



NAVA BHARAT VENTURES LIMITED

NAVA BHARAT CHAMBERS, RAJ BHAVAN ROAD, HYDERABAD-500 082, A.P., INDIA

NAVA BHARAT

NBV/SECTL/951/2012-13

September 5, 2012

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

Dear Sirs,

Sub: Clarification

This has reference to the investigation launched by Central Bureau of Investigation against Navabharat Power Private Limited (NPPL), now an Essar Group Company. The matter relates to the allotment of coal blocks to NPPL by Government of India when Nava Bharat Group had investment in NPPL.

It may be noted that the active management of NPPL, including the pursuit of the coal block at the relevant time, was with the Managing Director of NPPL, who was from Malaxmi Group, the other investor of NPPL.

On account of the sale of stake by Malaxmi Group to Essar Power Ltd, in total disregard to the interest of the other investor (Nava Bharat Group), Nava Bharat Group Subsidiary (holding 49.97% equity in NPPL) and the Managing Director of Nava Bharat Ventures Limited (holding 0.03% equity in NPPL) had no other option but to exit from NPPL.

The sale of stake held by Nava Bharat Group was done in a transparent and diligent manner and full disclosures were made to the Stock Exchanges on 13.07.2010 and 20.04.2011. Similarly, sale of the small stake in NPPL by the Managing Director of Nava Bharat Ventures Limited, was done at the same price and in a like manner without any undue advantage.

Apropos the media reports on this matter, this is to clarify that the said equity divestment (50% in NPPL) was due to exigencies beyond the control of the Nava Bharat Group and was in the best interest of its shareholders. No one of the Nava Bharat Group had participated in day-to-day affairs of NPPL nor made any misrepresentation to any authority in any manner from the time of its participation till its exit from NPPL.

Thanking you,

Yours faithfully,
for Nava Bharat Ventures Limited

D. Ashok
Chairman