

NAVA BHARAT

# NAVA BHARAT VENTURES LIMITED

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*For immediate attention*

**9M PAT up 92% to Rs. 1,854 million; EPS at Rs. 25.35**

**Q3 Net Profits at Rs. 753 million, grows 107%**

**Q3 Power contribution to PBIT at 52%**

Hyderabad, January 25, 2008: Nava Bharat Ventures (Nava Bharat) today announced its results for the third quarter and nine-months ended 31<sup>st</sup> December, 2007.

**Q3 FY2008 financial review:** Gross Revenue performance in Q3 continued to be robust at Rs. 3,001.83 million from Rs. 1,661.68 million the year before. The Power business had Sales of Rs. 925.75 million in Q3 FY2008 against Rs. 696.06 million last year and included the results of the newly commissioned 32 MW unit at Paloncha. Revenues in Ferro Alloys stood even higher at Rs. 1,855.41 million given Rs. 752.28 million in Q3 FY2007 on higher volumes and better realisations for Manganese and Chromium Alloys. As a result, Operating Profits during the quarter stood at Rs. 1,061.51 million from Rs.460.17 million previously. Interest Costs in the period increased 7.25% from Rs. 42.34 million to Rs. 45.41million while Depreciation related expenses stood at Rs. 75.85 million in Q3 FY2008 from Rs. 56.12 million last year. Nava Bharat's PBT for Q3 FY2008 was at Rs. 940.25 million , a growth of 159.94% from Rs. 361.71 million in Q3 FY2007. The PAT increased from Rs. 364.51 million to Rs. 752.87 million giving a Diluted EPS of Rs. 9.87 (Rs. 5.40 earlier).

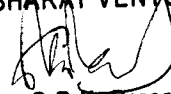
**9M FY2008 financial review:** Nava Bharat's 9M Gross Revenues stood at Rs. 7,008.16 million from Rs. 4,805.56 million in 9M FY2007. Higher merchant sales drove Power Revenues to Rs. 2,489.04 million in the period from Rs. 1,881.73 million last year. Ferro Alloys reported healthy improvement in revenue growth of 77.21% to Rs. 3,782.63 million from Rs. 2,134.52 million last year. EBIDTA in the 9M period grew to Rs. 2,479.08 million from Rs. 1,162.13 million. The Interest related expenditure was at Rs. 130.63 million from Rs. 126.08 million in 9M FY2007. The Company had Depreciation of Rs. 183.17 million in 9M FY2008 as compared to Rs. 155.45 million earlier. Profit Before Tax stood almost 2.5

times better at Rs. 2,165.29 million from Rs. 880.60 million in the comparable period in FY2007. Better results in the two principal segments resulted in Net Profit growing to Rs. 1,854.21 million from Rs. 967.59 million in 9M FY2007. The Diluted EPS figures were Rs. 25.35 and Rs. 14.43 for the respective periods in FY2008 and FY 2007.

Commenting on Nava Bharat's third quarter results, Mr. D. Ashok, Managing Director at Nava Bharat Ventures said: *"Power remains an attractive proposition for us; by the end of the current fiscal we would have added nearly 100 MW to our generation capacities. Our total merchant play would thus exceed 100 MW in FY2009. We see Power as a long-term opportunity and are constantly focusing on increasing the power generating capacity further. We are glad that the ferro alloy segment made a significant contribution to the profit though the spiralling cost of Manganese and Chrome ore is a matter of concern, going forward. We are trying to establish long term tie ups with mining companies in India and abroad to ensure adequate quantity of ore at reasonable prices. The addition of new 20 MW Cogeneration facility in the Sugar division by FY 2009 should mitigate the pressure on margins."*

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For NAVA BHARAT VENTURES LIMITED



G.R.K. Prasad  
Director (Finance & Corporate Affairs)

## **Included: Details to the announcement**

### **About Nava Bharat Ventures Limited (Nava Bharat)**

Nava Bharat Ventures has a diversified business profile with interests in power generation, ferro alloys (essential inputs to steel manufacture), sugar & its downstream products and infrastructure. The Company has total installed power generation capacity of 153 MW which is being expanded to 237 MW. Nava Bharat is a leading producer/exporter of ferro alloys with annual production of about 1,25,000 MT of Manganese and Chromium Alloys in the aggregate. Nava Bharat also undertakes production of sugar and allied products in its 3,500 TCD integrated plant. The Power business will be fuelling the Company's growth. Additional information on Nava Bharat Ventures Limited is available on the Company website [www.nbv.in](http://www.nbv.in)

### **Investor contacts**

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*Note: This document contains 'forward-looking' statements at places. The Company has operations across several segments of business and remains subject to undetermined contingencies and risks. Nava Bharat Ventures would not be liable for any action undertaken based on such 'forward-looking' statements and does not commit to revising/updating them publicly.*

Hyderabad, January 25, 2007

Details to the announcement

Power business strategy

Nava Bharat's strategy in Power revolves around merchant sales through short term open access. With the recently added 32 MW in generating capacity at A.P., about 50 MW of power on an average was marketed under merchant sale route while about 60 MW of power on an average was consumed for ferro alloy production. In the near term, there are plans to set-up medium sized power units in the merchant power domain.

Nava Bharat linkages with PSUs for power grade coal and is assured of stable supply at reasonable cost. The Company's boilers are designed for coal with high ash content without affecting performance. Being located relatively close to the coal mines the Company also sources washery rejects from time-to-time to create a buffer of fuel for its generation needs. Even if the power grade coal prices were to strengthen, Nava Bharat remains comfortably placed to manage the impact on its power operation through merchant power sale.

**Q3/9M FY2008 segmental overview**

**Power**

| <b>Rs. Million</b> | <b>Q3 FY2008</b> | <b>Q3 FY2007</b> | <b>Shift %</b> | <b>9M FY2008</b> | <b>9M FY2007</b> | <b>Shift %</b> |
|--------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| Revenues           | 925.75           | 696.06           | 32.99          | 2,489.04         | 1,881.73         | 32.27          |
| PBIT               | 519.04           | 413.41           | 25.55          | 1,468.93         | 989.54           | 48.44          |

*Revenues*

Segmental Revenues in Power stood higher at Rs. 925.75 million from Rs. 696.06 million as the Company added new generating capacity. On the merchant side the realisations too have been better than last year. The 64 MW power plant in Kharagprasad remains on track for commissioning by end FY2008. 9M FY2008 Revenues were at Rs. 2,489.04 million compared to Rs. 1,881.73 million last year.

*PBIT*

Power PBIT for 9M stood at Rs. 1,468.93 million from Rs. 989.54 million and accounted for over 63% of overall PBIT for Nava Bharat.

## Ferro Alloys

| Rs. Million | Q3 FY2008 | Q3 FY2007 | Shift % | 9M FY2008 | 9M FY2007 | Shift % |
|-------------|-----------|-----------|---------|-----------|-----------|---------|
| Revenues    | 1,855.41  | 752.28    | 146.64  | 3,782.63  | 2,134.52  | 77.21   |
| PBIT        | 476.77    | (22.32)   | -       | 883.21    | 25.13     | -       |

### Revenues

Revenues grew 146.64% from Rs. 752.28 million to Rs. 1,855.41 million given increased volume and higher realisations. The Nine-month period saw Revenues rise from Rs. 2,134.52 million to Rs. 3,782.63 million.

### PBIT

Better sales lead to higher PBIT in Q3 FY2008 at Rs. 476.77 million versus Rs. (22.32) million last year. PBIT in 9M too registered multi-fold growth from Rs. 25.13 million to Rs. 883.21 million even as prices of input materials rose in tandem.

## Sugar

| Rs. Million | Q3 FY2008 | Q3 FY2007 | Shift % | 9M FY2008 | 9M FY2007 | Shift % |
|-------------|-----------|-----------|---------|-----------|-----------|---------|
| Revenues    | 185.28    | 173.88    | 6.56    | 636.39    | 680.59    | (6.49)  |
| PBIT        | (9.75)    | 13.66     | -       | (54.80)   | 109.84    | -       |

### Revenues

Third quarter Revenues in Sugar stood at Rs. 185.28 million as opposed to Rs. 173.88 million last year. Revenues in the 9M period were at Rs. 636.39 million as against Rs. 680.59 million given lower realisations witnessed in the recent months.

### PBIT

The Q3 PBIT from sugar business was at Rs. (9.75) million from Rs. 13.66 million previously. The 9M FY2008 PBIT was at Rs. (54.80) million as compared to Rs. 109.84 million in 9M FY2007.

Q3/9M FY2008 results table

| Rs. Million                             | Q3 FY2008 | Q3 FY2007 | Shift % | 9M FY2008 | 9M FY2007 | Shift % |
|---|-----------|-----------|---------|-----------|-----------|---------|
| Net Income (net of Inter segment sales) | 2,650.66  | 1,477.54  | 79.39   | 6,074.37  | 4,062.01  | 49.53   |
| EBIDTA                                  | 1,061.51  | 460.17    | 130.68  | 2,479.09  | 1,162.13  | 113.32  |
| Depreciation                            | 75.85     | 56.12     | 35.15   | 183.17    | 155.45    | 17.82   |
| Interest                                | 45.41     | 42.34     | 7.25    | 130.63    | 126.08    | 3.60    |
| PBT                                     | 940.25    | 361.71    | 159.94  | 2,165.29  | 880.60    | 145.88  |
| Tax                                     | 187.38    | (2.80)    | -       | 311.08    | 19.60     | -       |
| - Current                               | 163.0     | 41.0      | 297.56  | 302.0     | 99.50     | 203.51  |
| - Deferred                              | 2.98      | 6.50      | (54.15) | 6.28      | 17.50     | (64.10) |
| - MAT credit                            | 20.00     | (51.0)    | -       | -         | (99.50)   | -       |
| - FBT                                   | 1.40      | 0.70      | 100     | 2.8       | 2.1       | 33.33   |
| PAT*                                    | 752.87    | 364.51    | 106.54  | 1,854.21  | 967.59    | 91.63   |
| EPS (Diluted)                           | 9.87      | 5.4       | 82.77   | 25.35     | 14.43     | 75.67   |
| Equity Share Capital                    | 155.53    | 133.58    | 16.43   | 155.53    | 133.53    | 16.43   |

\*Note: Post extra-ordinary items of Rs. 106.59 million in 9M FY2007

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Director (Finance & Corporate Affairs)