them and put them in the market, we got experience from mining now from coal and we know already about smelting which we are making Ferro Alloys. So do we have any intention to enter into copper mining?
- Ashwin Devineni:** Well in terms of the Mopani and Vedanta assets, it is not as simple. As they are out in the market right now because I think that was the case with the previous government. I think now with the current government, there are a lot of court cases that are underway, arbitrations underway in both the UK, South Africa and also I think one needs to realize there are a lot of debts behind Mopani and Vedanta. So one needs to be very careful in terms of these assets and need to do their proper due diligence. As far as us as the Company definitely, I mean, we would never say No. I think we all know which way the wind is blowing; we know copper is going to increase given that the demand in terms of EVs and so on. So, if we come across a good asset, which makes sense we probably would definitely, consider it.
- Vijay P:** So are we considering any expansion in Zambia at all, may be also in terms of doubling the power generation capacity.
- Ashwin Devineni:** In terms of power, the first thing is that we need to get our current 300 megawatts paid for fully which we are currently working on with ZESCO and hope that will take place soon. Once that happens, I think we all know that there is a power deficit in the Southern African region at least, we would like to take advantage of that but let us also keep in mind that a lot of people that were supplying equipment for coal-fired power plants today are not doing that, if you look at China and so on they are saying an absolute no, financing for coal-fired power plants or any new expansion in coal is very, very difficult. So given those challenges, we will have to read carefully and see how we can work it out. In terms of other expansions in Zambia, I think the agricultural project where we have 10000 hectares of land and where we are trying out different high value crops and we will zero down on one of the crops we are going forward with, is avocado which is something where we are going to look at expanding in Zambia.





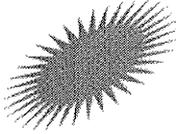
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- Vijay P:** Last question is regarding the Indian operations. Any further progress in liquidation of assets we finally sold a sugar plant and other assets.
- Ashwin Devineni:** In terms of the sugar plants, we have been doing it piecemeal like I had reported in the previous call 70% of the components have been contracted first, so that is currently underway and with respect to the Nacharam property, we have been concentrating on that unfortunately COVID has delayed it we would have expected the court order by now but we are in a very advanced stage and we hope that would be resolved sooner rather than later after which we could look at monetizing it.
- Vijay P:** And Dharmavaram and Samalkot properties.
- Ashwin Devineni:** So, the Samalkot, I just spoke about the asset sale with respect to the land in terms of Samalkot I think just selling it outright probably does not make sense given the valuation numbers, so what we have been looking at is actually we have converted some of that land into real estate and commercial land from agriculture land. We are looking at different options and schemes for developing that on more of a residential and commercial basis, that is for Samalkot and for Dharmavaram all our attention has kind of been on the Nacharam and getting that resolved because the valuations have gone up there so we want to monetize that sooner rather than later.
- Vijay P:** Thank you. I will go back in the queue.
- Moderator:** The next question is from the line of Ankit Sonthalia from Oculus Capital Advisors. Please go ahead.
- Ankit Sonthalia:** One of your competitors in Ferro Alloys industry they have mentioned that these EBITDA margins of 30% plus the average cyclical EBITDA for this industry is somewhere around 15% so just want to know your view on the Ferro Alloys industry and how do you see in the medium-term whether these EBITDA margins are sustainable or what is the sustainable EBITDA margin in medium and long-term perspective.
- Ashwin Devineni:** I would say that even our EBITDA margin if you look at the last quarter and this quarter was more or less in line with what you have mentioned. Going forward to Q4 given that we have sold most of our production already you can expect the same trend to continue into Q4 as well. Now if you look at the medium-term there are a couple of drivers which point to the fact that steel demand is going to remain robust, one being the steel policy of India set out by the Central Government envisages that the steel production from the current 120 million to increase to 300 million metric tons by 2030. Now this is not something that is just on paper we see this actually playing out on the ground most of our large customers from India are either have taken up expansions or the expanded units are running into





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*January 28, 2022*

operations. Secondly, we are finding a strong resurgence in the automotive and construction sector not only in India but worldwide and given these various factors we feel that the steel prices in the medium-term are more or less going to remain intact.

**Ankit Sonthalia:** Got it thank you and one last question like, we are in Ferro Alloys we are into mining, power etc. but I could not understand the rationale behind getting into healthcare in Singapore and Malaysia. So if you can just tell us the reason behind getting into this business, which is totally different from what we have been doing and in a different region.

**Ashwin Devineni:** Yes, so I think as a Company we are in very, very capital intensive verticals such as Ferro Alloys, power, where we invest a lot of money and in fact with the power it is very fairly government dependent and so on. So we thought while we continue those operations and expand in those operations we would like to kind of plant seeds progressive sectors and other forward looking sectors such as healthcare. If you look at our health care investment it is very, very minimal and we are not really too active on the management side of things it runs by its own and it is doing fairly well right now. So while we continue to concentrate our attention on our main verticals which is power, mining, Ferro Alloys and we are always looking at other sectors that could be pretty big in the future. Now one being healthcare the second also being agriculture and so on.

**Ankit Sonthalia:** Got it. Thanks.

**Moderator:** As there are no further questions, I now hand the conference over to the management for the closing comments.

**Ashwin Devineni:** Yes, thank you everyone very much for your participation on this call. I hope we have addressed all the queries adequately and if there are any questions or clarifications that remain unanswered, please feel free to 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. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.

