



## PRESS RELEASE

### Nava Bharat Singapore acquires 65% equity stake in Maamba Collieries Limited

#### Project highlights

- To set-up 150 MW X 2, coal-based power plant
- To optimize coal mine operation; total mineable reserves at 65 million MT of washed high-grade coal and 65 million MT of low-grade coal
- Total integrated project outlay at US\$ 550 million, NBS consortium's equity contribution estimated at US\$ 108 million
- Completion of transaction envisaged by February 2010
- Initial commitment estimated at US\$ 26 million; to be paid on completion

**Hyderabad, December 21, 2009:** Nava Bharat (Singapore) Pte Limited has signed a Share Sale and Purchase Agreement (SPA) for acquiring 65% equity stake in Maamba Collieries Limited (MCL) with The Government of the Republic of Zambia holding the Golden Share, acting through the Minister of Finance and ZCCM-IH (ZCCM), holding 100% of the paid up equity capital of MCL.

Nava Bharat (Singapore) Pte Limited (NBS) is a subsidiary of Nava Bharat Ventures Limited (NBVL), a power centric diversified entity. A group of individuals (Zambian Consortium) joined NBS to form Nava Bharat Consortium (Nava Bharat).

The acquisition was made pursuant to the selection of Nava Bharat against a global tender issued by ZCCM in late 2008 for inducting a private majority partner.

The SPA sets out certain Conditions Precedent (CPs) for completion of the transaction, envisaged by February 2010. A Bankable Power Purchase Agreement and an Investment Promotion and Protection Agreement which are critical to the proposed investment, form part of the CPs for the transaction.

The acquisition entails in the initial cost of acquisition of about US \$ 26 million by Nava Bharat, to be paid upon Completion. Both the parties agree on having a Completion Audit whereby the final purchase consideration by netting the liabilities of MCL and tax assets, would be ascertained.

Nava Bharat and ZCCM are committed to optimize the mine operations to obtain positive cash flows soon and to establish a 2X150 MW power plant by utilizing low grade coal from the coal mine which has mineable reserves of about 65 Million MTs of washed high grade coal and an equivalent quantum of low grade coal for use as the feed stock for the proposed 300 MW power plant. The overall integrated project entails capital outlay of about US \$ 550

FOR NAVA BHARAT VENTURES LIMITED



Contd..2

Million to be funded by non-recourse project debt and equity. Nava Bharat's share of equity for this integrated project is about US \$ 108 Million and that of ZCCM is about US \$ 57 Million. Actual commitment will vary upon finalization of the project cost and financing structure. Nava Bharat is in talks with some of leading banks for the proposed financing of MCL project.

**Commenting on the development, Mr. D. Ashok, Chairman said:** *"The acquisition of equity interest in Maamba Collieries Limited is a key step in the diversification of the power business. We are pleased with the opportunity to participate in this project, which will be a self-sustaining venture. It meets our intent to pursue options where the project is de-risked in terms of the key input, i.e. coal. Mr P. Trivikrama Prasad, Managing Director added:* *"Nava Bharat has successfully demonstrated its strengths in executing small-scale, coal-based power projects in the past. This new venture will benefit from the same experience. Nava Bharat expects to be able to complete this project through a prudent financial structure that will optimize the opportunity for all stakeholders involved."*

Nava Bharat expects MCL to discharge the outstanding liabilities through ramp up of the coal operations and expansion of the customer base in due course. The high grade coal has good demand emanating from Zambian cement and copper industry and can also be exported to surrounding countries. The power deficit can be bridged to some extent by the proposed 300 MW power plant of MCL.

Nava Bharat expects that its proposed investment in the coal mine and a mine mouth 300 MW power plant in an emerging economy like Zambia is in line with its focused growth approach in power sector with backward integration.

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

Nava Bharat Ventures is a power focused company with interests in ferro alloys and sugar. The Company has total installed power generation capacity of 237 MW in AP and Orissa. 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 3,500 TCD integrated plant. The Power business has been fuelling the Company's growth and sustained profitability. Additional information on Nava Bharat Ventures Limited is available on the Company website [www.nbventures.com](http://www.nbventures.com)

#### **Investor contacts**

##### **G.R.K. Prasad / M. Subrahmanyam**

Nava Bharat Ventures Limited

Phone: 040 2340 2064

Fax: 040 2340 3013

Email: nbvl@nbv.in

##### **Siddharth Rangnekar**

Citigate Dewe Rogerson

Phone : 022 4007 5005

Fax: 022 2284 4561

Email: siddharth@cdr-india.com

*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.*

**For NAVA BHARAT VENTURES LIMITED**

