NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

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

NBV/SECTL/ 712 / 2018-19
February 7, 2019

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

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

Dear Sirs,

Sub: Press Release - Unaudited Financial Results – December 31, 2018.

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Please find enclosed the press release in connection with announcement of Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2018.

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,
for NAVA BHARAT VENTURES LTD.,

VSN Raju
Company Secretary
& Vice President

NAVA BHARAT VENTURES LIMITED HYDERABAD

Encl : as above.

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Corporate Identity No.: L27101TG1972PLC001549

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NAVA BHARAT VENTURES LIMITED
Perspective Presentation on Operations and Financials of NBV Group

Key Business Highlights

- **CONSOLIDATED INCOME FOR 9 MONTHS FY19 INCREASED BY *59%* AND STOOD AT RS *23297.6* MN.**
- **CONSOLIDATED INCOME FOR Q3FY19 INCREASED BY *41%* AND STOOD AT RS *8185.7* MN.**

- **CONSOLIDATED PAT FOR *9 MONTHS* FY19 INCREASED BY *489%* AND STOOD AT RS 3857.7 MN.**
- **CONSOLIDATED PAT FOR Q3FY19 INCREASED BY 556% AND STOOD AT RS 1299.1 MN.**

- **STAND ALONE INCOME FOR 9 MONTHS FY19 INCREASED BY 13% AND STOOD AT RS 10123.8 MN.**
- **STAND ALONE INCOME FOR Q3FY19 INCREASED BY 12% AND STOOD AT RS 3494.2376.1 MN.**

- **STAND ALONE PAT FOR 9 MONTHS FY19 INCREASED BY 36% AND STOOD AT RS 1287.7 MN.**
- **STAND ALONE PAT FOR Q3FY19 INCREASED BY 6% AND STOOD AT RS 334.3 MN.**

Consolidated and Standalone Financials

(Rs.in Mn.)

As per Ind AS	Consolidated					
	Q3FY19	Q3FY18	YoY%	9MFY19	9MFY18	YoY%
Turnover	8185.7	5802.6	41	23297.6	14629.8	59
PBT	2370.7	331.8	615	5925.4	1127.9	425
Tax expense	1071.6	133.9	700	2067.7	472.7	337
PAT	1299.1	197.9	556	3857.7	655.2	489
EPS (Rs.)	6.28	1.37	-	17.29	3.89	-

(Rs. in Mn.)

As per Ind AS	Standalone					
	Q3FY19	Q3FY18	YoY%	9MFY19	9MFY18	YoY%
Turnover	3494.2	3124.8	12	10123.8	8999.9	13
PBT	513.8	478.0	8	2000.0	1360.1	47
Tax expense	179.5	162.4	11	712.3	412.9	73
PAT	334.3	315.6	6	1287.7	947.2	36
EPS (Rs.)	2.02	1.90	-	7.77	5.71	-

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Maamba Collieries Limited –Zambia

Particulars	Q3FY19	Q3FY18	9MFY19	9MFY18
Turnover ($ Mn)	59.9	34.2	171.5	65.3
PBT ($ Mn)	22.8	(1.3)	60.8	0.3
Tax expense ($ Mn)	12.6	-	19.8	-
PAT ($ Mn)	10.2	(1.3)	41.0	0.3
Receivables ($ Mn)	-	-	169.3	86.9
Average Availability %	88	47	90	59
Average PLF%	85	47	75	49

***Corresponding period variances are not comparable as the 300 MW Power Plant commenced commercial operations from August 2017.**

Summary of Financial Position:

Particulars	*Overall Debt*	*Cash & bank balances*
Stand Alone	*Rs.3270.8 Mn*	*Rs.304.2 Mn*
Consolidated	*Rs.38549.2 Mn*	*Rs.5255.2 Mn*

***Hyderabad, Thursday, February 7 2019* – Nava Bharat Ventures Ltd. has announced its unaudited consolidated and standalone financial results for the quarter and nine months ended December 31 2018.**

The principal reasons for variances of reported profit numbers relative to previous quarters and corresponding periods were on account of mark to market provisioning on Foreign exchange exposures at Stand Alone and Consolidated operations levels aside from Deferred Tax liability provisions arising out of timing differences. Though both have no affect on the cash flows, they impact the reported profitability in accordance with IND AS standards.

Barring the above the overall performance of NBVL may be considered quite satisfactory and is to be read with the following commentary.

Consolidated financials:

Maamba Collieries Limited -Zambia

The Company's Zambian Step Down Subsidiary, Maamba Collieries Limited (MCL) has operated the integrated 300 MW (2X150 MW) coal fired power plant at 88% availability and 85%PLF for Q3 of FY2019 while those for nine month period ending December 2019 were 90% and 75% respectively.

The Coal Mining operations of the company have seen a jump in profitability riding on better average price realization for the high grade coal and spurt in volume with a steady throughput of thermal grade coal to the 300 MW power station.

The profit before tax of the company as a whole was US$ 22.8 Million and US$60.9 Million for Q3 and for the Nine months period ending December 2018 respectively reflecting better operating

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performance and after considering MTM provision on IRS contracts of US$ 3.6 Million for quarter end adjustment without impacting the cash flows.

MCL continued on its efforts to have the payment defaults of the power bills by the local Utility addressed through the intervention of the Government of Zambia which provided recourse. While the monthly payment performance has since improved, the local Utility has launched a bond issue *inter alia* to address the outstanding receivables of MCL. This move is positive demonstrating its commitment to clear all the dues over the next few months. The Government is committed to rectify the systemic mismatches in the sector by suitably adjusting the tariffs, end to end, across board and restructuring the Power Utility to ensure flow of investments. The proposed measures of the Government would be dealt with in the backdrop of the operational and payment experience over the last two years and by engaging with all the stakeholders in this international financing arrangement to obtain consensus.

MCL plans to respond to this tariff adjustment measure by first seeking full discharge of outstanding receivables and further credit enhancements to ensure monthly payments of power bills in full and better cash flows which in turn will pave way for dividends/distributions to shareholders.

The post-tax profit of the Zambian company considered proportionate deferred tax liability arising on account of timing differences in Q3 FY 2019. This provision also would not have any effect on the cash flows of the Zambian company during the said period.

The long term external debt stood at about US$ 471.8 Million, after four half yearly repayments against the original loan of US$ 590 million with bank balances of US$ 21.5 Million in the aggregate, at the end of December, 2018.

Kawambwa Sugar Limited-Zambia

Kawambwa Sugar Limited holds long term lease rights on a 25,000 acres land at kawambwa in Luapula farm block in the North Western Zambia. The land has perennial water resources and highly conducive weather conditions with annual average rainfall of 2500 mm. Huge potential exists for commercial agriculture and processing on this piece of land for value add products.

The core infrastructure development work on the Multi Product Farm Block continued during the quarter although incessant rains affected the pace. The provincial government has been engaged by the company to ensure establishment of approach roads, power connection to the site and water drawl permission initially for the proposed sugar complex.

The Company has commissioned an Independent Market Study focusing on sugar and Potable Alcohol in Zambia and its immediate neighbor Democratic Republic of Congo for both of which decent market access exists. Meanwhile phase wise sugar cane plantation and associated works will be carried out in about 5 hectares going up to 2000 hectares in a couple of years when sugar cane crushing is envisaged, with minimal capital outlay. Core investment commitment for the proposed Sugar complex is subject to successful outcome of the market study and full financial closure.

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Healthcare Enabled Services in APAC region

The Healthcare Enabled Service vertical being operated under TIASH, a joint venture holding company in Singapore has obtained certain traction with the receipt of first consignment of the IV Iron Infusions from the Danish company into Malaysia where exclusive distribution rights exist. The local operating companies are currently engaged in marketing and awareness dissemination.

This is a low capital outlay program enabling the Group to position itself in this service / trading space without a manufacturing overhang, but which can throw up good traction with world's leading pharmaceutical companies resulting in other commercial venues of growth in this region, known for premium healthcare. While revenue generation is imminent, the Company expects this business to turn around with profits over next couple of years through which sustained efforts in marketing the product will be the main cost element.

Operation & Maintenance Services

The Company's Singapore Subsidiary, Nava Energy Pte Limited (NEPL) is the O& M operator for MCL's 300 MW Power Plant in Zambia. The services comprise deployment of personnel in all facets of power plant operations, technical oversight, and interaction with EPC contractor for warranties with a guaranteed availability of the power plant. This necessitated that NEPL had back to back technical and financial arrangements with its Indian associates/holding company. The O&M experience of NEPL can be leveraged to obtain independent revenue stream from other power plants overseas in future.

Imported Lime Stone Procurement strategy

The Indian thermal power plants are mandated to comply with prescribed SOX norms which require high quality lime stone dosing to the coal used in power generation. The Company has identified a lime stone resource, meeting the high quality parameters in Malaysia which can be developed in joint venture with local provincial government holding minority interest. Given the widespread requirement of lime stone in a host of industries and resultant increase in procurement costs from limited domestic sources, this procurement strategy from Malaysia should help the Company obtain control on this vital input in power generation, in the long run.

The Company established a Step Down subsidiary in Malaysia in Q3 to pursue this strategy. It will undertake initial exploration to determine the mineability and quantum of reserve in the development phase.

Indian Power

The 150 MW Unit of Nava Bharat Energy India Limited (NBEIL), performed marginally better in Q3 with PLF of 42% over 28% in the previous quarter. The business model of the Unit is critically dependent on merchant sale of power at a cost plus rate. The company operated under a short term contract with DISCOMs for a part of the quarter and so could not exploit the sudden spurt in IEX prices in October 2018. The performance of the company for Q3 was positive relative to the earlier loss scenario. The Unit continued to source the coal and coal rejects through e-auction and remained exposed to the price movements of coal limiting the contribution play.

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The company also runs an Ash Products Plant for part utilization of bed ash and fly ash to produce premium quality bricks and pavers. Marketing efforts for these products are under way. Income from Ash Products Plant will supplement the other operating income of the company in due course.

Other Indian subsidiaries

Nava Bharat Projects Limited, a 100% subsidiary of NBVL continued to render a part of project management technical support services in the back end for the O& M contract of NEPL with MCL and remained profitable.

Brahmani Infratech Pvt Limited is a subsidiary company with about 65% equity interest. The company is exploring options of growth in property management /development while certain of legacy matters are subjudice and once cleared, should enable the company to pursue these options vigorously.

Standalone financials:

Ferro Alloys

The Manganese Alloy unit in Telangana has four smelters and consumes about 60 MW of power at the optimum level. The captive power is priced on par with the prevailing Grid tariff to obtain an arm's length costing.

The Manganese Alloy market witnessed a bout of volatility towards the end of Q3 on account of subdued demand. The average realizations fared better than those in the previous quarter, arising from previously concluded orders. Production however was lower in Q3 on account of furnace outage for refurbishment for almost two months in the quarter. Overall the Unit has outperformed over the corresponding periods in the previous year after adjusting for the furnace outage. The Company has determined the sales mix between domestic and export sales, driven by relative margins in each with business leaning towards domestic sales.

The Chromium Alloy Unit in Odisha has two smelters and consumes about 30 MW at the optimum level. The Unit is dedicated to Tata Steel for conversion of Ferro Chrome whereupon the ore and the reductant are supplied by Tata Steel and rest of the costs are borne by the Company. This arrangement neutralizes the volatility of Chromite Ore and Ferro Chrome. Here also the input Power is priced on par with Grid tariff though price recovery varies based on Conversion Agreement from time to time and currently stands well above the prevailing merchant power rates affording the Unit with better value addition through captive consumption.

The Ferro Chrome Conversion operations continued to be quite satisfactory during Q3 FY 2019 with the Unit meeting targeted volumes.

Power

The Company has been pursuing value addition through captive consumption, considered a better model in the present power scenario. For sale of surplus power too, the Company puts bilateral contracts ahead of sale through IEX with the latter being a fall back option. This might limit the Company from taking advantage of spikes in IEX prices, but is considered better to keep up good relationship with DISCOMs, for long term sustenance.

Plant Load Factor (PLF) of the 114 MW power station at Paloncha, comprising one 50 MW Unit and two 32 MW units was 76%, marginally lower than nine month period average of 81% on account of maintenance outages in the boilers sequentially. Captive consumption of power decreased in Q3 with outage of one furnace for two months in the quarter. The Company could dispatch the surplus power under the short term contract with the DISCOMs for October as well and relied upon IEX sales for the balance period.

The 90 MW captive power station at Odisha, comprising the 30 MW and 60 MW units has performed on par in Q3 relative to Q2 with surplus power having been dispatched under IEX route. The power units continued to absorb higher coal cost arising from premium in auction coal linkages as opposed to earlier long term linkages.

Sugar

The Company operates a 4000 TCD Integrated sugar plant in Andhra Pradesh. Sugar business was subjected to severe volatility in the last couple of years.

As envisaged, the new season in Q3 pushed the average realization down over the previous quarter despite the release mechanism. Spurt in realisations of Ethanol following the change in Government's procurement policy salvaged the negative profitability of the Unit to some extent.

Long Term outlook for sugar prices continues to be weak with higher availability of sugar in the coming months which could push the prices down. The Company is exploring options to overcome the pricing pressure as well as to effect mandatory export of sugar, prescribed by the Government.

O&M Support

The Company derived Technical Support Fee from NEPL for extending complete technical oversight and performance warranties for Availability under the O&M Contract between NEPL and MCL. The O& M Operator has delivered the committed Availability to MCL within the frame work of the Contract and does not foresee any liability arising out of Performance Guarantee.

Monetization of Idle Assets

The Company has an independent 60 MW Power Unit in Odisha which has been idle owing to certain metering arrangement disputes which are subjudice. The Company's efforts to secure relief to operationalize this Unit through judicial intervention have been futile with long pendency at the Courts. The cost structure of this Unit favours only captive consumption in process industries.With renewed interest in small power plants for captive usage, the Company hopes to tie up 60MW Unit to bulk consumer(s) of power in due course by when the connectivity issues also would have been addressed legally or otherwise.

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The Company has urban land of about 65 acres in Secunderabad, Telangana. This land is located in an evolving area, marked for development by the Government and so is ideal for Residential cum Commercial development, including urban infrastructure like warehousing, on a medium to large scale level. The Company has commissioned a market study which has thrown up a real estate development opportunity for this land with certain regulatory clearances and safeguards. The Company will accordingly pursue monetization of this asset.

The 20 MW Power Unit in Andhra Pradesh with about 200 acres of land appurtenant thereto is quite proximal to the Kakinada Sea port besides being contiguous to the National High Way and rail net-work. The Company plans to have this property too evaluated by an external agency to suggest ways and means of monetization.

The Company has also been weighing the options of dilution of equity in subsidiaries and step down subsidiaries with a view to bring about strategic partnerships in certain ventures, aimed at long term sustenance of the operations in such entities besides cash build up for future growth plans and corporate actions.

The Company considers that these monetization efforts are steps in the right direction to add enterprise value, but will fructify over a period of time given the intricacies.

Medium term plan for Disposition of Resources

The Company expects that the Zambian operations will ensue in cash returns on NBV Group equity amount of about US$ 217 Million from FY 2021. The Company does not envisage any further fund infusion in to the Zambian subsidiary.

The Multi Product Agro Block requires deployment of additional US$ 2 million (US$ 3 Million in the aggregate) till FY 2020 for infrastructure development.

The Health Care Enabled Services and Singapore subsidiary would require further infusion of funds to the tune of US$ 2 Million (US$ 3 Million in the aggregate) to pursue the marketing and distribution efforts of drug for iron deficiency in the APAC region up to the end of FY 2020 by when the vertical is expected to achieve break even.

The Lime stone mine development in Malaysia is expected to require US$ 1.5 Million till March 2020 and will be incurred once the initial exploration of mineable reserves proves satisfactory.

The Company's ongoing capital expenditure in Indian operations is expected to be about Rs 50 Crs including certain mandatory capex for thermal power plants towards environmental control up to the end of FY 2020 and debt service obligation will need about Rs 125 Crs till end of FY 2020.

The Company will resort to need based medium term borrowings to meet the funding gaps, if any, depending on materialization of various plans.

The Company plans to utilize the resources arising out of monetization of idle assets/divestments towards corporate actions aimed at returns to Shareholders, benchmarking with the average payout as hitherto.

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The Company is also exploring ways and means of backward integration for acquisition of ores and coal as also long term auction linkages in the alternative to obtain reasonable control on costs and procurement per se. No specific allocation of funds is made for this purpose, but will be addressed on an opportunistic basis.

Quantitative Data Table

Table on Production / Generation for the quarter and nine months ended December 31, 2018:

Particulars	Q3 FY19	Q2 FY19	9MFY19	9MFY18
A. Production / Generation				
Silico Manganese (MT)	23,751	27,606	77,250	67,094
Ferro Manganese (MT)		--	--	--
Ferro Chrome (MT)	84	--	173	290
Ferro Chrome (Conversion) (MT)	16,958	16,642	44,896	51,230
Power (MU) (net)	271.34	279.44	827.38	799.01
Power (MU) (net) – NBEIL	120.42	84.55	400.45	499.06
Sugar (MT)	12,341	--	12,341	16010
Molasses (MT)	5,026	--	5,026	6,533
Spirit (Bulk Litres)	5,50,000	--	19,32,000	12,31,000
Ethanol (Bulk Litres)	3,42,000	--	16,54,000	9,13,500

About Nava Bharat Ventures Limited:

Nava Bharat Ventures Limited is a power focused company with interests in ferro alloys and sugar. The Group has total installed power generation capacity of 442MW in Telangana, AP and Odisha. Nava Bharat is one of the leading ferro alloy producers in India with about 125,000 MT of Manganese and about 75,000 MT of Chrome Alloy capacities. Nava Bharat also undertakes production of sugar and allied products in its 4,000 TCD integrated plant. Nava Bharat has investments and operations through subsidiaries in India, Zambia, Singapore and Malaysia.

For more information about the Company and its businesses, please visit us at www.nbventures.com

For further information please contact
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