

NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/ 550 /2020-21

February 22, 2021

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'

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

Dear Sirs,

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

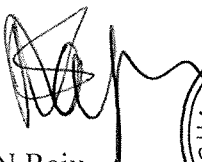
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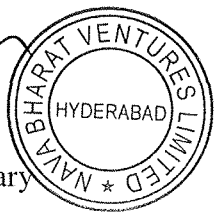
Please find enclosed the transcript of the Conference Call with Investors / Analysts held on February 9, 2021 on the operational and financial performance of the Company for the quarter ended December 31, 2020.

Kindly take the same on record and acknowledge the receipt.

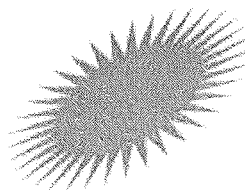
Thanking you

Yours faithfully
for Nava Bharat Ventures Limited


VSN Raju
Company Secretary
& Vice President



Encl: as above.



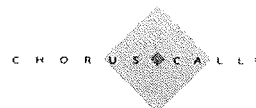
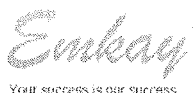
NAVA BHARAT

“Nava Bharat Ventures Limited Q3 FY2021 Earnings Conference Call”

February 9, 2021



NAVA BHARAT



ANALYST: **MR. VISHAL CHANDAK – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

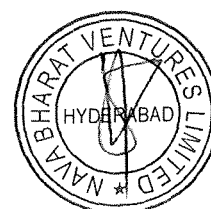
MANAGEMENT: **MR. ASHWIN DEVINENI, CEO**
MR. GRK PRASAD, EXECUTIVE DIRECTOR
MR. SULTAN A. BAIG, CFO
MR. VSN RAJU, COMPANY SECRETARY & VICE PRESIDENT -
MR. NIKHIL DEVINENI, VICE PRESIDENT (COMMERCIAL)

Moderator: Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q3 FY2021 Earnings Conference Call hosted by Emkay Global Financial Services 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. Vishal Chandak from Emkay Global Financial Services Limited. Thank you and over to you, Sir!

Vishal Chandak: Thank you very much Suraj and a very good morning to everyone and welcome to Q3 FY 2021 Earnings call for Nava Bharat Ventures. On behalf of the management, I welcome you all. I thank the management for giving us the opportunity to host this call. Without much ado, 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!





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Ashwin Devineni: Hello everyone. This is Ashwin Devineni, CEO of Nava Bharat Ventures. A very good morning and a warm welcome to all the participants. The statement of the financial results both on the standalone and consolidated basis, and a press release detailing the operations of Nava Bharat Ventures Group for third quarter and 9 months ended December 31, 2020, have already been filed with the stock exchanges and posted on our website. I hope you had a look at them and trust that they provide adequate information on our performance for the quarter and 9 months ended December 31, 2020. Given the above, we would now like to proceed with the question and answer session and request you all to seek clarifications as you may desire. Thank you very much.

Moderator: Thank you very much Sir. The first question is from the line of Mohit Kumar from EM Capital. Please go ahead.

Mohit Kumar: Good morning Sir and congratulations on the good set of numbers. Sir, I had two questions, firstly where are we on the Maamba receivables and secondly what is the progress in terms tariff negotiation, can you please update on the same?

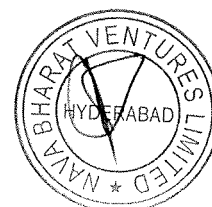
Ashwin Devineni: Mohit, with respect to Maamba, we entered into arbitration on outstanding receivables, which are upwards of \$400 million.. We have a tribunal that has been formed and this process is currently on going. Now, on the tariff negotiation, which is essentially for the future, those discussions are also currently on the way between Maamba Collieries and the state utility ZESCO, so that is also progressing on a parallel track.

Mohit Kumar: What is the timeline we are looking?

Ashwin Devineni: It is in the interest of both parties to conclude the negotiations as early as possible. Both the parties are putting in their best efforts to discuss all matters and close it sooner rather than later. Unfortunately with this whole COVID situation and the current situation in Zambia, which is pretty bad with the new South African strain, things have taken a toll in terms of timelines. We had to resort to virtual meeting, which is delaying the progress,

Mohit Kumar: Understood, Sir. Thank you and all the best.

Moderator: Thank you very much, Sir. The next question is from the line of Devendra Pandey from DP Financial Services Advisory. Please go ahead.





Devendra Pandey: I had three questions, my first question is that we have observed a good growth in our silico-manganese business so what could be the reason behind it and can we expect this trend to continue for the next year?

Ashwin Devineni: Yes, with respect to the silico-manganese, you rightly stated we have done well and a lot is owed to the export market yielding well. We are concentrating on the export market in Q4. The other reason is due to the advanced planning and procurement of manganese ore, which has given us an edge in terms of increased margins.

Devendra Pandey: And would this continue for the next 2 to 3 years?

Ashwin Devineni: Right now the demand is there. Our books are saturated for the next 3 months, we are seeing a fair bit of demand, but I would like to probably bring in Nikhil to add something.

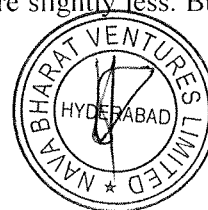
Nikhil Devineni: The steel market has shown improvement in quarter four and toward the end of quarter three even silico-manganese rates have increased quite drastically, which we feel have stabilized now in this quarter. As Mr. Ashwin pointed out, in quarter four we are completely overbooked in terms of our production and sales and we hope that this trend would continue given the forecast in terms of the growth in GDP and so on.

Devendra Pandey: Any progress on utilizing the ready assets for power business and improving the merchant sale?

Ashwin Devineni: In Odisha we have 60 megawatt and in Paloncha we have about 150 megawatt that is currently idle. On the Paloncha side, yes, we are currently awaiting open access clearance. There have been interested parties that have wanted to join the group captive scheme and offtake power from us, so we are currently awaiting open access clearance. On the 60 megawatt in Odisha, we want to put that under group captive scheme, but unfortunately it is entangled in some legal regulatory challenges, which were currently unwinding. Once those are resolved I think we will be able to offtake power to end customers.

Devendra Pandey: My last question would be on our deal with Tata steel, so what is the EBITDA currently we are generating through this deal on annual basis with Tata steel?

Sultan Baig: Good morning, in Tata steel agreement, we have an arrangement for which we get fixed price for metric tonne produced, and the margin varies depending upon the market fluctuations. Last year and even during the current financial year the margins were slightly less. But as and when





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the margin improves Tata has been sharing the higher profits with the conversion partners so currently we are at about Rs.2000 per metric tonne margin with the Tata Steel.

Devendra Pandey: So, should we expect that it would generate steady cash flow in the future, or would it be lumpy?

Sultan Baig: Yes, our conversion agreement with Tata steel has been extended till March 2025, so we expect steady revenue and cash flows from Odisha Tata steel conversion for the next 4 years.

Devendra Pandey: Thanks for answering my question. I will join the queue if I have any further question.

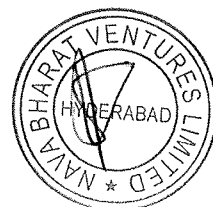
Moderator: Thank you very much. The next question is from the line of Sameer Joshi an Individual Investor. Please go ahead.

Sameer Joshi: I have two questions, what is the average cost of debt currently, and second is on the capacity utilization across the products in Q3 and how do we foresee the final prices of products going ahead, thanks?

Sultan Baig: The Company has been utilizing very low working capital only for the non-fund limits for which the cost of debt is very less. On the long-term front, we have only one loan from ICICI, for which we are entering into a forex swap arrangement, which will bring our overall cost of debt on this loan to about 5%. We have been utilizing full capacity and there has been no disruptions in the capacity utilization.

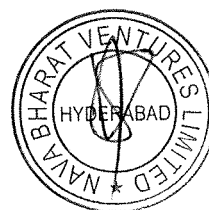
Sameer Joshi: And how do we foresee the product pricing going ahead for our products like manganese?

Ashwin Devineni: For the ferro-chrome production, it is a fairly standard process where we have a conversion agreement with Tata's and the product we produce is marketed by them. So for this product we are well aware of what margins we will get. We are looking at around Rs.2000 per metric tonne. When it comes to silico-manganese, it is a whole different game where we are in charge of the marketing and this is conducive to any market fluctuations based on demand and supply scenario. So it could be hard to put the number to it. However, as I said before, in quarter four we are seeing a huge uptake in silico-manganese prices and if the trend continues going forward, which we hope, given all the indicators from the economy, silico-manganese prices also should yield good results.





- Moderator:** Thank you very much. The next question is from the line of Samil Surendran from Argus Media. Please go ahead.
- Samil Surendran:** My question is a follow-up on the ferro-alloy dispense section, what would be your sales projection for the fourth quarter and the full year given that we are seeing a sequential rise in sales in silicomanganese?
- Ashwin Devineni:** Mr. Samil, I would not be able to give you projections in terms of sales realization. As per our capacity, we produce 27000 metric tonne every quarter, and fortunately for quarter four the demand has been extremely good. All our stocks are booked already.
- Samil Surendran:** In terms of demand from the steel industry, do you see demand reaching pre-COVID levels now?
- Ashwin Devineni:** We have already started to see that trend where demand and prices have reached pre-COVID. As we speak our current steel production stands at 111 million tonne and the national steel policy envisage that India steel production would rise to 300 million tonne in 2030. So this poses a huge demand situation for silico-manganese. Furthermore, I think the per capita steel consumption of India is only 74 kg when you compare that with the world consumption, it is close to 200 kg. It poses a huge demand uptake for silico-manganese and other alloys related to steel.
- Moderator:** Thank you very much. The next question is from the line of Vishal Chandak from Emkay Global. Please go ahead.
- Vishal Chandak:** This is in respect to this arbitration that we have right now. Assuming that we do win this \$400 million, what are receivables, which is due? How do we plan to monetize this or at least recover this? Does the counter party have that kind of resources available with them or we would be seeking lane to the coal mine? How do you plan to recover this money even if we win this arbitration?
- Ashwin Devineni:** In terms of the arbitration, given that the process is currently underway, I do not think we would want to comment at this stage in terms of recoverability and how we plan on doing so.





Vishal Chandak: We had also discussed about opening the other side of the mine for commercial coal mining and you mentioned last time that some progress has already been made. If you could kindly update us on where we are with respect to that side of the coal mining?

Ashwin Devineni: So the one business that has been doing fairly well in Zambia is the coal mining business. It is fairly profitable and provides our company with liquidity and cash. We have seen quarter by quarter the sales realization and the quantities have increased. As you rightly said, we opened up another pit called the Kanzinze pit, which is on the left hand side of the concession area and coal extraction from the pit has commenced with that we hope to see increase in sales quantities owing to the pit producing very high grade quality coal for sales.

Vishal Chandak: In the new pit, what kind of caloric value and ash content are we have in that particular mine?

Ashwin Devineni: It does vary. Right now, I think the coal that we are extracting is about 5500 GC, ash always varies. Generally, the ash content in Zambian coal is high, but we restrict it to below 40% ash.

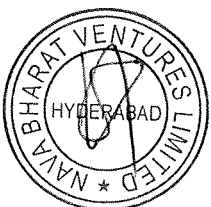
Vishal Chandak: That 40% is post washing or pre-washing?

Ashwin Devineni: That is pre-washing. I am talking about raw coal. The run off mine coal.

Moderator: Thank you very much. The next question is from the line of Vijay P an Individual Investor. Please go ahead

Vijay P: My question is regarding the asset monetization plans of Nava Bharat. We have four land banks Nacharam in Hyderabad some 50 acres, Kakinada some 200 acres, Samalkot some 20 acres and the sugar plant with capacity of 5000 tonnes per day, which has come on the market now. First three have been talked about for a long time, but there is no progress? Please correct my figures if they are wrong as far as the acres that I have mentioned. Can you please give us updates on the plans on asset monetization, for which investors are waiting for a long time?

Ashwin Devineni: Let me start off with the sugar plant. As you rightly said, we are disposing off the assets since we have stopped running our sugar operations and we are currently in the process of evaluating bids and which will be concluded shortly. We also have about 100 acres of semi urban land in Samalkot adjoining the sugar plant. So currently, we are evaluating opportunities of developing that land. In terms of Nacharam, it is under a court process. We are awaiting a court order and the court process is currently ongoing, but what we do see is with the government change and



the policy shift, the Nacharam land value has increased and once the legal process is out of the way, we should be able to monetize it and benefit from the increase in prices. Last, but not the least you did mention the Damavaram piece of land, which is near the Kakinada Port. We are currently looking at a couple of different verticals in food processing and so on, which could be utilized to use that land rather than just outright sale. We are looking at using that land for expanding in other verticals.

Vijay P: The Damavaram land is 200 acres?

Ashwin Devineni: Yes the Damavaram land is 200 acres.

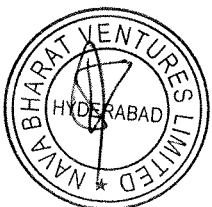
Vijay P: My next question is about the ferro alloy market? You just made a statement that you are fully booked for this quarter and the market is booming. If you look at history of the company, there has been no expansion in the ferro alloy plants for almost 15 to 20 years, so what are the company's plans to meet the expanding ferro alloy market, since India is going to touch 300 million tonnes of steel?

Ashwin Devineni: I think with respect to the ferro alloy market and expansion, we are privy of and always concentrate on to backward integration, that we are currently evaluating mining assets and we are about to acquire a mining asset in the Ivory Coast. Once we have our hand on the raw materials, then we will look at opportunities in terms of increasing our ferro alloy production.

Nikhil Devineni: As you rightly pointed out, it is the time when ferro alloy is booming, but again we should always keep in mind that this is a cyclical industry. You will have your booms and times when prices are also at rock bottom, which is majority of the time. So one way to take advantage when prices are low is, as Mr. Ashwin pointed out, to backward integrate and have a firm control on input cost. So on account of this, we are looking at various options across the globe where we are trying to acquire mines with good grade of silico-manganese to produce for our factories.

Vijay P: Currently there are no concrete plans for increasing the ferro alloy capacities from the current 200,000 tonnes further?

Nikhil Devineni: We first want to have some security over our core and then take up any expansion plans because right now even if we do expand, the procurement that we have is from various sources, for which the prices are based on index prices. So, there is not a big margin to be made on those





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index prices, particularly when the sale price of silico-manganese is low. We feel that once we have input security, then we can look at expansion.

Vijay P: My next question is about the plans for sugarcane plantation in Zambia? Is this plan still on or it has been abandoned?

Ashwin Devineni: We have a couple of hectares already planted with sugarcane. Unfortunately, that project is taking a little longer because there are certain commitments from the government that needed to be fulfilled, such as basic infrastructure like roads, electricity and so on. So that has been put on hold for the time being until the government meets its commitments. In the interim, we are also testing out other crops that could possibly be grown there because it is a very large area of land.

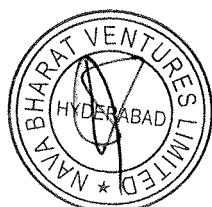
Vijay P: My last question is about the pharma initiatives in Singapore? Can you give us some brief on what is going on currently and what is the future of this business?

Ashwin Devineni: So in terms of the health care division, it is basically fragmented into two verticals. One is we have clinics, which is a delivery point for intravenous iron and other services. We also have pharmaceutical distribution wing, which distributes a lot of these drugs and we have exclusive distribution rights for high dosage intravenous iron drugs both in Singapore and in Malaysia. Things have been growing very well on the Malaysian side. Our top line has increased significantly. So that looks to be promising and we plan on bringing in other drugs into the distribution wing. On the clinic side, that has done well and we are looking at expanding within Singapore.

Vijay P: Will this business generate any profits this quarter?

Ashwin Devineni: The clinic has just broken even and now that we are going to expand, we hope that it will generate profits sooner rather than later. But it is going to take a little more time for the distribution side of things and COVID definitely has not helped because it has prevented our representatives from meeting the doctors. So it is going to take a little longer, but we hope that this will be profitable soon.

Moderator: Thank you. The next question is from the line of M Sriniva Rao an Individual Investor. Please go ahead.





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- M Sriniva Rao:** How much is the amount admitted for arbitration with regard to MCL and is there any further addition of outstanding amount from MCL in the current quarter? If so what happens to that amount?
- Sultan Baig:** Arbitration is for the outstanding of arrears, which are outstanding since the beginning of the term, so the amount may vary depending on the time of the arbitration or the hearing of the arbitration. We cannot confirm what is the exact amount that will be negotiated.
- M Sriniva Rao:** Thank you.
- Moderator:** Thank you very much. As there are no further questions, I now hand the conference over to Mr. Vishal Chandak for closing remarks. Over to you Sir.
- Vishal Chandak:** Thank you everyone for joining in on the call and asking these questions. I think we have all gathered the answers that we were looking for. In case of any other questions feel free to contact me or the investor relations. Thank you very much. I will hand over the floor to Mr. Ashwin for his closing remarks. Over to you Sir.
- Ashwin Devineni:** Thank you everyone for your participation in the call. I hope we have addressed all the queries adequately. As Vishal said, if there are any questions or clarifications that remain unanswered, please get back to us and we will be happy to provide answers on a wider investor platform. Thank you all once again.
- Moderator:** Thank you very much members of the management. Ladies and gentlemen, on behalf of Emkay Global Financial Services Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.

