NAVA BHARAT VENTURES LIMITED

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

NAVA BHARAT

NBV/SECTL/525/2014-15
July 24, 2014

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

Kind attn: Sri K.Hari, Vice President

Dear Sir,

We enclose herewith a Press Release on Provisional Attachment Order of the Enforcement Directorate, for your kind information and records, please.

Thanking you,

Yours faithfully,
for NAVA BHARAT VENTURES LTD

Company Secretary
& Vice President

Encl : as above.

Telephone : (040) 23403501, 23403540 Fax : (040) 23403013
E-mail : nbvl@nbv.in Website : www.nbventures.com
Corporate Identity No. : L27101TG1972PLC001549

ISO 9001 ISO 14001

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Press Release

Nava Bharat Ventures Limited (NBVL), a listed entity on the NSE and the BSE, wishes to clarify the matter behind the ongoing investigation of the CBI and the ED in the matter of allocation of coal block to Navabharat Power Pvt. Limited (NPPL).

- NPPL was held by Nava Bharat Projects Limited(NBPL) to the extent of 50% while the balance equity was held by Malaxmi Group.
- NPPL had taken up the implementation of a 1040 MW coal fired power in Odisha and achieved significant project milestones
- They include identification of land, environmental clearance, bulk transmission arrangement, off take arrangements and above all long term linkage for coal for the entire 1040 MW during the period from December 2005 to December 2009.

NPPL also obtained allocation of a captive coal block which was shared by five other developers and which was being pursued by a joint venture coal company for all the six parties. No material progress could be achieved as the coal block was fraught with intractable legal issues like overlapped mine area, forestry clearance etc. and even Prospecting License was not made available. No economic value could thus accrue on this coal block .

Owing to certain corporate differences and owing to the JV partner entering in to prior financing and controlling understanding with Essar Power Limited (EPL) for its share, NBPL had to take a decision to exit from NPPL. The 50% equity stake of power project under development with several key milestones was agreed to be sold to EPL for a consideration of Rs 169 crs without attributing any value to the shared coal block. Necessary disclosures were made by NBVL, the holding company to the stock exchanges and NBPL invested the net gains after tax in the equity share capital of Nava Bharat Energy India Limited (NBEIL), another subsidiary of NBVL . NBEIL had obtained long term debt and implemented a 150 MW coal fired power project which went in to commercial operations from April 2013.

Central Bureau of Investigation (CBI), registered a case in 2012 against NPPL and its Promoter Directors alleging offences under the Prevention of Corruption Act (PCA) and Indian Penal Code (IPC) inter alia by embellishment by including the net worth of Suez International, to secure the coal block and further alleging that gains were made by the Promoters by selling the equity stake in NPPL to EPL. Enforcement Directorate also initiated investigation in 2013 under the Prevention of Money Laundering Act (PMLA) based on the case filed by CBI.

CBI and ED made detailed investigation and examination of the Promoters and witnesses . CBI filed a charge sheet before the Hon'ble Court of Special Judge under the PCA in May 2014. However, the Ld. Judge while observing that the proposed charges of CBI were only under the IPC and not under the PCA, directed that the case be tried by the Chief Metropolitan Magistrate. Hon'ble Chief Metropolitan Magistrate in the court of Additional Chief Metropolitan Magistrate Court-II also observed that the charge sheet was not conclusive and passed orders that piecemeal cognizance can not be taken with a direction to CBI to furnish report by 30th August 2014. While the matters stood thus before the ACMM-II, ED issued a Provisional Attachment Order against the shares of NBPL in NBEIL under PMLA.

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During the relevant period in 2007 when Coal block application was being processed and alleged offences committed, Mr P Trivikrama Prasad ,Managing Director of NBVL, was the then Non-executive Chairman of NPPL and was kept out of all the corporate proceedings against which he obtained relief from the Hon'ble Company Law Board . Though all these facts and CLB orders were submitted to CBI and though the Hon'ble Chief Metropolitan Magistrate did not take cognizance of the charge sheet filed by CBI, ED proceeded with the Provisional Attachment Order.

While the Provisional Attachment of shares of NBPL in NBEIL does not impinge adversely up on the operations of NBPL and NBEIL and their ongoing obligations to various stakeholders, the subsidiaries are confident of obtaining appropriate reliefs from the competent authorities and courts and be exonerated of all the alleged offences soon, based up on the facts and evidences.

NAVA BHARAT VENTURES LIMITED HYDERABAD

For NAVA BHARAT VENTURES LIMITED

Executive Director