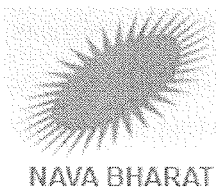


“Nava Bharat Ventures Limited  
Q1 FY2019 Earnings Conference Call”

August 07, 2018



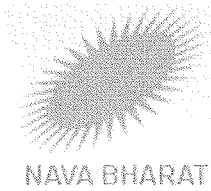
**ANALYST:**

**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 SHARMA – DIRECTOR –  
NAVA BHARAT PROJECTS LIMITED  
MR. MN RAO – VP FINANCE –  
NAVA BHARAT VENTURES LIMITED  
MR. VSN RAJU – COMPANY SECRETARY & VP -  
NAVA BHARAT VENTURES LIMITED**





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**Moderator:** Good day ladies and gentlemen and a very warm welcome to the Nava Bharat Ventures Limited Q1 FY2019 Earnings Conference Call hosted by SBICAP Securities! As a reminder, all the participant's lines will be in the listen-only mode. 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 "\*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mayank Bhandari from SBICAP Securities. Thank you and over to you Sir!

**Mayank Bhandari:** Thanks a lot Ali. Good afternoon everyone! Thank you for joining Nava Bharat Ventures Q1 FY2019 results call. From the management team, we have Mr. GRK. Prasad, Executive Director, Mr. T. Hari Babu, CFO, Mr. PJV Sharma, Director, Nava Bharat Projects Limited, Mr. M.N. Rao, VP Finance, Mr. VSN Raju, Company Secretary & VP. The press release has already been uploaded on the exchanges. We will directly open the floor for the Question & Answer (Q&A) session. With this over to you Sir!

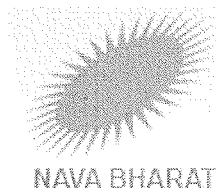
**G.R.K. Prasad:** Thank you Mayank. Good afternoon and a warm welcome to all the participants. The statement of financial results both on standalone and consolidated basis along with the press release providing detailed commentary are uploaded to the stock exchanges and posted on our website. I trust that they provide adequate information on the financials. We would like to proceed with the Q&A session right away and request you all to seek clarifications as you may desire on the financials as well as the press release.

**Moderator:** Thank you very much! Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

**Mohit Kumar:** Good evening Sir. Congratulations on good set of results. I have couple of questions on Zambia especially. The PAT for the Q1 FY2019 has declined vis-à-vis Q4 FY2018, so is it because of Ind-AS which has been mentioned in the press release and is that the expected credit loss?

**G.R.K. Prasad:** Yes, and what is the next question?





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**Mohit Kumar:** What is the receivable that stands today and then expected amount to be realized and what is the normal level of receivables in Zambia?

**G.R.K. Prasad:** The PAT reduction in Q1 FY2019 relative to Q4 FY2018 is on account of credit loss adjustment, but this is only the Ind-AS adjustment. There were no provisions made in the books because all the receivables have been acknowledged by the local utility and they are expected to be released sooner. In terms of receivables as of June 30, 2018 they stood at about \$116 million roughly, about five months receivables and every month we get some 30% of the monthly bill from the copper company directly, the balance money comes from the local utility. Because of the structural reforms and tariff adjustments having taken much longer time than what was initiated, the local utility has been finding it difficult to meet the payments. So whenever a bulk requirement is coming up for the local Company that is our subsidiary, the government has been chipping in and that has been the case for the last couple of occasions, so we expect a major part of this receivable to be cleared in September, when we have our next debt repayment to the international lenders. The original loan was started at \$590 million and is now standing at \$500 million and it will get paid at about \$60 million a year.

**Mohit Kumar:** Sir what is the receivable amount that stands today and what is the amount which is considered normal in the industry and in the ordinary business course.

**G.R.K. Prasad:** As on June 30, 2018, these receivables stood at about \$116 million and we get about \$6 million every month as against monthly billing of about \$18 million. So the shortfall on a monthly basis is about \$12 million, but that will be addressed sooner once the tariff adjustments are completed.

**Mohit Kumar:** And what is the billing cycle? Is it two months?

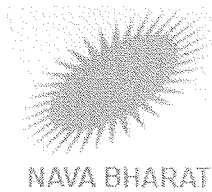
**G.R.K. Prasad:** Yes, it is two months cycle.

**Mohit Kumar:** Sir, Is there any adjustment amount which has been booked in this quarter?

**G.R.K. Prasad:** Yes, this is more a time value of money, which is required under Ind-AS so that is about \$4 million, which got adjusted in the last quarter ending June, 2018.

**Mohit Kumar:** Is this for the entire time period?





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**G.R.K. Prasad:** Yes.

**Mohit Kumar:** Thank you Sir. That is it from my side.

**Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan from IDBI Capital. Please go ahead.

**Bhavesh Chauhan:** Sir, my question is on domestic short-term PPAs for the power plants in India. What is the plan ahead in the coming quarters and even going forward?

**G.R.K. Prasad:** The utilities are not coming out with any medium-term or long-term PPA. We have been participating in short-term tenders that are floated by the local distribution companies in Telangana, They normally last for three months. But we have participated in one tender which is ongoing, so We expect another tender to come up sometime in September for October onwards and that could probably go on till May 2019, These are the indications at this point.

**Bhavesh Chauhan:** For the second quarter, do we have any PPAs or is it underutilized?

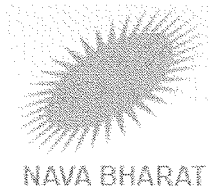
**G.R.K. Prasad:** It is mostly being done under IEX now with short term offtake by Discoms till September end.

**Bhavesh Chauhan:** Sir, my second question is on the integrated sugar plant that you are going to set up in Zambia, so any timelines and any capex that we have finalized?

**G.R.K. Prasad:** Let us first understand this concept a little more. This is a large farm block of about 25,000 acres and initially the government wanted a sugar project to be set up there so we are looking at an opportunity because Zambia is a land locked country and the sugar business is thriving in Zambia and surrounding places. So we would like to capitalize on the opportunity, and also by leveraging upon our existing sugar plant, but the plans are yet to be finalized. So what you see is a venture which would comprise of sugar as well as other crops for commercial agriculture, So it is going to be a multi-product agri block and that is the plan we have at this point.

**Bhavesh Chauhan:** Thank you.





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**Moderator:** Thank you. The next question is from the line of P.V. Bajaj from Bajaj Shares & Securities. Please go ahead.

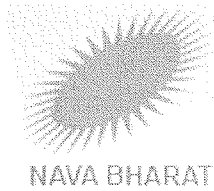
**P.V. Bajaj:** Good afternoon! Thanks for giving me the opportunity. Sir, I have a couple of questions but before that congrats for Q-on-Q result, because of which our revenue growth and margins have also gone up. Now, my first question is on ferro alloy business, the total revenue remains same Q-on-Q, but margins have gone up. Has it led to the demand and supply which has been given you the opportunity or will it continue on this margins? Second question is about the power segment revenue realized from Zambia and we have a better position and due to this the profitability has also increased, so how do you project this revenue generation in the rest of the three quarters in this aspect?

**G.R.K. Prasad:** The ferro alloy operations have had some corrections, but those were expected corrections because of the price volatility that prevailed and also some production loss on account of two outages i.e., one for manganese alloy, this is a very short term outage and one for conversion volume for the ferro chrome conversion. These two accounted for revenue dip as far as ferro alloy operations are concerned, but the margins improved. In terms of prices, manganese alloy prices were much better in the first two months of the quarter. So we were able to make slightly better margins than Q4 of last year. Going forward we expect some price and cost corrections in manganese alloy space. But the fact of the matter is that would enable us to first utilize all the ferro alloy smelting capacity that is available in the Company and also enable the Company to recover a better value for the captive power, which is now being priced on par with the grid rates and which is much higher than the merchant power rates. In terms of revenue from Zambia, probably you would have seen it was at about 85% availability and that is what is the normative availability and we expect it to continue that kind of availability going forward for the next three quarters as well.

**P.V. Bajaj:** Thank you Sir.

**Moderator:** Thank you. The next question is from the line of Ajay Jain from Astute Investment Managers. Please go ahead.





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**Ajay Jain:** Good afternoon! I have a question regarding comprehensive income which is Rs. 92 Crores in this quarter as against Rs. 24 Crores. Frankly I have not been able to understand what this is and how it will be monetized?

**G.R.K. Prasad:** This principally emanated from the rupee depreciation against dollar. So when we converted our dollar based overseas accounts into rupee, this income was derived and that is why it forms part of the other comprehensive income.

**Ajay Jain:** Is this agreed for the quarter or is it cumulative figure?

**G.R.K. Prasad:** It is actually stated at the end of the quarter.

**Ajay Jain:** No, will this figure be the higher figure next quarter as the dollar remains elevated?

**G.R.K. Prasad:** No, like with any other foreign currency adjustments this will keep changing from one quarter to another quarter. For example, if rupee appreciates, next quarter end you could probably see a lower number.

**Ajay Jain:** Will this appear in every quarter from now onwards?

**G.R.K. Prasad:** Other comprehensive income is the number that keeps coming in and whatever foreign currency adjustments are there of all the line items will be factored there.

**Ajay Jain:** Is it relating only to the quarter or cumulative figure?

**G.R.K. Prasad:** This is relating to June 30, 2018.

**Ajay Jain:** Okay so it is a balance sheet item in a way.

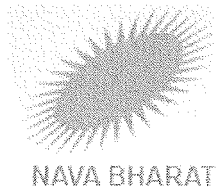
**G.R.K. Prasad:** Correct.

**Ajay Jain:** The other question is that you have stated a figure of \$12.94 million in your presentation as we purchased the Zambia project. Is that a figure attributable to Nava Bharat or is it the total figure of the Company?

**G.R.K. Prasad:** That is attributable to the Company and we have 65% share of that.

**Ajay Jain:** So of \$12.94 million, 65% is your share?

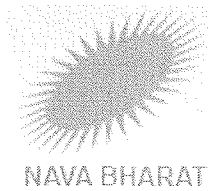




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- G.R.K. Prasad:** That is right.
- Ajay Jain:** Okay, thank you.
- Moderator:** Thank you, the next question is from the line of Hanumanth Raj from PCS Securities. Please go ahead.
- Sandeep Hemraj:** Congratulations on the good set of numbers. Sir, coming to ferro alloys business, how are the prices currently in July?
- G.R.K. Prasad:** They are actually on the same lines as in June but April and May were higher.
- Sandeep Hemraj:** How much percentage lower vis-à-vis April and May?
- G.R.K. Prasad:** They have dropped by about 15%. The prices of manganese have also come down relatively so we expect margin stability but some reduction will be from Q2 onwards.
- Sandeep Hemraj:** How much would that be Sir? Could you give any guidance on that?
- G.R.K. Prasad:** I cannot really be specific on the numbers.
- Sandeep Hemraj:** Sir, in terms of volumes, how do you see the ferro alloy side for Q2 and for the FY 2019?
- G.R.K. Prasad:** For example, ferro alloys, our target volume for the year for manganese alloy is about 1,00,000 tonnes and about 60,000 tonnes for the chrome conversion, that is more or less the way we are doing.
- Sandeep Hemraj:** With respect to domestic power how are the sales from the IEX?
- G.R.K. Prasad:** IEX of course is known to everybody, we had a very good run in IEX for our surplus power in April and May. Subsequently, there has been some correction but people expect the IEX prices to get firmed up again, going forward until early 2019.
- Sandeep Hemraj:** And on the production side, any guidance of what is the PLF that you would likely achieve? Any ballpark figure that you want to share?





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**G.R.K. Prasad:** Our captive power plant in Telengana which is 114 MW will run at about 80% plus, PLF to be 80% to 85% and the 150-MW which is a subsidiary will run at about 75% PLF. It is actually going through overhaul now, which will last till 15<sup>th</sup> of August. It started on 15<sup>th</sup> of June and it will last up to 15<sup>th</sup> of August. It will also have PLF about 70%, in terms of 90 megawatt captive power plant in Odisha, our expectation is about 60% PLF on an annualized basis.

**Sandeep Hemraj:** Sir, any progress in the sales of non-core assets?

**G.R.K. Prasad:** Nothing to report at this stage but all efforts are in those directions, we have all the idle assets lined up and will see how they pan out.

**Sandeep Hemraj:** Couple of more questions. Just with respect to new healthcare business, would that require any capex?

**G.R.K. Prasad:** Since it is in service line, there is no capex requirement. It is more a development expenditure. So some revenue generation is happening. So what are talking about is the net development expenditure for next couple of years which currently is estimated on a max scale at about \$2 million for this investment.

**Sandeep Hemraj:** For the year right?

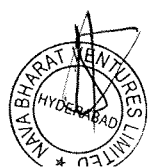
**G.R.K. Prasad:** For the two years.

**Sandeep Hemraj:** Okay, you mentioned that your capex plan is not yet freezed for the multiproduct agri plant but when would that be firmed up? So can there be any capex this year that you are expecting?

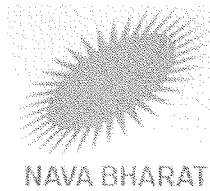
**G.R.K. Prasad:** I would say that plan and contour of a plan can be shared probably in about three months-time. In terms of capex that will be limited to again development expenditure on the sugar project so our budget at this point is about \$1.5 million for this year.

**Sandeep Hemraj:** Is this \$1.5 million towards the land?

**G.R.K. Prasad:** This is for farming and pilot seed plantation and some related works at the 25,000 acres area like site clearing and having some infrastructure development there.



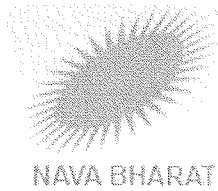




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- Sandeep Hemraj:** So would there be a lease cost to this land?
- G.R.K. Prasad:** That would be very nominal.
- Sandeep Hemraj:** So what is the benefit? Will the produce go to the government or a share of it as percentage eventually?
- G.R.K. Prasad:** No, there is no such sharing with government, it is purely a commercial venture. What the government wants is more like diversifying their economy into agri space because of the land and resources being available there and much of the production will get exported to the neighbouring countries, that is where I think the government is interested in.
- Sandeep Hemraj:** Sir, regarding the Zambian power plant you mentioned in the press release that an uptick for the risk demand is likely to be seen because one is power reforms and the other is on the mining side i.e., copper mining. Could you elaborate on that further?
- G.R.K. Prasad:** Copper as you probably know has been going through a very sustained demand and more copper mines are opening up not only in Zambia, but also in the neighboring country Democratic Republic of Congo (DRC) as well. So much of those investments require a lot of power, some efforts are underway by the local utility as well as the neighboring country utility but those are not going to be enough. So, we see a huge demand upside coming up in the next three to four years in that region. In terms of structural reforms, in fact it has taken some time but I think probably we have reached a point where government has formally put the point of power tariffs across to the mining companies and they started implementing that. That would give the utility a lot of breathing space in terms of financial ability to meet the payment obligations going forward, Every trade cycle takes some time. In fact that normalcy happens gradually over a period of time, but definitely by end of this fiscal we expect normalcy to come in.
- Sandeep Hemraj:** You mentioned that the current receivable is \$116 million and you said that you are expecting some money to start kicking in from or a bulk of debt to be paid in September, but what would the receivables continue on books. Ideally, what would that number be? Is it more of a book keeping question?

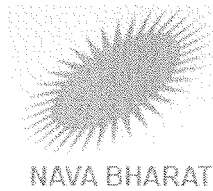




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- G.R.K. Prasad:** I would say about \$40 million given the trade cycle of 60 days. \$40 million is a normal receivable.
- Sandeep Hemraj:** You are billing about \$18 million to \$40 million?
- G.R.K. Prasad:** Yes \$18 to \$19 million on a full availability basis.
- Sandeep Hemraj:** Obviously that gives an ideal receivables.
- G.R.K. Prasad:** Yes.
- Sandeep Hemraj:** That is it from my side Sir. Thank you so much for the opportunity.
- Moderator:** Thank you. The next question is from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.
- Amit Golchha:** Sir, firstly I wanted to clarify on this \$4 million of hit which you have taken in the books that essentially has to be based on tax impact from that, correct?
- G.R.K. Prasad:** It is a discounting of receivables based on the average cost of capital under the Ind-AS regulations.
- Amit Golchha:** So, essentially to arrive at the recurring profit, we need to add \$4 million to Rs. 85 Crores which you reported and there is no tax adjustment in the \$4 million?
- G.R.K. Prasad:** Yes.
- Amit Golchha:** And secondly Sir, can you give Zambian Company's revenue, PAT and EBITDA?
- G.R.K. Prasad:** PAT and revenue numbers, are given in the press release. it is a \$53.88 million turnover, PBT is \$ 12.94 million and PAT is also \$12.94 million.
- Amit Golchha:** Also similarly could you give for Nava Bharat Energy India Limited?
- G.R.K. Prasad:** We will give that later. The turnover is about Rs. 82 Crores and we say marginal loss about Rs. 4 lakhs for the quarter.
- Amit Golchha:** And how much is the debt in the standalone and in energy at the end of June.

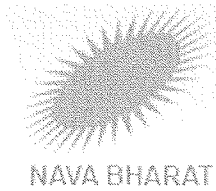




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- G.R.K. Prasad:** That is also given in the press release anyway if you would just look at it, it is there for the overall debt and as well as cash and bank balances as of 30<sup>th</sup> June, both on the standalone and consolidated basis.
- Amit Golchha:** Sure. Last question is on the realizations of the current power sales in merchant and till what time you have tie-ups and what are the realizations on that?
- G.R.K. Prasad:** Currently, we are going through IEX and against short tender for whatever surplus power. We expect short-term to medium- term that is some six to eight months contract to come up from the DISCOMS shortly from October onwards.
- Amit Golchha:** And for your guided production in ferro alloys how much captive power would you require broadly in FY2019? Will the run rate be continuing to be around 150- 175 million units per quarter.
- G.R.K. Prasad:** Yes, it is something like 60 MW in Telengana and about 30 MW in Odisha.
- Amit Golchha:** Apart from this \$4 million, is there any other one-time or non-recurring item in Q1?
- G.R.K. Prasad:** It is not recurring or non-recurring, it is an Ind-AS adjustment which was done on the receivables because of the longevity of the receivables and that number keeps revisited every time reporting happens.
- Amit Golchha:** So what exactly are you doing can you explain a bit?
- G.R.K. Prasad:** This is discounting of receivables as a balance sheet item, just as a fair value adjustment.
- Amit Golchha:** So essentially \$160 million?
- G.R.K. Prasad:** It is a fair value adjustment of \$116 million as of 30<sup>th</sup> June.
- Amit Golchha:** So let us say you were expecting in three months and now the expectation has increased to four months, you are resulting it exactly four months for that?

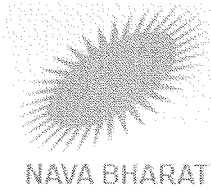




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- G.R.K. Prasad:** Exactly something like that, this normal time cycle of two months it is like five months so they made some adjustments.
- Amit Golchha:** Did you do the same thing in Q4 2018 as well or during the first quarter itself?
- G.R.K. Prasad:** No, because at that point of time it did not arise because the number was not high and also the factor was much less at that time.
- Amit Golchha:** Thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Three questions. Firstly, on cash-on-cash balances we are carrying Rs. 636 Crores of cash. Is there restricted cash in this balance?
- G.R.K. Prasad:** There is no restriction, most of it pertains to Maamba Collieries Limited (MCL). It has several accounts so some of the cash is reserved for the ensuing debt service and operations also.
- Mohit Kumar:** What is the surplus cash?
- G.R.K. Prasad:** It is a cash balance, there is nothing surplus here.
- Mohit Kumar:** No, in case if I remove all these, debt servicing requirements.
- G.R.K. Prasad:** No, there is no surplus.
- Mohit Kumar:** Except in the consolidated number, Sir?
- G.R.K. Prasad:** That surplus we could say is in the standalone basis.
- Mohit Kumar:** How much was the O&M income booked in Q1 FY2019 in the standalone books?
- G.R.K. Prasad:** It is about \$3 million, roughly about a million dollars a month, but for 3 months it is about \$2 million.
- Mohit Kumar:** Sir, what is the amount of land we have in Dharmavaram, is it 20 acres?

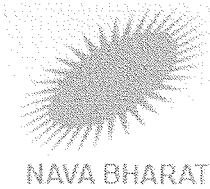




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- G.R.K. Prasad:** Land in fact we have something around 200 acres in Dharmavaram.
- Mohit Kumar:** Sir you also have mentioned of some land parcel in Hyderabad city?
- G.R.K. Prasad:** We have something around 60 acres of land in Secunderabad.
- Mohit Kumar:** Where Sir, which location?
- G.R.K. Prasad:** It is in Nacharam industrial area.
- Mohit Kumar:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Karthikeyan VK from Suyash Advisors. Please go ahead.
- Karthikeyan VK:** Good afternoon. Couple of questions sir. Just to understand this receivable piece again, so the reported receivable is \$4 million lesser than what is actually there right?
- G.R.K. Prasad:** That is right.
- Karthikeyan VK:** So this is just a reporting thing it has no cash flow impact?
- G.R.K. Prasad:** Yes.
- Karthikeyan VK:** Sir, second thing is that the availability is lower at 86%. I understand PLF being lower, but why would availability be reported as lower level and could you clarify?
- G.R.K. Prasad:** We had a small overhaul in terms of boiler inspection for one of the units that is why the availability was lower.
- Karthikeyan VK:** So, for the next three quarters there is no reason why availability should be lower right? And PLF I do not know?
- G.R.K. Prasad:** Actually their guaranteed availability is 85% on an annualized basis.
- Karthikeyan VK:** I understand that but what I am saying is technically.

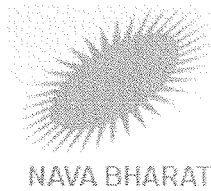




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- G.R.K. Prasad:** No for example next boiler overhaul will happen sometime in November so you will have some dip there also but otherwise there is no other reason.
- Karthikeyan VK:** I mean not very longer go you had a major maintenance this thing so therefore against twice in it.
- G.R.K. Prasad:** That is exactly not an inspection kind of outage, that was because of the residual issues which the EPC contractors was to do
- Karthikeyan VK:** The other thing is availability, how should one think about for the remaining nine months in the year and PLF as I said?
- G.R.K. Prasad:** Our projected availability for the year is about 90%. PLF is a function of how much power we inject. For example, today the PLF is lower because they are drawing the power from their hydro plants, which will probably come to an end sometime in September or late September. So you could expect the PLF to be also matching the availability from then on.
- Karthikeyan VK:** Yes, so second half will see similar availability in PLF numbers?
- G.R.K. Prasad:** That is right, usually that is how it happens.
- Karthikeyan VK:** Okay two hits. And the other question was on real estate. Sir, you bought this A9 real estate, what is the thinking behind that and how much we paid for it, some thoughts on that please?
- G.R.K. Prasad:** We did not buy the real estate. In fact, A9 Reality was a kind of a Company to which our subsidiary advanced some loans. They have some real estate which got liquidated so we thought to rather take the benefit out of that liquidation of the real estate into our account by having it merged with the subsidiary. So that is how it is, there is no real estate pay in that, it is a small amount.
- Karthikeyan VK:** You said that you acquired 100% in the A9 Reality Private Limited so they had some land which they sold and you had lent some money to them?
- G.R.K. Prasad:** Though it is a main business but it is more of a repayment adjustment.





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**Karthikeyan VK:** Repayment adjustment?

**G.R.K. Prasad:** Yes.

**Karthikeyan VK:** So any plans of using that vehicle for a particular purpose?

**G.R.K. Prasad:** No, it is being merged and then it will be extinguished. It is being merged at the subsidiary level.

**Karthikeyan VK:** Fine this is very helpful Sir. Thank you and best wishes.

**Moderator:** Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

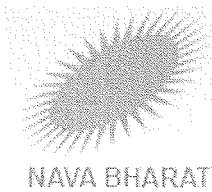
**Bhavin Chheda:** Sir, for Zambia you mentioned a monthly billing of \$18 million but you are getting \$6 million so how can this change over a period of time and what kind of our negotiations are with that and I understand you also said that there are certain power plant agreements which are getting reprised, so is it that you are also getting reprised or they are negotiating with their clients to get power prices up and then this mismatch number will go up?

**G.R.K. Prasad:** Well, for example, the \$6 million that we are talking about will go up to about \$8.5 million very shortly because the mining company has an arrangement with the local utility to recover some cost. That recovery is set to end in a couple of months probably by end of September. So we would see increase by about \$2.5 million to \$3 million from there on and in terms of power tariff adjustments we are not talking about any price revision or anything, we are talking about our end users of the utility being charged higher rates going forward. That is what the government has been pursuing for last two years and has come to a point where they could put the point across to the mining companies and started billing them.

**Bhavin Chheda:** So the outstanding receivables as on June, 2018 were \$116 million?

**Bhavin Chheda:** June, 2018 and even if I take your \$ 8.5 million number still it will be a \$ 10 million shortage per month, which means your heading for receivables are close to \$200 million by March 2019 or where abouts, so then how does the debt repayment





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take place if any schedule matches or you have a refinancing arrangement or what kind of arrangements would be there then?

**G.R.K. Prasad:** The point I was stressing is the government is actually coming in against the utility's obligations whenever a bulk repayment or payment of debt service is coming up. So in September we have repayment obligation coming up and government has already assured us that they are making arrangements to see that some bulk payment is released sometime in September to see the debt service is made.

**Bhavin Chheda:** How much is the September repayment amount?

**G.R.K. Prasad:** That is what I am saying, that addresses \$51 million.

**Bhavin Chheda:** \$51 million?

**G.R.K. Prasad:** Yes.

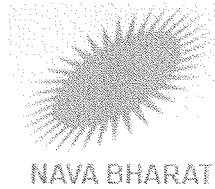
**Bhavin Chheda:** So do you think that out of outstanding from \$51 million, one short payment can happen from government, which would go for repayment or do you think that it would be just refinancing arrangement or government will try to refinance it from some other banks and you repay your obligation?

**G.R.K. Prasad:** Yes, it is a government's obligation. We have nothing to do with government's meeting that obligation and they would meet from out of their various resources. So that is what they did a couple of times earlier too, so that would happen in September but beyond September government also wants to have a kind of a timely payment plans from the local utility so that these bulk payment issues do not come up.

**Bhavin Chheda:** Second, you mentioned that there has been a 15% fall in the manganese alloy prices post June and similarly manganese ore prices would have also fallen but that would be a margin pressure because the spread may have declined. So, how much spread would have been declined actually in July and are you seeing some recovery in August or things are still bad?







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**G.R.K. Prasad:** It is not exactly bad, probably means loss of profit but what was prevailing in April-May was giving a good PBT numbers as well. So that PBT number will come down but it will be a profit even now.

**Bhavin Chheda:** Thanks a lot Sir and best of luck.

**Moderator:** Thank you. We will take the last question from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.

**Amit Golchha:** Sir, in your Q4 end balance sheet there is Rs. 424 Crores of long-term loan advances, can you highlight to whom it is given and also the Company which you acquired how much was the money which you had lent to them?

**G.R.K. Prasad:** That was given to a Singapore subsidiary that is \$65 million.

**Amit Golchha:** And everything is invested into Zambia is it?

**G.R.K. Prasad:** Yes.

**Amit Golchha:** If I have to look at how much you have invested in Zambia I have to look at these two numbers one is the investment in subsidiaries which is Rs. 1200 Crores roughly. Second is Rs. 424 Crores of long-term loans and advances and minus the amount which you have invested in Nava Bharat Energy?

**G.R.K. Prasad:** Yes, on a consolidated basis.

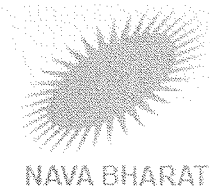
**Amit Golchha:** Sir, secondly in case of Tata Power sometime back we had been given to understand that Zambian government has revised the PPA downwards. Do they have hydro power plant there?

**G.R.K. Prasad:** Actually just to put the record right, we have not heard anything from the local company as such, because the local company is still seeking for full bill recovery they are not talking about any price adjustments.

**Amit Golchha:** You mean to say Tata Power is a local company there?

**G.R.K. Prasad:** Correct.





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- Amit Golchha:** So what is the exact issue? Is there anything from the government side?
- G.R.K. Prasad:** We were told it is an issue to do with availability. I think they have some disclosure surrounding that.
- Amit Golchha:** With regard to your station, there are no talks regarding any re-negotiation?
- G.R.K. Prasad:** No, nothing whatsoever.
- Amit Golchha:** Thank you very much.
- Moderator:** Thank you. That was the last question. I now hand the conference over to the management for their closing comments.
- G.R.K. Prasad:** Thank you very much for involved questions. Hope we have addressed all the queries adequately and if there are any questions or clarifications that remain unaddressed, please get back to us and we will be happy to provide answers on a wider investor platform. Thank you.
- Moderator:** Thank you very much ladies and gentlemen on behalf of SBICAP Securities that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.

