

NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

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

NBV/SECTL/ 192 /2018-19
June 12, 2018

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

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

Dear Sirs,

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

Ref: Our Letter No. NBV/SECTL/ 155 /2018-19 dated May 26, 2018

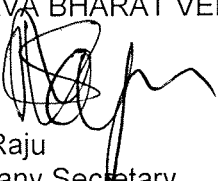
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Please find enclosed the transcript of the Conference Call with Investors / Analysts held on May 31, 2018 on the operational and financial performance of the Company for the quarter and year ended March 31, 2018.

Kindly take the same on record and acknowledge the receipt.

Thanking you

Yours faithfully
for NAVA BHARAT VENTURES LTD.,


VSN Raju
Company Secretary
& Vice President

Encl: as above.



**“Nava Bharat Ventures Limited
Q4 FY2018 Earnings Conference Call”**

May 31, 2018



ANALYST:

MR. ABHINEET ANAND – SBI CAP SECURITIES

MANAGEMENT:

**MR. GRK PRASAD – EXECUTIVE DIRECTOR - NAVA
BHARAT VENTURES LIMITED**

**MR. T. HARI BABU – CHIEF FINANCIAL OFFICER –
NAVA BHARAT VENTURES LIMITED**

**MR. PJV SARMA – DIRECTOR - NAVA BHARAT
PROJECTS LIMITED**

**MR. MN RAO – VP FINANCE - NAVA BHARAT
VENTURES LIMITED**

**MR. VSN RAJU – COMPANY SECRETARY & VP -
NAVA BHARAT VENTURES LIMITED**



Moderator: Ladies and gentlemen, Good day and welcome to Nava Bharat Ventures Limited Q4 FY2018 Earnings Conference Call hosted by SBICAP Securities. 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. Abhineet Anand from SBICAP Securities. Thank you and over to you Sir!

Abhineet Anand: Thanks Aman. Hello everyone! I welcome the management for Q4 FY2018 post conference call. The management is being represented by Mr. GRK Prasad, Executive Director, Mr. T. Hari Babu, CFO, Mr. P.J.V Sharma, Director, Nava Bharat Projects Limited, Mr. M.N. Rao, VP Finance, and Mr. V.S.N. Raju, Company Secretary. I hand over the mic to the management now.

GRK Prasad: Thank you Abhineet. Good morning everybody! I trust that you have had a look at our Q4 and FY2018 financial results. Both the statement of financial results and the Company’s press release have been filed with the stock exchanges as well as posted on our website.

I would like to give a snapshot of operations and projects to supplement the information already available on public domain.

Domestic business

I would like to start with domestic operations.

Ferro Alloys: The Company had a robust manganese alloy business riding on demands from China and Japan and domestic steel companies. It recorded highest production and sales quantum since the inception of the Company. Though the manganese alloy prices have corrected in the current financial year, a downward trend of manganese ore prices from Q2 of FY2019 should help sustain healthy margins.

Power business: Captive consumption of power at grid tariff rate being the transfer price gave rise to sustained profitability in power business. Spurt in power rates in Q4 also helped in dispatch of higher quantum of power and increased PLF on an average. Power plants including the 150-MW power plant of NBEIL had one-off benefit of compensation for lower offtake paid by the Telangana Discoms against previous contracts and captured in Q4 of FY2018.

Sugar business: The sugar business suffered on account of fall in prices much below the cost of production. The Company made inventory valuation of the closing stock reflecting in the prevailing price change.

The Company has made a separate revenue stream through services. The Company’s Singapore subsidiary is entrusted with O&M services of the 300-MW power plant in Zambia. The Company renders technical support to the Singapore subsidiary and obtains fees, captured in standalone financials and forming part of the operational income.

**International business****Zambian Coal and Power Project**

Now I would like to dwell on international operations starting with Maamba Collieries Limited, (MCL), Zambia. MCL has been billing for full availability of the 300-MW power plant since January 2018 post the mini overhaul and injecting power as scheduled by the local utilities. Similarly, the coal mining operations of MCL have been optimal catering to full requirement of the power plant as well as for sale of high-grade coal. MCL has already opened up new coal pits to provide for fuel requirement of the power plant at full load in future as well as for sale of high-grade coal to the extent required.

MCL made an income of US\$129.27 million including an MTM gain US\$2.12 million on IRS hedges for the financial year 2018, starting from August 2017 for power operations. MCL made a profit after tax of US\$17.84 million including deferred tax of US\$2.79 million for FY2018.

The Government of Zambia had provided a sovereign guarantee against the utility's payment obligation to MCL and paid lump sum amounts to demonstrate their commitment. As such, the receivables from ZESCO to MCL are fully secured although there have been delays and stood at US\$81 million as of March 31, 2018. It is noteworthy that the Zambian company does get part payments from ZESCO on a monthly basis under an escrow arrangement, which is sufficient for all operational needs. The tariff rationalization of ZESCO took much longer time involving a consultative approach with all mining companies and so the payment delays to MCL occurred temporarily while the copper sector is booming and so high power demand continues in Zambia and surrounding regions.

It is noteworthy to say that MCL commenced repayments of long-term debt even before commercial operations of the power plants from August 2017 with three installments having been paid on time and the loans currently stand at US\$500 million.

Integrated sugar project in Zambia

Now coming to the Zambia sugar project, which is under development, which is being developed by Kawambwa Sugar Limited (KSL). KSL obtained leasehold rights from the Zambian government on 10000 hectares of land for setting up the 5000 TCD sugar project in phases. Initial development comprises environmental impact assessment study and detailed project feasibility report, pilot seedling project, site clearing, etc., scheduled till March 2019. Project cost excluding sugar estate development, preoperative, consultancy and financing cost, is very well comparable and competitive to specific projects of similar size in the region. Initial surveys conducted by the Company indicate that sugar and allied products like alcohol have high prospects in Zambia and neighbouring countries; however, the key trigger for investment commitment is full tie up of project debt and equity, expected by early 2019.

Health Care Enabled services



Coming to the Healthcare Enabled Services undertaken by the Company's step-down subsidiary starting in Singapore and expanding in APAC region in general. The initial foray is for establishing presence in Singapore and Malaysia. The step down subsidiary has obtained exclusive distribution rights for the formulation in Malaysia from a leading MNC being the market leader. Initial investment comprises market development ie. creating market awareness and development over two years with minimal capital outlay. We expect that this would provide us the entry point into other Healthcare Enabled Services and allied products without the overhang of manufacturing.

Now we are open for questions and answers.

- Moderator:** Thank you very much! Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vinod Malviya from Florintree Advisors. Please go ahead.
- Vinod Malviya:** Good morning Sir. Can you help us with the Q4 revenue, EBITDA and PAT numbers for Zambian operation?
- GRK Prasad:** I actually set out the revenue number for Zambia,. For the quarter, the income was \$ 59.77 million and profit after tax was \$15.27 million, excluding the MTM gain which was about \$2.12 million.
- Vinod Malviya:** Okay, this \$15 million is the normal quarterly run rate which should we see for the full year of FY2019 right?
- GRK Prasad:** That is right.
- Vinod Malviya:** The second question was on we talked about you received some past dues for under your subsidiary, so what was the quantum for that under Nava Bharat Energy?
- GRK Prasad:** We have received both in Nava Bharat Ventures and as well as Nava Bharat Energy. In Nava Bharat Ventures the amount is about Rs.37 Crores and in Nava Bharat Energy it is about Rs.25 Crores.
- Vinod Malviya:** Energy how much is it?
- GRK Prasad:** Rs.25 Crores.
- Vinod Malviya:** Okay and this is shown as part of your revenue in this quarter?
- GRK Prasad:** That is right.
- Vinod Malviya:** Okay and Sir what is your outlook on FY2019 in terms of the PPAs for the domestic operation?
- GRK Prasad:** As far as power is concerned, we are fully secured in the sense that the captive power is driving the operations now and we are set to produce like quantum if not more ferro alloys, both manganese as well as chrome and on top of it whatever surplus power also,





we expect, will get dispatched in the coming months given the current firmness in the merchant prices.

Vinod Malviya: We should operate at least 80%, 85% P&L should be the normal P&L, which should be able to operate at right for FY2019?

GRK Prasad: We are targeting 80%, yes.

Vinod Malviya: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Good morning Sir. Congratulations on a good set of numbers. My first question pertains to Nava Bharat Energy India Limited, is that possible to share the revenue, EBITDA, PAT for the entire year?

GRK Prasad: The revenues for Energy were Rs.291.48 Crores for 2017-2018 and Net Loss was Rs.2.71 Crores.

Mohit Kumar: Rs.2.71 Crores for the entire year, this includes the Rs.35 Crores of penalty which you received am I right?

GRK Prasad: Yes, after accounting Rs.25 Crores of penalty, which we have received.

Mohit Kumar: Have you tied up for power for FY2019 for this particular power plant? what is the status?

GRK Prasad: There is no contract currently, whatever has been happening is through IEX which is of course like better rate than the other contract which we had last year. We expect some limited period tenders to come up from the local distribution companies shortly where we should be able to participate and get into contracts till at least March 2019.

Mohit Kumar: Sir I missed out on the revenue number for the Zambia for the entire FY2018, is it possible to share that number?

GRK Prasad: \$129 million for revenue side and profit after tax was actually including MTM gain is \$17.8 million

Mohit Kumar: Revenue is \$129 million, am I correct?

GRK Prasad: That is right \$129.27 million. You should remember that the revenue comprised power operations from August 2017 and again we had some mini overhaul of power plant till December, so really speaking the full revenue based on availability was captured from January 2018. So that is why the quarterly numbers make a lot of difference.

Mohit Kumar: Can we expect this profit in this quarterly run rate of \$15 million, \$20 million which is received in Q4 FY2018 to increase given the fact that your debt has increased over last year?



- GRK Prasad:** That is on an equal basis. The \$15 million profit is based on full availability factors for the last three months of the financial year. We expect the reduction in debt to help us to some extent going forward that is why we say \$15 million number seems a reasonable number.
- Mohit Kumar:** Thank you Sir.
- Moderator:** Thank you. We have the next question from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.
- Amit Golchha:** Good morning Sir. If I look at this quarter's numbers, your consolidated profits attributed to you is about Rs.173 Crores and one-time item which is the one off compensation if you remove that then it is about Rs.140 Crores broadly. So is there any other one off in this number or this is the recurring number?
- GRK Prasad:** Can you just repeat the number?
- Amit Golchha:** Rs.140 Crores if I look at the total number it is about Rs.173 Crores and you mentioned that you got about Rs.62 Crores of compensation. So adjusted for the tax it should be somewhere about Rs.45 Crores of one-time income?
- GRK Prasad:** No, you are talking about consolidated number?
- Amit Golchha:** Consolidated number Sir yes.
- GRK Prasad:** That profit is about Rs.273 Crores.
- Amit Golchha:** No, I am talking about quarterly number Sir?
- GRK Prasad:** Quarterly okay.
- Amit Golchha:** So Rs.173 Crores because I suppose that this quarter's run rate is the best run rate to look at because you had full operations of Zambia, so Rs.173 Crores of attributable profit to you minus about Rs.45 Crores of one time, so I wanted to understand is there any other one-off in the balance profit or the balance profit is the recurring profit as per the current situation?
- GRK Prasad:** Well, accepting the Rs.2.2 million MTM gain, which is interest rate hedge gain, which is also captured as of the year-end in Zambian operation other than that there is nothing else.
- Amit Golchha:** Okay and secondly Sir this Zambian money cash flows, are they being used today to repay debt or any other investments you made already into other businesses, which you are pursuing?
- GRK Prasad:** It is only for debt repayment and other corporate needs in MCL operations. The other investments that we are talking about are in a very nascent stage like the development of agricultural project in Zambia as well as the Healthcare Enabled Services they required very little capital infusion maximum of about \$2 million over a period one year.



- Amit Golchha:** And this sugar business, which are pursuing in Zambia that will require what kind of capex?
- GRK Prasad:** Let me clarify. We are at the early stage now. We have not decided on the investment commitment. The initial work comprises several things like getting the various clearances and getting the site ready and have some pilot plant study, then market study which are being done and the most important thing is having the tie ups for both finance and equity. At this point of time, the investment is at a very early stage. I would say capital expenditure program is limited to max about a million dollar this year.
- Amit Golchha:** Okay and Sir what is debt repayment schedule for FY2019 in Zambia?
- GRK Prasad:** Each half year it is about \$30 million; \$60 million per annum will get repaid.
- Amit Golchha:** Okay and what is the depreciation amount, which you are charging in the accounts today? Is that similar to the debt repayment number?
- GRK Prasad:** It is about the same.
- Amit Golchha:** So essentially you will be making a net cash flow something like \$10 million, \$12 million per quarter, so we wanted to understand that the use of this cash flow, what is the plan to use this?
- GRK Prasad:** You are talking about Indian cash flow?
- Amit Golchha:** No, Zambian cash flow.
- GRK Prasad:** We can always get the money back. Our efforts are currently to have this debt repayment going on, meet the operational needs and strive for what is called critical financial completion date which is where distribution of profits would happen.
- Amit Golchha:** Why I am trying to understand that, your depreciation will take care of broadly your debt repayment in Zambia?
- GRK Prasad:** There are certain covenants in terms of which we need to have the payment performance of the local city, being regular for a period of one year as per the commitment. so for us although cash gets accrued and while delays have been there while the cash gets accrued, the actual distribution of cash will happen only upon this financial completion date, which is expected early 2019. The money is not intended for any capital expansion plan.
- Amit Golchha:** So ultimately it will come back to India?
- GRK Prasad:** That is right.
- Amit Golchha:** And if you bring it to India, what will be the tax implications?
- GRK Prasad:** There will be tax as regular income. It will be coming through as a dividend from Singapore Company and will be subject to normal tax rate.
- Amit Golchha:** So Sir it will be coming from Zambia to Singapore and Singapore to India?



- GRK Prasad:** Correct.
- Amit Golchha:** So what is the tax implication at different stages?
- GRK Prasad:** Zambia to Singapore nothing no cash implication expecting there is withholding tax, which is borne by the Zambian Company and Singapore does not suffer any tax on this dividend. From Singapore to India, it will be subjected to normal Indian tax.
- Amit Golchha:** If you look at the Indian power operations, in case of Nava Bharat Energy you mentioned that you do not have any offtake contracts for next year given that it is IPP not linked to captive how are you getting fuel in that?
- GRK Prasad:** We are getting the fuel through e-auction. There are actually three types of fuel that we have been using. The company has evolved in terms of fuel usage whereby the blended fuel cost is very much comparable to what is obtained by the fuel of similarly sized plant from linkages..
- Moderator:** Thank you. The next question is from the line of BV Bajaj from Bajaj Shares & Securities. Please go ahead.
- BV Bajaj:** Good morning. Congratulations to the management for excellent topline, which is 66% of on, consolidated including the profit, which has grown by almost 430% consolidated. I have two questions Sir. My first question is as a capital work, which was undertaken earlier years around Rs.4000 Crores almost over that is Zambia Power Plant only and revenue has started coming from the first quarter of FY2018 so are there any more capex in that power plant and how you are projecting the complete financial year for that 2018-2019 in our financial outlook on that profitability because this consolidated in FY2018 is also 50% from the power sector please outlook on that Sir? Another question is regarding the emerging business of SPV in Singapore Healthcare how far it has reached and what is the marketing arrangements with the Company for marketing in Malaysia and Indonesia just throw some light on that Sir?
- GRK Prasad:** Thank you very much for your complements Sir. In terms of the outlook, I would say the Q4 performance would be a benchmark for the next four quarters as well so our expectation is that we are probably talking about revenue in the region of about \$200 million for the full year and profit, which is of course after tax is at 15 million so you could say \$60 million. For the time being we are not planning any capex in Zambia whereas other things need to be sorted out principal issue being payment performance, which has been lagging behind for some time. But we have had some positive development there as well, so we do not expect to take any decision for capital expenditure till mid-2019. Coming back to your second question, the Healthcare Enabled Service is actually being operated through step down subsidiary and it has again SPVs located in Singapore as well as in Malaysia. Initial work comprises creating awareness of this product, although it is widely prevalent in the medical field in certain advanced countries. That awareness program has been going on and I am glad to say that it has been received very well by the community in Singapore. In Malaysia of course it has been there for some time and what is unique for this proposition is that this company will have exclusive distribution rights in Malaysia from this MNC. So our efforts would be to see that the product information is widely disseminated amongst medical fraternity and also general public through corporate insurance and a lot of



positive feedback has come in and we expect that to really result in revenues going forward probably from 2019–2020.

BV Bajaj: How is the sharing profit, we are doing the effort, lag in effort of marketing in both countries, how is the sharing arrangement?

GRK Prasad: We own 65% at the principal holding company in Singapore, so the 65% accrues to us.

BV Bajaj: Congrats for CIA sustainability Award and congrats to you for taking CSR in a positive way, but my observation for that Odisha plant the chrome is working 24/7 and you have Chinese orders as well as Indian order any capex on that side Sir?

GRK Prasad: No further capex. Other than ongoing capex there is no other capex.

BV Bajaj: No, but that CNG is being used as alternate fuel for that because you do not have any linkage only e-coal offer is there in the CNG based blasting and all anything is there?

GRK Prasad: This is for actually substituting oil in briquette making and drying. We use, LPG instead of oil. So that is the change there, and it has been well received by Tata Steel. They in fact want that kind of experiment being done by other conversion partners as well.. Coming back to the sustainability award that of course is pertaining to our plant in Telangana and all in general, it is well, CSR has been core of the Company.

BV Bajaj: Keep it up and good luck. Thank you.

Moderator: Thank you. The next question is from the line of Siddharth Shah from Emkay Ventures. Please go ahead.

Siddharth Shah: Congratulations on great set of number Sir. Just wanted to check what kind of availability we are running at Zambian plant for April and June for the current quarter and can we expect repeat of a performance like we saw in Q4?

GRK Prasad: I do not see any reason why we should not because, the availability has been at the full load for both the units excepting for minor overhauls in this quarter. Otherwise availability declaration has been at full capacity of the two Units

Siddharth Shah: Sir, also you tell us about the receivables position in Zambia, how it has changed over the last quarter and what is the update till now in this quarter?

GRK Prasad: On the receivables, as I told earlier we have been getting monthly payments in escrow mechanism that has been continuing without any interruption and on top of it whenever we require bulk payments and all, the government of Zambia has been putting that fund across to the local utility to pay us. We of course have to have a solution in terms of how the monthly payments occur going forward. On that also lot of positive developments have taken place where the government has engaged with the local Utility to come up with the payment plan with support from themselves so that the plan would kick in about three months' time. Depending on that we would expect the government to clear all our outstandings by helping the local Utility through a one-off loan, which is where we are and once that is done probably we do not have issues on receivable front.

- Siddharth Shah:** Sure Sir, the receivables amount once is cleared, what is the steady state receivables amount we expect in Zambia would that be a one-month receivable or something?
- GRK Prasad:** It is actually 30 day credit after the billing month, so at any time you can say two months' receivables will be outstanding.
- Siddharth Shah:** So something like 40 million is what we are expecting?
- GRK Prasad:** Yes.
- Siddharth Shah:** So, there could be a possible reduction from 80 million to 40 million for the next two months?
- GRK Prasad:** Yes, over a period of quarter.
- Siddharth Shah:** Sure and also you can just tell us about the gross and net debt level on the consolidated level right now?
- GRK Prasad:** Yes, as far as the Zambia is concerned debt is \$500 million as I told you.
- Siddharth Shah:** That is gross?
- GRK Prasad:** That is gross and they also have cash balance in their accounts, their cash balance currently stands about \$34 million. Do remember that this cash balance is earmarked for specific purposes, so one of the specific purpose is to make balance project payments. You could take that as debt minus this cash balance and as far as Indian operations are concerned the debt stands at Rs334 Crores and cash balance is about Rs 57 Crores, so net debt is Rs 277 Crores.
- Siddharth Shah:** This is both standalone as well as the subsidiary and BL, inclusive of both?
- GRK Prasad:** Standalone.
- Siddharth Shah:** Sorry, this is only standalone?
- GRK Prasad:** This is standalone, yes.
- Siddharth Shah:** And about the debt?
- GRK Prasad:** Rs 160 Crores is the net debt in NBEIL.
- Siddharth Shah:** Sure Sir and lastly on the capex what kinds of capex guidance do we have for FY2019 and FY2020 at the consolidated level?
- GRK Prasad:** FY2019, there is no major capex plan that is being undertaken at this point in the Company or any of the subsidiaries other than the development expenditure that we talked about to probably \$3 million for the overseas operation and in terms of domestic operations normal capex adds to about Rs. 30 Crores.
- Siddharth Shah:** So, any net debt guidance for end of FY2019 because the businesses are generating significant cash?



- GRK Prasad:** Our repayment in India is about Rs 50 Crores.
- Siddharth Shah:** And \$60 million in Zambia?
- GRK Prasad:** Yes, between the Ventures and NBEIL the repayment is about Rs 171 Crores. That could be for the time being.
- Siddharth Shah:** Lastly on the monetization plans anything we are having plan for the 60 MW, which is idle in Odisha or anything, which is moving right now?
- GRK Prasad:** Well, nothing that we can report at this point, but I think firmness in merchant power rates is giving some positive feedback, so we want to see whether we can operationalize that plant soon first before we talk about monetizing and current firmness in merchant power rates seem to provide that opportunity. We have some grid connectivity issues which need to be sorted out, which relate to metering side and all, once those are out I think we are in a better position to operationalize that and then the effort to monetize the 60 MW as well as 20 MW will continue.
- Siddharth Shah:** Great Sir. That is all from my side. Congratulations once again for the great set of numbers.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Sir, two clarifications, have we received the penalty amount of 27 Crores and 35 Crores respectively?
- GRK Prasad:** Yes, this was accounted on the receipt basis.
- Siddharth Shah:** Sir, in this particular quarter we have shown EBIT in the mining, which is a negative number, so what is the reason for the same and can we expect it to change to a positive number going forward that to mean that had to add the profit from Q1 FY2019 onwards?
- GRK Prasad:** Yes, as I briefly dealt on there were some new pits, which were developed by Zambian company, so there is a development expenditure, which was captured. A part of the development expenditure is booked in the mining division without corresponding coal output. The initial phase will have a overburden that accounted for that EBIT difference. But on a yearly basis, we expect mining division also to do reasonably well. High grade coal sales are currently being planned at around 3,00,000 tonnes per annum and our priority is to use the coal for power for blending requirement and all, so our focus remains on keeping a high availability, high degree of power generation and use the fuel for that purpose primarily while coal sales will come secondary, but mining division will get benefit in terms of transfer price and usage of coal by the power.
- Siddharth Shah:** Sir, how is the ferro alloy operation looking in Q1 FY2019 compared to Q4 FY2018, so has the outlook more update compared to last quarter?
- GRK Prasad:** I would say it is about the same as last quarter, but you do remember there has been a correction in manganese alloy prices in the last one month though we have had some



old contracts being continued through the quarter as well as tied on the old rate. Now what is going to happen is that both silico manganese prices as well as manganese ore prices are being corrected, the effect of that will be felt from Q2 onwards, but Q1 I would say will be more or less same as Q4.

Moderator: Thank you. Ladies and gentlemen, we will take the last question from the line of Ravi Purohit from Securities Investment Private Limited. Please go ahead.

Ravi Purohit: Thanks for taking my questions and congratulations on great set of numbers Sir! Couple of followups, one was one of the participants asked about the getting the money back to India in the sense let us say Zambian subsidiary starts paying dividends for example, you mentioned that it will attract the same tax rate in India and what is the normal tax rate for other operations, but if you actually end up paying it as dividend so you receive dividend in Singapore and then you pay a dividend here then there will be no dual taxation right, so is there something that that management is looking at, otherwise you will end up paying like tax on dividend that you are receiving from the subsidiary?

GRK Prasad: It is like this Ravi; Zambian company pays dividend to Singapore Company. Singapore Company does not suffer a tax because dividend on foreign investment is tax free. ., But once Singapore Company declares the dividend and sends the dividend back to India it attracts tax as a normal income. We have of course advantage in the sense we have MAT credit entitlement which is used for that tax on normal income.

Ravi Purohit: But if the subsidiary company pays dividend to the parent company and if the parent company pays it out as a dividend then there is no dual taxation, if you announce a dividend, in the Indian ventures?

GRK Prasad: That is for Indian company.

Ravi Purohit: Not for an overseas subsidiary is it?

GRK Prasad: Not for overseas companies. For Indian companies yes you are right.

Ravi Purohit: Sir, I missed the point whether we had any rollovers for our NBEIL and NB Ventures surplus power capacity in terms of with these state electricity boards any short-term contracts rolled over or what is the situation there or we are participating in the merchant market, spot market?

GRK Prasad: We have been participating in spot market last couple of months where the prices are very robust. The expectation is that short term tenders will be coming up in the next month or so from the local distribution companies. That probably would go on till April next year. So we will participate in that.

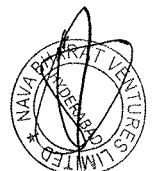
Ravi Purohit: But as of now we do not have any contracts, the last one, which ended up in April there is no continuance of any contracts left?

GRK Prasad: Right, since April we have been selling in spot market.





- Ravi Purohit:** Sir, last question is actually two questions; one is we are not really going ahead with the second phase of Maamba, right of 300-MW, I mean that plan is shelved as of now?
- GRK Prasad:** Yes.
- Ravi Purohit:** Okay. And the last question was on the net debt situation that you mentioned, you said we have about 277 Crores, I think, the Zambia was clear, I think you said \$500 million was the debt and we had about some, sorry how much?
- GRK Prasad:** \$34 million of cash.
- Ravi Purohit:** \$34 million of cash so net debt was about \$460-odd million. Indian operations, I actually missed the numbers, so NB Ventures as a standalone company has some 270-odd Crores debt?
- GRK Prasad:** No, in NBVL, total debt including working capital as of March was Rs 334 Crores and the cash of Rs 57 Crores making a net debt of 277 Crores.
- Ravi Purohit:** Right that is for NBVL?
- GRK Prasad:** Correct. NBEIL which is subsidiary the debt was about Rs 194 Crores and the cash was about Rs 31 Crores.
- Ravi Purohit:** So that is about Rs 160 Crores of net debt?
- GRK Prasad:** That is right.
- Ravi Purohit:** So between these two we have got Rs430 Crores of net debt?
- GRK Prasad:** That is right.
- Ravi Purohit:** So this number can reduce by half in FY2019
- GRK Prasad:** By about Rs 176 Crores.
- Ravi Purohit:** Rs 176 Crores is how it will reduce. Sir, just last question on the dividend policy, so is there any stated dividend policy that we follow in the sense, our profits are fairly high this year, but we have paid only Rs.1.5 per share, so I just wanted to understand if we have any stated dividend policy which because as over the years, I think, given our outlook for the current year profits are expected to be much higher, so any dividend policy that we have as a Company or how does it work in the sense at the board level.
- GRK Prasad:** We have not set out a dividend policy as a document, but if you see our dividend payout has been hovering around 20% of PAT including whatever dividend distribution tax, which was there. The current distribution also pans around that. Of course there are occasions when profit was much lower when the payout would be a little higher but on an average we have been pursuing a 20% payout.
- Ravi Purohit:** The question is 20% on standalone numbers or 20% of consolidated numbers?
- GRK Prasad:** Standalone numbers obviously.



- Ravi Purohit:** So that is the question.
- GRK Prasad:** It comes to standalone only. Let us say if there is some income from overseas investments, obviously it forms part of standalone profit only.
- Ravi Purohit:** But once they start paying then you could consider making it on a consolidated basis.
- GRK Prasad:** Well, let us leave that out, anyway we have to come up with a document.
- Ravi Purohit:** Sure. Thanks a lot. All the best for the future.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand over the conference over to Mr. Abhineet Anand for closing comments. Thank you and over to you Sir!
- Abhineet Anand:** I would like to thank the management of Nava Bharat for giving us this opportunity to host the call and all the participants who were present. Thank you everyone.
- GRK Prasad:** Thank you very much for your participation. We hope we have addressed all the questions directly. If there are any other questions please come back to us. Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of SBICap Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.

