

NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 716 /2016-17
February 17, 2017

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

Listing Department
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001
**Scrip Code :
'513023' / 'NBVENTURE'**

Dear Sirs,

Sub: Submission of Transcript of the Conference call with Investors/ Analysts
U/R 30 read with Schedule III of the SEBI (LODR) Regulations, 2015.
Ref : Our Letter No. NBV/SECTL/ 679 /2016-17 dated January 28, 2017.

--o0o--

Please find enclosed the transcript of the Conference Call with Investors / Analysts held on January 31, 2017 on the Unaudited Financial Results for the third quarter ended on December 31, 2016 declared on January 30, 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.

Telephone : (040) 23403501, 23403540 Fax : (040) 23403013
E-mail : nbvl@nbv.in Website : www.nbventures.com
Corporate Identity No. : L27101TG1972PLC001549

ISO 9001 ISO 14001



NAVA BHARAT VENTURES LIMITED

NAVA BHARAT

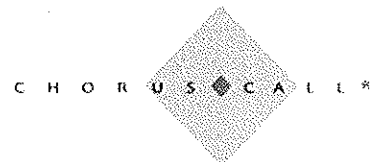
“Nava Bharat Ventures Limited Q3 FY-17 Earnings Conference Call”

January 31, 2017



NAVA BHARAT VENTURES LIMITED

NAVA BHARAT



**MANAGEMENT: MR. GRK PRASAD – EXECUTIVE DIRECTOR,
NAVA BHARAT VENTURES LIMITED
MR. T. HARI BABU – CHIEF FINANCIAL OFFICER,
NAVA BHARAT VENTURES LIMITED
MR. VSN RAJU – COMPANY SECRETARY,
NAVA BHARAT VENTURES LIMITED**

For NAVA BHARAT VENTURES LIMITED

VSN Raju
Company Secretary & Vice President

Page 1 of 19



**Moderator:**

Ladies and Gentlemen, Good Day and Welcome to Nava Bharat Ventures Limited Q3 FY17 Earnings Conference Call. This conference may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict. As a reminder, all participants' 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. G.R.K. Prasad – Executive Director of Nava Bharat Ventures Limited. Thank you and over to you, sir.

GRK Prasad:

Thank you. Good afternoon and a warm welcome to all the participants. I am joined by my colleagues Mr. T. Hari Babu – CFO and Mr. VSN Raju – Company Secretary and SGA our IR advisors.

I hope you had a look at our financial results, the company's release on the financial results and the corporate developments have been filed with the stock exchanges as well as posted on our website.

Let me start with an update on financial and the operational results of the standalone power business. Standalone power business registered a revenue of Rs. 117.65 crores in Q3 FY17 contributing to 33.25% to the total consolidated revenue. EBIT came in at Rs. 32.14 crores with EBIT margin of 27.3% for the nine months' period ending December 2016. The revenue was Rs. 364.62 crores contributing to 36.72% to the total consolidated revenue and EBIT was Rs. 108.14 crores with a margin of 29.7%.

The power business continued to be subdued during the quarter ending December 2016 with the grid curtailments limiting the offtake in Telangana and AP and merchant power rates on the power exchange trending to be lower than the available cost of generation. However there has been a marginal recovery compared to Q2 FY17 mainly on account of control over the fuel cost during the quarter with a higher volume of generation. On an overall basis the value addition through captive consumption got significantly boosted for both chrome and manganese alloy business.

Coming on to Nava Bharat Energy India Limited, which is our 100% subsidiary having 150 megawatt power plant having operations in Telangana the suboptimal operations significantly impacted Nava Bharat Energy India Limited which could report marginal profit only though with a significant improvement over that in Q2.

In Q3 FY17 NBEIL registered a revenue of Rs. 66.91 crores compared to Rs. 34.82 crores in Q2 FY17, a growth of 92.17% quarter-on-quarter basis. At EBIT level NBEIL reported a profit of Rs. 2.49 crores in Q3 with an EBIT margin of 3.7%. For the nine months' period ending





December 2016 NBEIL clocked revenue of Rs. 229.24 crores with an EBITDA of Rs. 24.24 crores. The EBIT margin for nine months ending December 2016 has been 10.6%.

Now moving on to ferro alloys. Ferro alloys registered a revenue of Rs. 180.97 crores for Q3 FY17 contributing 51.1% to total consolidated revenue. The company reported a profit of Rs. 13.83 crores at EBIT level as compared to a loss of Rs. 9.56 crores in Q3 FY16. During nine months' period ending December 2016 the revenue from ferro alloys business was Rs. 440.90 crores which is 44.4% of the total consolidated revenue.

On the EBIT front the profit stood at Rs. 5.68 crores. The manganese alloy business improved both in terms of volumes and net realization mostly driven by increased procurement and consumption activity from China. This also ensured that the company has been able to obtain full recovery of captive power at grid tariff of Rs. 5 per unit. Similar value addition continued in ferrochrome conversion arrangement with Tata Steel Limited. Accordingly, the power segment reported improvement in both revenues as well as profitability notwithstanding this stranded generating capacity in Odisha.

Moving on to sugar business. Sugar business continued its buoyancy in Q3 even after new sugar season production kicking in, in line with the positive industry trend. Sugar business has registered a revenue of Rs. 46.33 crores in Q3 from Rs. 28.75 crores in Q3 of FY16 which is a growth of 61.2% year-on-year contributing to 13.09% of total consolidated revenue. EBIT came in at Rs. 4.28 crores with a margin of 9.2% for Q3 as against a loss of Rs. 1.21 crores in Q3 of FY16. For nine months' period ending December 2016 the revenue has been Rs. 118.06 crores contributing to 11.89% of the total consolidated revenue with a EBIT of Rs. 18.31 crores.

Now moving on to international business which comprises the 300 MW integrated coal-fired power plant of Maamba Collieries Limited, the step down 65% subsidiary in Zambia. The Zambian subsidiary successfully completed the commissioning test for both units of 150 MW each by December 2016. Zambian Company has been billing power revenues at the full commercial tariff to the local entity. The subsidiary has effected tight control on project cost and is envisaged to achieve the COD as per financing documents in Q4 without any cost overrun despite the delay by about seven months.

Zambian subsidiary has availed the full term loan component of US\$590 million and the equity funding of US\$253 million as at the end of December 2016 and is set to capitalize the 300 MW power project within the envisaged project cost. The subsidiary is actively engaging with the local power utility for sustained offtake of power by overcoming certain constraints related to transmission upgradation and power tariff revision to all mining companies in Zambia, to enable it to obtain optimal revenue streams from April 2017 onwards as envisaged.

Impact of foreign currency adjustment on other income and other comprehensive income is as follows. The standalone and consolidated financials take in to account the positive foreign





currency variation in other income and other comprehensive income respectively. These relate to intercompany financial transactions like loans and on account of restatement of overseas subsidiaries' financials as at the reporting date of 31 December 2016. The consolidated financials are to some extent impacted on account of mark-to-market adjustment (non-cash) for the treasury investments in Singapore subsidiary and delay in achieving the commercial operation date by the Zambian subsidiary which resulted in higher charge of interim O&M service costs with matching revenues for NBVL envisaged to commence in Q4 onwards during regular operations of the power plant.

That is all from our side. And now we are opening the floor for question-and-answers.

Moderator:

Thank you very much. We will now begin with the question-and-answer session.

We take our first question from the line of Vinod Malviya from Florintree Advisors. Please go ahead.

Vinod Malviya:

Sir, my first question is on the employee benefit. There is sudden spike in the employee cost for the quarter. So is it like one off or it is going to continue going forward at the same run rate?

GRK Prasad:

Probably a part of it is one off because some of the senior executives retired during the quarter. It included the retirement benefits for those senior executives across some units.

Vinod Malviya:

Okay because if I look at the standalone generally it used to be around Rs. 15 crores to Rs. 17 crores, this year it is Rs. 25 crores. So what would be the general run rate in a quarterly basis?

GRK Prasad:

You can take the figure for the nine months' period that I think is more or less evened out with whatever aberration in the quarter because that would be the average run.

Vinod Malviya:

Okay last question on the power offtake. How has been the power off take for the month of January so far?

GRK Prasad:

It is on the same lines as in Q3.

Vinod Malviya:

Even if the Nava Bharat Energy subsidiary also is operating at similar levels?

GRK Prasad:

Yes, the subsidiary as well.

Moderator:

Thank you. We will take the next question from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.

Amit Golchha:

In case of Nava Bharat Energy the state is supposed to pay you some penalty if they are not off taking power at 70%. Has any penalty come in?





- GRK Prasad:** That has not come in. That is applicable for Nava Bharat Energy as well as for NBVL. This pertains to the previous contract period which ended in May 2016. Still they have not paid the penalty. Of course, they are being pursued.
- Amit Golchha:** That is how much, sir?
- GRK Prasad:** For the energy it comes to about Rs. 20 crores.
- Amit Golchha:** And total?
- GRK Prasad:** And the parent it is roughly about Rs. 6 crores or so.
- Amit Golchha:** And sir, for this year as well given that our PLFs are lower than 70% and they were supposed to pay you Re. 1/- per unit for the shortfall. So this year also there will be some penalty which you will be billing to them?
- GRK Prasad:** Yes, we will be billing but after the contract ends in May 2017.
- Amit Golchha:** Okay and sir you do not see any increase in PLF in next two, three months?
- GRK Prasad:** We are definitely hoping. Basically we were hoping that increase would kick in by January itself because of general consumption factor in Telangana. However, our hope at this point is that from February onwards the full contracted power would be off taken.
- Amit Golchha:** And sir, this 70% guarantee is till May 17 or is it the PLF would be completed by March 17?
- GRK Prasad:** It is up to May, that is our contract period. So June 2016 to May 2017.
- Amit Golchha:** And sir second thing is on Zambia. So this you mentioned two things one is transmission constraint and second is tariff negotiation with the final consumer. So these two things are essentially leading to delay in the commissioning. Is that correct?
- GRK Prasad:** The transmission constraint definitely led to the delay in commissioning in the sense that the tests got delayed. But those have more or less been worked out. We are now in the performance guarantee test period. So that period itself is about a month. So we expect unit wise PG tests will be conducted and by end of March the units would be in a position for being taken over.
- Amit Golchha:** So you mentioned that you already completed a test so which are those tests, sir?
- GRK Prasad:** There are three tests actually. One is of course Net Dependable Capacity test that is where each of the unit's full capacity is tested and following which we would be in a position to bill to the local entity whatever power that is injected at PPA tariff. That got completed for the first unit in October itself and for the second unit in December. Following that then there will be some





Nava Bharat Ventures Limited
January 31, 2017

tests like the unit characteristics test and the PG tests. These are currently on unit wise. So currently Unit 1 is going on with those tests. This will be followed by Unit 2 sometime in February and by end of February or early March both the units would be declared for take over. We do not foresee any problem there.

Amit Golchha: Right sir and just to understand when the earlier scheduling for commissioning was drawn up these things were not known or these things came up later?

GRK Prasad: No, because of the grid constraints the tests are getting elongated.

Amit Golchha: And what is the situation on the grid now?

GRK Prasad: The grid upgradation has happened so what we want to do is have the power injected in a gradual fashion, say March/April onwards. We would like to start with about 60% to 65% load and take it to 85% load by end of June. Which the utility said they can take without much of a problem.

Amit Golchha: But you will be getting paid as per availability of the plant or as per the actual generation?

GRK Prasad: See there are two parts. The capacity charge would be based on availability. What I am talking about is injection. So the capacity charge will be for full load which is I think about 262 megawatt or so net of auxiliary. For the injection, it starts with 60% then gradually will be taken up to 85%.

Amit Golchha: Right sir and currently you are billing at the full tariff you are saying?

GRK Prasad: Correct. Whatever power that is injected during tests also is getting billed at full tariff. For example as of end December the actual billing was about \$29 million. From the two units through whatever tests that were happening and whatever injection has been happening, the Zambian Company billed on the local utility to the extent of \$29 million of which part of the amount was paid and balance amount is expected any time. So at least the process has already begun.

Amit Golchha: Okay and that has reduced from your capex?

Amit Golchha: Right sir and out of this \$29 million excluding the coal costs, balance has been reduced from the project cost?

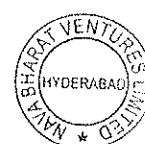
GRK Prasad: Of course this \$29 million will actually go to as a Pre- COD revenues and going to reduce the project costs because the coal cost is being factored as startup cost.

Amit Golchha: Okay so sir including this amount you are saying that your capital costs is as per expectations?





- GRK Prasad:** Correct, this is basically because the unit commissioning got delayed. We are required to pay the interest during construction, let us say for another six months. Even that, is getting covered by these revenues.
- Amit Golchha:** So that is offset by these revenues?
- GRK Prasad:** Exactly.
- Amit Golchha:** Otherwise there would have been cost also?
- GRK Prasad:** We will have some more contingency provision as well, yes.
- Amit Golchha:** Okay and sir, the second part of my question was the tariff negotiation with the customer, the final customer so that is?
- GRK Prasad:** No, the negotiations are not by us. See our tariff is fixed as far as our power is concerned it is fixed at generation at \$9.83, transmission at \$1.06..
- Amit Golchha:** So ZESCO is negotiating with mining companies essentially?
- GRK Prasad:** Actually they have completed the negotiations. Now they are going through process of **ERB** approval for the tariff increase on various mining companies that is happening as we speak. So probably by end of February they would get the first bill also at the rate of \$9.30, that is what they have agreed.
- Amit Golchha:** Okay and this tariffs now it is agreed by both the parties you are saying?
- GRK Prasad:** By the mining companies and ZESCO, yes.
- Moderator:** Thank you. We take the next question from the line of Ravi Purohit from Securities Investment Management Private Limited. Please go ahead.
- Ravi Purohit:** Sir, on this power business in India, this PPA which was signed it comes to an end in May 2017 and they are virtually not taken any significant power from us. How are we looking at this business in the medium to long term as we have lot of unutilized power assets sitting on the ground now and things are also becoming difficult from the discom side? So if you could just update us on what our thinking is on this business?
- GRK Prasad:** Our principal concern is on these lines only. Basically grid is not in a position take the power for various reasons. Combination of reasons like energy conservation to some extent then you have incremental generation of their own power plants and . And overwhelmingly lack of Industrial consumption. I think that those three factors are more of sector issues but from a limited perspective what we want to do is to have at least a part of the power tied up on a





medium to long term basis with the grid especially from our subsidiary which is at Telangana, 150 megawatts subsidiary.

This process has begun. We have had a couple of rounds of discussions with the grid and we have to see how this could be formulated into a contract. So they probably would come up with some kind of a tender and with specifically for local generators against which we will be happy to participate. That is one. The second issue which seems to be happening is that grid would certainly require power going forward but during daytime and peak hours and during night time there could be some kind of a laxity in terms of offtake.

So our plan at this point is have the contract for purchase of power during peak and day time and also have simultaneously an IEX contract ready on day ahead basis. So that you know it could actually impact the revenues to a significant extent than what we were actually looking at. But at the same time it would ensure that cost of generation is kept to at an optimum level. And we stay competitive.

Ravi Purohit: Okay what would be our cost of generation now at the end subsidiary level and Nava Bharat Energy given that coal prices started moving up a little bit?

GRK Prasad: Yes, actually this is a function of e-auction coal where not much of change has happened here in Telangana. Our fully loaded cost is about Rs. 3.40 per unit

Ravi Purohit: 3.40, this includes depreciation or just cash cost?

GRK Prasad: No, everything is included.

Ravi Purohit: So cash cost will be slightly lower?

GRK Prasad: Yes, cash cost will be lower, about I would say Rs 3.

Ravi Purohit: Okay and sir last one, one and a half year we have been trying about this strategic investor that which we had mentioned in couple of calls also in the past that we are exploring all the options for that 60 megawatts in Orissa. Any headway, any updates there?

GRK Prasad: The process is still on, means everybody seems to be waiting for an opportune time because everybody has been going through the same stress on the commodity side because those are the target customers for us. But that effort is still on because this is a facility which is very well placed in terms of coal proximity and operational metrics wise.

Ravi Purohit: Okay and just sir one housekeeping question on your outstanding debt ex of Maamba for our NBEL, Nava Bharat Limited, just update that?





- GRK Prasad:** Yes, the debt at Nava Bharat is about Rs. 304 crores with cash and bank balance of about Rs. 70 crores. So we are talking about a net debt of Rs. 230 crores. Under NBEIL, we have Rs. 239 crores debt.
- Ravi Purohit:** Okay this all including long term short term everything put together?
- GRK Prasad:** Yes, including working capital I mean I am talking about total debt. With cash balance of about Rs. 42 crores so net is about Rs. 197 crores. As far as MCL which of course have no recourse to us, the debt is Rs. 4,253 crores as of December that is fully drawn debt. The cash amount to be spent is about Rs. 866 crores. Net debt is about Rs. 3,387 crores.
- Ravi Purohit:** And how much?
- GRK Prasad:** And at the NBS level we have net cash position of about Rs. 100 crores.
- Ravi Purohit:** So in effect ex of Maamba we have about a little over Rs. 300 crores of net debt?
- GRK Prasad:** You are talking about including Maamba?
- Ravi Purohit:** Not including Maamba just an NBV, NBEIL and NBS?
- GRK Prasad:** Yes, NBEL, NBS you are talking about that net debt is about what, that is Rs. 432 crores.
- Ravi Purohit:** Yeah and net cash of NBS is Rs. 100 crores?
- GRK Prasad:** Net of cash is about 430 crores. Between NBVL and NBEIL and NBS has no debt. There is only debt to the parent company.
- Ravi Purohit:** Right so what I was doing I was just adding the three companies and saying overall between these three companies how much debt or net debt we have.
- GRK Prasad:** You have removed this Rs. 100 crores NBS also that means.
- Ravi Purohit:** Yes.
- Moderator:** Thank you. We take the next question from the line of Srinath V. from Bellwether Capital. Please go ahead.
- Srinath V:** Couple of more questions. I just wanted to understand has the connection between the south and the national grid had any impact on the supply demand profile of the state of Telangana?
- GRK Prasad:** Not exactly. There has been some connectivity improvement that to some extent has been addressed I would say about 500 megawatt to 700 megawatt has started flowing in. But it has not changed the demand profile, in fact the profile got changed on account of I would say some





Nava Bharat Ventures Limited
January 31, 2017

incremental generation happening in Telangana of their own units. And to some extent I would say the industry consumption has not picked up and conservation also is helping them.

Srinath V: Okay sir I just wanted to understand are we in talks with the Zambian government for increasing our capacities in the power space? Do you feel that post this commissioning of both the units there is incremental demand available to generate more power and considering we have already done all the spade work to make the next set of capacities would be cheaper and shorter time to market?

GRK Prasad: You are right. Of course there is lot of pressure from the Government of Zambia for us to take up the second phase as well of 300 megawatts. It has definite advantages going with it like the cost as you put it as well as the time for implementing the scheme. But we would like to wait till operational flows are streamlined before an investment commitment is made for phase 2. Second thing is there is a lot of work that needs to be gone into in terms of documentation. That documentation work is being processed. So there is no investment commitment but documents like PPA government support agreement etc are being pursued.

Srinath V: But is there any major hurdle sir, for us in terms of taking this or some key triggers that we need to take this second phase?

GRK Prasad: This is the first of its kind IPP in sub-Sahara region. So both the Zambian facility as well as for us also it is the first of its kind. So we want to see how the revenue streams pan out and if it is in the model etc.. We want to see that while in parallel we will complete all the documentation work with the government.

Srinath V: Since this has been a kind of a large investment for us are we because now we are very close to monetizing or you know for the assets to generate and show up profit and loss, are we planning to lift this particular asset or part monetize this particular asset so that actually we would get capital to fund our next round of CAPEX?

GRK Prasad: A good question. Yes, some thought processes are definitely being pursued on that level but not at the project level but at the hold co level.

Srinath V: As in hold co?

GRK Prasad: Hold co is in Singapore. Our Singapore subsidiary is holding 65% but we have 100% stake in Singapore. So some thought processes are definitely on for monetizing that asset.

Srinath V: Okay one last question, sir. Could you kind of articulate your views on the sugar project that there were something written in the Annual Report and after that we have not got much color from you. Has there been any progress on that sir, the Zambian Sugar project?





- GRK Prasad:** It is early stage. One thing which has happened is the Government of Zambia has allocated 10,000 hectares of land. So what we need to do a detailed feasibility report so and some kind of environmental studies before we talk about investment.
- Srinath V:** But how do you think a project like this would be structured there will be a farming piece and the manufacturing or processing piece, how do you think such a concept could work, sir?
- GRK Prasad:** We have an intermediate holding company in Singapore just as Nava Bharat Singapore Holding Maamba asset for power, for agri assets we have floated a Singapore holding company which will be holding this Zambian company which is operating company there.
- Srinath V:** Okay and any chance of us shifting our kind of an Indian sugar operation given that the history of Indian sugar has been a very volatile business since we already have a plant and machinery to Zambia, sir?
- GRK Prasad:** Well, the feasibility is being checked. That is the detailed feasibility I am talking about which includes reallocation as well.
- Srinath V:** Okay but there is a scope it cannot be ruled out there is a probability that we could do operations like that?
- GRK Prasad:** Yes, of course. Actually if it merits pursuing, yes.
- Moderator:** Thank you. We take the next question from the line of Abhineet Anand from SBICAP Securities. Please go ahead.
- Abhineet Anand:** First of all, can we have the PLF number for NBEIL and our parent company for the quarter and nine months?
- GRK Prasad:** Sure. Anything else?
- Abhineet Anand:** Sir, other is for Zambia when do we expect the final earnings to accrue in our consol numbers and where you explained that initially it will be 60% based on the grid constraint and then it will ramp up to 85% so?
- GRK Prasad:** The numbers would start kicking in from the first quarter of FY18.
- Abhineet Anand:** So FY18 the earnings will be on around 60%, 65% of the capacity or it will be for the full capacity?
- GRK Prasad:** No, there are two parts. What I talked about 60%, 65% is on the energy part. The capacity charge will be on the full availability. This is the function of the annual scale. I think on an annual scale 80% is what we are looking at in the first year.





- Abhineet Anand:** So the overall year if we are 80% of the PLF, that 20% odd ROE on up to full year that will be achievable in FY18
- GRK Prasad:** Yes.
- Abhineet Anand:** Okay. And in interim say in Q1 if we are in the injection part if it is not 60% our capacity charges will be add. Will we be incurring anything extra where we can have lower earnings than the 60%? What I mean is that see capacity charges will include everything in depreciation interest everything but ROEs might not be there. Will that be the case or how is it going to be?
- GRK Prasad:** No ROE is definitely there. The capacity charge includes ROE.
- Abhineet Anand:** So invariably for all practical purposes from 1Q the full year is 80% PLF, we will get that full earnings that we expected for FY18?
- GRK Prasad:** Correct, that is average as expected. I am only giving an operational scaling up but otherwise the plan has always been like that for the first year.
- Abhineet Anand:** Okay and I think I did not get the Maamba debt and levels. So you gave the numbers but I somehow missed it?
- GRK Prasad:** You want it?
- Abhineet Anand:** Yes, Maamba debt level, sir?
- GRK Prasad:** Maamba debt is Rs. 4,253 crores that is fully drawn debt and with the cash balance which is yet to be spent is about Rs. 866 crores.
- Abhineet Anand:** Okay and how much is so this Rs. 866 crores will be the additional investment that needs to be done?
- GRK Prasad:** Yes, in the sense the cash yet to be paid in the final payments to the contractors.
- Abhineet Anand:** Okay, and can we have the breakup of other income for the nine months or, for the nine months it would be better because it keeps on fluctuating a lot?
- GRK Prasad:** Breakup means?
- Abhineet Anand:** Break up meaning what is say treasury income, or some one-off or Forex income or something of that sort? If you see Q2 and Q3 that keeps on, quite a variability in the other income, so how much of this is type of recurring every quarter and if there is a Forex gain loss we can maybe exclude that? On this other income breakup, I was trying to get in terms of how much is that in terms of a whatever money we have put in cash or investments and there would be a forex related fluctuation and then some miscellaneous income?





GRK Prasad: Actually the difference between forex fluctuation and the other income is already given in the report. It is actually going into two components.

Abhineet Anand: Okay so I mean the other income in this quarter is it reflective of?

GRK Prasad: It is on either interest income or guarantee commission that we would have realized because of the intercompany transactions.

Abhineet Anand: Okay so how much if I have to put it the other way, how much for the nine months is the interest income within other income?

GRK Prasad: Can we have that separately?

Abhineet Anand: Yes, I can. And on the PLF numbers you were saying, sir?

GRK Prasad: See PLF for 150 megawatts. For the quarter is about 55% and overall this nine months it is about 47%.

Abhineet Anand: Okay. And for the other units overall in Telangana?

GRK Prasad: 114 megawatts the PLF is about 63% for the quarter. Overall for nine months it is about 70%.

Abhineet Anand: And based on the recent say January PLF obviously we must be having. So where do you see it ending for the year?

GRK Prasad: For 114 megawatt we probably are looking at about between 70% to 75% because the captive consumption is helping that. For 150 megawatt our expectation is this nine months figure of 47% should go up to about 60%.

Abhineet Anand: For the full year?

GRK Prasad: For the full year but it could be between 55% to 60%.

Abhineet Anand: Okay and just on more as a slightly long term view on merchant prices we have seen that whatever bids have opened in south for example Karnataka had 1,200 megawatt odd that had come up. So prices have been trending now I mean the last bit was around 4.10, 4.15 somewhere around that?

GRK Prasad: Yes, that is delivered price, yes.

Abhineet Anand: Yes so going into FY18, FY19 do you see the prices trending somewhere around 4 or even below that?





- GRK Prasad:** 4 seems to be a reasonable number. Delivered cost as a power number. So that means generators will get something like Rs3.70 between Rs3.60 to Rs3.70 given the inter regional charges and all.
- Abhineet Anand:** Okay and you said our cost has increased around Rs3.40?
- GRK Prasad:** Correct.
- Abhineet Anand:** So I think I was trying to understand how much of margin would we be looking at going into FY18 and FY19 from all these plants in your plants?
- GRK Prasad:** Very difficult to put any number or anything like that. Our effort is to at least get that fixed return as which is under CERC guidelines. That is the effort with which we are pursuing with the local grid for a medium-term management.
- Moderator:** Thank you. We take the next question from the line of Swathi Toyyati from Zen Securities. Please go ahead.
- Swathi Toyyati:** Sir, I just want to understand about that domestic power segment. When can we expect the grid to get completely normalized because earlier like we expected it should be normal from December? So now we are expecting that it could be extended to Feb, March where we can expect. So what could be the proper normalization of the grid?
- GRK Prasad:** Which grid are we talking about?
- Swathi Toyyati:** The domestic power segment sir, domestic power?
- GRK Prasad:** Grid connectivity is being done by PGCIL in phases. It was supposed to happen quite some time ago. So some connectivity is getting added like additional power being injected and all across the state. So I do not think there is any final date or any target date for that.
- Swathi Toyyati:** Usually I am asking about the period maybe by March or Q1 of next year kind of?
- GRK Prasad:** No, I do not think so. The full connectivity full power flow will happen probably a year later not immediately.
- Swathi Toyyati:** Okay sir and again like one clarification on the Zambia like it is getting I mean when can we expect the actual production from Zambia, is it from Jan or after I mean as you said there is a test pending which needs to be done in February so after that?
- GRK Prasad:** The generation has been happening since October so to say.
- Swathi Toyyati:** I mean commercial production?





- GRK Prasad:** Commercial revenues will be reflected from April onwards. Once we take over the plant.
- Swathi Toyyati:** With the new power tariff revision?
- GRK Prasad:** Sorry?
- Swathi Toyyati:** With new power tariff revision?
- GRK Prasad:** There is no revision in power tariff. See that revision what we talked about is a Zambian tariff revision to the mining companies which is positive for us. So for us this is a fixed tariff which was entered into way back and that tariff is applicable for us on a take or pay basis.
- Swathi Toyyati:** Yes, which you said some 9.3 cents?
- GRK Prasad:** 9.3 cents is the tariff which Zambian utility has agreed with the mining companies up from about 6 cents or so earlier. So there is a significant change in tariff structure for them which brings a much better financial position for the Zambian utility.
- Moderator:** Thank you. We take the next question from the line of Karthikeyan VK from Suyash Advisors. Please go ahead.
- Karthikeyan VK:** Two, three things. One is what kind of contractual obligation exists for the EPC contractor sir, in the event that he is not able to ramp up generation, are there penalties? I am also asking because you know have you given a commitment to ZESCO to ramp up output from a certain date and therefore if you are not able to do that they levy some penalties and I am just trying to understand that?
- GRK Prasad:** No, there is no penalty. Actually this EPC contractor is not in the picture. What we would be doing is and let us say sometime in March we take over the plant and operate the plant on our own steam. So ZESCO's arrangement is independent of this actual injection. The PPA is for certain fixed charges or the capacity charge which is what we aim to obtain in the first year itself.
- Karthikeyan VK:** But you do not anticipate any technical challenges in terms of availability, that is what I am trying to clarify?
- GRK Prasad:** No, we have already tested that.
- Karthikeyan VK:** Okay so there is no issue on that count?
- GRK Prasad:** Last few months we have only been doing on ly that.
- Karthikeyan VK:** Okay. The other thing is sir, you spoke about some upgradation being done at the grid level. So could you give us some details?





GRK Prasad: And this is at the grid level, but at the generator level we stand fully available.

Karthikeyan VK: So availability in your opinion is not a challenge?

GRK Prasad: No, not at all.

Karthikeyan VK: It is wonderful so on the grid level what kind of investments had to be made, some thoughts on that sir, that would help?

GRK Prasad: No, this is an ongoing contract which is the World Bank aided contract which is actually been happening for the last one and a half years which is coming to a close.

Karthikeyan VK: Oh okay.

GRK Prasad: So that also is not a constraint. This investment is not a constraint for the government or anything.

Karthikeyan VK: No, I am saying whether it is up and running, that is really what I am asking?

GRK Prasad: It is but not fully done. But that is of no consequence to us because they have provided an alternative power dispatch mechanism for us.

Karthikeyan VK: Super. And lastly sir, you said that you have received part payment from ZESCO and therefore so in terms of billing purpose?

GRK Prasad: Yes, what I was trying to tell you is we do not need to reinvent the processes now because that is already established. The metering, the billing are established and with some bills having already been processed and paid the balance are under process. So that mechanism is kind of set.

Karthikeyan VK: Brilliant. Last question from my side, sir. So the debt on Zambia entity you earlier spoke about 8% to 8.5% has there been either a reduction or an increase in this?

GRK Prasad: No, reduction too early to say but no increase.

Karthikeyan VK: No increase, so on a net to net basis you would be around 8.5% or lower?

GRK Prasad: 8% to 8.5% and in fact 8%.

Karthikeyan VK: 8% okay that is fantastic.

GRK Prasad: Including hedge cost.





- Karthikeyan VK:** Yes, of course you mentioned that. But you are hedging only the interest that is what you mentioned, right?
- GRK Prasad:** Correct because currency we do not have an issue.
- Moderator:** Thank you. We take the next question from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Sir, on Maamba Collieries, at what rate we are billing right now to the ZESCO?
- GRK Prasad:** It is in two parts, capacity and the energy and transmission charge. All put together 10.89 cents per unit.
- Mohit Kumar:** Okay and sir second question is we have Rs. 866 crores to be spent. So this will be spent in this particular financial year or this will be you know spent over FY18? Because I am asking because some parts will be linked to you know the power plant running for a year and then there were the payment to be made to the EPC contractor. How much we retained on this part?
- GRK Prasad:** This is mostly pertaining to the last payment of the EPC contractor and some last payment I mean like our interest during construction also. But these will be spent over the next I would say four months. The EPC contractors have definitely provided us with a warranty guarantee for one year.
- Mohit Kumar:** Okay. Sir, how has been PLF for the standalone power plant in NBEIL in January?
- GRK Prasad:** January it is about 50%.
- Mohit Kumar:** For the standalone?
- GRK Prasad:** Sorry?
- Mohit Kumar:** This is from the standalone or for the NBEIL?
- GRK Prasad:** I am talking about NBEIL only.
- Mohit Kumar:** 50%?
- GRK Prasad:** And for 114 it is about 65%.
- Mohit Kumar:** And sir, our FSA with the ACC or whatever is it expiring in January is it expiring by this fiscal year end?
- GRK Prasad:** It is as short term contract from June 2016 to May 2017.





Mohit Kumar: No, I am asking about the fuel supply agreement with SCCL?

GRK Prasad: Okay. For the Telangana unit the FSA is expiring by March. So we participated in coal auction and also got our linkages confirmed through auctions without much of a change in prices.

Mohit Kumar: What is the quantity and it is available for till what date? This is a five years, right?

GRK Prasad: Five years.

Mohit Kumar: Five years. And this is from SCCL?

GRK Prasad: SCCL, year.

Mohit Kumar: And what about our Orissa

GRK Prasad: Orissa is still time, time is there, that is up for renewal only from 2018.

Mohit Kumar: Second if you share the revenue EBITDA and PAT number for MCL and NBEIL because I could not note it down earlier I missed it.

GRK Prasad: NBEIL?

Mohit Kumar: Maamba Collieries and NBEIL.

GRK Prasad: MCL there is nothing, very marginal profits for nine-month period. But that is only for coal mining operations. NBEIL, well the profit is Rs. 2.49 crores absolute number. The EBIT margin is 3.7%. That is for NBEIL. This is for the quarter.

Mohit Kumar: How much is the EBITDA?

GRK Prasad: Rs. 2.49 crores. The first profit of Rs. 2.49 crores. EBITDA of 3.7%.

Mohit Kumar: What is the revenue?

GRK Prasad: Revenue is Rs. 66.91 crores.

Moderator: Thank you. We take the next question from the line of Deepak Madhudas from NSS Securities. Please go ahead.

Deepak Madhudas: Like most of the questions have been answered. With the power demand going up in the last quarter mostly in domestic front, what is the demand you see in this quarter, sir?

GRK Prasad: We are looking at that with a lot of hope. Basically, we were hoping that it would get triggered in sometime in January, all indications are there. From February to March of course two





*Nava Bharat Ventures Limited
January 31, 2017*

months in this financial year and two more months in the next financial year. we would have a sustained demand for power.

Deepak Madhudas: And how much the increase you see there?

GRK Prasad: That would help us actually increase the PLF for the power plants from wherever they are by about at least 10%. 10% to 15% from the last two months.

Deepak Madhudas: That is on quarter-to-quarter or it is the corresponding quarter last year?

GRK Prasad: Today what is happening is we are selling power and also selling power under IEX. Together we are able to make PLF of about say in 150 megawatts of subsidiary level. It is about 50%. That 50% could go up to 60% by selling only through grid which is much better....

Deepak Madhudas: Okay that is only the 10% increase in the?

GRK Prasad: 10% increase but most of the power being allocated to the grid rather than to the exchange. So that makes the difference.

Deepak Madhudas: Okay this is on the domestic front, okay.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that was the last question. I would now like to hand the conference over to the management of Nava Bharat Ventures Limited for closing comments.

GRK Prasad: Thank you very much for your participation on the call. I hope we have addressed all the queries adequately. There are a couple of open issues which we would be happy to answer offline. Please get back to us or to our investor relations advisors SGA for any other clarifications and we will be happy to provide answer on a wider investors' platform. Thank you.

Moderator: Thank you very much. On behalf of Nava Bharat Ventures Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

For NAVA BHARAT VENTURES LIMITED

VSN Raju
Company Secretary & Vice President

