

Q3 2011 Earnings Call - Nava Bharat Ventures

Dt- 2 Feb'11

Operator

Ladies and gentlemen, good day and welcome to the Nava Bharat Ventures Limited Q3 FY11 Earnings Conference Call. As a reminder, for the duration of this conference, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Siddharth Rangnekar from Citigate Dewe Rogerson. Thank you and over to you.

Siddharth Rangnekar, Citigate Dewe Rogerson

Good afternoon, everyone. Thank you for joining us on Nava Bharat Ventures Limited's Q3 and 9m conference call. I sincerely apologize for the slight delay. We have on the call today Mr. P.T. Vikram Prasad, Managing Director; Mr. G.R.K. Prasad, Executive Director; Mr. P.J.V. Sarma, Director of Strategy and Planning and Mr. M.N. Rao, GM Finance.

The call will start as usual with Mr. Vikram Prasad making his opening remarks and we shall have interactive Q&A session.

I would not like to call Mr. Vikram Prasad to share his views.

P.T. Vikram Prasad, Managing Director

Good afternoon, everyone and welcome to the Nava Bharat Ventures quarterly results conference call. You must have by now had the chance to go through our results and this point I would like to share perspectives on how each of our segments have performed during the quarter and share updates on our international ventures.

Power business, power business continues to be the leading contributor to Nava Bharat's top line and bottom line. And our performance thereby continues to get influenced by the dynamics of the merchant power markets.

The prolonged monsoon played a significant role in pulling the realizations down in quarter three, the extent of which was lower than anticipated and reported by us earlier.

Lower average power realizations per unit and comparatively lower volumes due to unscheduled outage for the part of our generation capacity should be attributed as reasons for this subdued performance.

The decline in merchant power base was also due to the availability of Hydel power and active demand management by the state utilities. Margins to some extent were also affected due to increase in cost of coal and washery rejects.

We expect margin power rates to stabilize soon given the period of peak demand for power. We draw comfort on this aspect from the concluded contract in May 2011 barring the affect of monsoon if we have any, expect that the merchant power rate should stabilize between Rs.4 and 4.50 on an average for the financial year 2012.

The volumes of power sale should be better in quarter four than in quarter three as there is no planned outage. The company subsidiary commenced the ground growth for one power unit of 150 megawatts at the Paloncha while the 64 megawatts in Orissa is awaiting the environmental clearance before commissions trials begin.

The company will have the incremental volumes of power sale from financial year 2012 from the 64 megawatts unit. The second unit of 150 megawatts is awaiting the environmental clearance. The company is also exploring power generation from alternative feedstock like natural gas at this location to leverage up on the infrastructure which is already in place.

The company expects to derive an advantage over large power plants in the usage of low grade coal and washery rejects for the new units and hence does not anticipate any issue on sourcing of coals, cost or fuel for these units. Notwithstanding the perceived fall in the merchant power realization to sub Rs. 4 per unit.

International business. The Zambian subsidiary have repaid sundry creditors, employee liabilities and miscellaneous liabilities and restructuring the balance statutory liabilities and term liabilities. So, as to enable infusion of further debt funds from the banks for meeting capital expenditures for mine revival and power plant.

This has been facilitated through our shareholders loan from Nava Bharat. The Zambian company will commence the mine preparation from April through outsourcing and will be ready for extraction and sale of high grade coal from October 2011, when the new coal handling and processing plant would be ready for commercial operations.

The company, Zambian company has achieved considerable progress in PPA negotiations with ZESCO which is the Zambian equivalent to our local utility -- discom and the government. Simultaneously, the company has been pursuing for selection of EPC contractor for the proposed 300 megawatts power plant.

Both these activities are expected to be completed by March 2011. Therefore, sanctions for debt financing and ECA financing along with the environmental clearances are targeted for the completion by September 2011. The power plant is scheduled to be commissioned in quarter of 2015 -- first quarter 2015.

The Laos subsidiary which is to be implemented 100-125 megawatt Hydel power station has engaged a consultant to conduct detailed feasibility study of the project. Post which a project concession agreement would be entered in to with the government of Laos. This is envisaged to be done in about six months and following the concession agreement project would be launched.

Ferro-Alloys business, the companies performed better in the respect of manganese alloys in AP, while the overall profitability of this business was impacted by the fixed cost interest in the chromium alloy unit in Orissa. This manganese alloy generates a factoring tool based on firm demand from steel industry and like alternative options are

being considered by the company to utilize the chromium alloy facility in Orissa.

Sugar business, unreasonable rains and delay in commencement of the crushing season have led to lower volumes and recovery. An anticipated deficit of sugar globally and high domestic production will lead to moderate to firm realization going forward.

We indicated in terms of our cautious approach in launching power capacity which are critically dependent on fuel security, fall in financials of discom and sovereign merchant power rates, all of which are borne out in the performance of the power industry in this quarter. Our intended power for rail overseas is an integrated operation and better long-term returns on investment should help us optimize our performance in this sector.

With this I have covered the key points of discussion during the quarter. And I would now like to request the moderator to open the session for the question-and-answer. Thank you.

Questions And Answers

Operator

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. [Operator Instructions]. The first question is from the line of Subhadip Mitra from Edelweiss. Please go ahead.

Subhadip Mitra

Good morning, sir. Subhadip here.

P.T. Vikram Prasad, Managing Director

Good morning.

Subhadip Mitra

Sir, my question was pertaining to the bifurcation of the power sales that we had between merchant and the other sales that we had the, grid power and so on if you can tell me the volumes and the rates that we realize on a net basis, that would be very helpful.

Corporate Participant

This is for the quarter?

Subhadip Mitra

For the quarter.

Corporate Participant

All right. Quarter sales that we made for the quarter was 390 million units.

Subhadip Mitra

Okay.

Corporate Participant

Which includes merchant fuel merchant sale then part of the power going to GRIDCO and that going for captive consumption.

Subhadip Mitra

Sir, is it possible to have the bifurcation broadly?

Corporate Participant

Bifurcation is the chromium alloy units consumed about 65 million.

Subhadip Mitra

Okay.

Corporate Participant

Balance is sold out and as far as GRIDCO is concerned roughly about 60 million.

Subhadip Mitra

60 million units?

Corporate Participant

Yeah.

Subhadip Mitra

Okay. And balance?

Corporate Participant

Balance is merchant.

Subhadip Mitra

The balance will be merchant?

Corporate Participant

Yes.

Subhadip Mitra

Okay. And the respective realization number sir?

P.T. Vikram Prasad, Managing Director

Yeah. I think the realizations for the Q3 as I told you right now it is about Rs.3.24 average Q3.

Subhadip Mitra

That's the average number, right?

P.T. Vikram Prasad, Managing Director

Average number and net I think that the point is the net number, not quite to complete the talking about the gross number which I think when you are trying to drive comparison should take one-to-one. When you comparing apples-to-apples the net utilization will be Rs.3.24.

Subhadip Mitra

Right.

P.T. Vikram Prasad, Managing Director

Which is the right now compared to the last year it was about 4.99, there on Rs. 5 last year.

Subhadip Mitra

Sir, completely agreed with this number, what I am trying to understand is that if the bifurcation that you just gave me in terms of million units...

Corporate Participant

Yeah.

Subhadip Mitra

Will be corresponding realization number if you can tell me that like for because Rs.3.24 is the average number. So only the number of units that you sell on merchant basis what would be your net realization number, and for GRIDCO and for captive, for captive also you'd have a transfer price?

Corporate Participant

It's 3.35 net realization for the merchant realization.

Subhadip Mitra

Okay.

Corporate Participant

And 2.75, the captive consumption.

Subhadip Mitra

Okay.

Corporate Participant

And as far as GRIDCO is concerned, it is about 290.

Subhadip Mitra

290 yeah, okay. And sir, going forth for Jan, Feb, March, I presume we would have already signed contracts?

Corporate Participant

Yes.

Subhadip Mitra

What would be the range that you are looking at or do you have like say in Jan and Feb you are looking at may be something lower, and may be March onwards higher, anything of that sort?

Corporate Participant

Well, I guess I will just give the numbers, may be if you can just you want to jot down, you can jot down.

Subhadip Mitra

Surely, please.

Corporate Participant

The January numbers is about 3.4.

Subhadip Mitra

Okay.

Corporate Participant

February is 3.75.

Subhadip Mitra

Okay.

Corporate Participant

March 4.23.

Subhadip Mitra

Okay.

Corporate Participant

It was maybe the first couple of months next year also I'll just give an indication.

Subhadip Mitra

Right.

Corporate Participant

For April and May the average rate cost equity is 4.3.

Subhadip Mitra

4.3, but these are the gross numbers, right?

Corporate Participant

No net number, what I'm talking about is net numbers.

Subhadip Mitra

So 4.23 for March is the net number which will be I was talking, right?

Corporate Participant

Right and that is what Mr. Prasad was mentioning.

Subhadip Mitra

Right.

Corporate Participant

The clear cut distinctive trend towards increase and which we feel that is going forward, which is summer months coming in post March, I think it's going to be better and better only, I think that's one. But at the same time, now we want to be a bit cautious in our approach.

Subhadip Mitra

Right.

Corporate Participant

I'll just will give you an indication of monthly, the contract prices.

Subhadip Mitra

Right, right.

Corporate Participant

In force from Jan to May that is the indication that what we'll make now.

Subhadip Mitra

Understood. Sir, is it safe to assume that then just on a like-to-like basis on the volume perspective, you would have contract for at least 265 million units for every quarter on merchant, the rates that you gave 3.4, 3.75, 4.23, 4.3 is roughly for 265 million units in a quarter?

Corporate Participant

That's about in the end.

Corporate Participant

Yes you can say that.

Subhadip Mitra

So practically you have not said anything even open for short-terms or if you can -- if there is any volatile nature you can realize a better rate?

Corporate Participant

No, actually we contracted for the power that is available.

Subhadip Mitra

Okay.

Corporate Participant

So...

Subhadip Mitra

Excluding the GRIDCO and...

Corporate Participant

That shouldn't give us any more.

Subhadip Mitra

Yeah. Okay.

Corporate Participant

Mind you from the next year you will have the 64 also will be coming in but in terms of analysis we have to... that is also accounted 64 megawatts from Orissa.

Subhadip Mitra

So for 4.23 and 4.3 you are assuming that 64 will also contribute to that?

Corporate Participant

No.

Corporate Participant

Not I am talking for contract...

Corporate Participant

About 228 megawatts.

Subhadip Mitra

Okay. So that for 64 megawatts you are still open you have not entered into any contracts?

Corporate Participant

No. Yes, that's right.

Corporate Participant

And the an additional question that what we had it now?

Subhadip Mitra

Exactly. Understood and then in the 64 also there would I guess 20 megawatts that will go to GRIDCO?

Corporate Participant

Well, that's a different scheme of saying. Crude is being taken as an IPP, so what the Government of Orissa wants is about 12% of the power being made available to them.

Subhadip Mitra

Okay.

Corporate Participant

At a rate being fixed by OERC.

Subhadip Mitra

Okay.

Corporate Participant

And power we are free to sell. So in effect what would happen is once the 64 megawatts comes on stream.

Subhadip Mitra

Right.

Corporate Participant

Probably about 30 megawatt or so would be made available to the GRIDCO and balance we will be selling out.

Subhadip Mitra

Okay. Sir but 12%...

Corporate Participant

Out of 150 megawatt. Out of 150 megawatts.

Subhadip Mitra

Out of 150 megawatts in Orissa?

Corporate Participant

That's right.

Subhadip Mitra

That's the cumulative capacity coming up on Orissa?

Corporate Participant

That's right.

Subhadip Mitra

Okay.

Corporate Participant

Okay.

Subhadip Mitra

So basically 10 megawatt out of the 64 megawatt is what you are saying.

Corporate Participant

It's not exactly 10, it is to be taken as total 150 and then about 30 megawatt of that.

Subhadip Mitra

Okay, understood sir. Understood. Sir, secondly our question was pertaining to the fuel tie-ups that we have for each of our units. I understand that we do a blending of e-auction as well as coal, washery rejects and linkage. So if you can please tell me the realization of the rate numbers because I believe there has been some cost increase also that we are talking about?

Corporate Participant

Well, the cost increase is marginal, that happens only in the case of washery rejects in Orissa.

Subhadip Mitra

I see.

Corporate Participant

See it's like this, our blend is about 80%, we buy coal through linkages.

Subhadip Mitra

Okay.

Corporate Participant

Sorry about 70% we buy through linkages, about 10% we buy through e-auction.

Subhadip Mitra

Okay.

Corporate Participant

And balance we buy the washery rejects.

Subhadip Mitra

So, 20% is washery rejects?

Corporate Participant

That's right.

Subhadip Mitra

But this would again, the blend would change depending on whether in AP or in Orissa?

Corporate Participant

I think it happens to same between the two in Orissa of course that's the pattern, in AP you could say the e-auction is even lower.

Subhadip Mitra

So, in AP the linkage coal would be still be around 70%?

Corporate Participant

It's about 80%.

Subhadip Mitra

It's 80%.

Corporate Participant

Yes,

Subhadip Mitra

And so e-auction would be how much in AP?

Corporate Participant

I think it will be -- I just got some numbers from April 2000.

Subhadip Mitra

Right.

Corporate Participant

Till January.

Subhadip Mitra

Right.

Corporate Participant

The total quantity purchased through e-auction is approximately 60,000 tonnes.

Subhadip Mitra

This is at AP?

Corporate Participant

At AP. Mostly AP as... mentioning about it.

Subhadip Mitra

Right.

Corporate Participant

60,000 tonnes at an average at of around 1,655.

Subhadip Mitra

1,655 okay.

Corporate Participant

65. 1,655.

Subhadip Mitra

1,655.

Corporate Participant

It's an influence of also slightly it's still comfortable... 1,655 is the total cost, the transportation is negligible because as you know Paloncha plant is almost like... and, so it's not.

Subhadip Mitra

So the 1,555 number has gone up by how much sir, has it gone up by Rs. 200 or Rs. 300 or something?

Corporate Participant

No, that's the increase in rate.

Subhadip Mitra

Yeah, yeah. The increase in this. That's exactly what I'm trying to understand.

Corporate Participant

No, no. That's the increase in rate.

Subhadip Mitra

Okay.

Corporate Participant

And that place of accounting something that has already happened.

Subhadip Mitra

Okay.

Corporate Participant

So, you could say about Rs. 100 has gone up on an average.

Subhadip Mitra

Understood. So, it used to be around Rs. 1,500 before which has become Rs. 1,655 now?

Corporate Participant

That's correct.

Corporate Participant

Yeah. Because we were talking about an average rate from April end till January end, existing till January because what we mentioned in December is including the January sales. January purchases...

Subhadip Mitra

Understood. So sir, going forth since, we are looking at there being an eminent coal crunch in the country and I believe most of the power plants that have come up in F11 are anyway looking at crunch in terms of the linkage coal for our upcoming plants, especially Orissa which is coming up in this quarter itself, are we looking at any kind of a lower coal that might come in from Coal India and hence higher blending or something of that sort?

Corporate Participant

Well, the 64 megawatt plant proposes to use washery rejects on a predominant basis.

Subhadip Mitra

Okay.

Corporate Participant

So as far as the increase, the absolute increase of coal is concerned there will be some effects, but I don't think that would be material nor would it be very high.

Subhadip Mitra

So, again here it is a 70-30 kind of a ratio 70% linkage, 30% rejects or the other way around?

Corporate Participant

It would be 70% rejects and probably 30% to either linkage or e-auctions.

Subhadip Mitra

Either linkage or e-auction. So in case of washery rejects we have a firm contract tied up for a firm quantity?

Corporate Participant

Yes. We have.

Subhadip Mitra

And sir, what would be the price that I can assume over there?

Corporate Participant

Well, price is not fixed, it's a... fee contract.

Subhadip Mitra

Okay.

Corporate Participant

Right, if any, but I think corresponding price is what has been reported just now.

Corporate Participant

But surely like...

Subhadip Mitra

But you would be expecting washery reject prices to keep on going up progressively as there is a higher demand coming up.

Corporate Participant

Yeah. It goes in-sync with the linkage contract.

Corporate Participant

I think there is one more thing Subhadip I think is a very, very important factor that I think all of us have to understand.

Subhadip Mitra

Right.

Corporate Participant

As you know these washery rejects cannot be transported very long distances, because the washery rejects cannot be transported because it becomes uneconomical.

Subhadip Mitra

Okay.

Corporate Participant

So if the power plant who require two important variants, number one, the technology to use that, number two there should be closer to the nine months.

Subhadip Mitra

Understood.

Corporate Participant

See that is where I think probably we Nava Bharat have got advantages in both the Paloncha as well as to certain extent in Orissa as well. So if you look at it, the washery rejects, now there is not much of an economic logic for the quarries to transport it a long distance.

Subhadip Mitra

Okay.

Corporate Participant

So actually if you look at it now, although linkage cannot be attributed to -- for us to do that now, just to share economics alone make our washery rejects availability much better. I think it's a very economic classification probably which we generally communicate to understand that. It's a very peculiarly or fortunately we are placed near the location, very strategically that what we look at the plant.

Subhadip Mitra

So basically what you are saying is that washery rejects prices may not go up exactly in tandem with linkage tool because there is a...

Corporate Participant

Exactly, exactly because there is no depth, there will not be economically and logically also a direct correlation between the coal linked price and washery price. The washery price could still be lower because they do not... cater washery rejects to long distance.

Subhadip Mitra

Understood.

Corporate Participant

And the fuel plants which are closer to the...what we call the mines.

Subhadip Mitra

Understood. That logic would not apply...

Corporate Participant

There is one more thing I'll mention, power plants cannot use the washery rejects whereas we... both our plants in Paloncha as well

Orissa have bought the technology to use that.

Subhadip Mitra

Okay, fine. Understood. But sir, in case of the e-auction coal that we would be using whatever roughly 20 to 30%, there what kind of a price increase are we looking at?

Corporate Participant

At this time, it's difficult to put a number ranking Subhadip.

Subhadip Mitra

Okay. But the average real number, the cost that you have seen this year?

Corporate Participant

Yeah, that should hold.

Subhadip Mitra

That should hold and what range would that be sir, if you can tell me?

Corporate Participant

So, I think the number that has already been given I think should hold for the next year. That's what our feeling is.

Subhadip Mitra

Okay. Got your point. And going ahead for the Paloncha 150 megawatt that we are coming up with, there again sir, what would be the mix in terms of what watery rejects and your e-auction, similar?

Corporate Participant

It's 80% watery rejects and balance will be auction.

Subhadip Mitra

And again we have a firm quantity contract here, sir?

Corporate Participant

I said one more point to as -- has mentioning. As you're aware now Simran Power has opened a very big coal washery recently. They have put a very big coal washery near -- because of that the washery rejects availability have substantially gone up.

Again if you just look back whatever we were mentioning about couple of minutes back, about economic logic. The simple economic logic of their feasibility to transport the large quantities of washery rejects beyond a certain distance, make it a positive for Nava Bharat because of expansion of washery capacity of tendering near that -- plant. They have put a very huge coal washery recently and that started, the washery almost started operation very recently.

So I think this is more or less going in since in line with whatever they are talking about it to just to add what -- is mentioning about is actually unit -- technically may not like to do it. But technically, it is even broader than -- watch expansion of the plant in our calendar.

Subhadip Mitra

Understood. And you are saying that the washery is already operational.

Corporate Participant

Washery is operational, yes, washery is very much operational. We've declared recently also is not that, it is due to the South African company managing that and it's operational, very much operational.

Corporate Participant

Subhadip, I think we need to give opportunity to others to ask questions.

Subhadip Mitra

Sir, just one last question that I have which is primarily on the Ferro Alloy business that what would be the current EBITDA percent that we are doing here. Because there... we've been looking at losses for the last two quarters, despite meeting more or less our volume targets. Just wanted to get a little understanding on that the last question.

Corporate Participant

The EBITDA percent is about Rs. 10,000.

Subhadip Mitra

And for Chrome?

Corporate Participant

Chrome, we are not producing so obviously that doesn't arise at the moment.

Subhadip Mitra

So sir, here the fixed cost is what has given us a hit sir?

Corporate Participant

Yeah, that's right.

Subhadip Mitra

And can we have a rough number to it on a per month or a per quarter basis what is the...

Corporate Participant

About 120 lakhs, sorry 100 lakhs a month.

Subhadip Mitra

About a crore a month?

Corporate Participant

For a month, yeah.

Subhadip Mitra

Fine sir. That's all from my side. Thank you so much, sir.

Corporate Participant

Okay. Thank you.

Operator

Thank you. [Operator Instructions]. The next question is from the line of Sachin Relekar from Tata Mutual Fund. Please go ahead.

Sachin Relekar

Good morning, sir.

Corporate Participant

Good morning, Sachin.

Sachin Relekar

Sir, just one question. Now that the cost have moved up, you said that only the e-auction part of the coal has moved above a 100 to Rs. 200 per tonne. We were actually assuming Rs. 2.3 per kilowatt hour is your production cost or generation cost. Now what is the new base and what kind of spreads they are making?

Corporate Participant

I would like to cut the cost of production because of reduction of the fixed cost. The current cost of generation which is fully loaded is about Rs.2.15 per hour.

Sachin Relekar

Okay. So this is the cash cost?

Corporate Participant

This is not. This is the full cost, including debt.

Sachin Relekar

Including debt, okay.

Corporate Participant

Exempting for 20 megawatt of power generation which is based on imported coal.

Sachin Relekar

Okay.

Corporate Participant

Where the full cost is about 3.4.

Sachin Relekar

Okay. And sir, there is a...

Corporate Participant

This 2.15 which we are mentioning here, that's taken to account whatever increase that has already taken place.

Sachin Relekar

Okay.

Corporate Participant

We don't expect that cost to vary much beyond that.

Sachin Relekar

Okay. And sir, 64 megawatt is waiting for environment clearances for trials to begin with. What is this I mean what is your expectation here? Could we actually go into commercial operation by first quarter of next year?

Corporate Participant

That's the plan we are working on, it could be earlier too, but I think safe to assume first quarter of next year.

Sachin Relekar

Okay. So the final question is on Zambia, you said the mine will be ready to produce by October '11. So is the infrastructure in place and where you plan to sell this coal output and what will be the quantity for the balance six

months in the FY12?

Corporate Participant

Well, the infrastructure is already in place. As you know, this is before an operating mine. So one way, it helps us, as much of the ground infrastructure is already there.

Sachin Relekar

Okay.

Corporate Participant

What was required is only a new coal handling and processing plant which is getting erected now.

Sachin Relekar

Okay.

Corporate Participant

That could go on stream by September 2011.

Sachin Relekar

Okay.

Corporate Participant

We expect to extract and sell about 50,000 tonnes of high grade coal, let's say per month. So, that gives us something like 300,000 this year that is FY12.

Sachin Relekar

Okay.

Corporate Participant

And next year, we plan on doing it 1 million.

Sachin Relekar

Okay.

Corporate Participant

And see how the ramping up can take place beyond that?

Sachin Relekar

But there will be...

Corporate Participant

The coal is intended there for use by the cement and other industries in Zambia and surrounding countries.

Sachin Relekar

Okay. So, you're selling there itself. It's not going to transport to the offshore, and import and that way?

Corporate Participant

Well, this is not in our article position now, because of the large pit cost.

Sachin Relekar

Okay. So, what will be your coal grade like, what will be kcal per Kg?

Corporate Participant

It's about 6,200 kilo calories per Kg.

Sachin Relekar

Okay. So...

Corporate Participant

At ex-mine, it should pitch us around 65 to \$70 per tonne.

Sachin Relekar

Okay, sir. Thank you.

Corporate Participant

And just to add the point, in fact, there is a very, very unsatisfied demand for hybrid coal in Zambia.

Sachin Relekar

Okay.

Corporate Participant

But overall right now there are not, it is the largest mines that is available in Zambia that's what we acquired now. Now, right now the requirement of hybrid coal in Zambia is getting imported from Zimbabwe to other countries.

Sachin Relekar

Okay.

Corporate Participant

So, they are all waiting for our mines to be commissioned and then do that.

Sachin Relekar

Okay.

Corporate Participant

So actually, there is a latent demand of at least with the existing plant of cement and other unit itself is about 1 million tonnes demand, million, million and half and we are expanding. So we expect that's also able to go to substantially maybe they are expecting to go to - of 2 million tonnes. So whatever we are targeting -- 30,000 in five months and the million tonnes. It is -- they are all waiting. If you look out the mines for them. So actually the cash flow coming into their company as well.

Sachin Relekar

Sure. So what will be our cost in that case?

Corporate Participant

In that we are targeting at least 10 to \$15, probably \$10 minimum price point of...

Sachin Relekar

Then your spread would be like upwards of \$40?

Corporate Participant

Yes.

Sachin Relekar

Okay. Thank you, sir.

Operator

Thank you. [Operator Instructions]. The next question is from the line of Sanjeev Panda from Sharekhan. Please go ahead.

Analyst

Good morning, sir.

Corporate Participant

Good morning.

Analyst

It seems that there is some of the inventory file up in ferro chrome and ferro mining -- at the same time, if you can you give us the number what is the average realization that you have realized for ferro chrome in -- all the three ferro?

Corporate Participant

Well, just to correct you, the inventory actually have got weekly today. We are now carrying a very normal inventory level both... it's only in set of manganese which is under hardship. As far as chrome is concerned the inventory is more or less -- end of December.

Analyst

Okay.

Corporate Participant

And other point which you asked is current realization is for manganese hover around 55,000 tonnes.

Analyst

Okay.

Corporate Participant

Actually, ferro chrome stock is only 32 tonnes.

Corporate Participant

Slightly zero.

Analyst

Okay.

Corporate Participant

And ferro mining is 67 tonnes... 649 tonnes.

Analyst

Yeah. About realization sir?

Corporate Participant

Yeah. My estimates are touching around -- now and chrome of course there are no sales that are going on but the current realization is about 63 to 64,000 per tonne.

Analyst

Okay. Sir, just a last question is looking at the current merchant power scenario. What is the outlook that you were looking at. One is that whether there's imported or outsourced coal, will that be a right way of going ahead because the pricing pressure that we had already seeing in.

And what is that strategy that Nava Bharat is going to adopt looking at this? And going forward, how you're going to claim for you are looking some other options where you can try to find some part of your towards BPI basis and mix of or you still hold that belief that the prices will continue to be more profitable and in future you will be able to hold this strategy, the current strategy?

Corporate Participant

See for an existing plants, we would like to be with the merchant power. I mean right now the prices are attractive, even at Rs.4, I mean attractive in the sense that we would be able to get a decent return. But for the new plants, we are trying to go into case one bidding again for local utilities wherever we are putting up the plant, at least for 50 to 60% of the capacity.

So that we would be I mean more protected. That's the situation. And as far as prices grow I think we expect the prices to be around just depending upon the rainy season, monsoon around 4 to 450. I mean I think some of them maybe even growth at a point usually what we are giving the prices are met.

Analyst

Okay. And sir, some of our peers in the recent results when they came out they said that they are still able to get a realization of 4 to 4.5 even in the last quarter. Whereas we realized little less than 4 in a merchant power basis. So, is it because of the some specific to the reasons or specific to some of the SEBs that you are straight utilities that you are selling where the realization are not up or what is

the scenario if you can just throw some light on that?

Corporate Participant

See, if it is specific to a certain I mean if we don't have the power going from one grid to another grid, if there is within the local utility, they are able to sell may be they are able to re-utilize that price which we're talking about because they don't have to pay minimum for flight charges. Whereas if it is going to some other states, the chances of those prices seem to be more limited.

Corporate Participant

More of the cost. To put a correct perspective, I think all the players in the merchant power going through the same phase of the play discovery through the traders are in bilateral transaction. It can't be that some generator gets higher rates and the other generator is stops as or something like that.

What would happen as Mr. Vikram pointed out would be that the generator might be an eminent customer in a given grade, in which case the realization could be net operated transmission charges. But mostly as we see it to the rate at what we have obtained, follows the pattern of bilateral transactions in this difficult point of time. I don't think we were lower or somebody else is higher. I mean excepting the case, where it's an immediate customer base.

Analyst

Okay, sir.

Corporate Participant

The answer to -- mentioning earlier is the amortization of the graph and the mix. May be somebody may be showing the graph in the top line realization and other charges they're going to put in across in our charges like transferring that separately other expenses. That could be reason, but it is the reality of what that will happen.

Analyst

Okay, sir. Thanks for the time. If I have any question, I'll come back.

Operator

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

Bhavin Chheda

Yeah. Good afternoon, sir.

Corporate Participant

Hi, good afternoon.

Bhavin Chheda

Yeah. Two-three questions, first, mainly on the Zambia side.

Corporate Participant

Speak up, could you speak up?

Bhavin Chheda

Hello, can you hear us?

Corporate Participant

Yeah.

Bhavin Chheda

Yeah. So on the Zambia side, sir, what will be the cost of production you mentioned sir, full cost of production?

Corporate Participant

The cost of the production ex-mine is about 45,000.

Bhavin Chheda

45,000.

Corporate Participant

Yeah. And we expect to sell at about 60.

Bhavin Chheda

Okay.

Corporate Participant

But current prices are of course better than 60, but 60 I think is more or less interesting.

Bhavin Chheda

Okay. And basically on the investments which have been done, if you can explain us I believe there was a 96 crore investment in Nava Bharat Singapore Pte.

Corporate Participant

Right.

Bhavin Chheda

And now whether Singapore Pte is... have taken equity in Zambia. So overall, if you can explain the... how the investments structure is working? How much has been directly investment... you made investment from standalone books? How much the subsidiary has invested?

Corporate Participant

Well, nothing has been invested directly from Nava Bharat Ventures into Zambia. It is going through the Singapore subsidiary only.

Bhavin Chheda

Okay.

Corporate Participant

And Singapore subsidiary also has invested by their shareholder loan in this point of time.

Bhavin Chheda

Okay.

Corporate Participant

So, no equity investment has flown in as of now.

Bhavin Chheda

The shareholder loan is for how much, sir?

Corporate Participant

It's about 26 million. What was originally intended as a purchase price.

Bhavin Chheda

Right.

Corporate Participant

Our 65% stake is now put in as a shareholder loan into the company.

Bhavin Chheda

Okay. And that is for 65%, right?

Corporate Participant

That's right.

Bhavin Chheda

Okay. But why is it standing as a shareholder loan and not converted into equity state, any regulatory approvals or something pending or whatever there?

Corporate Participant

No, no, it's like this, we have got the 65% stake by not including any money. So, we are taking the position that shareholder loan be advance and which could be repaid or converted into equity at our discretion.

Bhavin Chheda

Okay. So if this...

Corporate Participant

Over and above 26 million, was our original commitment of about \$110 million.

Bhavin Chheda

Okay.

Corporate Participant

That is yet to be influenced.

Bhavin Chheda

The total commitment is \$110 million?

Corporate Participant

Total commitment is about 136, if you recall.

Bhavin Chheda

Okay.

Corporate Participant

Of which 26 million was supposed to the purchase consideration to be paid to the vendor.

Bhavin Chheda

Okay.

Corporate Participant

Instead of paying to the vendor we actually infill that money into the company as a shareholder growth.

Bhavin Chheda

Okay. And that has been paid off for clearing the liabilities. Okay.

Corporate Participant

That's right.

Bhavin Chheda

So now the structure will be like there will be debt raised in that company which will be used for Zambia CapEx and all?

Corporate Participant

Correct.

Bhavin Chheda

Okay. And sir, to start this coal mine, how much do you think must be a CapEx figure?

Corporate Participant

About \$50 million.

Bhavin Chheda

About \$50 million. Okay. Sir, just on Zambia, on the other overseas project, I believe you had something in Indonesia. So if that is going forward?

Corporate Participant

Indonesia, we satisfy as we continue. We are pursuing for getting our mine lines or to get our money back with some liquidate damages both processor through court and ministerial interference.

Bhavin Chheda

Okay. And how much you have invested, sir?

Corporate Participant

We spent about 5 million, little less than 5.

Bhavin Chheda

Okay.

Corporate Participant

And that includes to whatever money that was paid as well as expenses has.

Bhavin Chheda

Okay. So, basically the matter is in the court and you are trying to recover this money.

Corporate Participant

Yeah. Not only that, see there are two promises which we are pursuing, one is get hold of the mine itself.

Bhavin Chheda

Right.

Corporate Participant

Through judicial intervention, judicial and executive intervention.

Bhavin Chheda

Right.

Corporate Participant

Or get money plus some premium for that.

Bhavin Chheda

Right.

Corporate Participant

Either of these things could happen but profits, it might take some time.

Bhavin Chheda

Okay.

Corporate Participant

What is important is that money is secure, that's what I am trying to say.

Bhavin Chheda

Okay. And what will be the debt figure and cash figure in the book now?

Corporate Participant

We have debt of about 160 crores.

Bhavin Chheda

Yeah.

Corporate Participant

And cash on a standalone basis is about 510 crores.

Bhavin Chheda

160 crores is excluding FCC bids right?

Corporate Participant

That's right.

Bhavin Chheda

And are consolidated numbers different or more or less same, except for the...

Corporate Participant

Cash will be about 100 crores higher.

Bhavin Chheda

That is the stake sale which you did in the Andhra Pradesh project?

Corporate Participant

No that is one, then we have whatever investment that we made which is remaining unutilized.

Bhavin Chheda

Yeah.

Corporate Participant

Those things will add up to that.

Bhavin Chheda

So consolidated debt is same but the cash is 100 crores higher?

Corporate Participant

Right. You can say that the net cash as far as substrates go will be about 100 crores.

Bhavin Chheda

Okay.

Corporate Participant

So debt is 160 and cash is about 600.

Bhavin Chheda

Right. And sir, you had sold stake in your Andhra Pradesh project via subsidiary, so that cash has already been received. That was Nava Bharat Energy Limited.

Corporate Participant

Navabharat Power Private Limited.

Bhavin Chheda

Yeah.

Corporate Participant

That was in Nava Bharat projects.

Bhavin Chheda

Okay. So that is already through, you sold 26% stake in a subsidiary.

Corporate Participant

That's right. No it's actually 50% stake which we entered in for sale.

Bhavin Chheda

Right.

Corporate Participant

Of which we realized 84 crores.

Bhavin Chheda

Right.

Corporate Participant

And that money is there. Balance money will be coming after the projects achieve certain project milestones.

Bhavin Chheda

Okay. So that 84 crores is being kept right now in subsidiary or Nava Bharat itself has received 84 crores.

Corporate Participant

It is in subsidiary.

Bhavin Chheda

It's in a subsidiary, that's the reason that consolidated cash is 100 crores higher, right?

Corporate Participant

That's right, to sum of three year.

Bhavin Chheda

Okay. And the balance when the project start you may receive another 80, 90 crores.

Corporate Participant

That's right, 85 crores.

Bhavin Chheda

85 crores. Okay, sir. Thanks a lot sir.

Corporate Participant

Thanks.

Operator

Thank you. [Operator Instructions]. The next question is from the line of Pinakin Parekh from JP Morgan. Please go ahead.

Pinakin Parekh

Yeah, hi, good afternoon, sir. My question is basically on coal, can you give the sense of how are you seeing the coal dispatches from Coal India in terms of your requirements being met? Do you have to focus more on the e-auction market and do you see this trend changing over the next six months to one year, because obviously Coal India is having severe production issues at its mines?

Corporate Participant

Yeah. This is what we are like right now. You see, it's not there in Andhra but in Orissa in Mahanadi coal fields we find this problem that they are not able to increase the production and slightly there the increase of e-auction because they have to maintain their I think cash flows and we find that the prices of this e-auction coal to slightly on the higher side and as far as production goes Mahanadi coal field we haven't increased the production by even 1% in the past couple of years I think between last year and this year, put it like that.

Pinakin Parekh

So do you see this I mean from your company's point of view this thing continuing for the next few quarters and therefore, the blended coal cost only increasing as e-auction coal cost moves up with imported prices and Coal India's linkage supplies continuous to get little bit weak?

Corporate Participant

Yeah, to a certain extent, yes I think we'll have to see unless Coal India announce I mean they have to I think now that they have also pressure on them to increase the production and they are trying to work on it. May be we will not be

there for the next couple of quarters, but definitely they are expected to perform better as far as production goes in these areas.

Pinakin Parekh

I'm just trying to understand that for Nava Bharat for your coal cost, because there are different grades and everything. Your blended e-auction coal cost will be what, 70% to 100% higher than the linkage coal price or even lower than that?

Corporate Participant

Much lower, much lower. It's about 30% high.

Corporate Participant

Much lower, 30%.

Pinakin Parekh

Okay. Because we have been hearing that the spot e-auctions have been taking at a premium of 80 to 100% to linkage price. So then, you mean to say that for lower grade coals that discount, the premium is lower or that is...

Corporate Participant

It is, but for the yield debt, the premium of course there were instances where it was much more. But the average you could assume they're about 30% higher than the printed price.

Pinakin Parekh

30% and you expect this trend to continue for your company for the next two-three quarters or do you think that premiums will increase for that E and F grades?

Corporate Participant

I don't think it will increase, one point which you guys have to reckon, is that whatever increase that happens because of this blend, our cost push effect is very minimal.

Pinakin Parekh

Okay. Understood sir. Thank you very much.

Corporate Participant

Yeah.

Operator

Thank you. The next question is from the line of Jay Kakkad from Alchemy Shares. Please go ahead.

Jay Kakkad

Good afternoon sir.

Corporate Participant

Hi, Jay.

Jay Kakkad

Hi. Sir, any specific reason why the sale to GRIDCO has gone up to 60 million units from a run rate of 45 million units?

Corporate Participant

No. I think, GRIDCO is not fixed, it's about 20 megawatts only.

Jay Kakkad

Yeah.

Corporate Participant

Sorry, actually it was a mix of GRIDCO and APTRANSCO too for the relevant period, but the sales to GRIDCO is about how 20 megawatt per month only.

Jay Kakkad

So 45 million units only.

Corporate Participant

That's about it.

Jay Kakkad

So this APTRANSCO, the realization there is also Rs.3 per unit?

Corporate Participant

APTRANSCO actually gave a little more, it's about 350. Actually between the two, our net realization was 3.35.

Corporate Participant

Even the average, the average of -- actually, the AP has given a slightly better presentation than fiscal year-end.

Jay Kakkad

Okay, okay sir. Sir in Zambia -- our Zambian acquisition, when we remove the upper seam, the low grade coal.

Corporate Participant

Right.

Jay Kakkad

There were incidences before of this low grade coal getting I think higher. So is there a infrastructure now in place that we can store this upper seam and then sell the lower seam?

Corporate Participant

Yes, see what would happen is in the next year few months, we will be actually preparing the mine to do exactly that. The process involves removal of these low grade coal, having the tax properly and compacted.

Jay Kakkad

Okay.

Corporate Participant

So that the as self combustion is tightened.

Jay Kakkad

Okay.

Corporate Participant

And this coal will be kept for at least two years for the power plant to commence and then we would start using that coal.

Jay Kakkad

Okay, okay. Thank you so much sir.

Corporate Participant

Consolidation is happening actually there right now.

Jay Kakkad

Okay. Thank you.

Operator

Thank you. The next question is from the line of B.K. Karthikeyan from Suyash Advisors. Please go ahead. Sir the participant has taken his question off. The next question is from the line of Amit Golchha from Emkay Global. Please go ahead.

Amit Golchha

Good afternoon, speakers. Couple of questions. One is the 64 megawatt units which you are likely to commission. What I had assumed is we had a PPA with a trader?

Corporate Participant

That's right.

Amit Golchha

For next three years at some base rate?

Corporate Participant

That's right.

Amit Golchha

That stands as it is today?

Corporate Participant

It stands still.

Amit Golchha

What are the base price there sir?

Corporate Participant

It's about Rs.4. But again let say one stop market as well.

Amit Golchha

Okay.

Corporate Participant

So the trade economics come back saying the 4 is not being recovered so we need to look at a different rate but what the traders confront is on an average we should be able get that trade for us.

Amit Golchha

Okay.

Corporate Participant

If any actions that were two different states in the current year and other factors the rate it was -- where we expand to about 4 to 4.5, I think that should hold good even...

Amit Golchha

Okay. And this contract is for like three years.

Corporate Participant

That's right.

Amit Golchha

Okay. Secondly, you said that you have already acquired 65% stake in a Zambian company without paying anything.

Corporate Participant

Right.

Amit Golchha

And the shareholder loan which you have extended \$26 million that either can be repaid or can be converted in to equity?

Corporate Participant

That's right.

Amit Golchha

So if that is converted in equity would that increase your stake into the company or it would be...?

Corporate Participant

The conversion of equity would go with our partners loans as well, because the loan which is there from our partner also is kept pending. So with the -- if at all conversion takes place it will be a proportionate conversion so that the ratio of shareholding doesn't change.

Amit Golchha

Okay. So their loans also will be converted into equity?

Corporate Participant

That's it.

Amit Golchha

Okay. So in that case it might not be beneficial for us to convert it into equity because the...

Corporate Participant

Yeah at this stage we feel keeping it as a shareholder loan mix matter then.

Amit Golchha

Yeah. Okay, okay. And would it be possible for you to comment on the transmission charges a bit. I mean if it passes through one state or two state, how much is it normal transmission charges which are getting levied as of now?

Corporate Participant

There are intermediary charges like you have state transmission network charges, and then central transmission network charges.

Amit Golchha

Okay.

Corporate Participant

Then you have SLDC that is State Load Dispatch Center charges and the including charges, these are the four charges which would get added.

Amit Golchha

Okay.

Corporate Participant

To your rate of power sale.

Amit Golchha

Okay.

Corporate Participant

So depending on how the power flows.

Amit Golchha

Okay. Either between the region or outside or in between regions it could vary between Rs. 0.50 to Rs. 1.

Amit Golchha

Okay. So minimum is would be, if it is passes through one state, it would be the Rs. 0.50?

Corporate Participant

Yes. If it is like in the same region may be around Rs.0.50.

Amit Golchha

Okay. And lastly just wanted to understand the environment clearance part in case of 64 megawatt, you have seen that. Just the complete environmental clearance or some part of the clearance what it is exactly basically? Because what I understand is...

Corporate Participant

No it's like this. We have received the pollution control clearance already and plant is almost is ready for commissioning. The situation there in Orissa is, a certain area is under the view.

Amit Golchha

Okay.

Corporate Participant

That means the whole district.

Amit Golchha

Okay.

Corporate Participant

That review is likely to be completed by a committee constituted by the government.

Amit Golchha

Okay.

Corporate Participant

Once that is done then the clearance will be given for go ahead.

Amit Golchha

Okay.

Corporate Participant

That's what is being done.

Amit Golchha

Okay, okay. And sir, what would be the breakeven point for ferro-chrome business speak in realizations?

Corporate Participant

I mean fully loaded cost is about Rs. 65,000.

Amit Golchha

Okay. So we are almost near about there.

Corporate Participant

We are about near, but I don't think we -- makes us get into that production.

Amit Golchha

Yeah, yeah. Because it's only just breakeven.

Corporate Participant

Anyway we can sell the power like.

Amit Golchha

Yeah. Thanks a lot. All the best for the future.

Corporate Participant

Thanks.

Operator

Thank you. The next question is from the line of Kulbhushan Kalia from Canara HSBC Life. Please go ahead.

Analyst

Hello sir. Good afternoon.

Corporate Participant

Good afternoon.

Analyst

Sir, in the Zambian coal mines we'll be storing the higher quality coal initially for the first two years.

Corporate Participant

Low quality coal.

Analyst

Sir, low quality coal sorry, we'll be storing for the first two years and the high quality coal we'll be selling outside. Now you said the cost of production pattern would be somewhere around \$10 per tonne. So...

Corporate Participant

Cost of production is about 40, 40 to \$45.

Analyst

I am sorry. 40 to \$45.

Corporate Participant

10 to \$15 is profit before tax.

Analyst

Okay. Fair enough. So this \$40 per tonne this will be, you would be... first two years wherein we'll spending \$80 per extraction of two tonnes of coal and we'll be selling only one tonne out of that.

Corporate Participant

No, no, no. This 40 to \$45 is a cost per tonne of high grade coal. So whatever two tonne, or whatever being removed as low grade coal, that cost is included there.

Corporate Participant

I think, let me correct this. See for every tonne of high grade coal extracted 2.5 tonnes of low grade coal is generated. So I was mentioning is that \$45 is the cost of extracting one tonne of high grade coal. So when you are extracting one tonne of high grade coal, automatically 2.5 tonnes of low grade coals will come as a byproduct, basically waste product also we doesn't cast anything out.

That will be... that is our two and half years till the power plant gets in operational; we'll keep stacking it. And at the commencement of our power plant production, we will start using it. And afterwards there is a ramp up for production of high grade coal as well.

Analyst

Okay.

Corporate Participant

Cost is about -- as we're mentioning about it, during the '11 and FY '11-'12 we'll extract and sell about 0.3 to 0.4 million tonnes of high grade coal. After that next one year we may... about million tonnes each. So, during this period whatever was low grade coal that will be extracted, will be stored and consolidated and then kept aside for production.

Analyst

All right fair enough sir. Just one more question, sir what is the nature of an agreement with the power traders for the 64 megawatts because if the trader says that the price can not be discovered then what options does the generator generally have and...?

Corporate Participant

It's a cost rate of the -- kind of a thing?

Analyst

Okay. It's a first time...

Corporate Participant

So other players do something I mean whatever we want to do.

Analyst

Okay. So then the trader does not have any obligation to pay you any fixed charges or anything and hence he is not able to force up on.

Corporate Participant

No. It's not a take up kind of an arrangement. It is not.

Analyst

All right. Fair enough. Thanks a lot, sir. Those were my questions.

Operator

Thank you. The next question is from the line of Subhabrata Mitra from Jet Age Securities. Please go ahead.

Analyst

Yeah. Good afternoon sir.

Corporate Participant

Good afternoon.

Analyst

Yeah. Just one clarification, right now you have been Orissa in 94 megawatt, you are coming up with a 64 megawatt. In earlier question you have said that we need to give 30 megawatts to GRIDCO, so this 30 megawatt would be out of 150 megawatts, 158 megawatts. That's right?

Corporate Participant

That's right.

Analyst

So currently you are giving 20 megawatts, just 10 megawatt incremental from the 64 megawatt.

Corporate Participant

Correct.

Analyst

Okay, okay. Thanks a lot.

Operator

Thank you. The next question is from the line of Viral Shah from Sushil Finance. Please go ahead.

Viral Shah

Hello sir.

Corporate Participant

Hi.

Viral Shah

Hi. Sir, just one question for the FCCB conversions that you are planning to do now I think in this month. I understand from the press release that you have gone to the FCCB convertor I mean buyers and told them to convert it. Am I correct in my understanding?

Corporate Participant

No. Actually the process is like we fix a date, like a cut-off date, up to 14th of February where by when they can see conversion.

Analyst

Okay.

Corporate Participant

After 14th what happens is our right of conversion comes in.

Analyst

Okay.

Corporate Participant

So we automatically convert the FCCBs into shares and that date will trigger by 28th February.

Analyst

Okay.

Corporate Participant

So as on 28th February, the FCCBs become share.

Analyst

Okay. And so basically it's not that we have gone and asked them to convert, it is the right of conversion that started from 28th of February.

Corporate Participant

Yeah, it's a process which involves it's a notice and which gives a cut off date.

Analyst

Okay.

Corporate Participant

So after the cut-off date we have an option to convert, because that is the continuing option.

Analyst

But I think earlier the date was the same as 28th February, was it a little later.

Corporate Participant

That's notice date. As on 28th February, we have...

Analyst

Okay. Sir, second question is that on a margin. If you look at our power margins, for the nine months also it has been quite lower compared to earlier years. So looking at the power scenario right now, the realization is that you just mentioned earlier. Do you still expect in Q4 the margins to remain subdued or do you expect it to improve in Q4 as well as next year?

Corporate Participant

Well, they will improve over Q3.

Analyst

Okay.

Corporate Participant

But I don't think we would be revisiting what was obtained earlier year.

Analyst

Okay.

Corporate Participant

That's a bit optimistic.

Analyst

Okay.

Corporate Participant

But what we feel is the monsoon effect is an aberration.

Analyst

Okay.

Corporate Participant

So next year should be better.

Analyst

Okay. And sir, similarly for the ferro business, there is a fixed cost that we are now incurring every month. So do we expect realization and also because the inventory of ferro-chrome has almost liquidated. So do you expect margins to improve over there in next quarter and next year?

Corporate Participant

I mean, not much signs are visible. But what we are looking at possibly is whether we could look at a conversion arrangement.

Analyst

Okay.

Corporate Participant

From next year onwards, just to keep the units running and have this fixing cost to recover.

Analyst

Okay.

Corporate Participant

That is because we will have a higher power as well as the higher power at our disposal.

Analyst

Okay, okay.

Corporate Participant

So, we're looking at that option. At the moment of course, no decision is taken.

Analyst

Okay, okay. Thank you so much. Thank you sir, thank you.

Operator

Thank you. The next question is from the line of Bhavin Vithlani from Enam Securities. Please go ahead.

Bhavin Vithlani

Good afternoon, gentlemen.

Corporate Participant

Good afternoon.

Bhavin Vithlani

Sorry to harp you on the same question again. But my question pertains to the coal. Could you give us the details of what was the linkage price you refused from the Orissa mines and the e-auction price of the Orissa and what was the weighted average price of coal?

My second question is, when we actually see the notification from the Orissa GRIDCO, there actually the price varies from about Rs. 3.10 to about Rs. 4.05. So when the Orissa's grid price was better then why come we are opting for

selling it through a merchant?

And the last question pertains to the e-merchant where we are observing that there are some medium term tenders likely to put out for about two years, are we likely to build in those tenders and what is our expectation on the same?

Corporate Participant

Well, on the upfront I will ask my colleague to give you. The point which you raised about the GRIDCO's rate, well, there is an option to sell to GRIDCO at a certain point of time. But you also need to factor the finances of GRIDCO as well as what has been the history in terms of liquidity in the areas and other things.

Our experience with GRIDCO is that the exposure should be minimal. So, it is better that we look at -- same agreement and we stuck

with GRIDCO, that's one thing. And, currently yes, we are looking at those medium period tenders. We would participate in those tenders. But our expectation is they would possibly get closed around Rs. 4 as delivered price.

Bhavin Vithlani

Okay I...

Corporate Participant

Can we get it offline report because I don't have immediately breakup of during the current year, nine months e-auction and washery rejects separately. I will just get back to you on that, if you don't mind. I don't have the complete details or the complete...

Bhavin Vithlani

No problem. I have a one follow-up question with the same question. As you highlighted about the potential receivables from the GRIDCO. Then in such respect, could you also throw light into which are the states where we are actually selling a merchant and offlate with, we heard from the various telcos that the receivables have been all in uptick. Are you also experiencing the same?

Corporate Participant

Except in GRIDCO, we don't have a problem.

Bhavin Vithlani

Okay. And which are the states where we sell merchant?

Corporate Participant

Basically the states including the local that is the A.P., Tamil Nadu, and we have contracts part of the power to Rajasthan also.

Bhavin Vithlani

And have the receivable raised in the bracket of 30 days?

Corporate Participant

Yeah.

Bhavin Vithlani

Okay. Thank you so much.

Operator

Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the floor back to the management for closing comments. Please go ahead.

Siddharth Rangnekar, Citigate Dewe Rogerson

Once again, thanks a lot for your questions and I hope you are definitely satisfied. And I think a couple of questions you need some follow-up answers, Mr. Sharma or Mr. Prasad will be able to take them from you. And once again, thanks for your participation.

Operator

Thank you gentlemen of the management. Ladies and gentlemen, on behalf of Nava Bharat Ventures Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.