NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

Annual Reports of the Subsidiary Companies 2010-11

Contents

Directors' Report

The directors present their report to the members together with the audited financial statements of the Group & the Company for the year ended 31st March 2011.

1. DIRECTORS

The directors holding office at the date of this report are

Ashok Devineni
Pinnamaneni Trivikrama Prasad
Chalasani Venu Durga Prasad
Ashwin Devineni

2. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows: -

Name of Directors & Corporation in which interests are held	Equity shares of Rs.2 each	
Nava Bharat Ventures Limited	At beginning of year	At end of year
Ashok Devineni	638,100	653,891
Pinnamaneni Trivikrama Prasad	1,527,822	1,527,822
Pinnamaneni Trivikrama Prasad (HUF)	411,315	351,315
Chalasani Venu Durga Prasad	70,915	70,915
Ashwin Devineni	1,436,735	1,436,735

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. DIRECTORS' RECEIPT OF AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

Directors' Report

5. SHARE OPTIONS

During the year, there were:

(i) no options granted by the Group and the Company to any person to take up unissued shares in the Group and the Company; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Group and the Company.

As at the end of the financial year, there were no unissued shares of the Group and the Company under option.

6. AUDITORS

The auditors, Sashi Kala Devi Associates, Certified Public Accountants, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Ashok Devineni
Director

Singapore,
20th May 2011

Pinnamaneni Trivikrama Prasad
Director

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the financial statements set out on pages 6 to 29 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2011 and of the results, changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Ashok Devineni
Director

Singapore,
20th May 2011

Pinnamaneni Trivikrama Prasad
Director

Note: Page Nos. 6 to 29 stated in the above statement may be referred as 6 to 26 in this annual report.

Independent Auditors' Report

TO THE MEMBERS OF NAVA BHARAT (SINGAPORE) PTE. LIMITED

Co. Reg. No. 2004-09999-D

(Incorporated in the Republic of Singapore)

We have audited the accompanying financial statements of Nava Bharat (Singapore) Pte Limited, set out on pages 6 to 29, which comprise the statement of financial position as at 31st March 2011, and the statements of comprehensive income, statements of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of comprehensive income and financial position and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We have inter alia considered the unaudited financial statements of two of the subsidiaries viz., PT Nava Bharat Sungai Cuka and PT Nava Bharat Indonesia, being financial statements included in the consolidated financial statements. A subsidiary, Nava Bharat Africa Resources Private Limited was incorporated on 28 January 2011 and its first financial year will start from 28th January 2011 to 31st March 2012. There being no operations, the financial statements are not drawn up for 31 March 2011. Accordingly the accounts of this Company are not consolidated

The control of another subsidiary Kobe Green Power Co., Limited is only temporary and thus the accounts of this subsidiary has not been taken up for consolidation.

We are unable to satisfy ourselves that the unaudited financial statements of the subsidiaries viz ., PT Nava Bharat Sungai Cuka and PT Nava Bharat Indonesia, that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements as we have received only management certified accounts for those companies.

Hence, we are unable to express an opinion as to whether the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Standards so as to give a true and fair view of the state of affairs of the Group as at 31st March 2011, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

However, in our opinion,

(a) the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011, and of the results, and changes in equity of the Company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Sashi Kala Devi Associates
Public Accountants and
Certified Public Accountants
Singapore

Date: 20th May 2011

Consolidated Statement of Financial Position as at 31st March 2011

	Note	2011 USD	2011 INR	2010 USD	2010 INR
ASSETS					
Non-current assets					
Property, plant & equipment	4	12,137,785	5,41,223,833	557,306	25,017,466
Investment in quoted shares	5	-	-	21,438	962,352
Investment in unquoted shares	6	99	4,414	99	4,444
Investment in progress	8	12,329,894	549,789,973	6,850,160	307,503,682
Other investments		17,000	758,030	-	-
Goodwill on consolidation		45,522,243	2,029,836,815	-	-
		70,007,021	3,121,613,065	7,429,003	333,487,944
Current assets					
Inventories	9	308,936	13,775,456	-	-
Capital work in progress	10	-	-	673,229	30,221,250
Trade and other receivables	11	4,196,660	187,129,069	7,523,247	337,718,558
Amounts due from related parties	13	202,122	9,012,620	18,149	814,709
Cash & cash equivalents	14	42,102,151	1,877,334,913	16,495,865	740,499,380
Short term investments	15	30,163,203	1,344,977,222	10,334,107	463,898,063
		76,973,072	3,432,229,280	35,044,597	1,573,151,960
Total assets		146,980,093	6,553,842,345	42,473,600	1,906,639,904
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	19,100,000	851,669,000	19,100,000	857,399,000
Asset replacement reserve		3,830	170,780	-	-
Exchange equalisation account		71,827	3,202,766	13,824	620,559
(Accumulated losses) / Retained earnings		(2,884,417)	(128,616,154)	2,362,641	106,058,954
		16,291,240	726,426,392	21,476,465	964,078,513
Non –controlling interests		(27,636,539)	(1,232,313,274)	50,000	2,244,500
		(11,345,299)	(505,886,882)	21,526,465	966,323,013
Non – current liabilities					
Long term payables	17	8,766,170	390,883,520	-	-
Borrowings	18	94,611,007	4,218,704,802	-	-
Retirement benefit obligation	19	42,340	1,887,940	-	-
Environmental liability	20	4,666,809	208,093,013	-	-
		108,086,326	4,819,569,275	-	-
Current liabilities					
Trade and other payables	21	44,366,031	1,978,281,322	20,899,854	938,194,446
Accruals		309,418	13,796,948	9,824	441,000
Taxation		5,563,617	248,081,682	37,457	1,681,445
		50,239,066	2,240,159,952	20,947,135	940,316,891
Total equity and liabilities		146,980,093	6,553,842,345	42,473,600	1,906,639,904

Consolidated Statement of Comprehensive Income

for the year ended 31st March 2011

	Note	2011		2010	
		USD	INR	USD	INR
Revenue	22	60,698,696	2,706,554,855	42,508,478	1,908,205,578
Other income	23	2,995,944	133,589,143	510,480	22,915,448
Purchases		(60,466,429)	(2,696,198,069)	(42,014,748)	(1,886,042,038)
Depreciation		(244,206)	(10,889,145)	(49,508)	(2,222,414)
Employee benefits expense	24	(2,591,628)	(115,560,693)	(146,913)	(6,594,926)
Other operating expenses		(4,033,202)	(179,840,477)	(193,394)	(8,681,457)
Finance expenses	25	(4,487,082)	(200,078,986)	-	-
(Loss) /Profit before taxation	26	(8,127,907)	(362,423,372)	614,395	27,580,191
Taxation	27	(300,588)	(13,403,219)	(47,621)	(2,137,707)
(Loss)/Profit after taxation		(8,428,495)	(375,826,591)	566,774	25,442,484
Non – controlling interest		3,181,437	141,860,276	-	-
Total comprehensive (loss) / income for the year		(5,247,058)	(233,966,315)	566,774	25,442,484

Consolidated Statement of Changes in Equity

for the year ended 31st March 2011

	Share capital	(Accum. Losses) / Retained earnings	Exchange equalisation account	Asset replacement reserve	Total	Non-controlling interests	Total equity	
	USD	USD	USD	USD	USD	USD	USD	INR
Balance at 31.03.2009	7,300,000	1,795,867	-	-	9,095,867	-	9,095,867	405,584,710
Issue of share capital	11,800,000	-	-	-	11,800,000	50,000	11,850,000	528,391,500
Exchange differences on translating foreign subsidiaries	-	-	13,824	-	13,824	-	13,824	616,412
Total comprehensive income for the year	-	566,774	-	-	566,774	-	566,774	25,272,452
Balance at 31.03.2010	19,100,000	2,362,641	13,824	-	21,476,465	50,000	21,526,465	959,865,074
Issue of share capital	-	-	-	-	-	6,876	6,876	306,601
Reserve to finance future capital requirements	-	-	-	3,830	3,830	-	3,830	170,780
Exchange differences on translating foreign subsidiaries	-	-	58,003	-	58,003	-	58,003	2,586,354
Share of loss (prior years)	-	-	-	-	-	(24,511,978)	(24,511,978)	(1,092,989,099)
Total comprehensive loss for the year	-	(5,247,058)	-	-	(5,247,058)	(3,181,437)	(8,428,495)	(375,826,592)
Balance at 31st March 2011	19,100,000	(2,884,417)	71,827	3,830	16,291,240	(27,636,539)	(11,345,299)	(505,886,882)

See accompanying notes to the financial statements

Consolidated Statement Of Cash Flows for the year ended 31st March 2011

	2011		2010	
	USD	INR	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) / Profit before taxation Adjustments for:	(8,127,907)	(362,423,373)	614,395	27,580,191
Depreciation	244,206	10,889,145	51,134	2,295,406
Loss on sale of property, plant & equipment	186,391	8,311,175	-	-
Goodwill on consolidation	(45,522,243)	(2,029,836,815)	-	-
Non – controlling interest	(24,511,978)	(1,092,989,099)	-	-
Retirement benefit obligation	42,340	1,887,941	-	-
Exchange differences in translation	(49,635)	(2,213,225)	13,824	620,559
Operating (loss)/profit before working capital changes	(77,738,826)	(3,466,374,251)	679,353	30,496,156
Changes in working capital				
Inventories	673,229	30,019,281	-	-
Capital work in progress	(308,936)	(13,775,456)	-	-
Trade and other receivables	3,326,587	148,332,514	(2,924,840)	(131,296,068)
Trade and other payables	23,466,177	1,046,356,832	16,146,177	724,801,886
Amounts due from related parties	(183,973)	(8,203,356)	(18,149)	(814,709)
Accruals	299,594	13,358,896	4,739	212,734
Environmental liability	4,666,809	208,093,013	-	-
Cash (used in) / generated from operations	(45,799,339)	(2,042,192,527)	13,887,280	623,399,999
Income tax	5,225,572	233,008,255	(67,924)	(3,049,108)
Net cash (used in) / from operating activities	(40,573,767)	(1,809,184,272)	13,819,356	620,350,891
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital work in progress	673,229	30,019,281	(673,229)	(30,221,250)
Investment in quoted shares	21,438	955,920	78,562	3,526,648
Purchase of property, plant and equipment	(13,038,227)	(581,374,542)	(13,293)	(596,723)
Asset replacement reserve	3,830	170,780	-	-
Proceeds on sale of property, plant & equipment	461,560	20,580,960	-	-
Investment in unquoted shares	-	-	(99)	(4,444)
Investment in progress	(5,479,734)	(244,341,339)	(2,254,683)	(101,212,720)
Short term investments	(19,829,096)	(884,179,391)	(8,496,449)	(381,405,596)
Other investments	(17,000)	(758,030)	-	-
Net cash (used in) investing activities	(37,204,000)	(1,658,926,361)	(11,359,191)	(509,914,085)
CASH FLOWS FROM FINANCING ACTIVITIES				
Amount due to a director	-	-	(44,460)	(1,995,809)
Loan from holding Company	-	-	(11,800,000)	(529,702,000)
Issue of shares	-	-	11,800,000	529,702,000
Issue of shares to non-controlling shareholders	6,876	306,601	50,000	2,244,500
Long – term payables	8,766,170	390,883,520	-	-
Borrowings	94,611,007	4,218,704,802	-	-
Net cash from financing activities	103,384,053	4,609,894,923	5,540	248,691
Net change in cash & cash equivalents	25,606,286	1,141,784,293	2,465,705	110,685,497
Cash & cash equivalents at beginning of year	16,495,865	735,550,620	14,030,160	629,813,883
Cash & cash equivalents at end of year	42,102,151	1,877,334,913	16,495,865	740,499,380

Statement of Financial Position as at 31st March 2011

	Note	2011		2010	
		USD	INR	USD	INR
ASSETS					
Non-current assets					
Property, plant & equipment	4	421,025	18,773,505	547,577	24,580,732
Investment in quoted shares	5	-	-	21,438	962,352
Investment in unquoted shares	6	99	4,414	99	4,444
Investment in subsidiary companies	7	978,847	43,646,788	950,000	42,645,500
Investment in progress	8	11,074,575	493,815,299	6,850,160	307,503,682
Share application		764,303	34,080,271	-	-
		13,238,849	590,320,277	8,369,274	375,696,710
Current assets					
Trade and other receivables	11	4,438,107	197,895,191	7,449,198	334,394,498
Amounts due from subsidiaries	12	27,281,541	1,216,483,913	11,993	538,336
Amount due from related party	13	18,149	809,264	18,149	814,709
Cash & cash equivalents	14	41,709,658	1,859,833,650	16,470,273	739,350,555
Short term investments	15	30,163,203	1,344,977,222	10,334,107	463,898,063
		103,610,658	4,619,999,240	34,283,720	1,538,996,191
Total assets		116,849,507	5,210,319,517	42,652,994	1,914,692,901
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	19,100,000	851,669,000	19,100,000	857,399,000
Retained earnings		3,023,968	134,838,733	2,362,641	106,058,954
		22,123,968	986,507,733	21,462,641	963,457,954
Non-current liabilities					
Bank borrowings	18	60,000,000	2,675,400,000	-	-
Current liabilities					
Trade and other payables	21	33,928,685	1,512,880,064	20,875,636	937,107,300
Accruals		309,418	13,796,949	9,824	441,000
Taxation		220,000	9,809,800	37,457	1,681,445
Amount due to subsidiary	12	267,436	11,924,971	267,436	12,005,202
		34,725,539	1,548,411,784	21,190,353	951,234,947
Total equity and liabilities		116,849,507	5,210,319,517	42,652,994	1,914,692,901

Statement of Comprehensive Income for the year ended 31st March 2011

	Note	2011		2010	
		USD	INR	USD	INR
Revenue	22	59,905,412	2,671,182,321	42,508,478	1,908,205,578
Other income	23	3,797,017	169,308,988	510,480	22,915,448
Purchases		(59,184,582)	(2,639,040,511)	(42,014,748)	(1,886,042,038)
Depreciation		(62,465)	(2,785,314)	(49,508)	(2,222,414)
Employee benefits expense	24	(172,930)	(7,710,949)	(146,913)	(6,594,926)
Other operating expenses		(1,045,305)	(46,610,150)	(193,394)	(8,681,457)
Finance expenses	25	(2,355,820)	(105,046,014)	-	-
Profit before taxation	26	881,327	39,298,371	614,395	27,580,191
Taxation	27	(220,000)	(9,809,800)	(47,621)	(2,137,707)
Profit after taxation		661,327	29,488,571	566,774	25,442,484

Statement of Changes in Equity for the year ended 31st March 2011

	2011		2010	
	USD	INR	USD	INR
Balance at 01.04.2009	7,300,000	1,795,867	9,095,867	405,584,709
Issue of shares	11,800,000	-	11,800,000	526,162,000
Net profit/ total comprehensive income for the year	-	566,774	566,774	25,272,453
Balance at 31.03.2011	19,100,000	2,362,641	21,462,641	957,019,162
Net profit/ total comprehensive income for the year	-	661,327	661,327	29,488,571
Balance at 31.03.2010	19,100,000	3,023,968	22,123,968	986,507,733

Notes to the Financial Statements for the year ended 31st March 2011

The notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a private Company limited by shares. The Company is incorporated and domiciled in the Republic of Singapore.

The registered office of the Company is located at 120, Lower Delta Road, #05-14, Cendex Centre, Singapore 169208.

The principal activities of the Company are to carry on the business of general trading and exporters of natural minerals, coke, ferro alloys, ores and alloys. There have been no significant changes in the principal activities during the financial year.

The consolidated financial statements relate to the Company and its Subsidiaries (referred to as the "Group").

These financial statements of the Company for the financial year ended 31st March 2011 were authorised for issue by the Board of Directors on 20th May 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Group and the Company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods since the beginning of the financial year. The adoption of these new revised FRS and INT FRS does not result in changes to the Group and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

The Group and the Company is currently evaluating the provisions of new/revised FRS and INT FRS and amendments to FRS that were issued at the date of authorisation of these financial statements but which are not yet effective till future periods. Preliminary assessment by the Group and the Company indicates that the adoption of these FRS, INT FRS and amendments to FRS will have no material impact on the financial statements of the Group and the Company in the period of their initial adoption.

The preparation of financial statements in conformity with FRS requires management to exercise its judgements in the process of applying the Group and the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and involve a higher degree of judgement or complexity are separately disclosed when necessary.

(b) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Trade and other receivables – Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Effective interest method – The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Impairment of financial assets – Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Other investments – Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and is initially measured at fair value, plus directly attributable transaction costs.

Investments are classified as either investments held-for-trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in the profit and loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the profit or loss for the period. Impairment losses recognised in the profit and loss for equity investments classified as available-for-sale are not subsequently reversed through the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity – Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Financial liabilities – Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Interest - bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less accumulated amortisation. Amortisation (if any) is recognised in the statement of comprehensive income over the guarantee period on a straight-line basis.

(c) Impairment of non-financial assets

At the end of the reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less that its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income

(d) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, as follows:

	No. of years
Leasehold buildings	30/60
Plant & machinery	5-20
Motor vehicles	5-10
Geological equipment	4 -5
Office equipment	5
Furniture	5
Renovation	3
Computer	1

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Fully depreciated assets still in use are retained in the financial statements.

(e) Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. In the Company's own separate financial statements, the investments in subsidiaries are stated at cost less any provision for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

(f) Basis of consolidation

The Group's financial statements include the financial statements of the Company and its Subsidiaries detailed in Note 7 to the financial statements. The financial statements of the Company and its subsidiaries are made up to 31st March 2011.

The results of the subsidiaries acquired, sold or liquidated voluntarily during the financial year are included or excluded from the respective date of acquisition, sale or liquidation, as applicable. All significant inter-company transactions and balances are eliminated on consolidation.

When subsidiaries are acquired, any excess or shortfall of the consideration over the fair values of net identifiable assets at the date of acquisition is included in goodwill or premium on acquisition.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on an average basis and includes transport costs. The cost of finished goods and work in progress comprises materials, direct labour, other direct costs and other overheads (based on normal operating capacity), but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Provision is made for obsolete, slow- moving and defective stocks.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(i) Related party

Parties are considered to be related if one party has the ability to control (directly or indirectly) the other party or exercise significant influence over the other party in making financial and operating decisions.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership not effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised when the services are completed.

Interest income

Interest income is recognised on a time recognition basis using the effective interest method.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported in the statement of comprehensive income because it excludes income or expense items that are taxable or deductible in other years and items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computing taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(m) Functional and foreign currency

Functional currency

Items included in the financial statements of the Group and the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to entity. The financial statements of the Group and the Company are presented in United States Dollars, which is the functional currency of the Company.

Foreign currency transactions

Transactions in currencies other than the Group and the Company's functional currency are recorded at exchanges rates approximating those prevailing on the transaction dates. At the end of the reporting period monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in a foreign currency are retranslated using the exchange rates at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items at the end of the reporting period are recognised in the statement of comprehensive income. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

(n) Employee benefits

Defined contribution plans

The Company makes contributions to the CPF in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

3. FINANCIAL RISKS AND MANAGEMENT

The Group and the Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group and the Company.

Foreign currency risk

Foreign currency risk occurs on transactions that are denominated in currencies other than the functional currency of the Group and the Company. Transactions and balances of the Group and the Company are mainly denominated in United States dollars. Hence, the Group and the Company do not face any significant exposure to foreign currency risk. The Group and Company do not use any derivative financial instruments to hedge this risk.

Credit risk

Credit risk is the potential financial loss resulting from the customer defaulting on its contractual obligations to the Group and the Company. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group and the Company maintains an allowance for doubtful debts based upon the recoverability of all accounts receivables and the customers' financial conditions. There were no significant concentrations of credit risk.

The Group and the Company place its cash and cash equivalents with creditworthy financial institutions. The Group and the Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recorded in the financial statements, net of allowances of losses.

Interest rate risk

The Group and the Company's interest-yielding assets are not significant and accordingly the interest rate risk is limited. The Group and the Company do not use any derivative financial instruments to hedge its exposure.

Liquidity risks

The Group and the Company actively manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayments and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient equity funds to finance its operations.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

4. PROPERTY, PLANT & EQUIPMENT

The Group

	Leasehold building	Leasehold land & building	Plant & machinery	Office equipment	Computer	Motor vehicles	Renovation	Furniture	Geological equipment	Capital work-in-progress	Total	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	INR
COST												
As at 1st April 2009	463,528	-	-	-	1,113	118,331	84,033	-	-	-	667,005	29,741,753
Additions	-	-	-	3,201	1,300	-	4,021	3,901	870	-	13,293	592,735
As at 31st March 2010	463,528	-	-	3,201	2,413	118,331	88,054	3,901	870	-	680,298	30,334,488
Additions	-	742,719	1,233,788	4,857	2,145	781,952	-	-	-	10,272,766	13,038,227	581,374,542
Exchange difference	-	292,356	104,506	-	-	10,317	-	-	-	-	407,179	18,156,112
Disposals	-	(505,561)	(633,578)	-	-	(528,824)	-	-	-	-	(1,667,963)	(74,374,470)
As at 31st March 2011	463,528	529,514	704,716	8,058	4,558	381,776	88,054	3,901	870	10,272,766	12,457,741	555,490,672
ACCUMULATED DEPRECIATION										-		
As at 1st April 2009	30,901	-	-	-	1,113	11,833	28,011	-	-	-	71,858	3,204,148
Charges for year	7,726	-	-	715	1,300	11,833	28,414	946	200	-	51,134	2,280,065
As at 31st March 2010	38,627	-	-	715	2,413	23,666	56,425	946	200	-	122,992	5,484,213
Charges for year	7,726	20,356	89,822	1941	1,211	95,139	28,011	-	-	-	244,206	10,889,145
Disposals	-	-	-	-	-	(47,242)	-	-	-	-	(47,242)	(2,106,521)
As at 31st March 2011	46,353	20,356	89,822	2,656	3,624	71,563	84,436	946	200	-	319,956	14,266,837
NET BOOK VALUE												
As at 31st March 2011	417,175	509,158	614,894	5,402	934	310,213	3,618	2,955	670	10,272,766	12,137,785	541,223,833
As at 31st March 2010	424,901	-	-	2,486	-	94,665	31,629	2,955	670	-	557,306	25,017,466

4. PROPERTY, PLANT & EQUIPMENT

The Company

	Leasehold building	Office equipment	Computer	Motor vehicles	Renovation	Total	Total
	USD	USD	USD	USD	USD	USD	INR
COST							
As at 1st April 2009	463,528	-	1,113	118,331	84,033	667,005	29,741,753
Additions during the year	-	638	1,300	-	-	1,938	86,415
As at 31st March 2010	463,528	638	2,413	118,331	84,033	668,943	29,828,168
Sold during the year	-	-	-	(518,331)	-	(518,331)	(23,112,379)
Additions during the year	-	4,857	2,145	400,000	-	407,002	18,148,219
As at 31st March 2011	463,528	5,495	4,558	-	84,033	557,614	24,864,008
ACCUMULATED DEPRECIATION							
As at 1st April 2009	30,901	-	1,113	11,833	28,011	71,858	3,204,148
Charges for year	7,726	638	1,300	11,833	28,011	49,508	2,207,562
As at 31st March 2010	38,627	638	2,413	23,666	56,022	121,366	5,411,710
Deletion	-	-	-	(47,242)	-	(47,242)	(2,106,521)
Charges for year	7,726	1,941	1,211	23,576	28,011	62,465	2,785,314
As at 31st March 2011	46,353	2,579	3,624	-	84,033	136,589	6,090,503
NET BOOK VALUE							
As at 31st March 2011	417,175	2,916	934	-	-	421,025	18,773,505
As at 31st March 2010	424,901	-	-	94,665	28,011	547,577	24,580,732

5. INVESTMENT IN QUOTED SHARES

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Quoted shares	-	-	21,438	962,352	-	-	21,438	962,352

6. INVESTMENT IN UNQUOTED SHARES

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
150 unquoted ordinary shares in Indo Coal Ventures Pte Limited at cost	99	4,414	99	4,444	99	4,414	99	4,444

7. INVESTMENT IN SUBSIDIARY COMPANIES

Name of Company (Country of Incorporation / place of business)	Principal activities	Percentage of equity held		Cost of investment			
		2011	2010	2011	2011	2010	2010
		%	%	USD	INR	USD	INR
PT Nava Bharat Sungai Cuka Indonesia	Dormant	95%	95%	475,000	21,180,250	475,000	21,322,750
PT Nava Bharat Indonesia	Dormant	95%	95%	475,000	21,180,250	475,000	21,322,750
Kobe Green Power Co., Limited, Japan	Hydropower plant	80%	-	16,000	713,440	-	-
Maamba Collieries Limited Zambia +	Mining activity	65%	-	11,847	528,258	-	-
Nava Bharat Africa Resources Private Limited, Mauritius	Dormant	100%	-	1,000	44,590	-	-

+: Audited by firm other than Sashi Kala Devi Associates.

8. INVESTMENT IN PROGRESS

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Down payment and incidental expenses (Legal and professional expenses)	12,329,894	549,789,973	6,850,160	307,503,682	11,074,575	493,815,299	6,850,160	307,503,682

The investment expenses in progress include down payment, legal and professional expenses incurred towards acquisition of interest in companies that are primarily engaged in mining and other allied activities.

9. INVENTORIES

	Group				Company			
	2011 USD	2011 INR	2010 USD	2010 INR	2011 USD	2011 INR	2010 USD	2010 INR
Coal	288,936	12,883,656	-	-	-	-	-	-
Spares	17,447	777,962	-	-	-	-	-	-
Consumables	2,553	113,838	-	-	-	-	-	-
	308,936	13,775,456	-	-	-	-	-	-

10. CAPITAL WORK IN PROGRESS

	Group			
	2011 USD	2011 INR	2010 USD	2010 INR
Expenses in progress	-	-	673,229	30,221,250

11. TRADE AND OTHER RECEIVABLES

	Group				Company			
	2011 USD	2011 INR	2010 USD	2010 INR	2011 USD	2011 INR	2010 USD	2010 INR
Trade	3,416,565	152,344,633	7,436,667	333,831,982	3,032,310	135,210,703	7,436,667	333,831,982
Provision for impairment losses	(318,936)	(14,221,356)	-	-	-	-	-	-
	3,097,629	138,123,277	7,436,667	333,831,982	3,032,310	135,210,703	7,436,667	333,831,982
Deposits	10,538	469,889	17,082	766,811	6,458	287,962	10,000	448,900
GST	-	-	2,531	113,616	-	-	2,531	113,616
Prepaid expenses	551,717	24,601,061	66,967	3,006,149	-	-	-	-
Subsidiary (non-trade)	-	-	-	-	1,032,988	46,060,935	-	-
Interest receivable	366,351	16,335,591	-	-	366,351	16,335,591	-	-
Other receivables	170,425	7,599,251	-	-	-	-	-	-
	4,196,660	187,129,069	7,523,247	337,718,558	4,438,107	197,895,191	7,449,198	334,394,498

12. AMOUNTS DUE FROM/ TO SUBSIDIARIES

Amounts due from/ to its subsidiaries are non-trade, unsecured, convertible into investments at future date and interest-free except for USD26,100,000 which is charged at 6% per annum.

13. AMOUNTS DUE FROM RELATED PARTIES

Amounts due from related parties are non-trade, unsecured, interest-free and convertible into investments at future date.

14. CASH & CASH EQUIVALENTS

	Group					Company				
	2011					2011				
	Total USD	AUD	USD	SGD	Total INR	Total USD	AUD	USD	SGD	TOTAL INR
Cash in hand & at bank	42,102,151	103	41,763,904	338,144	1,877,334,913	41,709,658	103	41,371,411	338,144	1,859,833,650

	Group					Company				
	2011		2010			2011		2010		
	Total USD	AUD	USD	SGD	Total INR	Total USD	AUD	USD	SGD	TOTAL INR
Cash at bank	16,494,664	24,690	16,390,373	79,601	740,445,467	16,469,270	24,690	16,364,979	79,601	739,305,530
Cash in hand	1,201	-	1,201	-	53,913	1,003	-	1,003	-	45,025
	16,495,865	24,690	16,391,574	79,601	740,499,380	16,470,273	24,690	16,365,982	79,601	739,350,555

15. SHORT TERM INVESTMENTS

	Group				Company			
	2011		2010		2011		2010	
	USD	INR	USD	INR	USD	INR	USD	INR
Bonds	30,163,203	1,344,977,222	10,334,107	463,898,063	30,163,203	1,344,977,222	10,334,107	463,898,063

16. SHARE CAPITAL

	2011		2010	
	USD	INR	USD	INR
Issued and fully paid up with no par value 19,106,870 ordinary shares	19,100,000	851,669,000	19,100,000	857,399,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. LONG TERM PAYABLES

On 31 August 2007, a Subsidiary, Maamba Collieries Limited entered into the Scheme of Agreement with its creditors to protect it from liquidation actions. The Scheme of Arrangement covered all the Subsidiary's liabilities. All the creditors were paid 25 % of the balance outstanding at the date and the differences was written off except for statutory liabilities. Statutory liabilities were reallocated to long term over a period of 7 years beginning at the end of year three from the date of the scheme.

Long term payables that are not at a market rate of interest are recognised at the fair value based on an estimated market rate. The difference between the fair value of the long term payables and their settlement amounts are recognised in the profit and loss account. Subsequently, these are measured at amortised cost on an effective yield basis. Interest on these loans will accrue to the Subsidiary at the market rate on the effective yield basis over the term of the loans.

18. BORROWINGS

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
a) Bank borrowings	60,000,000	2,675,400,000	-	-	60,000,000	2,675,400,000	-	-
b) International Development Agency	1,672,340	74,569,641	-	-		-	-	-
c) Zambia Development Agency (Zambia Privatisation Agency)	53,191	2,371,787	-	-		-	-	-
d) Government of the Republic of Zambia -Mof1	180,638	8,054,648	-	-		-	-	-
e) Government of the Republic of Zambia –Mof2	4,813,830	214,648,680	-	-		-	-	-
f) Scheme of Arrangement – MOF	12,598,936	561,786,556	-	-		-	-	-
g) Provision for 6% Interest	343,830	15,331,380	-	-		-	-	-
h) Working capital support	7,815,950	348,513,210	-	-		-	-	-
i) Recapitalisation loan	6,875,319	306,570,474	-	-		-	-	-
j) Share application funds	256,973	11,458,426	-	-		-	-	-
	94,611,007	4,218,704,802	-	-	60,000,000	2,675,400,000	-	-

a) The bank borrowings shall be secured by a corporate guarantee from the holding company and an exclusive first ranking charge over the Debt Service Reserve Account (DSRA) of the Company.

b) This loan was granted to the Subsidiary, Maamba Collieries Limited through ZCCM –IH Plc and the loan amount is USD1.6 million . The loan was granted to the Subsidiary in 1993.

c) The funds were obtained from the Zambia Privatisation Agency for the purpose of liquidating the liabilities arising from the retirement benefits and the group life assurance. The loan is unsecured and is interest free and the repayment period was not stated.

d) This represents loans obtained from the African Development Bank and the African Development Fund which were due for capitalization. The loan is unsecured and interest free and the repayment period was not stated.

e) The money was advanced to the Subsidiary by the government through ZCCM-IH. The amount advanced was USD4.3million and the loan is unsecured and interest free and the repayment period was not stated.

f) This loan was received from the Ministry of Finance for funding the creditors' scheme of arrangement. This loan is unsecured and interest free and the repayment period was not stated.

g) This represents the increase in the Subsidiary's indebtedness to ZCCM-IH arising from the proposed equitable treatment of shareholder loans.

h) This comprises a number of loans received for working capital support. The loans are secured against trade receivables and are interest free and the repayment period was not stated.

i) The USD5,300,000 was advanced to the Subsidiary, Maamba Collieries Limited by ZCCM –IH for recapitalisation purposes at an interest rate of 10.75% which is repayable over 2 years. The loan is secured against trade receivables.

j) The funds comprise advances from shareholders pending completion of formalities to increase the Subsidiary's (Maamba Collieries Limited) share capital in the ensuring year.

19. RETIREMENT BENEFIT OBLIGATION

The amount recognised in the balance sheet represents the past service cost at the balance sheet date. The Scheme is unfunded.

20. ENVIRONMENTAL LIABILITY

The Subsidiary, Maamba Collieries Limited is required by the Minerals and Mining Act 2008 to rehabilitate environmental disturbances caused by its operations. The restoration, rehabilitation and environmental provision represent the best estimate of the expenditure required to settle the obligation.

The provision has been recognised initially as a liability at the fair value assuming a discount rate of 9.75% and an inflation rate of 2%. This liability for restoration, rehabilitation and environmental obligations on an undiscounted basis before an inflation factor of 2% is estimated to be approximately USD 15,585,175.

21. TRADE AND OTHER PAYABLES

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Third party (trade)	1,784,681	79,578,926	-	-	11,847	528,258	-	-
Third parties (non - trade)	8,664,512	386,350,590	24,300	1,090,827	-	-	82	3,681
Expenses payable to holding company	2,134,977	95,198,624	1,423,964	63,921,744	2,134,977	95,198,624	1,423,964	63,921,744
Trade payables to holding company	31,781,861	1,417,153,182	19,451,590	873,181,875	31,781,861	1,417,153,182	19,451,590	873,181,875
	44,366,031	1,978,281,322	20,899,854	938,194,446	33,928,685	1,512,880,064	20,875,636	937,107,300

The amounts due to the holding company are unsecured, non - interest bearing and repayable on demand.

The Company is a wholly-owned subsidiary of Nava Bharat Ventures Limited which is the immediate and ultimate holding company, incorporated in India

22. REVENUE

Revenue represents income from sale of minerals, coal, ores and alloys.

23. OTHER INCOME

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Interest income from bonds	1,404,048	62,606,500	235,456	10,569,620	1,404,048	62,606,500	235,456	10,569,620
Interest income from subsidiary	-	-	-	-	1,031,083	45,975,991	-	-
Investment Income	1,256,759	56,038,884	-	-	1,256,759	56,038,884	-	-
Fair value gain – Investments	78,230	3,488,276	245,878	11,037,464	78,230	3,488,276	245,878	11,037,464
Fixed deposit interest	470	20,957	-	-	470	20,957	-	-
Government jobs credit	1,163	51,858	4,372	196,259	1,163	51,858	4,372	196,259
Gain from sale of shares	3,948	176,041	-	-	3,948	176,041	-	-
Exchange gain	-	-	4,318	193,835	-	-	4,318	193,835
Other interest	-	-	20,456	918,270	-	-	20,456	918,270
Lodge and restaurant income	111,647	4,978,340	-	-	-	-	-	-
Rental & miscellaneous income	139,679	6,228,287	-	-	21,316	950,480	-	-
	2,995,944	133,589,143	510,480	22,915,448	3,797,017	169,308,987	510,480	22,915,448

24. EMPLOYEE BENEFITS EXPENSE

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Director's salary	47,196	2,104,470	35,568	1,596,648	47,196	2,104,470	35,568	1,596,648
Director's benefit in kind	2,800	124,852	-	-	2,800	124,852	-	-
Staff salaries	2,098,371	93,566,363	92,011	4,130,374	90,487	4,034,816	92,011	4,130,374
CPF	17,682	788,440	15,667	703,292	17,682	788,440	15,667	703,292
Retirement benefit costs	160,755	7,168,066	-	-	-	-	-	-
Skills development levy	248	11,058	217	9,741	248	11,058	217	9,741
Staff welfare	209,765	9,353,422	-	-	948	42,271	-	-
Medical expenses	54,811	2,444,022	3,450	154,871	13,569	605,042	3,450	154,871
	2,591,628	115,560,693	146,913	6,594,926	172,930	7,710,949	146,913	6,594,926

25. FINANCE EXPENSES

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
- Overdraft interest	227	10,122	-	-	227	10,122	-	-
- Loan interest	1,373,948	61,264,341	-	-	1,373,948	61,264,341	-	-
- Interest expenses	2,131,262	95,032,973	-	-	-	-	-	-
- Facility fee	526,645	23,483,100	-	-	526,645	23,483,101	-	-
- Guarantee commission	455,000	20,288,450	-	-	455,000	20,288,450	-	-
	4,487,082	200,078,986	-	-	2,355,820	105,046,014	-	-

26. (LOSS) / PROFIT BEFORE TAXATION

The following items have been charged in arriving at (loss) / profit before taxation:

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Exchange loss	39,093	1,743,157	-	-	39,093	1,743,157	-	-
Loss on sale of property, plant & equipment	186,391	8,311,175	-	-	9,529	424,898	-	-
Rent	15,367	685,214	-	-	-	-	-	-

27. TAXATION

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Current year	300,588	13,403,219	47,621	2,137,707	220,000	9,809,800	47,621	2,137,707

The income tax expense varies from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to (loss) / profit before taxation as a result of certain non deductible items, tax exemption and rebates.

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
(Loss) / Profit before taxation	(8,127,907)	(362,423,373)	614,395	27,580,191	881,327	39,298,371	614,395	27,580,191
Tax at 17%	(1,381,744)	(61,611,965)	104,447	4,688,626	149,826	6,680,741	104,447	4,688,626
Less : Effect of tax on:								
- non taxable income	(15,775)	(703,407)	(43,051)	(1,932,559)	(15,775)	(703,407)	(43,051)	(1,932,559)
- wear & tear allowances	(5,402)	(240,875)	-	-	(5,402)	(240,875)	-	-
- deferred tax benefits not recognised	1,612,158	71,886,125	-	-	-	-	-	-
- tax exempt income	(16,306)	(727,084)	(18,220)	(817,896)	(16,306)	(727,084)	(18,220)	(817,896)
- non-deductible expenses	107,657	4,800,426	4,445	199,536	107,657	4,800,426	4,445	199,536
Tax on current year income	300,588	13,403,220	47,621	2,137,707	220,000	9,809,800	47,621	2,137,707

28. CAPITAL MANAGEMENT

The objectives of the Group and the Company's capital management policy are:

(i) To safeguard the entity's ability to continue as a going concern so that it can provide returns for the shareholders and benefits for other stakeholders.

(ii) To provide an adequate return to the shareholders by pricing its services to commensurate with the level of risk.

The Group and the Company manage its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The capital structure of the Group and the Company consists of cash and bank balances and shareholders' equity. There was no change in the Group and the Company's approach of capital management during the year.

29. RELATED PARTY DISCLOSURES

An entity or individual is considered a related party of the Company for the purposes of the financial statements if: (i) it possessed the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Company or vice versa; or (ii) it is subject to common control or common significant influence.

(a) Compensation of key management personnel

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Short-term employee benefits	137,683	6,139,285	127,579	5,727,021	137,683	6,139,285	127,579	5,727,021
Provident fund contributions	17,682	788,440	15,667	703,292	17,682	788,440	15,667	703,292
Total compensation paid/payable to key management personnel	155,365	6,927,725	143,246	6,430,313	155,365	6,927,725	143,246	6,430,313
Comprising amounts paid / payable to: - Director of the Company	53,952	2,405,720	39,631	1,779,035	53,952	2,405,720	39,631	1,779,035

Other than disclosed elsewhere in the financial statements, the transactions with related parties carried out on terms agreed between the parties are as follows:

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	USD	INR	USD	INR	USD	INR	USD	INR
Purchases	59,184,582	2,639,040,511	42,014,748	1,886,042,038	59,184,582	2,639,040,511	42,014,748	1,886,042,038
Guarantee commission	455,000	20,288,450	-	-	455,000	20,288,450	-	-

30. EVENTS AFTER THE REPORTING PERIOD

The directors of the Subsidiary, Maamba Collieries Limited, have proposed an increase in share capital of the Subsidiary to mobilise needed resources for executing the new business plan for the Subsidiary. Payments totalling K7,150 million were received during the year which is expected to be capitalised in the ensuing year.

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate USD= Rs. 44.59 (Previous year 44.89) and do not form part of the reports of Nava Bharat (Singapore) Pte. Limited as made out in accordance with the laws of the country of incorporation.

Balance Sheet as at 31st March 2011

PT Nava Bharat Sungai Cuka

Particulars	2011 IDR	2011 INR	2010 IDR	2010 INR	Particulars	2011 IDR	2011 INR	2010 IDR	2010 INR
Current Assets :					Current Liabilities :				
Cash	399,006	2,048	1,793,206	8,875	Tax payable	97,136,156	498,600	51,725,667	255,990
Bank	30,542,271	156,773	230,352,214	1,140,013	Jamsostek Payable	26,389,684	135,458	16,382,484	81,077
Advance for Expenses	4,580,170,378	23,510,015	72,581,859	359,208	Salary Payable	11,662,650	59,864	-	-
Prepaid Expense	15,000,000	76,995	-	-	Other Payable	44,586,500	228,863	20,399,068	100,955
Capital Work -in-Progress Sungai Cuka	-	-	2,109,652,309	10,440,669					
Prepaid Tax	69,257,907	355,501	24,525,854	121,378					-
Other Receivable	17,491,677	89,785	2,562,321	12,681					
Total Current Assets	**4,712,861,239**	**24,191,117**	**2,441,467,763**	**12,082,824**	**Total Current Liabilities**	**179,774,990**	**922,785**	**88,507,219**	**438,022**
Non-Current Assets :					Non-Current Liabilities:				
Deposits Recoverable	35,500,000	182,222	29,500,000	145,996	Long term Liabilities	8,574,130,146	44,011,010	124,500,000	616,151
Related Parties Receivable	3,036,096,290	15,584,282	2,662,950,135	13,178,940					
Project Cost	5,886,778,085	30,216,832	-	-	**Total Liabilities**	**8,753,905,136**	**44,933,795**	**213,007,219**	**1,054,173**
Fixed Assets	85,427,750	438,500	69,339,250	343,160					
Accumulated Depreciation	(21,258,228)	(109,118)	(8,749,929)	(43,304)	**Equity :**				
					Authorized Capital 2.000.000 issued 500.000 with par value 9.963	4,981,500,000	25,570,040	4,981,500,000	24,653,443
Total Non-Current Assets	**9,022,543,897**	**46,312,718**	**2,753,039,456**	**13,624,792**					
Total Assets	**13,735,405,136**	**70,503,835**	**5,194,507,219**	**25,707,616**	**Total Liabilities & Equity**	**13,735,405,136**	**70,503,835**	**5,194,507,219**	**25,707,616**

18th May 2011

Jakarta

Mohana Sundaram Paranjothy
Director

Ashwin Devineni
Director

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate 100 IDR= ₹ 0.5133 (Previous year ₹ 0.4949) and do not form part of the reports of P T Nava Bharat Sungai Cuka as made out in accordance with the laws of the country of incorporation

Balance Sheet as at 31st March 2011

PT Nava Bharat Indonesia

Particulars	2011		2010		Particulars	2011		2010	
Current Assets :	IDR	INR	IDR	INR	Current Liabilities :	IDR	INR	IDR	INR
Prepaid Tax	118,028,628	605,841	101,891,847	504,263	Salary Payable	9,668,000	49,626	5,562,037	27,527
Advance for Expenses			4,000,000	19,796	Tax Payable	343,000	1,761	-	-
Prepaid Expenses - Rent			47,983,302	237,469	Jamsostek Payable			1,123,200	5,558
Capital Work - in - progress Antam			1,998,607,205	9,891,107					
Capital Work - in - progress Sungai Cuka			1,998,607,204	9,891,107					
Total Current Assets	**118,028,628**	**605,841**	**4,151,089,558**	**20,543,742**	**Total Current Liabilities**	**10,011,000**	**51,387**	**6,685,237**	**33,085**
Non-Current Assets :					Non-Current Liabilities:				
Related Parties Receivable	2,860,078,930	1,4,680,784	2,928,151,188	14,491,420	Related Parties Liabilities	3,036,096,290	15,584,282	2,507,371,051	12,408,979
Deposits Recoverable	-	-	34,744,625	171,951					
Long term Receivable	353,901,850	1,816,578	353,901,850	1,751,460	**Total Liabilities**	**3,046,107,290**	**15,635,669**	**25,140,56,288**	**12,442,064**
Project Cost	4,680,600,536	24,025,523	-	-					
Fixed Assets	27,986,904	143,657	33,661,904	166,594					
Accumulated Depreciation	(12,989,558)	(66,675)	(5,992,837)	(29,659)	Equity :				
					Authorized Capital 2.000.000 issued 5,00.000 with par value 9.963	4,981,500,000	25,570,039	4,981,500,000	24,653,444
Total Non-Current Assets	**7,909,578,662**	**40,599,867**	**3,344,466,730**	**16,551,766**	**Total Equity**	**4,981,500,000**	**25,570,040**	**4,981,500,000**	**24,653,444**
Total Assets	**8,027,607,290**	**41,205,708**	**7,495,556,288**	**37,095,508**	**Total Liabilities & Equity**	**8,027,607,290**	**41,205,708**	**7,495,556,288**	**37,095,508**

18th May 2011
Jakarta

Mohana Sundaram Paranjothy
Director

Ashwin Devineni
Director

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate 100 IDR= ₹ 0.5133 (Previous year ₹ 0.4949) and do not form part of the reports of P T Nava Bharat Indonesia as made out in accordance with the laws of the country of incorporation

Notice to Shareholders

Notice is hereby given that theTwelfth Annual General Meeting of the Company will be held on Monday, the 25th day of July 2011 at 11.00 a.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500082, to transact the following business :

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri P. Trivikrama Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Special Business

4. Appointment of Sri. G. Chaitanya Reddy, Additional Director, as Director of the Company:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Sri. G. Chaitanya Reddy, whose term of office as an Additional Director of the Company expires at the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."

5. Appointment of Sri. G. Chaitanya Reddy, as Managing Director of the Company:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of Central Government, such other approvals and consents as may be required, the consent and approval of the Company, be and is hereby accorded to the appointment of Sri G. Chaitanya Reddy, as Managing Director of the Company, for a period of 3 years with effect from 26th May 2011 on the remuneration, perquisites and other allowances as under:

A Salary:

Basic Salary of ₹ 2,25,000/- per month.

B Allowances:

1. HRA 30% of Basic Salary per month;
2. Conveyance Allowance ₹ 20,000/- per month;
3. Medical Expenses one month's Basic Salary per annum;
4. LTA one month's Basic Salary per annum; and
5. Telephone Bills (actuals)

"RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites and other allowances shall be paid and allowed to Sri G. Chaitanya Reddy, Managing Director, as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period of 3 years."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

By Order of the Board
for **Brahmani Infratech Private Limited**

P. Trivikrama Prasad
Director

Hyderabad
26.05.2011

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Notes :

1. The Explanatory Statement in respect of Special Business in the Notice, pursuant to Section 173 (2) of the Companies Act, 1956, is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Explanatory statement (Pursuant to Section 173(2) of the Companies Act 1956):

Item No. 4

Appointment of Sri G. Chaitanya Reddy, Additional Director, as Director of the Company:

Sri G. Chaitanya Reddy was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 26th May, 2011 and he would hold office upto the date of the Annual General Meeting.

A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 500/- proposing his appointment as a Director liable to retire by rotation.

The Board commends the resolution for your approval.

None of the Directors, except Sri G. Chaitanya Reddy, is deemed to be interested or concerned in the Resolution.

Item No. 5

Appointment of Sri. G. Chaitanya Reddy, as Managing Director of the Company:

The Company is engaged in development of IT/ITES SEZ facility, commercial and residential amenities attendant to such facility in an area of 250 acres at Mamidipally village near Shamshabad International Air Port. The Company entered into a Joint Development Agreement with M/s. Mantri Technology IT Parks Private Limited (MTPL), a subsidiary of M/s. Mantri Developers Private Limited of Bangalore (Mantri) for development of IT/ITES SEZ facility.

Pursuant to Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company, subject to approval of the members and Central Government, appointed Sri G. Chaitanya Reddy, as Managing Director of the Company, for a period of 3 years with effect from 26th May 2011 on the remuneration, perquisites and other allowances as mentioned in the Notice.

Brief profile of Sri G. Chaitanya Reddy:

Sri G. Chaitanya Reddy has been working for the Company as Vice President since February, 2006. He holds a Masters Degree in International Business from Institute of Foreign Trade (GITAM University) and Bachelors Degree in Business Management from Andhra University, India. He is incharge of all the Operations of the Company since his appointment. He has over 13 years of entrepreneurial & corporate experience in different verticals including 5 years in the Company.

The resolution set out at item No.5 together with explanatory statement constitute abstract of terms of the remuneration and the Memorandum of Interest of Sri. G. Chaitanya Reddy, Managing Director under Section 302 of the Companies Act 1956.

Your Directors recommended the Resolution for the approval of the members.

None of the Directors, except Sri G. Chaitanya Reddy, is in any way, concerned or interested in the above resolution.

By Order of the Board
for **Brahmani Infratech Private Limited**

P. Trivikrama Prasad
Director

Hyderabad
26.05.2011

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Directors' Report

Dear members,

Your Directors have pleasure in presenting their Twelfth Annual Report together with the Audited Balance Sheet of the Company as at 31st March 2011 together with the Auditors' Report thereon.

OPERATIONS

The Company entered into a Joint Development Agreement with M/s. Mantri Technology IT Parks Private Limited (MTPL), a subsidiary of M/s. Mantri Developers Private Limited of Bangalore (Mantri) for development of IT/ITES SEZ facility and commercial & residential amenities attendant to such facility.

MTPL was inducted as a technical associate and co-developer of the SEZ project and was approved as such by the Government of AP/APIIC and Board of Approvals, Ministry of Commerce, GOI.

The global economic slowdown severely impacted the IT/ITES industry in India, especially Hyderabad, with several companies retrenching staff and stalling expansion plans. Owing to various other factors, it is further estimated that demand for IT/ITES space will only trickle into the vicinity of the project area by 2015 and there on. Further, the support infrastructure like key roads connecting the SEZ are incomplete, making the commute to the SEZ unviable for setting up of operations by IT/ITES companies; there is no MMTS linkage to the area and inadequate social infrastructure coupled with the uncertainty over the continuation of earlier promised fiscal benefits and imposition of new taxes to SEZ's have further enhanced the lack of interest shown by IT/ITES companies towards the SEZ.

As per the terms of MoU and Agreement of Sale cum Power of Attorney, the agreed date of completion of development of the project is 6th November 2012, however the company has sought an extension time of up to November 2021 by an application dated 07th March 2011 to the concerned authorities and the same is pending with Government of Andhra Pradesh.

MTPL has completed construction of 46,000 Sft of Incubation space in the SEZ area. MTPL has also sought for revision of the terms of the JDA and the Company would consider entering into a Supplementary Agreement suitably, subject to approvals as are necessary.

During the year under review, the Company has enhanced its Authorised Share Capital to ₹ 70 Crores. The Company made allotments to nominees of M/s. Mantri Group and M/s. Malaxmi Infra Ventures (India) Private Limited.

DIRECTORS

Sri P. Trivikrama Prasad, Director retires at the Annual General Meeting and being eligible, offers himself for re-appointment.

The Board appointed Sri. G. Chaitanya Reddy, as Additional Director on 26.05.2011 and he holds office of Director till the date of Annual General Meeting. Further, he was also appointed as Managing Director on remuneration as mentioned in the proposed Special Resolution by the Board of Directors on 26.05.2011, subject to the aproval of the members and Central Governnent.

The Company has received notice from a member with necessary deposit proposing his appointment, as Director of the Company, liable to retire by rotation at the Annual General Meeting, pursuant to the provisions of Section 257 of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not accepted nor held any public deposits pursuant to Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s Brahmayya & Co., Chartered Accountants, the Auditors of the Company, retire at the conclusion of the Annual General Meeting and have expressed their willingness to continue in office, if re-appointed.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2011:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Technology Absorption, conservation of Energy, Foreign Exchange earnings and outflow are nil, as the Company has not yet started the commercial operations.

PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011 as amended, regarding particulars of employees drawing remuneration of the prescribed sums are not applicable as there were no employees in that category.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support and co-operation extended by the Regulatory Authorities and Company's Bankers.

For and on behalf of the Board

Hyderabad
26.05.2011

P. Trivikrama Prasad
Director

Regd. Office:
6-3-1109/1,
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

D. Ashok
Director

Compliance Certificate

(Pursuant to the provisions of Section 383A of the Companies Act, 1956)

CIN: U40109AP1999PTC032289

Paid-up Capital: ₹ 63,12,50,000/-

To

The Members

M/s. Brahmani Infratech Private Limited

Hyderabad

I have examined the registers, records, books and papers of **M/s. Brahmani Infratech Private Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 7 (Seven) and the company during the period under scrutiny:
   a. has not invited public to subscribe for its shares or debentures; and
   b. has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 4 times on 28.05.2010, 23.09.2010, 30.12.2010 and 21.03.2011 relating to which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for that purpose.
5. Being a closely held limited Company, the Company was not required to close its Register of Members, and/or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 24.06.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. Two Extra-ordinary General Meetings were held during the financial year and the necessary resolutions passed thereat were duly recorded in the Minutes Book maintained for that purpose.
8. The Company has not advanced any loan to its Directors and/or Persons or Firms or Companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. During the year:
    - the Company has made allotment of shares and delivered all the shares certificates on allotment of shares in accordance with the provisions of the Act,
    - the Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
    - the Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the company has filed the necessary forms relating to changes occurred in the Board during the year under review.
15. The Company has not appointed any Managing Director during the year under review.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 6,31,14,998 Equity shares of ₹ 10/- during the financial year under review and complied with the provisions of the Act.

20. The Company has not bought back any shares during the financial year under review.
21. There was no redemption of preference shares/ debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration for transfer of shares.
23. The Company has not invited/accepted any deposits including unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial year ended 31st March 2011 are within the borrowing limits of the Company as per Section 293(1)(d) of the Act.
25. The Company has not made any investments in other bodies corporate except mutual fund investments and hence no entries were made in the register kept for that purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.
29. The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under review and complied with the provisions of the Act.
30. The Company has altered its Articles of Association during the year under review and complied with the provisions of the Act.
31. There were no prosecutions initiated against or show cause notices received by the Company during the financial year, under the Act.
32. The Company has not received any amount as security from its employees during the year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year as the same is not applicable

HYDERABAD — P. RENUKA
26.05.2011 — C.P. No.3460

Annexure-A

[Forming part of Compliance Certificate]

Registers as maintained by the Company:

1. Register of Members under Section 150
2. Register of transfer of Shares
3. Copies of Annual Returns under Section 159
4. Books of Accounts under Section 209
5. Register of Directors
6. Directors Shareholding under Section 307
7. Register pertaining to Directors and Members attending their meetings
8. Minutes of Board & General Meetings under Section 193
9. Fixed Assets Register
10. Records of resolutions of which certified copies are issued
11. Records of Form No. 24AA
12. Register of application and allotment of shares

HYDERABAD — P. RENUKA
26.05.2011 — C.P. No.3460

Annexure-B

(Forming Part of Compliance Certificate)

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 31st March, 2011.

Sl. No.	Form / Return Number	Filed under relevant section of the Act	Particulars	Date of filing	Whether filed within the prescribed time	If delay, whether requisite additional fee paid
1	Form no. 23	Issue of shares Section 81(1A))	For the EGM held on 24th May 2010	28.05.2010	Yes	N.A
2	Form no. 2	75	Allotment of Equity Shares	29.05.2010	Yes	N.A
3	Form no. 32	303	Change in designation of Additional Director	24.06.2010	Yes	N.A
4	Form no. 32	303	Retirement of Director	24.06.2010	Yes	N.A
5	Form no. 23AC & ACA	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2010	21.07.2010	Yes	N.A
6	Form no.20B	159	Annual Return for the AGM held on 24.06.2010	21.07.2010	Yes	N.A
7	Form no. 2	75	Allotment of Equity Shares	01.10.2010	Yes	N.A
8	Form no. 23	94	For the EGM held on 30th October 2010- Increase of Authorised share capital.	18.11.2010	Yes	N.A
9	Form no. 5	94	For the EGM held on 30th October 2010	19.11.2010	Yes	N.A
10	Form no. 2	75	Allotment of Equity Shares	01.04.2011	Yes	N.A

No Forms and Returns were filed by the Company with the Regional Director, Central Government or other authorities during the financial year ended 31st March, 2011.

HYDERABAD
26.05.2011

P. RENUKA
C.P. No.3460

Auditors' Report

To

The Members of

Brahmani Infratech Private Limited,

Hyderabad.

1. We have audited the attached Balance Sheet of BRAHMANI INFRATECH PRIVATE LIMITED HYDERABAD (A.P) as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

   iv) In our opinion , the Balance Sheet , Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v) On the basis of written representations received from the Directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2011;

      b) in the case of the profit and loss account, of the Profit of the Company for the year ended on that date; and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

(P Chandramouli)

Partner

Membership Number: 025211

Hyderabad

26th May, 2011

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Re: **Brahmani Infratech Private Limited, Hyderabad.**

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) As explained to us, the management has physically verified all the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. As informed, no material discrepancies were noticed on such verification.

   c) During the year the Company has not disposed off any fixed assets.

2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii) (a), (b) and (c) of paragraph 4 o the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

3. a) During the year, the Company has neither granted nor taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b) In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

   b) In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.

6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. The Company has no formal internal audit system. There are however internal control procedures in different operating areas covering limited aspects of the transactions but the coverage in our opinion needs to be enlarged so as to make it commensurate with the size and nature of the Company's business.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears , as at 31st March 2011 for a period of more than six months from the day they became payable.

   c) According to the information and explanation given to us, there are no dues of sale tax, income tax , custom duty , wealth tax ,excise duty and Cess which have not been deposited on account of any dispute .

10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.

16. During the year the Company has not obtained any term loans.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. According to the information and explanations given to us, during the year, the Company has made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Hyderabad
26th May, 2011

Balance Sheet as at 31st March 2011

(₹)

Particulars	Schedule reference	As at 31st March 2011	As at 31st March 2010
I. SOURCES OF FUNDS			
1. Shareholders Funds			
a) Share Capital	01	631,250,000	100,020
b) Surplus: Profit and Loss account balance		29,770,643	9,075,297
Total		**661,020,643**	**9,175,317**
II. APPLICATION OF FUNDS			
1. Fixed Assets	02		
a) Gross Block		511,855,187	511,855,187
b) Less: Depreciation		1,031,846	602,553
c) Net Block		510,823,341	511,252,634
2. Investments	03	190,202,334	390,643,945
3. Deferred Tax Asset		-	57,696
4. Current Assets, Loans and Advances			
a) Cash and Bank balances	04	18,360,690	12,137,405
b) Other Current Assets	05	1,420,563	177,600
c) Loans and Advances	06	10,350,213	11,263,756
		30,131,466	23,578,761
Less: Current Liabilities	07	70,136,498	916,357,719
		70,136,498	916,357,719
Net Current Assets		(40,005,032)	(892,778,958)
Total		**661,020,643**	**9,175,317**
Notes on Accounts	11		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
26th May 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Profit & Loss Account for the year ended 31st March 2011

(₹)

Particulars	Schedule reference	Current year	Previous year
I. INCOME:			
Interest earned (Others) (Gross)		18,128,973	12,575,874
Tax Deducted at Source : Current Year : ₹ 1,800,000/-			
Previous Year : ₹ 1,259,310/-			
Profit from sale of Short Term non trade Investments		1,589,325	75,122
Dividends from non trade Investments		15,480,761	11,555,921
Total		**35,199,059**	**24,206,917**
II. OUTGOINGS:			
Payments and benefits to Employees	08	4,705,127	4,673,138
Other Expenses	09	2,689,492	1,412,999
Depreciation	02	429,293	442,244
Expenditure relating to earlier years	10	-	11,275,449
		7,823,912	**17,803,830**
Total			
III. PROFIT FOR THE YEAR BEFORE TAXATION		27,375,147	6,403,087
IV. PROVISION FOR TAXATION			
: Income Tax		6,600,000	3,900,000
: Fringe Benefit Tax of earlier years		19,896	180,754
: Income Tax of earlier years		2,209	-
: Deferred Tax		57,696	(57,696)
V. PROFIT FOR THE YEAR AFTER TAXATION		20,695,346	2,380,029
Add : Balance brought forward from last Year		9,075,297	6,695,268
VI. SURPLUS CARRIED TO BALANCE SHEET		29,770,643	9,075,297
Earnings per share - (Basic and Diluted)		0.60	237.96
Face Value per Share		10.00	10.00
Notes on Accounts	11		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
26th May 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Cash Flow Statement for the year ended 31st March 2011

(₹)

Particulars	Year ended 31.03.2011	Year ended 31.3.2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	27,375,147	6,403,087
Adjustment for Interest earned	(18,128,973)	(12,575,874)
Income from non trade investments -Dividends	(15,480,761)	(11,555,921)
Profit from sale of Short Term non trade Investments	(1,589,325)	(75,122)
Depreciation	429,293	442,244
Operating Profit before Working Capital Changes	(7,394,619)	(17,361,586)
Adjustments for:		
Decrease in Trade and Other receivables	(1,103,990)	8,685,543
Decrease in Inventories	-	521,977,160
Increase in Trade and Other payables	28,779	(602,364)
Cash generated from Operations	(8,469,830)	512,698,753
Direct Taxes paid	(5,718,562)	(5,854,746)
Net Cash from Operating Activities (A)	(14,188,392)	506,844,007
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed Assets (conversion of Inventory)	-	(510,524,587)
Purchase of Investments (including advances)	(766,364,810)	(2,113,750,083)
Sale of Investments	968,395,746	1,723,181,260
Interest received	18,000,000	12,575,874
Income from non trade investments -Dividends	15,480,761	11,555,921
Net Cash used in Investing Activities (B)	235,511,697	(876,961,615)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Applications	(215,100,020)	85,000,000
Net Cash generated in Financing Activities (C)	(215,100,020)	85,000,000
Net increase in Cash and Cash Equivalents (A+B+C)	6,223,285	(285,117,608)
Cash and Cash equivalents as at the beginning of the year	12,137,405	297,255,013
Cash and Cash equivalents as at the end of the year	18,360,690	12,137,405

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
26th May 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31st March 2011	As at 31st March 2010
1. SHARE CAPITAL:		
Authorised:		
70,000,000 (Previous Year 50,000,000)- Equity Shares of ₹10/- each	700,000,000	500,000,000
	700,000,000	500,000,000
Issued, subscribed and paid-up:		
63,125,000 -(Previous Year 10,002) Equity Shares of ₹ 10/- each fully paid up	631,250,000	100,020
Total	**631,250,000**	**100,020**
4. CASH AND BANK BALANCES:		
Cash in hand	10,000	-
Cash with a Scheduled Bank in Current Account	18,350,690	12,137,405
Total	**18,360,690**	**12,137,405**
5. OTHER CURRENT ASSETS:		
Deposits Recoverable	177,600	177,600
Interest Receivable	128,973	-
Other Receivables	1,113,990	-
Total	**1,420,563**	**177,600**
6. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Advance for Expenses	10,000,000	10,010,000
Advance Tax and Tax Deducted at Source (net of provision)	350,213	1,253,756
	10,350,213	11,263,756
7. CURRENT LIABILITIES		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	127,625	101,604
Creditors for Other Finance	8,873	6,115
Share Application money pending allotment	70,000,000	916,250,000
Total	**70,136,498**	**916,357,719**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	Current year	Previous year
8. PAYMENTS AND BENEFITS TO EMPLOYEES:		
Salaries, Wages and Bonus	4,363,220	4,333,204
Workmen and Staff Welfare Expenses	341,907	339,934
Total	**4,705,127**	**4,673,138**

Particulars	Current year	Previous year
9. OTHER EXPENSES:		
Rent	349,200	349,200
Office Maintenance Expenses	29,844	6,945
Rates and Taxes	302,500	2,500
Printing and Stationery	10,184	10,970
Communications	70,117	81,452
Travelling and Conveyance	268,774	81,332
Professional charges	386,000	493,450
Auditors remuneration : as Auditors	82,725	55,150
Filing Fees	1,005,000	1,500
General Charges	24,824	19,167
Business Promotion Expenses	155,477	310,434
Repairs and Maintenance to other Assets	3,409	899
Bank charges	1,438	-
Total	**2,689,492**	**1,412,999**

Particulars	Current year	Previous year
10. EXPENDITURE RELATING TO EARLIER YEARS:		
Site Development Charges	-	7,677,832
Compound Wall Construction	-	28,075,482
Salaries and Wages	-	9,571,010
Staff Welfare Expenses	-	1,638,342
Rent	-	3,237,372
Electricity Charges	-	-
Office Maintenance Expenses	-	-
Rates and Taxes	-	-
Printing and Stationery	-	114,163
Communications	-	344,521
Travelling and Conveyance	-	695,677
Professional charges	-	1,041,468
Security Charges	-	673,875
Administration Expenses	-	4,426,937
Other Expenses	-	-
Advertisement and Business Promotion	-	1,929,624
Subscriptions and Membership Fees	-	54,000
	-	59,480,303
Less: Amount reimbursement by the co-developer		
	-	48,204,854
Total	**-**	**11,275,449**

2. FIXED ASSETS:

(₹)

S.No	Particulars	GROSS BLOCK				DEPRECIATION			Net Block	
		As at 31st March 2010	Additions	Deductions	As at 31st March 2011	Upto 31st March 2010	For the Year	Up to 31st March 2011	As at 31st March 2011	As at 31st March 2010
1	Land	510,520,957			510,520,957	-	-	-	510,520,957	510,520,957
2	Computers	104,630	-	-	104,630	56,064	19,426	75,490	29,140	48,566
3	Improvements to Leased Premises (Interiors)	1,229,600	-	-	1,229,600	546,489	409,867	956,356	273,244	683,111
	Total	**511,855,187**	**-**	**-**	**511,855,187**	**602,553**	**429,293**	**1,031,846**	**510,823,341**	**511,252,634**

3. INVESTMENTS
(At Cost, Non-trade, Long-term, Un-quoted)

(₹)

S.No	Particulars	Face Value ₹	Number of Units			As at 31st March 2011	As at 31st March 2010
			As at 31st March 2010	Additions (Deletions)	As at 31st March 2011		
1	Templeton Floating Rate Income Fund	10.00	8,614,100	(8,614,100)	-	-	86,196,491
2	Kotak Quarterly Income Fund	10.00	20,444,745	(20,444,745)	-	-	204,447,454
3	Tata Fixed Income Fund	10.00	4,999,300	(4,999,300)	-	-	50,000,000
4	HDFC Quarterly Income Fund	10.00	4,999,850	(4,999,850)	-	-	50,000,000
5	Canara Robeco Fund	10.00	-	9,500,000	9,500,000	95,000,000	-
6	Kotak Floater Long Term Fund	10.00	-	9,444,863	9,444,863	95,202,334	-
					Total	**190,202,334**	**390,643,945**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

11. NOTES ON ACCOUNTS:

1. **Nature of Operations:** Brahmani Infratech Private Limited (the Company) has been incorporated on 12th August 1999 as a subsidiary to Nava Bharat Ventures Limited. Out of 63,125,000 (Previous Year 10,002) Equity Shares of ₹ 10/- each fully paid up 41,499,998 (Previous Year 10,000) shares are held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is engaged, inter alia in the business of development of special economic zones

2. The following are the significant Accounting Policies adopted by the Company in preparation and presentation of financial statements.

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the' results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to such estimates is recognized prospectively in the year in which it is revised.

c) Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use..

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

Depreciation on Fixed Assets is provided on Written Down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.

Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.

Improvements to premises taken on lease are amortised over the Primary lease period

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses, recognised for the asset no longer exist or have decreased

f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline, other than temporary in nature.

g) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted.

i. Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii. Dividends:

Dividend is recognised on receipt basis.

h) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all applicable conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

j) Retirement and Other Employee Benefits

Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method, carried out by an actuary as at the end of the year.

k) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term and vice versa.

l) Taxes on Income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

m) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Earnings per Share (Basic and Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Cash Flow Statement

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques on hand and Fixed Deposits with Banks.

p) Others

The contingent liabilities are indicated by way of a note and will be provided/paid on crystalisation.

3. a. During the year 2006-07 the Company has started development of 150 Acres of Special Economic Zone (SEZ) area and 100 Acres of Non SEZ area in land allotted by APIIC Limited and the expenditure incurred for development of said land was treated as project work-in-progress till 2008-09. Sale deed in respect of 150 Acres has been executed in favour of the company and in respect of balance 100 Acres of land, will be executed as per the terms of allotment. However APIIC Limited is entitled to cancel the allotment of this land in case of non-fulfillment or breach of any terms and conditions or obligations set forth while allotting the land.

   b. The Company has entered into a development Agreement with M/s. Mantri Technology Parks Private Limited, Bangalore (appointed as Co-developer) for the development of 238 Acres (including IT/ITES SEZ in 150 Acres) of the land allotted as above. The Co-developer has, pursuant to this agreement, undertaken compliance of the conditions stipulated by the GoAP/APIIC Limited including construction, development and marketing of the developed space covering IT/ITES, commercial and residential accommodation. The Co-developer has, at the behest of the company, paid security deposit pursuant to this agreement to the holding company, Nava Bharat Ventures Limited, and appropriate interest compensation thereof has been provided in the books of the Company.

   c. During the year 2009-10, Pursuant to the Terms of Development agreement the cost of land, included in project work-in-progress, has been taken to fixed assets (Land) and other overheads, incurred up to 31st March 2009 and included in project work-in-progress as reduced by the reimbursement received in terms development agreement, are written off to revenue as expenditure relating to earlier years.

   d. As per the terms of AOSPOA, the agreed date of completion of development of the project is 6th November 2012, however the company has sought an extension time of up to November 2021 by an application dated 07th March 2011 to the concerned authorities and the same is pending with Government of Andhra Pradesh.

4. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

5. Depreciation on the assets of the Company is provided on written down value method as per Schedule XIV to the Companies Act,1956, except partitions and interiors carried out to leased premises which are amortised over the primary lease period.

6. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.

7. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	Current Year ₹	Previous Year ₹
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

8 Calculation of Earnings per share

		Current year	Previous year
a)	Net profit available to Equity shareholders (in ₹)	20,695,346	2,380,029
b)	Weighted average number of Equity shares (Nos.)	34,506,699	10,002
c)	Face value as per share (in ₹)	10	10
d)	Earnings per share (in ₹) - Basic and Diluted	0.60	237.96

9 In view of inability to assess future taxable income under the head Income from Business, the extent of net deferred tax asset which may be adjusted in the subsequent years is not ascertainable with virtual certainty at this stage and accordingly in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), and based on general prudence, the Company has not recognized any Deferred Tax Asset while preparing the accounts for the current year.

10 Investments bought and sold during the year (units in Mutual Funds):

Name of the Fund	Face value	No. of units ₹	Purchase cost ₹
HDFC Q1 Plan A Fund	10	5,054,377	50,702,979
Sundaram Money Fund	10	990,560	10,000,000
Sundaram Flexible Fund	10	994,923	10,000,862
ICICI Prudential LTC Fund	10	10,141,886	101,500,000
ICICI Blended Plan B Fund	10	9,830,677	101,933,306
ICICI Interval II Quarterly Fund	10	10,261,383	102,613,831
ICICI Flexible Income Fund	100	970,481	102,61,3831
TOTAL			**479,364,809**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

11. The Company is primarily in the business of SEZ development, hence there are no other reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.

12 The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:

a. Names of related parties and relation with the company:

i. Key Management Personnel:	Sri D Ashok, Director Sri P Trivikrama Prasad, Director Sri G R K Prasad, Director
ii. Enterprises controlling the reporting Enterprise/ Associates	M/s.Nava Bharat Ventures Limited M/s.Brahmani Skyline Constructions Private Limited M/s.Brahmani Infrastructure Projects Private Limited M/s.Brahmani Infotech Private Limited M/s.Malaxmi Infra Ventures (India) Private Limited M/s.Nava Bharat Projects Limited M/s.Nava Bharat Realty Limited M/s.Kinnera Power Company Limited M/s.Nava Bharat Energy India Limited M/s.Nava Bharat Sugar and Bio Fuels Limited M/s. Malaxmi Highway Limited M/s.Navabharat Power Private Limited M/s.Nava Bharat (Singapore) Pte Limited M/s.PT Nava Bharat Sungai Cuka M/s.PT Nava Bharat Indonesia M/s. Maamba Collieries Limited M/s. Kobe Green Power Co. Limited M/s. Nava Bharat Africa Resources Private. Limited M/s Operation Eyesight Universal Dr Devineni Subba Rao Trust

b. Transactions with related Parties during the year:

	2010-11 ₹	2009-10 ₹
Enterprises controlling the reporting enterprise		
M/s.Nava Bharat Ventures Limited		
Interest Received	18,000,000	12,000,000
Refund of Share application Money.	215,100,020	--

c. Balances due to / (due from) related parties as at the year end, as part of Current Liabilities.

	2010-11 ₹	2009-10 ₹
Nava Bharat Ventures Limited	-	630,000,000
M/s.Brahmani Skyline Constructions Private Limited	20,000,000	20,000,000
M/s.Brahmani Infrastructure Projects Private Limited	25,000,000	25,000,000
M/s.Brahmani Infotech Private Limited	25,000,000	25,000,000
M/s.Malaxmi Infra Ventures (India) Private Limited	-	131,250,000

13 As required by Accounting Standard (AS 28) "Impairment of Assets", the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

14 The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.

15 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
26th May 2011

For and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Balance Sheet Abstract and Company's general business profile

Statement pursuant to Part-IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	U40109AP1999PTC032289	State Code	01
Balance Sheet date	31 (Date) 03 (Month) 2011 (Year)		

II Capital Raised during the year (` in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	631150

III Position of mobilisation and deployment of funds (` in thousands)

Total Liabilities	731157	Total Assets	731157
Source of Funds:			
Paid-up Capital	631250	Share Application Money	7000000
Reserves and Surplus	29771L	Secured Loans	NIL
Unsecured Loans	NIL	Deferred Tax Liability	NIL
Application of Funds:			
Net Fixed Assets	510823	Investments	190202
Differred Tax Assets	NIL	Net Current Assets	(40005)
Accumulated Losses	NIL	Miscellaneous Expenditure	NIL

IV Performance (` in thousands)

Turnover (Gross Revenue)	35199	Total Expenditure	7824
+/- Profit/Loss Before Tax	27375	+/- Profit/Loss after Tax	20695
Earnings per share in ₹	0.60	Dividend Rate %	NIL

V. Generic name of three principal products/services of Company (as per monetary terms)

Product Description: Development of Special Economic Zones (SEZs) and Infrastructure

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
26th May 2011

For and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Notice to Shareholders

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Monday, the 25th July 2011 at 2.00 p.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad - 500 082 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri C. S. Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri T. Hari Babu, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board
for **Kinnera Power Company Limited**

Hyderabad
May 24, 2011

B. Srinivas
Managing Director

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Notes :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Directors' Report

Dear Members:

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Balance Sheet of the Company as on 31st March 2011 and Auditors' Report thereon.

OPERATIONS:

The Company is a subsidiary of Nava Bharat Ventures Limited (NBVL), NBVL holds 50.30% equity stake. The balance equity is held by M/s. Meenakshi Infrastructure Private Limited (MIPL).

The project relating to development, construction and operation of the Highway on a full turnkey basis was entrusted to MIPL of Meenakshi Group, a renowned Organization in this field.

The Company continues to act as an investment vehicle for NBVL for the National Highway Project, which is being implemented by M/s. Malaxmi Highway Limited (MHL) a Special Purpose Vehicle managed by MIPL.

Nava Bharat Ventures Limited intends to dilute its equity stake in favour of Meenakshi Group, as may be permitted under NHAI guidelines in due course.

NBVL arranged with MIPL to fund the entire equity share capital in the Company and that in the SPV. Hence, NBVL does not have any economic interest in the Company, notwithstanding its continuing to be a subsidiary till such time as NHAI permits divestment of equity. The Accounts of the Company are therefore not consolidated with those of NBVL.

During the year under review, the Company provided Guarantee as Collateral Security to State Bank of India, against Term Loan of ₹ 140 crores availed by MHL.

DIRECTORS:

Sri C. S. Prasad and Sri T. Hari Babu, Directors retire by rotation at the Annual General Meeting and, being eligible, offered themselves for re-appointment.

AUDIT COMMITTEE:

The Board of Directors has constituted the Audit Committee in conformity with the requirements of Section 292A of the Companies Act, 1956.

The Audit Committee comprises three Independent Directors as follows:

Sri C. S. Prasad	Chairman
Sri K. S. Rao	Member
Sri D. Suresh	Member

The Committee met twice during the year 2010-11 on 27.05.2010 and 27.10.2010 respectively and reviewed, inter alia, annual and half yearly financial statements.

FIXED DEPOSITS:

The Company has not accepted nor held any public deposits pursuant to Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS:

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, retire at the conclusion of the ensuing Annual General

Meeting and have expressed their willingness to continue in office, if re-appointed.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2011:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Technology Absorption, conservation of Energy, Foreign Exchange earnings and outflow are nil and the Company has not yet started the commercial operations.

PARTICULARS OF EMPLOYEES:

The provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (particulars of Employees) Amendment Rules, 2011 as amended, regarding particulars of employees drawing remuneration of the prescribed sums are not applicable as there were no employees in that category.

ACKNOWLEDGEMENT:

Your Directors gratefully acknowledge the support and co-operation extended by the Regulatory Authorities and Company's Bankers.

for and on behalf of the Board

Hyderabad
May 24, 2011

P. Trivikrama Prasad
Director

Regd. Office:
6-3-1109/1,
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

B. Srinivas
Managing Director

Compliance Certificate

(Pursuant to the provisions of Section 383A of the Companies Act, 1956)

CIN: U40100AP1993PLC016204
Paid-up Capital: ₹ 31,95,82,000/-

To

The Members
M/s. Kinnera Power Company Limited
Hyderabad

I have examined the registers, records, books and papers of **M/s. Kinnera Power Company Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company, being closely held limited company, has the minimum prescribed paid-up Capital.
4. The Board of Directors duly met 5 times on 28.05.2010, 02.08.2010, 28.10.2010, 03.03.2011, and 30.03.2011 relating to which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for that purpose.
5. Being a closely held limited Company, the Company was not required to close its Register of Members, and/or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 28.07.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. One Extra-ordinary General Meeting was held during the financial year and the necessary resolutions passed thereat were duly recorded in the Minutes Book maintained for that purpose.
8. The Company has not advanced any loan to its Directors and/or Persons or Firms or Companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. During the year:

- the Company has not made any allotment of shares and made transfer of shares and delivered all the shares certificates on transfer of shares in accordance with the provisions of the Act,
- the Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
- the Company has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the company is duly constituted and there is no change in the constitution of the Board during the year under review.
15. The Company has not appointed any Managing Director during the year under review.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. There was no redemption of preference shares/ debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares

and bonus shares pending registration for transfer of shares.

23. The Company has not invited/accepted any deposits including unsecured loans falling within the purview of Section 58A during the financial year.

24. The amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial year ended 31st March 2011 are within the borrowing limits of the Company as per Section 293(1)(d) of the Act.

25. The Company has made investments in other bodies corporate and made the required entries in the register kept for that purpose.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under review.

30. The Company has not altered its Articles of Association during the year under review.

31. There were no prosecutions initiated against or show cause notices received by the Company during the financial year, under the Act.

32. The Company has not received any amount as security from its employees during the year.

33. The Company has not deducted any contribution towards Provident Fund during the financial year as there are no salaries /wages.

HYDERABAD
May 24, 2011

P. RENUKA
C.P. No.3460

Annexure-A

[Forming part of Compliance Certificate]

Registers as maintained by the Company:

1. Register of Members under Section 150
2. Register of transfer of Shares
3. Copies of Annual Returns under Section 159
4. Books of Accounts under Section 209
5. Register of Directors
6. Directors Shareholding under Section 307
7. Register pertaining to Directors and Members attending their meetings
8. Minutes of Board & General Meetings under Section 193
9. Fixed Assets Register
10. Records of resolutions of which certified copies are issued
11. Records of Form No. 24AA
12. Register of application and allotment of shares

HYDERABAD
May 24, 2011

P. RENUKA
C.P. No.3460

Annexure-B

(Forming part of Compliance Certificate)

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 31st March, 2011.

Sl. No.	Form / Return Number	Filed under relevant section of the Act	Particulars	Date of filing	Whether filed within the prescribed time	If delay, whether requisite additional fee paid (Yes/N.A)
1	Form no. 66	383A	Compliance Certificate	12.08.2010	Yes	N.A
2	Form no. 23AC & ACA	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2010.	19.08.2010	Yes	N.A
3.	Form no.20B	159	Annual Return for the AGM held on 28.07.2010.	19.08.2010	Yes	N.A
4	Form no. 23	372A, 293 1(a) & 293 1(d)	For the EGM held on 30th March 2011.	13.05.2011	No	Yes
5	Form no. 8	125	Creation of security for corporate guarantee of ₹ 140 Crores	13.05.2011	No	Yes

No Forms and Returns were filed by the Company with the Regional Director, Central Government or other authorities during the financial year ended 31st March, 2011.

HYDERABAD
May 24, 2011

P. RENUKA
C.P. No.3460

Auditors' Report

To

The Members of

Kinnera Power Company Limited

Hyderabad.

1. We have audited the attached Balance Sheet of KINNERA POWER COMPANY LIMITED, HYDERABAD. (A.P) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

    i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

    ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

    iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.

    iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:

    v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

    vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

        a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;

        b) In the case of the profit and loss account, of the loss of the Company for the year ended on that date, and

        c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

(P Chandramouli)

Partner

Membership Number: 025211

Place: Hyderabad

Date : May 24, 2011

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Re: **Kinnera Power Company Limited, Hyderabad**

1. The Company does not hold any fixed assets. Therefore, the provisions of clause (i) (a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii)(a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

4. The provisions of clause 4(iv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being, as there were no transactions of purchase of inventory and fixed assets and sale of goods.

5. a. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.

6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. The Company has no formal internal audit system. There are however internal control procedures in different operating areas covering limited aspects of the transactions but the coverage in our opinion needs to be enlarged so as to make it commensurate with the size and nature of the Company's business.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.

9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2011 for a period of more than six months from the day they became payable.

   c. According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute .

10. The accumulated losses of the Company at the end of the financial year are not more than fifty percent of net worth of the Company. The Company has incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.

11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. In our opinion, the terms and conditions on which the Company has given guarantees for the loans taken by Others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.

18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 24, 2011

Balance Sheet as at 31st March 2011

(₹)

PARTICULARS	Schedule reference	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCES OF FUNDS			
1. **Share holders funds**			
Share Capital	1	319,582,000	319,582,000
2. **Loan Funds**	2	50,000	50,000
Total		**319,632,000**	**319,632,000**
II. APPLICATION OF FUNDS			
1. **Investments:**	3	319,125,000	319,125,000
		319,125,000	319,125,000
2. **Current Assets, Loans and Advances:**			
a) Cash and Bank balances	4	305,103	331,808
b) Other Current Assets	5	19,342	19,342
		324,445	351,150
Less: Current Liabilities	6	2,432,127	2,385,492
		2,432,127	2,385,492
Net Current Assets		(2,107,682)	(2,034,342)
3. **Profit and Loss account**		2,614,682	2,541,342
		2,614,682	2,541,342
Total		**319,632,000**	**319,632,000**
Notes On Accounts	7		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

B.Srinivas
Managing Director

Profit & Loss Account for the year ended 31st March 2011

(₹)

Particulars	Current Year ₹	Previous Year ₹
I. INCOME	-	-
	-	-
II. EXPENDITURE		
Filing Fee	1,500	133,500
General Charges	490	7,298
Bank Charges	850	2,193
Auditors Remuneration : as Auditors	55,150	55,150
Professional Charges	9,750	19,250
Printing and Stationery	3,100	-
Rates and Taxes	2,500	40,000
	73,340	**257,391**
III. LOSS FOR THE YEAR	73,340	257,391
Add: Income tax of earlier years	-	19,342
	73,340	276,733
Add: Loss brought forward from last year	2,541,342	2,264,609
IV. TOTAL LOSS CARRIED TO BALANCE SHEET	2,614,682	2,541,342
Earnings per share - (Basic and Diluted)	(0.74)	(2.78)
Face Value of the Share	10.00	10.00
Notes On Accounts		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

B.Srinivas
Managing Director

Cash Flow Statement for the year ended 31st March 2011

(₹)

	Particulars	Year ended 31.03.2011	Year ended 31.03.2010
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Loss before Tax	(73,340)	(257,391)
	Operating Profit before Working Capital Changes	(73,340)	(257,391)
	Adjustments for:		
	Increase in Trade and Other payables	46,635	229,410
	Cash generated from Operations	(26,705)	(27,981)
	Direct Taxes paid	-	(8,438)
	Net Cash from Operating Activities (A)	(26,705)	(36,419)
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Increase in Investments	-	(84,850,000)
	Net Cash used in Investing Activities (B)	-	(84,850,000)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from issue of Share Capital	-	84,850,000
	Net Cash generated in Financing Activities (C)	-	84,850,000
	Net increase in Cash and Cash Equivalents (A+B+C)	(26,705)	(36,419)
	Cash and Cash equivalents as at the beginning of the Year	331,808	368,227
	Cash and Cash equivalents as at the end of the Year	305,103	331,808

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

B.Srinivas
Managing Director

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
1. SHARE CAPITAL:		
Authorised:		
3,22,500 - 0.001% Non-Convertible, Non-Cumulative,		
Redeemable Preference Shares of ₹1,000/- each	322,500,000	322,500,000
2,50,000 - Equity Shares of ₹ 10/- each	2,500,000	2,500,000
Total	**325,000,000**	**325,000,000**
Issued, subscribed and paid-up:		
3,18,588 - 0.001% Non-Convertible, Non-Cumulative,		
Redeemable Preference Shares of ₹ 1,000/- each fully paid up	318,588,000	318,588,000
99,400 Equity Shares of ₹ 10/- each -fully paid up	994,000	994,000
Total	**319,582,000**	**319,582,000**
2. LOAN FUNDS:		
Unsecured Loan from another body Corporate	50,000	50,000
	50,000	**50,000**
3. INVESTMENTS:		
(At Cost, Non-trade, Long-term, Un-quoted)		
3,19,12,500 Equity Shares of ₹ 10/- each		
fully paid up in Malaxmi Highway Limited	319,125,000	319,125,000
Total	**319,125,000**	**319,125,000**
4. CASH AND BANK BALANCES:		
Cash in hand	19,233	20,033
Cash with Scheduled Banks in Current Accounts	285,870	311,775
Total	**305,103**	**331,808**
5. OTHER CURRENT ASSETS:		
Advance Tax and Tax deducted at Source	19,342	19,342
Total	**19,342**	**19,342**
6. CURRENT LIABILITIES :		
Sundry Creditors:		
- total oustanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	99,270	58,150
Other Liabilities	24,857	19,342
Share Application Money	2,308,000	2,308,000
Total	**2,432,127**	**2,385,492**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

7. NOTES ON ACCOUNTS:

1. **Nature of Operations:** Kinnera Power Company Limited (the Company) has been incorporated on 26.08.1993 with an objective to carry on the business of generation and supply of power. Out of 99,400 (Previous year 99,400) Equity Shares of ₹ 10/- each fully paid up, 50,000 (Previous Year 50,000) shares held by the holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is acting as an investment vehicle for the holding company, for the National Highway Project which is being implemented by a Special Purpose Vehicle, viz. M/s.Malaxmi Highway Private Limited which is an indirect subsidiary of the holding Company, viz. Nava Bharat Ventures Limited.
2. The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to such estimates is recognized prospectively in the year in which it is revised.

c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses, recognised for the asset no longer exist or have decreased.

d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline, other than temporary in nature.

e) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:

i. Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii. Dividends:

Dividend is recognised on receipt basis.

f) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all applicable conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

g) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

h) Prior period items

All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.

i) Contingent Liabilities

The contingent liabilities are indicated by way of a note and will be provided/paid on crystalisation.

j) Earnings per Share (Basic and Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Cash Flow Statement

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques on hand and Fixed Deposits with Banks.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

3. 318,588-0.001% Non-convertible non-cumulative preference shares of ₹ 1000/- each fully paid up, are redeemable at par at the option of the board but in any case, within a period, not exceeding 20 years. Whose allotment dates are as follows:

Sl.No.	Number of shares	Date of allotment
01	87,763	23-04-2007
02	15,000	03-01-2008
03	23,041	03-03-2008
04	16,759	26-03-2008
05	16,700	25-04-2008
06	16,100	02-06-2008
07	4,526	30-06-2008
08	5,792	30-08-2008
09	750	29-09-2008
10	9,482	01-11-2008
11	8,600	29-12-2008
12	10,600	22-01-2009
13	11,750	28-02-2009
14	6,875	25-03-2009
15	1,600	29-04-2009
16	10,250	01-06-2009
17	1,800	29-06-2009
18	1,900	31-07-2009
19	7,800	31-08-2009
20	23,250	29-09-2009
21	15,200	22-11-2009
22	2,000	21-12-2009
23	2,250	27-01-2010
24	18,800	10-03-2010
Total	**318,588**	

4. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

5. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.

6. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	Current Year ₹	Previous Year ₹
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

7 The Company is acting as an investment vehicle for the holding company, for the National Highway Project which is being implemented by a Special Purpose Vehicle, viz. M/s.Malaxmi Highway Private Limited which is an indirect subsidiary of the holding Company, viz. Nava Bharat Ventures Limited.

8 Out of 31,912,500 Equity Shares of ₹ 10/- each fully paid up held by the Company in M/s.Malaxmi Highway Limited, 18,510,000 Equity Shares are pledged with the banks as security for Term Loans of ₹ 21,192.00 lacs availed by M/s.Malaxmi Highway Limited.

9 Calculation of Earnings per share

		Current year	Previous year
a)	Net profit available to Equity shareholders (in ₹)	(73,340)	(276,733)
b)	Weighted average number of Equity shares (Nos.)	99,400	99,400
c)	Face value as per share (in ₹)	10	10
d)	Earnings per share (in ₹) - Basic and Diluted	**(0.74)**	**(2.78)**

10 At Present the Company is acting as an investment vehicle for the holding Company, for the National Highway Project which is being implemented by a Special Purpose Vehicle, hence there are no reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

11 The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:

a. Names of related parties and relation with the company:

i. Key Management Personnel:	Sri. B.Srinivas, Managing Director Sri. C.S. Prasad, Director Sri. K.S. Rao, Director Sri. P. Trivikrama Prasad, Director
ii. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:	M/s.Nava Bharat Ventures Limited M/s.Nava Bharat Projects Limited M/s.Nava Bharat Energy India Limited M/s.Brahmani Infratech Private Limited M/s.Nava Bharat Realty Limited M/s.Nava Bharat Sugar and Bio Fuels Limited M/s.Malaxmi Highway Limited M/s.Brahmani Skyline Constructions Private Limited M/s.Brahmani Infrastructure Projects Private Limited M/s.Brahmani Infotech Private Limited M/s.Navabharat Power Private Limited M/s.Meenakshi Infrastructures Private Limited M/s.Nava Bharat (Singapore) Pte Limited M/s.PT Nava Bharat Sungai Cuka M/s.PT Nava Bharat Indonesia M/s.Maamba Collieries Limited M/s.Kobe Green Power Co.Limited M/s.Nava Bharat Africa Resources P Ltd M/s. Operation Eyerght universal Dr.Devineni Subbarao Trust

b. Transactions with related Parties during the year:

	2010-11 ₹	2009-10 ₹
Enterprises controlling the reporting enterprise		
M/s.Meenakshi Infrastructures Private Limited		
- Cost of Investments	-	1,50,00,000
- Expenses	-	3,02,000
- Guarantees Given	1400,000,000	-
c. Balances due to / (due from) related parties as at the year end, as part of Current Liabilities.		
M/s.Meenakshi Infrastructures Private Limited	22,81,000	22,81,000
Key Management Personnel	27,000	27,000

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

12. In view of the losses incurred ,the company does not have any current income tax at present and has carried forward business losses available for set off under the Income Tax Act,1961.In view of inability to assess future taxable income, the extent of net deferred tax asset which may be adjusted in the subsequent years is not ascertainable with virtual certainty at this stage and accordingly in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), and based on general prudence, the Company has not recognized any Deferred Tax Asset while preparing the accounts for the current year.

13. In terms of Accounting Standard (AS 28) on "Impairment of Assets", as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

14. Contingent liabilities not provided for on account of guarantees given by the Company on behalf of other amounting to ₹ 140.00 Crores (Previous year ₹ NIL).

15. The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.

16. Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

B.Srinivas
Managing Director

Balance Sheet Abstract and Company's general business profile

Statement pursuant to Part-IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	U40100AP1993PLC016204	State Code	01
Balance Sheet date	31 (Date) 03 (Month) 2011 (Year)		

II Capital Raised during the year (₹ in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of mobilisation and deployment of funds (₹ in thousands)

Total Liabilities	322064	Total Assets	322064
Source of Funds: Paid-up Capital	319582	Share Application Money	2308
Reserves and Surplus	NIL	Secured Loans	NIL
Unsecured Loans	50	Deferred Tax Liability	NIL
Application of Funds: Net Fixed Assets	NIL	Investments	319125
Net Current Assets	(2108)	Miscellaneous Expenditure	NIL
Accumulated Losses	2615		NIL

IV Performance of the Company (₹ in thousands)

Turnover (Gross Revenue)	NIL	Total Expenditure	73
+/- Profit/Loss Before Tax	(73)	+/- Profit/Loss after Tax	(73)
Earnings per share in ₹	(0.74)	Dividend Rate %	NIL

V. Generic name of three principal products/services of Company (as per monetary terms)

Product Description Generation and Supply of power

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number 1025211

Hyderabad
May 24, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

B.Srinivas
Managing Director

Notice to Shareholders

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held on Monday, the 25th July 2011 at 10.30 a.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri G. R. K. Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board
for Nava Bharat Realty Limited

P. Trivikrama Prasad
Director

Hyderabad
24th May 2011

Regd. Office:
6-3-1109/1
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Notes :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Fifth Annual Report together with the Audited Balance Sheet of the Company as at 31st March 2011 and the Auditors' Report thereon.

Operations :

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and is set up to focus on real estate ventures either directly or through Special Purpose Vehicles. The Operations in the Company are on slow phase considering the slump in the real estate market.

Directors:

Sri G. R. K. Prasad, Director retires by rotation at the Annual General Meeting and being eligible, offersed himself for re-appointment.

Fixed Deposits:

The Company has not accepted nor held any public deposits pursuant to Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975.

Auditors:

M/s Brahmayya & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the Annual General Meeting and have expressed their willingness to continue in office, if re-appointed.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2011:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo:

Technology Absorption, conservation of Energy, Foreign Exchange earnings and outflow are nil, as the Company has not yet started the commercial operations.

Particulars of Employees:

The provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011 as amended, regarding particulars of employees drawing remuneration of the prescribed sums are not applicable as there were no employees in that category.

Acknowledgement:

Your Directors gratefully acknowledge the support and co-operation extended by the Regulatory Authorities and Company's Bankers.

For and on behalf of the Board

G.R.K. Prasad
Director

P. Trivikrama Prasad
Director

Hyderabad
24th May 2011

Regd. Office:
6-3-1109/1
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Auditors' Report

To

The Members of

Nava Bharat Realty Limited,

Hyderabad.

1. We have audited the attached Balance Sheet of NAVA BHARAT REALTY LIMITED HYDERABAD (A.P) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

   iv) In our opinion , the Balance Sheet , Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:

   v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;

      b) in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P Chandramouli
Partner
Membership Number: 025211

Place: Hyderabad
Date : 24th May, 2011

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Re: **Nava Bharat Realty Limited, Hyderabad.**

1. The Company does not hold any fixed assets. Therefore, the provisions of clause (i) (a) (b) and (c) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

2. The Company does not carry any inventory during the year. Therefore, the provisions of clauses (ii)(a), (b) and (c) of paragraph 4 o the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

3. a) During the year, the Company has neither granted nor taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b) In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

4. The provisions of Clause 4 (iv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being, as there were no transactions of purchase of inventory and fixed assets and sale of goods.

5. a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

   b) In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.

6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. Since the paid-up capital and reserves of the company is not exceeded Rs.50.00 Lakhs at the beginning of the year and the average annual turnover does not exceed Rs. 5.00 crores for a period of three consecutive financial years immediately preceding the financial year concerned, the question of internal audit system does not arise.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears , as at 31st March, 2011 for a period of more than six months from the day they became payable.

   c) According to the information and explanation given to us, there are no dues of sales tax, income tax , custom duty , wealth tax ,excise duty and Cess which have not been deposited on account of any dispute .

10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.

16. During the year the Company has not obtained any term loans.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : 24th May, 2011

Balance Sheet as at 31st March 2011

(₹)

Particulars	Schedule reference	As at 31st March 2011	As at 31st March 2010
I. SOURCES OF FUNDS			
1. **Shareholders Funds**			
Share Capital	1	500,000	500,000
Total		500,000	500,000
II. APPLICATION OF FUNDS			
1. **Deffered Tax Asset**		-	6,124
2. **Current Assets, Loans and Advances**			
a) Cash and Bank balances	2	311,861	379,024
b) Loans and Advances	3	-	194,000,000
		311,861	194,379,024
Less: Current Liabilities	4	1,738,605	195,752,863
Net Current Assets		(1,426,744)	(1,373,839)
3. **Profit and Loss Account**		1,926,744	1,867,715
		1,926,744	1,867,715
Total		**500,000**	**500,000**
NOTES ON ACCOUNTS	5		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
24th May 2011

for and on behalf of the Board

G.R.K. Prasad
Director

P. Trivikrama Prasad
Director

Profit & Loss Account for the year ended 31st March 2011

(₹)

Particulars	Schedule reference	Current year	Previous year
I. INCOME			
		-	-
Total		-	-
II. EXPENDITURE			
Filing Fee		1,500	5,000
General Charges		300	280
Professional Charges		6,000	6,000
Rates and Taxes		2,500	2,500
Bank Charges		-	55
Directors Sitting Fees		4,000	3,000
Payment to Auditors: As Auditors		38,605	27,575
Prior Period Expenditure - Preliminary Expenses		-	19,820
Total		**52,905**	**64,230**
III. LOSS FOR THE YEAR BEFORE TAXATION		52,905	64,230
Less: Provision for Taxation			
Current Tax		-	-
Deferred Tax		6,124	(6,124)
		59,029	58,106
Add: Loss brought forward from last year		1,867,715	1,809,609
IV.TOTAL LOSS CARRIED TO BALANCE SHEET		1,926,744	1,867,715
Earnings per Share - (Basic and Diluted)		(0.24)	(0.23)
Face Value per share		2.00	2.00
Notes on Accounts	5		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
24th May 2011

for and on behalf of the Board

G.R.K. Prasad
Director

P. Trivikrama Prasad
Director

Cash Flow Statement for the year ended 31st March 2011

(₹)

Particulars	Year ended 31.03.2011	Year ended 31.3.2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(52,905)	(64,230)
Adjustment for Preliminery Expenses	-	19,820
Operating Profit before Working Capital Changes	(52,905)	(44,410)
Adjustments for:		
Increase/(Decrease) in Trade and Other payables	(14,258)	13,508
Net Cash from Operating Activities	(67,163)	(30,902)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Advance for Investments received back	194,000,000	-
Net Cash used in Investing Activities (B)	194,000,000	-
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Share Application Money	(194,000,000)	-
Net Cash used in Investing Activities (C)	(194,000,000)	-
Net increase in Cash and Cash Equivalents (A+B+C)	(67,163)	(30,902)
Cash and Cash equivalents as at the beginning of the year	379,024	409,926
Cash and Cash equivalents as at the end of the year	311,861	379,024

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
24th May 2011

for and on behalf of the Board

G.R.K. Prasad
Director

P. Trivikrama Prasad
Director

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31st March 2011	As at 31st March 2010
1. SHARE CAPITAL:		
Authorised:		
10,00,00,000 - Equity Shares of ₹. 2/- each	200,000,000	200,000,000
	200,000,000	200,000,000
Issued, subscribed and paid-up:		
2,50,000 - Equity Shares of Rs.2/- each fully paid up	500,000	500,000
Total	**500,000**	**500,000**
2. CASH AND BANK BALANCES:		
Cash with a Scheduled Bank in Current Account	311,861	379,024
Total	**311,861**	**379,024**
3. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Advances for Investment	-	194,000,000
Total	**-**	**194,000,000**
4. CURRENT LIABILITIES		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	34,744	50,105
Share Application money pending allotment	1,700,000	195,700,000
Creditors for other finance	3,861	2,758
Total	**1,738,605**	**195,752,863**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

5. NOTES ON ACCOUNTS:

1. **Nature of Operations:** Nava Bharat Realty Limited (the Company) has been incorporated on 18th April 2006 as a subsidiary to Nava Bharat Ventures Limited, to do the business of Real Estate. The total equity share capital of Rs. 5,00,000 is held by the Holding Company, Nava Bharat Ventures Limited, Hyderabad

2. The following are the significant Accounting Policies adopted by the Company in preparation and presentation of financial statements.

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules,2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to such estimates is recognized prospectively in the year in which it is revised.

c) Taxes on Income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

d) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

e) Earnings per Share (Basic and Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

f) Cash Flow Statement

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques on hand and Fixed Deposits with Banks..

g) Contingent Liabilities

The contingent liabilities are indicated by way of a note and will be provided/paid on crystalisation.

3 Share application money amounting to Rs.1,700,000/- (Previous year Rs.195,700,000/-) has been received from Nava Bharat Ventures Limited., the holding company.

4 In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

5 Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.

6 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

(₹)

Particulars	Current year	Previous year
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

7 Calculation of Earnings per share

		Current year	Previous year
a)	Net profit/(loss) available to Equity shareholders (in Rs.)	(59,029)	(58,106)
b)	Weighted average number of Equity shares (Nos.)	250,000	250,000
c)	Face value as per share (in Rs.)	2	2
d)	Earnings per share (in Rs.)- Basic and Diluted	**(0.24)**	**(0.23)**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

8. In view of the losses incurred, the company does not have any current income tax at present and has carried forward business losses available for set off under the Income Tax Act,1961. In view of inability to assess future taxable income, the extent of net deferred tax asset which may be adjusted in the subsequent years is not ascertainable with virtual certainty at this stage and accordingly in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), and based on general prudence, the Company has not recognized any Deferred Tax Asset while preparing the accounts for the current year.

9 There are no reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.

10 The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:

a. Names of related parties and relation with the company:

i. Key Management Personnel:	Sri P Trivikrama Prasad, Director Sri G R K Prasad, Director
ii. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:	M/s.Nava Bharat Ventures Limited M/s.Brahmani Infratech Private Limited M/s.Nava Bharat Projects Limited M/s.Kinnera Power Company Limited M/s.Nava Bharat Energy India Limited M/s.Nava Bharat Sugar and Bio Fuels Limited M/s.Navabharat Power Private Limited M/s.Malaxmi Highway Limited M/s.Brahmani Skyline Constructions Private Limited M/s.Brahmani Infrastructure Projects Private Limited M/s.Brahmani Infotech Private Limited M/s.Malaxmi Infra Ventures (India) Private Limited M/s.Nava Bharat (Singapore) Pte Ltd M/s.PT Nava Bharat Sungai Cuka M/s.PT Nava Bharat Indonesia M/s.Maamba Collieries Limited M/s.Kobe Green Power Co. Limited M/s.Nava Bharat Africa Resources Private Limited M/s. Operation Eyesight Universal Dr. Devineni Subbarao Trust

(₹)

		Current year	Previous year
b.	Transactions with related Parties		
	Nava Bharat Ventures Limited		
	Repayment of Share Application Money	194,000,000	-
C.	Balances due to / (due from) related parties as at the year end.		
	Nava Bharat Ventures Limited	1,700,000	195,700,000

11 The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.

12 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
24th May 2011

for and on behalf of the Board

G.R.K. Prasad
Director

P. Trivikrama Prasad
Director

Balance Sheet Abstract and Company's general business profile

Statement pursuant to Part-IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	U70102AP2006PLC049888	State Code	01
Balance Sheet date	31 (Date) 03 (Month) 2011 (Year)		

II Capital Raised during the year (₹ in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of mobilisation and deployment of funds (₹ in thousands)

Total Liabilities	2239	Total Assets	2239
Source of Funds:			
Paid-up Capital	500	Share Application Money	1700
Reserves and Surplus	NIL	Secured Loans	NIL
Unsecured Loans	NIL	Deferred Tax Liability	NIL
Application of Funds:			
Net Fixed Assets	NIL	Investments	NIL
		Net Current Assets	(1427)
Deferred Tax Assets	NIL	Miscellaneous Expenditure	NIL
Accumulated Losses	1927		

IV Performance (₹ in thousands)

Turnover (Gross Revenue)	NIL	Total Expenditure	53
+/- Profit/Loss Before Tax	(53)	+/- Profit/Loss after Tax	(59)
Earnings per share in Rs.	(0.24)	Dividend Rate %	NIL

V. Generic name of three principal products/services of Company (as per monetary terms)

Product Description Construction and development

for and on behalf of the Board

G.R.K. Prasad
Director

Hyderabad
24th May 2011

P. Trivikrama Prasad
Director

Notice to Shareholders

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held on Monday, the 25th July 2011 at 11.30 a.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri P. Trivikrama Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri K. Balarama Redi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Special Business:

5. Appointment of Sri P. J. V. Sarma, Additional Director as Director liable to retire by rotation :

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Sri P. J. V. Sarma, whose term of office as an Additional Director of the Company expires at the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board
for **Nava Bharat Projects Limited**

Hyderabad
May 26, 2011

P. Trivikrama Prasad
Director

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Notes :

1 The Explanatory Statement in respect of Special Business in the Notice, pursuant to Section 173 (2) of the Companies Act, 1956, is annexed hereto.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Explanatory statement (pursuant to Section 173 (2) of the Companies Act 1956):

Item No. 5

Appointment of Sri P. J. V. Sarma, Additional Director as Director liable to retire by rotation:

Sri P. J. V. Sarma was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 2nd August 2010 and he would hold office upto the date of Annual General Meeting.

A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 500/- proposing his appointment as a Director, liable to retire by rotation.

The Board commends the resolution for your approval.

None of the Directors, except Sri P. J. V. Sarma, is deemed to be interested or concerned in the Resolution.

By Order of the Board
for **Nava Bharat Projects Limited**

Hyderabad
May 26, 2011

P. Trivikrama Prasad
Director

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Directors' Report

Dear Members:

Your Directors have pleasure in presenting their Fifth Annual Report together with the Audited Balance Sheet of the Company as at 31st March 2011 and the Auditors' Report thereon.

Operations:

During the year under review, the Authorised Share Capital of the Company has been enhanced to ₹ 100 crores.

The Company is engaged in project support and maintenance services. The Wholly Owned Subsidiary of the Company, Nava Bharat Energy India Limited (NBEIL) is implementing 150 MW coal based Power Plant at Paloncha in Andhra Pradesh with a Capital outlay of about ₹ 666 crores.

The Company's Wholly Owned Subsidiary NBEIL availed term loan from IDBI Consortium for 150 MW coal based Power Plant at Paloncha and pledged 25 crore equity shares of ₹ 2/- each of NBEIL to IDBI Trusteeship services, during the year under review.

Directors:

Sri P. Trivikrama Prasad and Sri. K. Balarama Reddi, Directors, retire by rotation at the Annual General Meeting and being eligible, offered themselves for re-appointment.

The Board at its meeting held on 2nd August 2010 appointed Sri. P. J. V. Sarma as Additional Director, whose term of office as an Additional Director of the Company expires at the date of Annual General Meeting. The Company has received a notice from a member with necessary deposit proposing the appointment of Sri. P.J.V. Sarma, as Director of the Company, liable to retire by rotation at the Annual General Meeting, pursuant to the provisions of Section 257 of the Companies Act, 1956.

Sri. P. M. Reddy, Director, expressed his inability to continue as Director of the Company due to his personal pre-occupations and resigned with effect from 1st August 2010.

Fixed Deposits:

The Company has not accepted nor held any public deposits pursuant to Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975.

Auditors:

M/s Brahmayya & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the Annual General Meeting and have expressed their willingness to continue in office, if re-appointed.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March 2011:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo:

Technology Absorption and conservation of Energy are nil, as the Company has not yet started the commercial operations.

During the year, the foreign exchange earnings were ₹ 42,917,875 /- and outgo is nil.

Particulars of Employees:

The provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) amendment Rules, 2011 as amended, regarding particulars of employees drawing remuneration of the prescribed sums are not applicable as there were no employees in that category.

Acknowledgement:

Your Directors gratefully acknowledge the support and co-operation extended by the Regulatory Authorities and Company's Bankers.

For and on behalf of the Board

Hyderabad
May 26, 2011

P. Trivikrama Prasad
Director

Regd. Office:
6-3-1109/1,
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

D. Ashok
Director

Auditors' Report

To

The Members of

Nava Bharat Projects Limited

Hyderabad.

1. We have audited the attached Balance Sheet of NAVA BHARAT PROJECTS LIMITED, HYDERABAD. (A.P) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.

   iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:

   v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;

      b) In the case of the profit and loss account, of the Profit of the Company for the year ended on that date, and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 26, 2011

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Re: **Nava Bharat Projects Limited, Hyderabad**

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.

   c. During the year the Company has not disposed off any of its fixed assets.

2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii)(a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a. In our opinion and according to the information and explanations given to us by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.

   b. In respect of the transactions made in pursuance of such contracts or arrangements exceeding value or ₹ five lakhs entered into during the financial year, in the absence of any comparable quotes, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. The Company has no formal internal audit system. There are however internal control procedures in different operating areas covering limited aspects of the transactions but the coverage in our opinion needs to be enlarged so as to make it commensurate with the size and nature of the Company's business.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the activities of the Company.

9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears , as at 31st March , 2011 for a period of more than six months from the day they became payable.

   c. According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute .

10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report)

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Order, 2003 are not applicable to the Company.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. In our opinion, the terms and conditions on which the Company has given guarantees for the loans taken by Others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.

18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 26, 2011

Balance Sheet as at 31st March 2011

(₹)

Particulars	Schedule Reference	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCES OF FUNDS			
1. **Share holders funds**			
a. Share Capital	1	500,000	500,000
b. Surplus: Profit and Loss Account balance		693,194,637	29,264,536
Total		**693,694,637**	**29,764,536**
II. APPLICATION OF FUNDS			
1. **Fixed Assets:**	2		
Gross Block		2,747,292	1,296,200
Less:Depreciation		1,270,051	565,150
Net Block		1,477,241	731,050
2. **Investments**	3	726,954,800	108,814,260
3. **Deferred Tax Asset**		241,341	118,613
4. **Current Assets , Loans and Advances**			
a. Cash and Bank balances	4	27,502,002	942,276
b. Loans and Advances	5	381,842,451	168,487,687
		409,344,453	169,429,963
Less: Current Liabilities and Provisions	6		
a. Current Liabilities		444,320,328	249,326,481
b. Provisions		2,870	2,870
		444,323,198	249,329,351
Net Current Assets		(34,978,745)	(79,899,388)
Total		**693,694,637**	**29,764,536**
Notes On Accounts	10		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P.Trivikrama Prasad
Director

D.Ashok
Director

Profit & Loss Account for the year ended 31st March 2011

(₹)

	Particulars	Schedule Reference	Current Year	Previous Year
I.	INCOME			
	Service Contract Receipts		61,216,500	61,216,500
	Less: Service Tax		5,716,500	5,716,500
			55,500,000	55,500,000
	Service charges		2,070,352	2,855,000
	Project Support Services		42,917,875	-
	Profit from Sale of Long Term trade Investments		789,204,999	-
	Profit from Sale of Short Term non trade Investments		41,589	-
	Interest on bank deposit (Gross) TDS ₹ 3,836/-		38,356	-
	Income from non trade investments			
	Dividends		2,131,889	248,616
	Interest (Gross) (TDS Nil)		200,548	-
	Total		**892,105,608**	**58,603,616**
II.	EXPENDITURE			
	Sub-contract Payments		36,656,588	32,445,340
	Staff Cost	7	9,968,501	5,949,716
	Professional Charges		473,600	460,174
	Other Expenses	8	6,109,088	1,210,076
	Auditors remuneration: as Auditors		110,300	82,725
	Depreciation	2	704,901	424,294
	Diminition in value of investments		(19,356)	(15,642,190)
	Loss from Sale of Long Term Investments		372,724	5,826,071
	Prior period expenses	9	321,889	11,604
	Total		**54,698,235**	**30,767,810**
III.	PROFIT FOR THE YEAR BEFORE TAXATION		837,407,373	27,835,806
	Provision for Taxation:			
	: Income Tax		173,600,000	6,550,000
	: Deferred Tax		(122,728)	(118,613)
	: Income Tax of earlier years		-	436,373
IV.	PROFIT FOR THE YEAR AFTER TAXATION		663,930,101	20,968,047
	Add: Profit brought forward from last year		29,264,536	8,296,489
V.	TOTAL PROFIT CARRIED TO BALANCE SHEET		693,194,637	29,264,536
	Earnings per share -(Basic and Diluted)		2,655.72	83.87
	Face Value per Share		2.00	2.00
	NOTES ON ACCOUNTS	10		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P.Trivikrama Prasad
Director

D.Ashok
Director

Cash Flow Statement for the year ended 31st March 2011

(₹)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	837,407,373	27,835,806
Adjustments for:		
Preliminary Expenses written off	-	11,604
Income from Investments	(2,332,437)	-
Profit on Sale of Investments	(789,246,588)	-
Interest Income	(38,356)	-
Depreciation	704,901	424,294
Diminution in value of Investments	(19,356)	(15,642,190)
Loss from Sale of units	372,724	5,826,071
Operating Profit before Working Capital Changes	46,848,261	18,455,585
Adjustments for:		
(Increase)/Decrease in Trade and Other receivables	(33,369,867)	(8,971,801)
Increase/(Decrease) in Trade and Other payables	993,847	(17,128,123)
Cash generated from Operations	14,472,241	(7,644,339)
Direct Taxes Paid	(178,499,829)	(10,429,597)
Net Cash from Operating Activities (A)	(164,027,588)	(18,073,936)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments (including advances)	(1,164,000,000)	(121,748,616)
Income from Investments	2,131,889	-
Interest Received	3,836	-
Sale of Investments	1,159,902,681	23,013,110
Purchase of Fixed Assets	(1,451,092)	(28,500)
Net Cash used in Investing Activities (B)	(3,412,686)	(98,764,006)
NAVA BHARAT PROJECTS LIMITED		
C. CASH FLOW FROM FINANCING ACTIVITIES: (C)		
Proceeds from Share Applications	194,000,000	112,200,000
	194,000,000	112,200,000
Net increase in Cash and Cash Equivalents (A+B+C)	26,559,725	(4,637,941)
Cash and Cash equivalents as at the beginning of the Year	942,276	5,580,217
Cash and Cash equivalents as at the end of the Year	27,502,002	942,276

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P.Trivikrama Prasad
Director

D.Ashok
Director

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
1. SHARE CAPITAL:		
Authorised:		
50,00,00,000 -(Previous Year 10,00,00,000) Equity Shares of ₹ 2/- each	1,000,000,000	200,000,000
	1,000,000,000	200,000,000
Issued, subscribed and paid-up:		
2,50,000 - Equity Shares of ₹ 2/- each fully paid up	500,000	500,000
Total	**500,000**	**500,000**

(₹)

2. FIXED ASSETS:

S. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 31.03.10	Additions	As at 31.03.2011	Upto 31.03.2010	For the year	Up to 31.03.2011	As at 31.03.2011	As at 31.03.10
1	Furnitures and Fixtures (Interiors)	1,267,700	-	1,267,700	563,423	422,567	985,990	281,710	704,277
2	Office Equipment	28,500	-	28,500	1,727	3,724	5,451	23,049	26,773
3	Computers	-	106,500	106,500	-	30,638	30,638	75,862	-
4	Motor Car	-	1,344,592	1,344,592	-	247,972	247,972	1,096,620	-
	Total	**1,296,200**	**1,451,092**	**2,747,292**	**565,150**	**704,901**	**1,270,051**	**1,477,241**	**731,050**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

3. INVESTMENTS:

	(At Cost, Long-term, Un-quoted)	Face Value ₹	Number of Shares As at 31.03.10	Additions/ (Deletions)	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
i)	Investments in Rural Electrification Bonds (non trade)		-	5,000,000	5,000,000	5,000,000	-
	Total (i)					**5,000,000**	**-**
ii)	Investments in subsidiary Company (Trade)						
	Equity shares of ₹ 2/- each fully paid up						
	Nava Bharat Energy India Limited	2	250,000	250,000,000	250,250,000	500,500,000	500,000
	Total (ii)					**500,500,000**	**500,000**
iii)	Investments in other Companies (Trade)						
	Equity shares of ₹ 10/- each fully paid up						
	Navabharat Power Private Limited		8,808,500	(4,578,020)	4,230,480	42,304,800	88,085,000
iv)	Investments in other Companies (Trade)						
	6% cumulative redeemable Preference Shares of ₹ 100/- each fully paid up						
	1 Rio Reality Private Ltd	100	-	135,500	135,500	13,550,000	-
	2 Juventus Infrastructure& Projects Private Limited	100	-	130,000	130,000	13,000,000	-
	3 A9 Realty Private Limited	100	-	736,000	736,000	73,600,000	-
	4 Downtown Infrastructure&Projects Private Limited	100	-	90,000	90,000	9,000,000	-
	5 Srigruha Homes Private Limited	100	-	700,000	700,000	70,000,000	-
	Total (ii)					**221,454,800**	**88,085,000**
iv)	Investments in Mutual Fund Units (Non Trade)						
	HDFC MF Monthly Income Plan-ST-Monthly Dividend	10	1,797,022	(1,797,022)	-	-	20,248,616
	Total (iv)					**-**	**20,248,616**
	Total (i+ii+iii)					**726,954,800**	**108,833,616**
	Less: Diminition in value of Investments					-	19,356
	Total					**726,954,800**	**108,814,260**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
4. CASH AND BANK BALANCES:		
Cash with a Scheduled Bank : In Current Account	7,502,002	942,276
: In Deposit Account	20,000,000	-
Total	**27,502,002**	**942,276**
5. CURRENT ASSETS, LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Dues from Subsidiary Company:		
- Advance for Investments	290,000,000	130,000,000
- Other Advances	-	22,951
Advances for Investments:		
- Rio Realty Private Limited	-	13,550,000
- Juventas Infrastructure Private Limited	-	13,000,000
- Beas Projects Private Limited	20,500,000	-
- Mape Infrastructure Projects Private Limited	19,500,000	-
- Srigruha Private Limited	1,400,000	-
Other Advances	300,000	9,908,000
Advance Income Tax and Tax Deducted at Source (net of provisions)	5,435,920	536,091
Accrued Interest	235,068	-
Other Receivables	44,276,061	1,284,645
Prepaid Insurance	9,402	-
Deposits Recoverable	186,000	186,000
Total	**381,842,451**	**168,487,687**
6. CURRENT LIABILITIES AND PROVISIONS:		
a) Current Liabilities:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	1,807,099
- total outstanding amount due to other than Micro and Small Enterprises	3,331,217	680,617
Creditors for other finance	126,083	739,340
Creditors for Expenses	179,808	87,639
Retension Deposits	1,643,220	947,066
Due to Holding Company	-	24,720
Share Application Money pending allotment	439,040,000	245,040,000
Total	**444,320,328**	**249,326,481**
b) Provisions:		
: Fringe Benefit Tax (net of advance tax)	2,870	2,870
	2,870	2,870
Total	**444,323,198**	**249,329,351**

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
7. STAFF COST:		
Salaries, Wages and allowances	9,661,932	5,756,097
Workmen and Staff Welfare Expenses	306,569	193,619
Total	**9,968,501**	**5,949,716**
8. OTHER EXPENSES:		
Insurance	23,282	-
Filing Fees	4,003,500	9,500
Rent	360,000	360,000
Rates and Taxes	715,746	2,500
Office Maintenance	10,319	-
General Charges	36,297	24,538
Printing and Stationery	27,021	-
Bank Charges	1,265	650
Delegate Fee	10,618	-
Business Promotion Charges	227,649	-
Communications	102,044	36,509
Vehicle Maintenance	221,169	-
Travelling and Conveyance	342,798	776,379
Interest on delay in service tax remittance	27,380	-
Total	**6,109,088**	**1,210,076**
9. PRIOR PERIOD EXPENSES:		
Service tax of earlier years	321,889	-
Preliminary expenses	-	11,604
Total	**321,889**	**11,604**

10. NOTES ON ACCOUNTS:

1. **Nature of Operations:** Nava Bharat Projects Limited (the Company) has been incorporated on 12.01.2007 as a subsidiary to Nava Bharat Ventures Limited. The entire equity share capital is held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is engaged in the business of rendering services to power plants as operation and maintenance contractors and "Investment Consultancy Services".
2. The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the' results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) Depreciation

i. Depreciation on Fixed Assets is provided on Written Down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.

ii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.

iii. Improvements to premises taken on lease are amortised over the Primary lease period.

e) Prior period items

All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.

f) Contingent Liabilities

The contingent liabilities are indicated by way of a note and will be provided/paid on crystalisation.

g) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline other than temporary in nature.

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:

i. Income from Services:

Revenue is recognized as and the Services rendered as per the terms of individual Service Contract. Income from Services is accounted inclusive of service tax.

ii. Commission:

Revenue from Investment Consultancy Services is recognised as and when services are rendered.

iii. Dividends:

Dividend is recognised as and when the payment is received.

j) Retirement and Other Employee Benefits

Short term compensated absences are provided on an estimated basis and the amount incurred during the year is charged to Profit and Loss account. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.

k) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term and vice versa.

l) Taxes on Income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

m) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Earnings per Share (Basic and Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) **Cash Flow Statement**

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.

3. Share application money amounting to ₹ .439,040,000/-(Previous Year ₹ 245,040,000/-) has been received from Nava Bharat Ventures Limited., the holding company.

4. 250,000,000 Equity Shares of ₹ .2/- each fully paid up held by the Company in M/s.Nava Bharat Energy India Limited, are pledged with the IDBI Trusteeship Services Limited as security for Term Loans of ₹ 970 Crores obtained by M/s.Nava Bharat Energy India Limited, the wholly owned subsidiary company.

5. Depreciation on the assets is provided on written down value method as per schedule XIV of the Companies Act; however depreciation on the partitions and interiors carried out to leased premises which are amortised over the primary lease period.

6. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

7. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.

8. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	Current Year ₹	Previous Year ₹
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

9. Investments bought and sold during the year (units in Mutual Funds):

Name of the Fund	Face value ₹	No. of units	Purchase cost ₹
Reliance Interval Fund	10	15,996,001	160,000,000
JP Morgan India Treasury Fund	10	14,487,106	145,000,000
TOTAL		-	**305,000,000**

10. Calculation of Earnings per share

		Current year	Previous year
a)	Net profit available to Equity shareholders (in ₹)	663,930,101	20,968,047
b)	Weighted average number of Equity shares (Nos.)	250,000	250,000
c)	Face value as per share (in ₹)	2	2
d)	Earnings per share - Basic and Diluted (in ₹)	**2655.72**	**83.87**

11. In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income", as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company has accounted for the deferred taxes during the year and recognized an amount of ₹ 1,315/- and ₹ 240,026/- as Deferred Tax Asset on account of Preliminary expenses and Depreciation respectively.

12. The Company is primarily in the business of rendering services, hence there are no other reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.

13. In terms of Accounting Standard (AS 28) on "Impairment of Assets", as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

14 Loans and Advances include the following amount due from another Foreign body Corporate in which the Directors is interested as Director.

S.NO	Name Of The Company	Amount Due in ₹		Max Amount Due in ₹	
		As At 31.03.2011	As At 31.03.2010	Current Year	Previous Year
1	Maamba Collieries Limited	42,917,875	-	42,917,875	-

15. The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:

a. Names of related parties and relation with the company:

i.	Key Management Personnel:	Sri D Ashok, Director Sri P Trivikrama Prasad, Director Sri G R K Prasad, Director
ii.	Relatives of Key Management Personnel:	Smt .P.Sruthi – Daughter of Sri P Trivikrama Prasad
iii.	Associates / Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence:	M/s.Nava Bharat Ventures Limited M/s.Brahmani Infratech Private Limited M/s.Nava Bharat Realty Limited M/s.Kinnera Power Company Limited M/s.Nava Bharat Energy India Limited M/s.Nava Bharat Sugar and Bio Fuels Limited

M/s.Navabharat Power Private Limited
M/s.Brahmani Skyline Constructions Private Limited
M/s.Brahmani Infrastructure Projects Private Limited
M/s.Brahmani Infotech Private Limited
M/s.Malaxmi Highway Limited
M/s.Malaxmi Infra Ventures (India) Private Limited
M/s.Nava Bharat (Singapore) Pte Ltd
M/s.PT Nava Bharat Sungai Cuka
M/s.PT Nava Bharat Indonesia
M/s.Maamba Collieries Limited
M/s.Kobe Green Power Co. Limited
M/s.Nava Bharat Africa Resources Private Limited
Operation Eyesight Universal
Dr.Devineni Subbarao Trust

b. Particulars of Transactions during the year: (₹)

		2010-11	2009-10
i.	Transactions with relatives to key management personnel:		
	Smt.P.Sruthi – Rent	360,000	360,000
ii.	Transactions with Holding Company:		
	Nava Bharat Ventures Limited		
	Service Contract Receipts	55,500,000	55,500,000
	Share Application Money received	194,000,000	112,200,000
	Cost of Investments paid	-	500,000
iii.	Transactions with Subsidiaries:		
	M/s. Nava Bharat Energy India Limited		
	Cost of Investments	500,000,000	-
	Share Application paid	160,000,000	130,000,000
	Advances given	-	22,951
	Advances received back	22,951	-
	Guarantees Given:		
	Pledge of 250,000,000 Equity Shares as investment in the Company, in favor of lenders.		
iv.	Transactions with Associates:		
	1 M/s. Navabharat Power Private Limited		
	Advances	-	9,908,000
	Advances received back	9,908,000	-
	2 M/s. Maamba Collieries Limited		
	Project Supporting Charges Received	42,917,875	-

c. Balances due from / (due to) as at the year end.

S.No.	Name of the Party	Current Year	Previous Year
1	M/s. Nava Bharat Ventures Limited	(439,040,000)	(245,064,720)
2	M/s. Navabharat Power Private Limited	-	9,908,000
3	M/s. Rio Realty Private Limited	-	13,550,000
4	M/s. Nava Bharat Energy India Limited	290,000,000	130,022,951
5	M/s. Maamba Collieries Limited	42,917,875	-

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

16. As required by Accounting Standard (AS 28) "Impairment of Assets", the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

17. Unexecuted capital commitments towards capital contribution to a subsidiary amounted to ₹ 14,916.00 lacs (Previous year ₹ 19,916 lacs).

18. Earnings in foreign exchange on account of Project Support Services amounting to ₹ 42,917,875/- (previous year ₹ Nil).

19. The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.

20. Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P.Trivikrama Prasad
Director

D.Ashok
Director

Balance Sheet Abstract and Company's general business profile

Statement pursuant to Part-IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	U70102AP2007PLC052362	State Code	0 1
Balance Sheet date	3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)		

II Capital Raised during the year (₹ in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of mobilisation and deployment of funds (₹ in thousands)

Total Liabilities	1138018	Total Assets	11380187
Source of Funds: Paid-up Capital	693195	Share Application Money	439040
Reserves and Surplus	NIL	Secured Loans	NIL
Unsecured Loans	NIL	Deferred Tax Liability	NIL
Application of Funds: Net Fixed Assets	1477	Investments	7269555
Deferred Tax Assets	241	Net Current Assets	(34979)
Accumulated Losses	NIL	Miscellaneous Expenditure	NIL

IV Performance of the Company (₹ in thousands)

Turnover (Gross Revenue)	892106	Total Expenditure	54698
+/- Profit/Loss Before Tax	837407	+/- Profit/Loss after Tax	663930
Earnings per share in ₹	2655.72	Dividend Rate %	NIL

V. Generic name of three principal products/services of Company (as per monetary terms)

Product Description	Construction and development Generation and Distribution of power

for and on behalf of the Board

P.Trivikrama Prasad
Director

D.Ashok
Director

Hyderabad
May 26, 2011

Statement pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Company.

1	Name of the Subsidiary	**Nava Bharat Energy India Limited**
2	Financial year of the subsidiary ended on	31st March, 2011
3	Shares of the subsidiary held by the Company:	
	a) Number of shares	25,02,50,000
	Face value	₹ 2/- each
	b) Extent of Holding	100%
4	Net aggregate amount of Profits/(Losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company:	
	a) dealt within the accounts of the Company for the year ended 31st March, 2011	N.A.
	b) not dealt within the accounts of the Company for the year ended 31st March, 2011	₹ 54,50,298/-
5	Net aggregate amount of Profits/(Losses) for previous years of the subsidiary, since it became a subsidiary so far as they concern members of the Company:	
	a) dealt within the accounts of the Company for the year ended 31st March, 2011	N.A.
	b) not dealt within the accounts of the Company for the year ended 31st March, 2011	(₹ 36,22,636/-)
6	Change in the interest of the Company in the subsidiary between the end of the financial year of the subsidiary and that of the Company	NIL
7	Material changes between the end of the financial year of the subsidiary and end of the financial year of the Company in respect of the subsidiary's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities.	NIL
8	Remarks	NIL

for and on behalf of the Board

P.Trivikrama Prasad
Director

D.Ashok
Director

Hyderabad
May 26, 2011

Notice to Shareholders

Notice is hereby given that the Third Annual General Meeting of the Company will be held on Monday, the 25th July 2011 at 10.00 a.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri P. Trivikrama Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri G. R. K. Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Special Business:

5. Appointment of Sri J. Ramesh, Additional Director, as Director liable to retire by rotation :

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Sri J. Ramesh, whose term of office as an Additional Director of the Company expires at the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director, liable to retire by rotation."

6. Appointment of Sri Y. Poornachandra Rao, Additional Director, as Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Sri Y. Poornachandra Rao, whose term of office as an Additional Director of the Company, expires at the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director, not liable to retire by rotation."

Notice to Shareholders

7. Appointment of Sri A. Venkata Rao, Additional Director, as Director liable to retire by rotation :

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Sri A. Venkata Rao, whose term of office as an Additional Director of the Company expires at the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director, liable to retire by rotation."

8. Appointment of Sri. Y. Poornachandra Rao, as Managing Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 269 (1) and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 Sri. Y. Poornachandra Rao, be and is hereby appointed as Managing Director of the Company, not liable to retire by rotation without remuneration for a period of Three years with effect from 7th March 2011."

By Order of the Board
for **Nava Bharat Energy India Limited**

Hyderabad
May 26, 2011

Y. Poornachandra Rao
Managing Director

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Notes :

1. The Explanatory Statement in respect of Special Business in the Notice, pursuant to Section 173 (2) of the Companies Act, 1956, is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Explanatory statement

(Pursuant to Section 173(2) of the Companies Act 1956)

Item No. 5

Appointment of Sri J. Ramesh, Additional Director, as Director liable to retire by rotation:

Sri J. Ramesh was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 1st November 2010 and he would hold office upto the date of Annual General Meeting.

A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 500/- proposing his appointment as a Director, liable to retire by rotation.

The Board commends the resolution for your approval.

None of the Directors, except Sri J. Ramesh, is deemed to be interested or concerned in the Resolution.

Item No. 6

Appointment of Sri Y. Poornachandra Rao, Additional Director, as Director of the Company:

Sri Y. Poornachandra Rao was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 1st November, 2010 and he would hold office upto the date of Annual General Meeting.

A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 500/- proposing his appointment as a Director not liable to retire by rotation.

The Board commends the resolution for your approval.

None of the Directors, except Sri Y. Poornachandra Rao, is deemed to be interested or concerned in the Resolution.

Item No. 7

Appointment of Sri A. Venkata Rao, Additional Director, as Director liable to retire by rotation:

Sri A. Venkata Rao was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 7th March, 2011 and he would hold office upto the date of Annual General Meeting.

A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 500/- proposing his appointment as a Director, liable to retire by rotation.

The Board commends the resolution for your approval.

None of the Directors, except Sri A. Venkata Rao, is deemed to be interested or concerned in the Resolution.

Item No.8

Appointment of Sri. Y. Poornachandra Rao, as Managing Director of the Company:

Pursuant to Section 269 (1) and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, the Board of Directors at its meeting held on 7th March 2011, subject to approval of members, appointed Sri. Y. Poornachandra Rao, as Managing Director, not liable to retire by rotation without remuneration for a period of three years with effect from 07.03.2011.

Your directors recommended the appointment of Sri Y. Poornachandra Rao as Managing Director for the approval of the members.

None of the Directors, except Sri Y. Poornachandra Rao, is in any way, concerned or interested in the above resolution.

By Order of the Board
for **Nava Bharat Energy India Limited**

Y. Poornachandra Rao
Managing Director

Hyderabad
May 26, 2011

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Directors' Report

Dear Members:

Your Directors have pleasure in presenting their Third Annual Report together with the Audited Balance Sheet of the Company as at 31st March 2011 and the Auditors' Report thereon.

OPERATIONS:

The Company is a step down subsidiary of Nava Bharat Ventures Limited and Wholly Owned Subsidiary of Nava Bharat Projects Limited. The Company is implementing 150 MW coal based Power Plant at Paloncha in Andhra Pradesh with a Capital outlay of about ₹ 666 crores. The means of finance would be through investment into equity and term loans from banks & financial institutions.

The authorised share capital of the Company has been enhanced to ₹ 120 crores during the year under review.

During the year under review. the company also allotted 25 crore equity shares of ₹ 2/- each to Nava Bharat Projects Limited and dematerialized the equity shares of the Company.

The Company has been acquiring lands in the East Godavari District for the benefit of the Projects being pursued. There was a misappropriation of funds to a tune of ₹ 37.58 lakhs by one of the ex-employees who worked as Asst. General Manager at the Sugar Division of NBVL at Samalkot, which had been noticed during the current financial year and civil and criminal proceedings were instituted by NBVL. The said employee fabricated agreements with the connivance of the land owners. The employee and his relatives Bank Accounts / FDRs of the employee and his relatives have been frozen by the police, pending disposal of the case.

The Company has since adopted precautionary measures to prevent any such incident in future, including that no advance would be made for acquisition of land except when supported by appropriate documentation including legal advice and non encumbrance certificate and after obtaining a survey report and the documents would be collected immediately after registration and final payment.

DIRECTORS:

Sri P. Trivikrama Prasad and Sri G. R. K. Prasad, Directors of the Company, are liable to retire by rotation at the Annual General Meeting and being eligible, offers themselves for re-appointment.

The Board at its meeting held on 1st November 2010 appointed Sri. J. Ramesh and Sri Y. Poornachandra Rao, as Additional Directors, whose term of office as Additional Directors of the Company expires at the Annual General Meeting.

The Board at its meeting held on 7th March 2011 appointed Sri A. Venkata Rao, as Additional Director and his term of office as Additional Director of the Company also expires at the Annual General Meeting.

The Company has received notices from Nava Bharat Projects Limited with necessary deposit proposing their appointments, as Directors of the Company at the Annual General Meeting, pursuant to the provisions of Section 257 of the Companies Act, 1956.

The Board at its meeting held on 7th March 2011, subject to approval of members, appointed Sri. Y. Poornachandra Rao, as Managing Director not liable to retire by rotation, without remuneration, for a period of three years effective from 7th March 2011.

AUDIT COMMITTEE:

The Board of Directors has constituted the Audit Committee in conformity with the requirements of Section 292A of the Companies Act, 1956.

The Audit Committee comprises three Directors as follows:

Sri. G. R. K. Prasad	Chairman
Sri. J. Ramesh	Member
Sri A. Venkata Rao	Member

The Committee met once during the year 2010-11 on 18.12.2010 and reviewed half yearly financial statements.

The terms of reference of the Audit Committee is as follows:

- To hold discussions with auditors periodically on scope of audit including auditors observations;
- Review of half yearly and annual financial statements; and
- Internal control systems.

FIXED DEPOSITS:

The Company has not accepted or held any public deposits pursuant to Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS:

M/s Brahmayya & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the Annual General Meeting and have expressed their willingness to continue in office, if re-appointed.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2011:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Technology Absorption, conservation of Energy, are nil, as the Company has not yet started the commercial operations. During the year, the Foreign Exchange earnings are nil and Foreign exchange used on account of travelling expenditure is ₹ .5,84,555

PARTICULARS OF EMPLOYEES:

The provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) amendment Rules, 2011 as amended, regarding particulars of employees drawing remuneration of the prescribed sums are not applicable as there were no employees in that category.

ACKNOWLEDGEMENT:

Your Directors gratefully acknowledge the support and co-operation extended by the Regulatory Authorities and Company's Bankers.

For and on behalf of the Board

P. Trivikrama Prasad
Director

Hyderabad
May 26, 2011

Y. Poornachandra Rao
Managing Director

Regd. Office:
6-3-1109/1,
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Compliance Certificate

(Pursuant to the provisions of Section 383A of the Companies Act, 1956)

CIN: U40106AP2008PLC058560

Paid-up Capital: ₹ 50,05,00,000/-

To

The Members

M/s. Nava Bharat Energy India Limited

Hyderabad

I have examined the registers, records, books and papers of M/s. Nava Bharat Energy India Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company, being closely held limited company, has the minimum prescribed paid-up Capital.
4. The Board of Directors duly met 7 times on 28.05.2010, 02.08.2010, 22.10.2010, 01.11.2010, 17.12.2010, 28.01.2011 and 07.03.2011 relating to which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for that purpose.
5. Being a closely held limited Company, the Company was not required to close its Register of Members, and/or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 24.06.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or Persons or Firms or Companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. During the year:
    - the Company has made allotment of shares and delivered all the share certificates on allotment of shares in accordance with the provisions of the Act,
    - the Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
    - the Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the company has filed the necessary forms relating to changes occurred in the Board during the year under review.
15. The Company has appointed Managing Director during the year under review and complied with the provisions of the Act.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 25,00,00,000 Equity shares of ₹ 2/- each during the financial year under review and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year under review.
21. There was no redemption of preference shares/ debentures during the year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration for transfer of shares.

23. The Company has not invited/accepted any deposits including unsecured loans falling within the purview of Section 58A during the financial year.

24. The amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial year ended 31st March 2011 are within the borrowing limits of the Company as per Section 293(1)(d) of the Act.

25. The Company has not made investments in other bodies corporate and hence not required to make entries in the register kept for that purpose.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.

29. The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under review and complied with the provisions of the Act.

30. The Company has altered its Articles of Association during the year under review and complied with the provisions of the Act.

31. There were no prosecutions initiated against or show cause notices received by the Company during the financial year, under the Act.

32. The Company has not received any amount as security from its employees during the year.

33. The Company has not deducted any contribution towards Provident Fund during the financial year as there are no salaries /wages.

HYDERABAD P. RENUKA
May 26, 2011 C.P. No.3460

Annexure-A

[Forming part of Compliance Certificate]

Registers as maintained by the Company:

1. Register of Members under Section 150
2. Register of transfer of Shares
3. Copies of Annual Returns under Section 159
4. Books of Accounts under Section 209
5. Register of Directors
6. Directors Shareholding under Section 307
7. Register pertaining to Directors and Members attending their meetings
8. Minutes of Board & General Meetings under Section 193
9. Fixed Assets Register
10. Records of resolutions of which certified copies are issued
11. Records of Form No. 24AA
12. Register of application and allotment of shares

HYDERABAD P. RENUKA
May 26, 2011 C.P. No.3460

Annexure-B [Forming part of Compliance Certificate]

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 31st March, 2011.

S l. No.	Form / Return Number	Filed under relevant section of the Act	Particulars	Date of filing	Whether filed within the prescribed time	If delay, whether requisite additional fee paid (Yes/N.A)
1	Form 8	125	Creation of charge	26.04.2010	No	Yes
2	Form no. 23	94	For the AGM held on 24th June 2010.	19.07.2010	Yes	N.A
3	Form no. 5	94	For the AGM held on 24th June 2010	19.07.2010	Yes	N.A
4	Form no. 23	81(1A)	For the AGM held on 24th June 2010	21.07.2010	Yes	N.A
5	Form no. 23AC & ACA	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2010.	23.07.2010	Yes	N.A
6	Form no.20B	159	Annual Return for the AGM held on 24.06.2010.	19.08.2010	Yes	N.A
7	Form no. 2	75	Allotment of Equity Shares	25.10.2010	Yes	N.A
8	Form no. 32	303	Appt. of Addl. Directors	18.11.2010	Yes	N.A
9	Form no. 32	303, 269	Appt. of Addl. Director and Appt. of MD	24.03.2011	Yes	N.A
10	Form no. 23	269	Appt. of MD	24.03.2011	Yes	N.A
11	Form no. 25C	269	Appt. of MD	24.03.2011	Yes	N.A

No Forms and Returns were filed by the Company with the Regional Director, Central Government or other authorities during the financial year ended 31st March, 2011.

HYDERABAD
May 26, 2011

P. RENUKA
C.P. No.3460

Auditors' Report

To

The Members of

Nava Bharat Energy India Limited

Hyderabad.

1. We have audited the attached Balance Sheet of NAVA BHARAT ENERGY INDIA LIMITED, HYDERABAD. (A.P) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying to our report we draw attention to the following:

   The Company has not complied with the provisions of the Section 383A (1) of the Companies Act, 1956 in respect of the appointment of the whole time Company Secretary, though the paid up share capital exceeded the prescribed limit with effect from 22nd October, 2010.

4. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.

   iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:

   v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;

      b) In the case of the profit and loss account, of the profit of the Company for the year ended on that date, and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 26, 2011

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Re: **Nava Bharat Energy India Limited, Hyderabad**

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.

   c. During the year the Company has not disposed off any of its fixed assets.

2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii) (a), (b) and (c) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a) According to the information and explanations given to us by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.

   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. Since the paid-up capital and reserves of the company not exceeded ₹ 50.00 Lakhs at the beginning of the year and the average annual turnover does not exceed ₹ 5.00 crores for a period of three consecutive financial years immediately proceeding the financial year concerned, the question of internal audit system does not arise.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.

9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2011 for a period of more than six months from the day they became payable.

   c. According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute .

10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial Institutions.

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.

18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 26, 2011

Balance Sheet as at 31st March 2011

(₹)

PARTICULARS	Schedule reference	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCES OF FUNDS			
Share holders funds			
a) Share Capital	1	500,500,000	500,000
b) Surplus: Profit and Loss account balance		1,827,662	-
Total		**502,327,662**	**500,000**
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
a) Gross Block	2	38,331,935	33,689,937
b) Depreciation		262,604	164,442
c) Net Block		38,069,331	33,525,495
d) Unallocated Capital Expenditure		181,441,783	72,301,650
		219,511,114	105,827,145
2. Investments	3	158,401,142	-
3. Deferred Tax Asset		-	38,508
4. Current Assets, Loans and Advances:			
a) Cash and Bank balances	4	6,822,970	1,402,104
b) Loans and Advances	5	417,922,188	24,326,500
		424,745,158	25,728,604
Less :Current liabilities and Provisions	6		
:Current liabilities		300,257,474	134,716,893
:Provisions		300,329,752	134,716,893
Net Current Assets		124,415,406	(108,988,289)
5. Profit and Loss account		-	3,622,636
Total		**502,327,662**	**500,000**
Notes On Accounts	9		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

Y.Poornachandra Rao
Managing Director

Profit & Loss Account for the year ended 31st March 2011

(₹)

	Particulars	Schedule reference	Current Year	Previous Year
I.	INCOME			
	Interest on Bank Deposits - Gross (TDS ₹ 2,722/-)		27,217	-
	Agricultural Income (Net)		623,000	119,933
	Profit from Sale of Short term non trade Investments		194,044	-
	Dividends from non trade investments		15,026,933	-
			15,871,194	119,933
II.	OUTGOINGS			
	Professional Charges		3,020,430	1,009,549
	Lease Rentals (Land)		42,500	-
	Filing Fee		6,004,700	4,000
	Bank Charges		60,646	72,306,335
	General Charges		1,329,730	1,027,864
	Communication Expenses		6,149	-
	Advertisement Charges		10,800	312,598
	Travelling and Conveyance Expenses		688,090	39,622
	Printing and Stationery Charges		5,810	320
	Vehicle Maintenance		6,305	-
	Rates and Taxes		705,860	2,500
	Auditors Remuneration : as Auditors		55,150	27,575
	: for Certification		35,296	3,861
	Directors Sitting Fees		-	6,000
	Depreciation	2	98,162	111,631
	Expenditure relating to earlier years	8	-	364,991
			12,069,628	75,216,846
	Less:Amount transferred to Capital Work-in-Progress	7	1,762,240	72,301,650
			10,307,388	2,915,196
III.	PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION		5,563,806	(2,795,263)
	Provision for Taxation:			
	: Current Tax		75,000	-
	: Deferred Tax		38,508	(38,508)
IV.	PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		5,450,298	(2,756,755)
	Add : Loss brought forward from last Year		(3,622,636)	(865,881)
V.	TOTAL SURPLUS/(LOSS) CARRIED TO BALANCE SHEET		1,827,662	(3,622,636)
	Earnings per Share - (Basic and Diluted)		0.05	(11.03)
	Face Value per share		2.00	2.00
	Notes On Accounts	9		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

Y.Poornachandra Rao
Managing Director

Cash Flow Statement for the year ended 31st March 2011

(₹)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit/(Loss) before Tax	5,563,806	(2,795,263)
Adjustments for		
Interest earned	(27,217)	-
Income from non trade Investments-Dividends	(15,026,933)	-
Profit from Sale of short term non trade investments	(194,044)	-
Depreciation	98,162	111,631
Operating Profit before Working Capital Changes	(9,586,226)	(2,683,632)
Adjustments for:		
(Increase)/decrease in Trade and Other receivables	(382,147,790)	(24,326,500)
Increase/(decrease) in Trade and Other payables	5,540,581	4,703,657
Cash generated from Operations	(386,193,435)	(22,306,475)
Direct Taxes Paid	(2,722)	-
Net Cash from Operating Activities (A)	(386,196,157)	(22,306,475)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed Assets (including capital stores)	(125,205,534)	(79,115,179)
Investments (including advances)	(1,290,015,722)	-
Sale of Investments	1,131,808,624	-
Income from non trade Investments - Dividends	15,026,933	-
Interest Received	2,722	-
Net Cash used in Investing Activities (B)	(268,382,977)	(79,115,179)
NAVA BHARAT ENERGY INDIA LIMITED		
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Shares	500,000,000	-
Proceeds from Share Applications	160,000,000	101,000,000
Net Cash generated in Financing Activities (C)	660,000,000	101,000,000
Net increase in Cash and Cash Equivalents (A+B+C)	5,420,865	(421,654)
Cash and Cash equivalents as at the beginning of the year	1,402,104	1,823,758
Cash and Cash equivalents as at the end of the year	6,822,970	1,402,104

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

Y.Poornachandra Rao
Managing Director

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
1. SHARE CAPITAL:		
Authorised:		
60,00,00,000 (Previous Year 25,00,000) - Equity Shares of ₹ 2/- each	1,200,000,000	5,000,000
Total	**1,200,000,000**	5,000,000
Issued, subscribed and paid-up:		
25,02,50,000 (Previous Year 2,50,000)- Equity Shares of ₹ 2/- each fully paid up.	500,500,000	500,000
Total	**500,500,000**	**500,000**

2. FIXED ASSETS:

S.No	Particulars	GROSS BLOCK			DEPRECIATION			Net Block	
		As at 31.03.2010	Additions	As at 31.03.2011	Upto 31.03.2010	For the period	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land	32,908,937	4,566,585	37,475,522	-	-	-	37,475,522	32,908,937
2	Plant and Machinery (Drip Irrigation system)	781,000	-	781,000	164,442	94,518	258,960	522,040	616,558
3	Furniture and Fixtures	-	13,353	13,353	-	166	166	13,187	-
4	Vehicles	-	62,060	62,060	-	3,478	3,478	58,582	-
	Total	**33,689,937**	**4,641,998**	**38,331,935**	**164,442**	**98,162**	**262,604**	**38,069,331**	**33,525,495**
5	Capital Work-in-Progress	-	-	-	-	-	-	181,441,783	72,301,650
	Grand Total	**33,689,937**	**4,641,998**	**38,331,935**	**164,442**	**98,162**	**262,604**	**219,511,114**	**105,827,145**

3. Investments :

(At cost, Non-trade, long-term, un-quoted) (₹)

S.N0	Particulars	Face Value	Number of units			Cost	
			As at 31. 03. 2010	Additions (Deletions)	As at 31.03.2011	31.03.2011	31.03.2010
1	Birla Sunlife short term opportunities fund-1	10.00	-	5,412,680	5,412,680	54,143,041	-
2.	Birla Sunlife short term opportunities fund-2	10.00	-	10,422,678	10,422,678	104,258,101	-
					Total	158,401,142	-

(₹)

		As at 31.03.2011	As at 31.03.2010
4. CASH AND BANK BALANCES:			
Cash with a Scheduled Banks :	In Current Accounts	5,253,230	1,402,104
:	In Deposit Accounts	1,569,740	-
Total		**6,822,970**	**1,402,104**

(₹)

	As at 31.03.2011	As at 31.03.2010
5. CURRENT ASSETS, LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Stock of Capital Goods	10,772,067	-
Building Materials	651,336	-
Advance for Land	30,189,800	24,316,500
Advance to Vendors	376,146,990	-
Interest Receivable	24,495	-
Deposits Recoverable	10,000	10,000
Prepaid Expenditure	127,500	-
Total	**417,922,188**	**24,326,500**
6. CURRENT LIABILITIES AND PROVISIONS:		
a) Current Liabilities		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	9,905,962	51,414
Creditors for other Finance	277,699	4,642,528
Security Deposits	73,813	-
Due to Holding Company	-	22,951
Share Application money pending allotment	290,000,000	130,000,000
Total (a)	**300,257,474**	**134,716,893**
b) Provision		
Taxation (net of Advance tax)	72,278	-
Total (b)	72,278	-
Total (a+b)	**300,329,752**	**134,716,893**
7. AMOUNT TRANSFERRED TO PROJECT-IN-PROGRESS:		
Bank Charges		
Travelling and Conveyance Expenses	584,555	-
Professional Charges	177,685	-
General Expenses	1,000,000	-
Total	**1,762,240**	**72,301,650**
8. EXPENDITURE RELATING TO EARLIER YEARS:		
Professional Charges		
General Charges	-	357,330
Rates and Taxes	-	5,661
General Expenses	-	2,000
Total	**-**	**364,991**

9. NOTES ON ACCOUNTS:

1. **Nature of Operations:** Nava Bharat Energy India Limited (the Company) has been incorporated on 08.04.2008. The entire 25,02,50,000 (previous year 250,000) Equity Shares of ₹ 2/- each fully paid up shares are held by the Holding Company viz., Nava Bharat Projects Limited, Hyderabad.
2. The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the' results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure incurred on projects under implementation is treated as Capital Work-in-progress pending allocation to the assets.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) Depreciation

i. Depreciation on Fixed Assets is provided on Written Down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.

ii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.

e) Prior period items

All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.

f) Contingent Liabilities

The contingent liabilities are indicated by way of a note and will be provided/paid on crystalisation.

g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.

h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Dividend is recognised as and when the payment is received.

i) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

j) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

k) Taxes on Income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

l) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Earnings per Share (Basic and Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Cash Flow Statement

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.

3. Share application money amounting to ₹ 29,00,00,000 (Previous Year ₹ 13,00,00,000/-) has been received from Nava Bharat Projects Limited., the holding company.

4. a. The Term Loans from IDBI Bank Limited, Andhra Bank, Punjab National Bank, Bank of Baroda, State Bank of Hyderabad, Uco Bank, Bank of India, State Bank of Mysore and Punjab & Sindh Bank are secured by a first charge to be created in favour of security trustee on the present and future fixed assets of the Company ranking pari passu with all the lenders.

   b. The lenders have an option to demand for conversion of their loans together with interest into equity in the event of default, for which the Company agreed in terms of the common loan agreement entered into.

5. Depreciation on the assets of the Company is provided on written down value method as per Schedule XIV to the Companies Act, 1956.

6. Advance for land amounting to ₹ 30,189,800/-(previous year ₹ 24,316,500/-) includes an amount of ₹ 25,189,800/- (previous year ₹ 19,316,500/-) which is not covered by any agreement.

7. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

8. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.

9. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	Current Year ₹	Previous Year ₹
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

10. Fixed Deposit Receipts for ₹ 1,569,740/- (previous year ₹ Nil) are in lien with Bankers towards Margin Money for Bank Guarantee issued by them.

11. Contingent Liabilities not provided for on account of Guarantees given by the Bankers are amounted to ₹ 15,69,740/- (previous year ₹ Nil)

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

12. Investments bought and sold during the year (units in Mutual Funds):

Name of the Fund	Face value ₹	No. of units	Purchase cost ₹
Reliance Monthly Interval Fund	10	9,997,501	100,000,000
Reliance Money Manager Fund	1000	50,805	50,875,061
Birla Sun Life Opportunities Fund	10	19,991,802	200,000,000
Birla Sun Life Cash Manager Fund	10	9,600,658	47,310,770
Baroda Pioneer Treasury Advantage Fund	10	12,988,181	130,000,000
JP Morgan Indian Treasury Fund	10	14,986,660	150,000,000
UTI Treasury Advantage Fund	1000	200,642	200,686,009
UTI Fixed Income Interval Fund	10	5,000,000	50,000,000
UTI Dynamic Bond Fund	10	9,978,285	100,073,226
UTI Liquid Cash Plan Institutional Fund	1000	100,711	102,669,555
TOTAL		**82,895,245**	**1132,614,621**

13. As the Company is in the process of setting up power generation facility, there are no separate reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.

14. Calculation of Earnings per share

		Current year	Previous year
a)	Net profit available to Equity shareholders (in ₹)	5,450,298	(2,756,755)
b)	Weighted average number of Equity shares (Nos.)	11,05,23,973	2,50,000
c)	Face value as per share (in ₹)	2	2
d)	Earnings per share (in ₹) - Basic and Diluted	**0.05**	**(11.03)**

15. In view of inability to assess future taxable income, the extent of net deferred tax asset which may be adjusted in the subsequent years is not ascertainable with virtual certainty at this stage and accordingly in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), and based on general prudence, the Company has not recognized any Deferred Tax Asset while preparing the accounts for the current year.

a. Names of related parties and relation with the company:

i. Key Management Personnel: Sri Y Poornachandra Rao, Managing Director
Sri D Ashok, Director
Sri P Trivikrama Prasad, Director
Sri G R K Prasad, Director

ii. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:

M/s.Nava Bharat Ventures Limited
M/s.Brahmani Infratech Private Limited

M/s.Nava Bharat Realty Limited
M/s.Kinnera Power Company Limited
M/s.Nava Bharat Projects Limited
M/s.Nava Bharat Sugar and Bio Fuels Limited
M/s.Navabharat Power Private Limited
M/s. Malaxmi Highway Limited
M/s.Brahmani Skyline Constructions Private Limited
M/s.Brahmani Infrastructure Projects Private Limited
M/s.Brahmani Infotech Private Limited
M/s.Malaxmi Infra Ventures (India) Private Limited
M/s.Nava Bharat (Singapore) Pte Ltd
M/s.PT Nava Bharat Sungai Cuka
M/s.PT Nava Bharat Indonesia
M/s. Maamba Collieries Limited
M/s. Kobe Green Power Co. Limited
M/s. Nava Bharat Africa Resources Private Limited
M/s. Operation Eyesight Universal
Dr. Devineni Subba Rao Trust

		2010-11 Amount	2009-10 Amount
b.	Transactions with related Parties during the year:		
	Transactions with Holding Companies		
	Nava Bharat Ventures Limited		
	Lease Rentals (Land)		
	Lease Rentals paid in advance	42,500	-
		127,500	-
	Nava Bharat Projects Limited		
	Guarantees Availed:		
	Pledge of 250,000,000 Equity Shares of the Company held by it, in favor of lenders.		
	Value of Shares allotted	500,000,000	-
	Share Application Money Received		
		290,000,000	130,000,000
c.	Balances due to/(from) related parties as at the year end.		
	Nava Bharat Ventures Limited	(127,500)	-
	Nava Bharat Projects Limited		
		290,000,000	22,951

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

17 In terms of Accounting Standard (AS 28) on "Impairment of Assets", as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

18 The amounts of contracts remaining to be executed on capital account and not provided for are estimated at ₹ 204.80 crores (Previous year ₹ Nil).

19 Expenditure incurred in foreign currency during the financial year on account of travelling is ₹ 584,555/- (previous year ₹ Nil).

20 The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.

21 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 26, 2011

for and on behalf of the Board

P. Trivikrama Prasad
Director

Y.Poornachandra Rao
Managing Director

Balance Sheet Abstract and Company's general business profile

Statement pursuant to Part-IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	U40106AP2008PLC058560	State Code	01
Balance Sheet date	31 (Date) 03 (Month) 2011 (Year)		

II Capital Raised during the year (₹ in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	500000

III Position of mobilisation and deployment of funds (₹ in thousands)

Total Liabilities	802657	Total Assets	802657
Source of Funds: Paid-up Capital	500500	Share Application Money	290000
Reserves and Surplus	1828	Secured Loans	NIL
Unsecured Loans	NIL	Deferred Tax Liability	NIL
Application of Funds: Net Fixed Assets	NIL	Investments	158401
Deferred Tax Assets	219511	Net Current Assets	124415
Accumulated Losses	NIL	Miscellaneous Expenditure	NIL

IV Performance of the Company (₹ in thousands)

Turnover (Gross Revenue)	15871	Total Expenditure	10307
+/- Profit/Loss Before Tax	5564	+/- Profit/Loss after Tax	5450
Earnings per share in ₹	0.05	Dividend Rate %	NIL

V. Generic name of three principal products/services of Company (as per monetary terms)

Product Description: Generation and Supply of power

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

for and on behalf of the Board

P. Trivikrama Prasad
Director

Y. Poornachandra Rao
Managing Director

Hyderabad
May 26, 2011

Notice to Shareholders

Notice is hereby given that the Third Annual General Meeting of the Company will be held on Monday, the 25th July 2011 at 10.00 A.M. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Sri P. Trivikrama Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.

3. To appoint Auditors and fix their remuneration.

By Order of the Board
for **Nava Bharat Sugar and Bio Fuels Limited**

P. Trivikrama Prasad
Director

Hyderabad
May 24, 2011

Regd. Office:
6-3-1109/1, Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

Notes :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

Directors' Report

Dear Members:

Your Directors have pleasure in presenting their Third Annual Report together with the Audited Balance Sheet of the Company as at 31st March 2011 and the Auditors' Report thereon.

Operations:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and is set up to facilitate sugar operations being taken up by the Group. The Company has yet to commence its operations.

Directors:

Sri P. Trivikrama Prasad, Director, retires at the Annual General Meeting and being eligible, offered himself for re-appointment.

Fixed Deposits:

The Company has not accepted or held any public deposits pursuant to Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975.

Auditors:

M/s Brahmayya & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the Annual General Meeting and have expressed their willingness to continue in office, if re-appointed.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2011:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo:

Technology Absorption, conservation of Energy, Foreign Exchange earnings and outflow are nil, as the Company has not yet started the commercial operations.

Particulars of Employees:

The provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011 as amended, regarding particulars of employees drawing remuneration of the prescribed sums are not applicable as there were no employees in that category.

Acknowledgement:

Your Directors gratefully acknowledge the support and co-operation extended by the Regulatory Authorities and Company's Bankers.

For and on behalf of the Board

Hyderabad
May 24, 2011

G. R. K. Prasad
Director

Regd. Office:
6-3-1109/1,
Nava Bharat Chambers
Raj Bhavan Road
Hyderabad – 500 082

P. Trivikrama Prasad
Director

Auditors' Report

To

The Members of

Nava Bharat Sugar And Bio Fuels Limited

Hyderabad.

1. We have audited the attached Balance Sheet of NAVA BHARAT SUGAR AND BIO FUELS LIMITED, HYDERABAD. (A.P) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.

   iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the

Auditors' Report

accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:

v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;

b) In the case of the profit and loss account, of the loss of the Company for the year ended on that date, and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 24, 2011

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Re: **Nava Bharat Sugar And Bio Fuels Limited, Hyderabad**

1. The Company does not hold any fixed assets. Therefore, the provisions of clause (i) (a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii) (a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

4. The provisions of clause 4(iv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being, as there were no transactions of purchase of inventory and fixed assets and sale of goods.

5. a. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.

6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. Since the paid-up capital and reserves of the company not exceeded ₹ 50.00 Lakhs at the beginning of the year and the average annual turnover does not exceed ₹ 5.00 crores for a period of three consecutive financial years immediately proceeding the financial year concerned, the question of internal audit system does not arise.

8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.

9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears , as at 31st March, 2011 for a period of more than six months

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

from the day they became payable.

c. According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute .

10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial Institutions.

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.

18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.

20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.

21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

(P Chandramouli)
Partner
Membership Number: 025211

Place: Hyderabad
Date : May 24, 2011

Balance Sheet as at 31st March 2011

(₹)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCES OF FUNDS		
Share holders funds		
Share Capital		
Authorised : 25,00,000 Equity Shares of ₹ 2/- each	5,000,000	5,000,000
Issued, Subscribed and paid-up : 2,50,000 Equity Shares of		
₹ 2/- each fully paid-up	500,000	500,000
	500,000	**500,000**
II. APPLICATION OF FUNDS		
1) Current Assets		
Cash and Bank balances:		
Balances with Scheduled Banks in Current account	296,670	344,774
	296,670	344,774
Less :Current liabilities:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	16,545	33,524
Net Current Assets	280,125	311,250
2) Profit and Loss Account	219,875	188,750
	219,875	188,750
Total	**500,000**	**500,000**

Notes on accounts- Annexured

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

G.R.K.Prasad
Director

P.Trivikrama Prasad
Director

Profit & Loss Account for the year ended 31st March 2011

(₹)

	Particulars	Current Year	Previous Year
I.	INCOME		
		-	-
	Total	-	-
II.	EXPENDITURE		
	Filing Fee	1,500	2,000
	Bank Charges	550	550
	Professional Charges	6,000	6,000
	Travelling and Conveyance	4,000	-
	General Charges	30	20
	Rates and Taxes	2,500	2,500
	Auditors remuneration: as Auditors	16,545	13,788
	Directors Sitting Fee	-	4,000
		31,125	28,858
III.	LOSS FOR THE YEAR	31,125	28,858
	Add: Loss brought forward from last year	188,750	159,892
IV.	TOTAL LOSS CARRIED TO BALANCE SHEET	219,875	188,750
	Earnings per Share - (Basic and Diluted)	(0.12)	(0.12)
	Face Value per share	2.00	2.00
	NOTES ON ACCOUNTS - Annexured		

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

G.R.K.Prasad
Director

P.Trivikrama Prasad
Director

Cash Flow Statement for the year ended 31st March 2011

(Rupees)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(31,125)	(28,858)
Operating Profit before Working Capital Changes	(31,125)	(28,858)
Adjustments for:		
Trade and Other payables	(16,979)	20,288
Net Cash from Operating Activities	(48,104)	(8,570)
Net increase in Cash and Cash Equivalents	(48,104)	(8,570)
Cash and Cash equivalents as at the beginning of the Year	344,774	353,344
Cash and Cash equivalents as at the end of the Year	296,670	344,774

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

G.R.K.Prasad
Director

P.Trivikrama Prasad
Director

Annexure:

1. **Nature of Operations:** Nava Bharat Sugar and Bio Fuels Limited (the Company) has been incorporated on 08.04.2008 as a subsidiary to Nava Bharat Ventures Limited to carry on the business of manufacturing of sugar and bio fuels. The entire equity shares 250,000 of Rs.2/- each are held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad
2. The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.

a) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the' results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to such estimates is recognized prospectively in the year in which it is revised.

c) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses, recognized for the asset no longer exist or have decreased.

d) Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

e) Earnings per Share (Basic and Diluted)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

f) **Cash Flow Statement**

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques on hand and Fixed Deposits with Banks.

g) **Others**

The contingent liabilities are indicated by way of a note and will be provided or paid on crystalisation.

3. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

4. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.

5. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	Current Year Rs.	Previous Year Rs.
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

6. Calculation of Earnings per share

		Current year	Previous year
a)	Net profit available to Equity shareholders (in Rs.)	(31,125)	(28,858)
b)	Weighted average number of Equity shares (Nos.)	250,000	250,000
c)	Face value as per share (in Rs.)	**2**	**2**
d)	Earnings per share (in Rs.) - Basic and Diluted	**(0.12)**	**(0.12)**

7. Segment Reporting as per the Accounting Standard (AS 17) is not applicable to the company for the time being.

8. The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:

   a. Names of related parties and relation with the company:

i.	Key Management Personnel:	Sri P Trivikrama Prasad, Director Sri G R K Prasad, Director
ii.	Enterprises controlling the reporting Enterprise/ Associates	M/s.Nava Bharat Ventures Limited M/s.Brahmani Infratech Private Ltd M/s.Nava Bharat Realty Limited M/s.Kinnera Power Company Limited M/s.Nava Bharat Projects Limited M/s.Nava Bharat Energy India Limited M/s.Navabharat Power Private Limited M/s.Malaxmi Highway Limited M/s.Malaxmi Infra Ventures (India) Private Limited M/s.Brahmani Skyline Constructions Private Limited M/s.Brahmani Infrastructure Projects Private Limited M/s.Brahmani Infotech Private Limited M/s.Nava Bharat (Singapore) Pte Ltd M/s.PT Nava Bharat Sungai Cuka M/s.PT Nava Bharat Indonesia M/s. Maamba Collieries Limited M/s. Kobe Green Power Co. Limited M/s. Nava Bharat Africa Resources Private Limited Operation Eyesight Universal Dr.Devineni Subbarao Trust

9. As required by Accounting Standard (AS 28) "Impairment of Assets", the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

10. The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.

11. Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Hyderabad
May 24, 2011

for and on behalf of the Board

G.R.K. Prasad
Director

P.Trivikrama Prasad
Director

Balance Sheet Abstract and Company's general business profile

Statement pursuant to Part-IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	U74999AP2008PLC058559	State Code	01
Balance Sheet date	31 (Date) 03 (Month) 2011 (Year)		

II Capital Raised during the year (₹ in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of mobilisation and deployment of funds (₹ in thousands)

Total Liabilities	517	Total Assets	517
Source of Funds:			
Paid-up Capital	500	Share Application Money	NIL
Reserves and Surplus	NIL	Secured Loans	NIL
Unsecured Loans	NIL	Deferred Tax Liability	NIL
Application of Funds:			
Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	280	Miscellaneous Expenditure	NIL
Accumulated Losses	220		

IV Performance of the Company (₹ in thousands)

Turnover (Gross Revenue)	NIL	Total Expenditure	31
+/- Profit/Loss Before Tax	(31)	+/- Profit/Loss after Tax	(31)
Earnings per share in Rs.	(0.12)	Dividend Rate %	NIL

V. Generic name of three principal products/services of Company (as per monetary terms)

Product Description Manufacture of Sugar and allied products

per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration Number: 000513S

for and on behalf of the Board

G. R. K. Prasad
Director

P. Trivikrama Prasad
Director

Hyderabad
May 24, 2011

Directors' Report

Dear Members:

The directors submit their report together with the audited financial statements for the year ended 31st March 2011, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The principal activities of the company are coal mining, processing and trading. The company has also started preparations for setting up a thermal power generating plant.

SHARE CAPITAL

There were no shares issued during the year. However, the share capital of the company is expected to increase to USD15million, designed to support the first phase of the company's development plan involving a coal handling and processing plant and power plant.

RESULTS AND DIVIDENDS

	2011		2010	
	K millions	INR millions	K millions	INR millions
Revenue	3,780	35.86	10,691	102.77
Loss for the year	(43,313)	(410.95)	(51,329)	(493.42)

The loss for the year has been added to accumulated losses. The directors do not recommend the payment of a dividend.

NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K14. 8 billion (INR 0.14 billion) (2010: K21.7 billion (INR 0.21 billion)) and the average number of employees was as follows:

Month	Number	Month	Number
April	602	October	281
May	589	November	259
June	589	December	242
July	582	January	240
August	583	February	160
September	579	March	158

HEALTH AND SAFETY

The company recognises its responsibility regarding the occupational health, safety, and welfare of its employees and has put in place measures to safeguard them.

GIFTS AND DONATIONS

During the year the company made donations of K57Million (INR 0.54 Million) (2010: K7.5 Million (INR 0.07 Million)) to charitable organisations and events.

EXPORTS

The company exported coal Valued at K3.1 billion(INR 0.03 billion) during the year under review, mainly to the Democratic Republic of Congo, (2010:K1.2billion(INR 0.01 billion)).

PROPERTY, PLANT AND EQUIPMENT

The company purchased property, plant and equipment amounting to K51, 520 million (INR 488.82 million) during the year (2010: K1, 493 million(INR 14.35 million)).

RESEARCH AND DEVELOPMENT

During the year the company did not incur any research and development costs.

NAVA BHARAT (SINGAPORE) PTE LIMITED

During the year under review Nava Bharat (Singapore) Pte Limited the majority shareholder availed the company a total of K123 billion (INR 1.17 billion) as unsecured loan facilities to cover operational costs and settle accrued employee benefits amounting to K33 billion (INR 0.31 billion).

DIRECTORS

The directors who held office during the year and to the date of this report were:

Mr.Devineni Ashok	-	Chairman – Appointed 30th August 2010
Mr. Ashwin Devineni	-	Appointed 26th April 2010
Mr. Gorthi R. K. Prasad	-	Appointed 26th April 2010
Mr. Esau S. S. Nebwe	-	Appointed 30th August 2010
Mr. William S. Musama	-	Retired 26th April 2010
Mr. Joseph M. Chikolwa	-	Retired 26th April 2010
Dr. Sixtus C. Mulenga	-	Retired 26th April 2010
Mrs. Norah K. Mwenya	-	Retired 26th April 2010
Mrs. Helen Samatebele	-	Retired 26th April 2010
Mr. Kizito Mulaisho	-	Retired 26th April 2010
Mr. Larry Mwiinga	-	Retired 26th April 2010
Mr. Mwelwa Chibesakunda	-	Retired 30th August 2010
Mr. Mooya B. C. Lumamba	-	Appointed 20th July 2009
Judge Bobby M. Bwalya	-	Appointed 28th February 2008

RESPONSIBILITY OF THE DIRECTORS IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

Under the Zambian Companies Act, the directors are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss. Directors are also required to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company, in addition to safeguarding its assets.

The directors are responsible for preparing financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the excess and deficit and cash flows for the year. In preparing these financial statements, the directors selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed applicable accounting standards.

The directors accept responsibility for these annual financial statements, which have been prepared in conformity with International Financial Reporting Standards (IFRS) and with the requirements of the Zambia Companies Act.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control systems relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

For the year under review, the company made a loss of K43.3 billion (INR 0.41 billion) (K51.3billion in 2010(INR 0.49 billion)) and as at the balance sheet date its liabilities exceeded its assets by K372 billion (INR 3.53 billion) (K328.5 billion in 2010(INR 3.15 billion)) resulting in a corresponding negative net worth of the company. The going concern status of the company was thus in doubt and continues to receive the attention of the shareholders who have provided the directors with an undertaking to provide the required operational and financial resources to meet the company's obligations as and when they fall due. The undertaking to this effect came from Nava Bharat (Singapore)Pte Limited which acquired a controlling interest in the company from April 2010, and it is on this basis that the directors believe the company will remain a going concern for at least the next twelve months from the date of these financial statements. It is therefore the opinion of the Directors that:

(i) The Statement of comprehensive income has been prepared so as to give a true and fair view of the company's performance for the year ended 31st March 2011

(ii) The Statement of financial position has been drawn up so as to give a true and fair view of the state of affairs of the company as at 31st March 2011

(iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due based on the undertaking of its majority shareholder.

Ashwin Devineni	Judge Bobby M Bwalya
Director	Director
04.04 2011	

REPORT OF THE AUDITORS TO THE MEMBERS OF THE COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

We have audited the accompanying financial statements of Maamba Collieries Limited for the year ended 31st March 2011 set out on pages 6 to 30. These financial statements comprise the balance sheet at 31st March 2011, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zambia Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

These financial statements present fairly in all respects the financial position of the company as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Zambia Companies Act.

Report on other legal requirements

The Zambia Companies Act requires that in carrying out our audit we consider whether the company has kept proper accounting records and other registers required by this Act.

We confirm that in our opinion, based on our examination of those records, the accounting records, other records required by the Zambia Companies Act have kept by the Company.

Muyovwe & Co.

Chartered Accountants   Date : 21st April 2011

Lusaka

Note : Page Nos. 6 to 30 stated in the above statement may be referred as 146 to 164 in this Annual Report.

Statement of comprehensive income

For the year ended 31st March 2011

	Notes	2011		2010	
		K millions	INR millions	K millions	INR millions
Revenue	5	3,780	35.86	10,691	102.77
Cost of sales		(6,108)	(57.95)	(13,780)	(132.46)
Gross loss		(2,328)	(22.09)	(3,089)	(29.69)
Other income	6	1,096	10.39	1,302	12.52
Administrative expenses	8	(31,911)	(302.77)	(60,180)	(578.51)
Finance costs	7	(9,786)	(92.84)	11,094	106.64
(Loss)/profit before income tax		(42,929)	(407.31)	(50,873)	(489.04)
Income tax expense	10	(384)	(3.64)	(456)	(4.38)
(Loss) for the year		**(43,313)**	**(410.95)**	**(51,329)**	**(493.42)**

Statement of financial position

As at 31st March 2011

	Notes	2011 K millions	2011 INR millions	2010 K millions	2010 INR millions
ASSETS					
Non-current assets					
Property, plant and equipment	13	55,026	522.09	8,001	76.91
Current assets					
Inventories	14	1,452	13.78	4,498	43.24
Receivables and prepayments	15	1,108	10.51	3,565	34.27
Cash and bank balances	16	1,828	17.34	547	5.25
		4,388	41.63	8,610	82.76
Total assets		**59,414**	**563.72**	**16,611**	**159.67**
EQUITY					
Share capital	11	88	0.83	88	0.85
Asset replacement reserve	24	18	0.17	18	0.18
Accumulated losses		(371,883)	(3528.42)	(328,571)	(3158.55)
Total equity		**(371,777)**	**(3527.42)**	**(328,465)**	**(3157.52)**
LIABILITIES					
Non-current liabilities					
Long term payables	20	41,201	390.92	36,608	351.91
Borrowings	21	293,789	2787.47	155,515	1494.96
Retirement benefit obligation	18	199	1.89	33,306	320.16
Environmental liability	22	21,934	208.11	22,400	215.33
		357,123	3388.39	247,829	2382.36
Current liabilities					
Trade and other payables	17	48,953	464.46	72,514	697.08
Bank Overdraft		-		1	0.01
Current income tax payable	10	25,115	238.29	24,732	237.74
		74,068	702.75	97,247	934.83
Total liabilities		**431,191**	**4091.14**	**345,076**	**3317.19**
Total equity and liabilities		**59,414**	**563.72**	**16,611**	**159.67**

The financial statements on pages 6 to 30 were approved for issue by the board of directors on 04.04.2011 and signed on its behalf by:

Ashwin Devineni
Director

Judge Bobby M. Bwalya
Director

Statement of changes in equity

	Share capital K millions	Accumulated losses K millions	Asset replacement reserve K millions	Total K millions	Total INR Millions
Year ended 31st March 2010					
At start of year					
- as previously reported	88	(277,242)	18	(277,136)	(2664.10)
- Loss for the year	-	(51,329)	-	(51,329)	(493.42)
At end of year (restated)	**88**	**(328,571)**	**18**	**(328,465)**	**(3157.52)**
Year ended 31st March 2011					
At start of year	88	(328,571)	18	(328,465)	(3116.47)
Loss for the year	-	(43,313)	-	(43,313)	(410.95)
At end of year	**88**	**(371,884)**	**18**	**(371,778)**	**(3527.42)**

Cash Flow Statement

	Notes	2011		2010	
		K millions	INR millions	K millions	INR millions
Operating activities					
Cash used in operations	23	(77,408)	(734.45)	(7,011)	(67.40)
Interest paid					
Net cash used in operating activities		(77,408)	(734.45)	(7,011)	(67.40)
Investing activities					
Purchase of property, plant and equipment	13	(51,520)	(488.82)	(1,485)	(14.28)
Financing activities					
Loans received	21	130,210	(1235.43)	8,993	86.45
Loans repaid					
Net cash generated from financing activities		130,210	(1235.43)	8,993	86.45
Increase in cash		1,282	12.16	497	4.78
Movement in cash and cash equivalents					
At start of year		546	5.18	49	0.47
Increase in cash		1,282	12.16	497	4.78
At end of year		1,828	17.34	546	5.25

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

Notes

1 General information

Maamba Collieries Limited (MCL) is incorporated in Zambia under the Companies Act as a private limited liability company, and is domiciled in Zambia. The address of its registered office is:

Maamba Mine
Sinazongwe Southern Province

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambia Kwacha (K), rounded to the nearest million.

(b) Basis of preparation – Going Concern

During the year, the company incurred a loss of K43,313 million (INR 410.95 million) (2010: K51,330million (INR 493.44 million), and as at 31st March 2011 the company had net liabilities of K371, 777 million (INR 3,527,42 million) (2010:K328,466 million (INR 3,157,54 million)). These matters indicate that the company may not be a going concern and the state of affairs is attributable to the following factors:

- The company had ceased mining and was only operating a lodge.

- The company continued to retain the full complement of staff during the first six months of the financial year and incurring other operational costs pending settlement of retirement benefits.

- A scheme of arrangement was entered into on 31st August 2007 to protect the company against creditors with the support from Government of Zambia .All the company's creditors were paid 25% of the balance outstanding at that date and the differences was written off except for statutory liabilities. Statutory liabilities were reallocated to long term payables over a period of 7 years beginning at the end of year three from the date of the scheme.

However, the financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the reasons set us below:

- After taking control of the company on 26th April 2010, the new majority shareholder Nava Bharat (Singapore) Pte Limited has provided financial support to the company to meet its day to day transactions while embarking on major capital developments in pursuit of its commitment to revive the company's fortunes.
- A new management team has been assembled.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations effective in 2008

In 2008, the following new interpretations became effective for the first time but have not had an impact on the company's financial statements:

- IFRIC 11 – IFRS 2 - Group and treasury share transactions

- IFRIC 12 – Service Concession Arrangements

- IFRIC 14 – IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction.

Standards, interpretations and amendments to published standards that are not yet effective

One new standard (IFRS 8 – Operating Segments) and numerous amendments to existing standards and new interpretations have been published and will be effective for the company's accounting periods beginning on or after 1 January 2009, but the company has not early adopted any of them.

The Directors have assessed the relevance of the new standard and interpretations, and amendments to existing standards with respect to the company's operations and concluded that they will not have any impact on the company's financial statements, other than for the amendments to IAS 1 - Presentation of Financial Statements, which will require non-owner changes in equity to be presented in a 'Comprehensive Statement of Income'.

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax (VAT) and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and when specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

(i) Sales of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured;

(ii) Interest income is recognised on a time proportion basis using the effective interest method

(iii) Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

(d) Functional currency and translation of foreign currencies

Transactions are recorded on initial recognition in Zambia Kwacha, being the currency of the primary economic environment in which the company operates (the functional currency). Transactions in foreign currencies are converted into Zambia Kwacha using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within other income/ operating expenses – net.

(e) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. All property, plant and equipment are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

Depreciation on assets is calculated using the straight line method to allocate their cost amounts less their residual values over their estimated useful lives, as follows:

Buildings	3.33%
Plant	5%
Machinery and heavy equipment	20%
Light vehicles	25%
Furniture, fixtures and equipment	20%

The residual values of assets and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on an average basis and includes transport costs. The cost of finished goods and work in progress comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Provision is made for obsolete, slow –moving and defective stocks.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account

(h) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(i) Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(j) Share capital

Ordinary shares are classified as share capital in equity.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances

(l) Employee benefits

(i) Retirement benefit obligations

The company and all its employees contribute to the National Pension Scheme Authority (NAPSA), which is equivalent to a defined contribution plan. Provision has been made for contract gratuity in accordance with employment contract terms currently in force.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The company does not hold any assets for its internal benefit schemes. The company's contributions to the defined contribution schemes are charged to the profit and loss account in the year in which they fall due.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement and gratuity at the balance sheet date is recognised as an expense accrual.

(m) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Tax is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is the amount of income tax payable on the profits determined in accordance with the Zambia Income Tax Act, CAP. 323 of the laws of Zambia

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

3 Critical accounting estimates and judgements

Estimated and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. There were no critical accounting estimates and assumptions that have a significant risk of causing a material adjustment in the carrying amounts of assets and liabilities within the next financial year.

4 Financial risk management

The company's activities expose it to a variety of financial risks: Market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the company does not hedge any risks.

Financial risk management is carried out by the finance department under the direction of the board of directors.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

Market risk

(i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets and liabilities.

At 31st March 2011, if the Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, post tax loss for the year would have been K17,587 million (INR 166.87 million) (2010:5,454 million (INR 52.43 million)) higher/lower, mainly as a result of US dollar denominated long term loans and trade payables.

(ii) Cash flow and interest rate risk

At 31st March 2011, if the interest rate had increased by 5 percentage points with all other variables held constant, the interest expense for the year would have been K7,850 million (INR 74.48 million) (2010: K1,753 Million (INR 16.85 million)) higher.

Credit Risk

Credit risk arises from cash and cash equivalents as well as trade and other receivables. The company does not have significant concentrations of credit risk. The company's credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

	2011		2010	
	K millions	INR millions	K millions	INR millions
Bank balances	1,828	17.34	547	5.26
Trade receivables	211	2.00	15	0.14
Other receivables	801	7.60	3,550	34.13
	2,840	**26.94**	**4,112**	**39.53**

No collateral is held for any of the above assets. The company does not grade the credit quality of receivables. All receivables that are neither past due nor impaired, are within their approved credit limits, and no receivables have had their terms renegotiated.

None of the above assets are either past due or impaired except for the following amounts in trade receivables which are due within 30 days of the month in which they are invoiced.

	2011		2010	
Past due but not impaired:	K millions	INR millions	K millions	INR millions
Total past due but not impaired	-	-	-	-
Impaired	**4,554**	**43.21**	**4,476**	**43.03**

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management maintain flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 Year		Between 1 and 2 years	
	K millions	INR millions	K millions	INR millions
At 31st March 2011				
- Trade and other payables	70,859	672.31	41,244	391.32
- Long term payables	-	-	-	-
- Borrowings	-	-	12,622	119.32
At 31st March 2010				
- Trade and other payables	41,244	396.48	31,270	300.60
- Long term payables	-	-	494	4.75
- Borrowings	12,622	121.34	117,016	1124.87

Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

		2011		2010	
		K millions	INR millions	K millions	INR millions
5	**Analysis of revenue**				
	Sale of coal	3,780	35.86	10,691	102.77
6	**Other income**				
	Lodge and restaurant income	531	5.04	746	7.17
	Rental and sundry income	564	5.35	556	5.34
		1,095	10.39	1,302	12.51
7	**Net Finance costs**				
	Interest expense	14,611	138.62	4,734	45.51
	Net foreign exchange (gains)/losses on borrowings and cash and cash equivalents	(4,825)	(45.78)	6,360	61.13
	Net finance costs	**9,786**	**92.84**	**11,094**	**106.64**
8	**Expenses by nature**				

The following items have been charged in arriving at loss before income tax

		2011		2010	
		K millions	INR millions	K millions	INR millions
	Depreciation on property, plant and equipment (Note 13)	866	8.22	746	7.17
	Receivables – provision for impairment losses (Note 15)	78	0.74	4,476	43.03
	Write down of inventories	-	-	-	-
	Work in progress expensed	-	-	-	-
	Employee benefits expense (Note 9)	-	-	-	-
	Auditors' remuneration	71	0.67	84	0.80
9	**Employee benefits expense**				
	The following items are included within employee benefits expense:				
	Retirement benefits costs				
	- Retirement obligation	199	1.89	(122)	(1.16)
	- National Pension Scheme Authority	567	5.38	690	6.63

		2011		2010	
		K millions	INR millions	K millions	INR millions
10	**Income tax expense**				
	Income tax expense	**383**	**3.63**	**455**	**4.37**

The income tax charge is payable on rental income and foreign capital loans written off.The tax on the company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2011		2010	
	K millions	INR millions	K millions	INR millions
Loss before income tax	(42,929)	(407.31)	(50,874)	(489.05)
Tax calculated at the statutory income tax rate of 35% (2010: 35%)	(15,025)	(142.56)	(17,806)	(171.17)
Tax effect of:				
Expenses not deductible for tax purposes	-	-	3,350	32.20
Deferred tax movement not recognised (Note 12)	15,408	146.19	14,911	143.34
Income tax expense	383	3.63	455	4.37
Current income tax movement in the balance sheet				
At start of year	24,732	234.66	24,277	233.37
Current income tax charge	383	3.63	455	4.37
At end of year	25,115	238.29	24,732	237.74

Analysis of tax losses

Year ended	K millions	INR millions	Expiry date
31st March 2010	-	-	2015
31st March 2009	73,745	699.69	2014
31st March 2008	101,384	961.93	2013
31st March 2007	9,246	87.73	2012
	184,375	**1,749.35**	

11 Share Capital

	Number of shares (Thousands)	Ordinary shares K million	Ordinary shares INR million
Balance at 1st April 2010 and 31st March 2011	88,178	88	0.85

The total authorised number of ordinary shares is 200,000,000 with a par value of K1 per share. 88,178,228 issued shares are fully paid.

12 Deferred income tax

The directors have assessed the appropriateness of the recognition of a deferred tax asset, and in accordance with accounting policy (l), and the current business plan have concluded that it will be inappropriate to recognise a deferred tax asset in the current year because the directors are not certain that the company will make sufficient profits to utilise the tax losses in the foreseeable future.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

13 Property, plant and equipment

	Leasehold land and buildings K million	Plant and machinery K million	Motor vehicles K million	Capital work in progress K million	Total K million	Total INR million
At 1 April 2010						
Cost	3,427	10,481	2,937	-	16,845	159.83
Accumulated depreciation	(1,430)	(5,538)	(1,876)	-	(8,844)	(83.92)
Net book amount	1,997	4,943	1,061	-	8,001	75.91
Year ended 31st March 2010						
Opening net book amount	2,066	3,862	1,334	-	7,262	68.90
Additions	-	1,412	73	-	1,485	14.09
Disposals		-	-	-	-	-
Depreciation charge	(69)	(331)	(346)	-	(746)	(7.08)
Write off (Note 8)	-	-	-	-	-	-
Closing net book amount	1,997	4,943	1,061	-	8,001	75.91
Year ended 31st March 2011						
Opening net book amount	1,997	4,943	1,061	-	8,001	75.91
Additions	1,542	936	759	48,282	51,519	488.81
Disposals	(2,409)	(3,019)	(50)	-	(5,478)	(51.98)
Depreciation charge	(97)	(428)	(341)	-	(866)	(8.22)
Depreciation on disposals	1,363	458	30	-	1,851	17.56
Closing net book amount	2,396	2,890	1,458	48,282	55,026	522.08
At 31st March 2011						
Cost	2,561	8,397	3,645	48,282	62,885	596.65
Accumulated depreciation	(165)	(5,507)	(2,187)	-	(7,859)	(74.57)
Net book amount	2,396	2,890	1,458	48,282	55,026	522.08

	2011		2010	
	K millions	INR millions	K millions	INR millions
14 Inventories				
Coal	1,357	12.88	4,416	42.45
Spares	81	0.77	82	0.79
Consumables	14	0.13	-	-
	1,452	**13.78**	**4,498**	**43.24**

	2011		2010	
	K millions	INR millions	K millions	INR millions
15 Receivables and prepayments				
Trade and other receivables are summarised as follows:				
Trade receivables	1,806	17.13	1,427	13.71
Provision for impairment losses	(1,595)	(15.13)	(1,412)	(13.57)
Net trade receivables	211	2.00	15	0.14
Other receivables	897	8.51	3,550	34.13
	1,108	10.51	3,565	34.27

Movements on the provision for impairment of trade receivables are as follows:

	2011		2010	
	K millions	INR millions	K millions	INR millions
At start of year	4,476	42.47	1,145	11.01
Provision in the year	78	0.74	3,331	32.02
At end of year	4,554	43.21	4,476	43.03

The carrying amounts of the above trade receivables and prepayments approximate to their fair values.

	2011		2010	
	K millions	INR millions	K millions	INR millions
16 Cash and cash equivalents				
Cash at bank and in hand	1,828	17.34	547	5.26

	2011		2010	
	K millions	INR millions	K millions	INR millions
17 Payables and accrued expenses				
Trade payables	8,388	79.59	29,050	279.26
Other payables and accrued expenses	40,565	384.88	43,464	417.82
Total	48,953	464.47	72,514	697.08

	2011		2010	
	K millions	INR millions	K millions	INR millions
18 Retirement benefit obligation				
The amounts recognised in the balance sheet are determined as follows:				
At start of year	33,305	316.00	33,427	321.32
Paid during the year	(33,305)	(316.00)	-	-
Charge to profit and loss	199	1.89	(121)	(1.16)
At end of year	199	1.89	33,306	(320.16)

The amount recognised in the balance sheet represents the past service cost at balance sheet date. The scheme is unfunded.

19 Contingencies

(i) Guarantees

At 31st March 2011, the company had no guarantees.

(ii) Legal proceedings

The company had several pending legal proceedings at 31st March 2011.The directors believe that there will be no material losses arising from the pending legal proceedings against the company.

20 Long term payables

On 31 August 2007, the company entered into a Scheme of Arrangement with its creditors to protect it from liquidation actions. The Scheme of Arrangement covered all the company's liabilities. All the creditors were paid 25% of the balance outstanding at that date and the differences was written off except for statutory liabilities. Statutory liabilities were reallocated to long term payables over a period of 7 years beginning at the end of year three from the date of the scheme.

Long term payables that are not at a market rate of interest are initially recognised at fair value based on an estimated market rate. The difference between the fair value of the long term payables and their settlement amounts is recognised in the profit and loss account. Subsequently, these are measured at amortised cost on an effective yield basis. Interest on these loans will accrue to the Company at the market rate on an effective yield basis over the term of the loans.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

	2011		2010	
	K million	INR million	K million	INR million
Non- current				
National Pension Scheme Authority	11,388	108.05	9,981	95.95
Workmen's Compensation Fund	448	4.25	889	8.55
Zambia Revenue Authority	29,365	278.62	25,738	247.41
	41,201	390.92	36,608	351.91
Current				
Zambia Railways Limited	-	-	574	5.52
Total borrowings	**41,201**	**390.92**	**37,182**	**357.43**

The carrying amounts and fair value of the non-current payables are as follows:

	Carrying amount 2011		Settlement amount 2010		Settlement amount	
	K million	INR million	K million	INR million	K million	INR million
National Pension Scheme Authority	11,388	108.05	9,981	95.95	22,175	210.40
Workmen's Compensation Fund	448	4.25	889	8.55	1,513	14.36
Zambia Revenue Authority	29,365	278.62	25,738	247.41	57,180	542.52
	41,201	390.92	36,608	351.91	80,868	767.28

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 24%.

a	*National Pension Authority-(NAPSA)*				
	At start of year				
	Additions	9,981	94.70	7,640	73.45
	Repayments	-	-	-	-
	Fair value gain adjustment to profit and loss account	1,407	13.35	-	-
	Imputed Interest	-	-	2,341	22.50
	At end of year	11,388	108.05	9,981	95.95
b	*Workmen's Compensation Fund*				
	At start of year	889	8.43	718	6.90
	Additions	-	-	-	-
	Repayments	(573)	(5.43)	-	-
	Fair value gain adjustment to profit and loss account	132	1.25	-	-
	Imputed Interest	-	-	171	1.64
	At end of year	448	4.25	889	8.54
c)	*Zambia Revenue Authority*	-	-	-	-
	At start of year	25,738	244.20	19,701	189.38
	Additions	-	-	-	-
	Repayments	-	-	-	-
	Fair value gain adjustment to profit and loss account	3,627	34.41	-	-
	Imputed Interest			6,037	58.03
	At end of the year	29,365	278.61	25,738	247.41
d)	*Zambia Railways Limited*				
	Payments	(574)	(5.45)	494	4.75
	Exchange Loss	-	-	80	0.77
	Amount written off	-	-	-	-
	At end of year	-	-	574	5.52

		2011		2010	
		K million	INR million	K million	INR million
21	**Borrowings Current**				
	International Development Agency	7,860	74.58	7,822	75.19
	Zambia Development Agency (Zambia Privatisation Agency)	250	2.37	250	2.40
	Government of the Republic of Zambia – MoF1	849	8.06	849	8.16
	Government of the Republic of Zambia – MoF2	20,275	192.37	20,941	201.31
	Scheme of arrangement-MOF	59,215	561.83	58,980	566.97
	ZCCM-IH	70,267	666.69	66,673	640.93
	NBS	127,923	1213.73	-	-
	Share application funds	7,150	67.84	-	-
		293,789	2787.47	155,515	1494.96

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant

	2011 K million	2011 INR million	2010 K million	2010 INR million
a) International Development Agency (IDA)				
At start of year	7,822	74.22	9,040	86.90
Exchange (gain)/loss	38	0.36	(1,218)	(11.71)
At end of year	7,860	74.58	7,822	75.19

This loan was granted to the company through ZCCM –IH Plc and the loan amount is US$1.6 million. The loan was granted to the company in 1993.

	2011 K million	2011 INR million	2010 K million	2010 INR million
b) Zambia Privatisation Agency (now Zambia Development Agency)				
At start of year	250	2.37	250	2.40
	-		-	
At end of year	250	2.37	250	2.40

The funds were obtained from the Zambia Privatisation Agency for the purpose of liquidating the liabilities arising from retirement benefits and group life assurance. The loan is unsecured and is interest free and the repayment period was not stated.

	2011 K million	2011 INR million	2010 K million	2010 INR million
c) Ministry of Finance and Economic Development (MoF 1)				
At start of year	849	8.06	849	8.16
Movement during the year	-	-	-	-
At end of year	849	8.06	849	8.16

This represents loans obtained from the African Development Bank and the African Development Fund which were due for capitalization. The loan is unsecured and is interest free and the repayment period was not stated.

	2011 K million	2011 INR million	2010 K million	2010 INR million
d) Ministry of Finance and Economic Development (MoF 2)				
At start of year	20,941	198.69	24,295	233.55
Exchange(gain)/Loss	(666)	(6.32)	(3,354)	(32.24)
Movement during the year	-	-	-	-
At end of year	20,275	192.37	20,941	201.31

The money was advanced to the company by the government through ZCCM-IH. The amount advanced was US$4.3 million and the loan is unsecured, interest free and the repayment period was not stated.

	2011 K million	2011 INR million	2010 K million	2010 INR million
e) Creditors scheme of arrangement loan				
At start of year	58,981	559.61	58,980	566.97
Adjustment to the Loan (see CPP Loan Below)	234	2.22	-	-
At end of year	59,215	561.83	58,980	566.97

This loan was received from the Ministry of Finance for funding the creditors' scheme of arrangement. The loan is unsecured and is interest free and the repayment period was not stated.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

	2011		2010	
	K million	INR million	K million	INR million
f) ZCCM Investments Holdings Plc (ZCCM – IH)				
Provision for 6% Interest	1,617	15.34	-	-
Working capital support	36,337	344.76	35,846	344.59
Coal processing plant rehabilitation loan	-	-	381	3.66
Recapitalisation loan	32,313	306.59	30,446	292.68
At end of year	70,267	666.69	66,673	640.93
a) Working capital loan				
At start of year	35,845	340.10	23,223	223.24
Amount received	-	-	-	-
Interest	491	4.65	12,622	121.34
At end of year	36,336	344.75	35,845	344.58
This comprises a number of loans received for working capital support. The loans are secured against trade receivables and are interest free and the repayment periods are not stated.				
b) Coal processing plant rehabilitation loan				
At start of year	381	3.61	382	3.67
Exchange (loss) /gain	-	-	(1)	(0.01)
Write back under SOA terms	(147)	(1.39)	-	-
Amount Transferred to SOA loan	(234)	2.22	-	-
At end of year	-	-	381	3.66
The loan was obtained for the rehabilitation of coal processing plant. The loan amount was US$300,000.The loan was converted to Zambia Kwacha at the time of the scheme of arrangement. The loan is unsecured and is interest free and the repayment period was not stated.				
c) Provision for 6% Interest on ZCCM-IH Loans	1616	15.33	-	-
This represents the increase in the company's indebtedness to ZCCM - IH arising from the proposed equitable treatment of shareholder loans as noted in the directors' report.				
d) Recapitalisation loan				
At start of year	30,446	288.87	31,604	303.81
Amount received	-	-	-	-
Interest	1,867	17.71	3,783	36.37
Exchange (Gain)/ loss	-	-	(4,941)	(47.50)
At end of year	32,313	306.58	30,446	292.68
The US$5,300,000 was advanced to the company by ZCCM-IH for recapitalisation purposes at an interest rate of 10.75% which is repayable over 2 years. The loan is secured against trade receivables				
e) Share Application Funds				
Amount received	7,150	67.84	-	-
These funds comprise advances from shareholders pending completion of formalities to increase the company's share capital in the ensuing year.				

22 Environmental Liabilities

The company is required by the Minerals and Mining Act 2008 to rehabilitate environmental disturbances caused by its operations. The restoration, rehabilitation and environmental provision represent the best estimate of the expenditure required to settle the obligation.

	2011		2010	
	K millions	INR millions	K millions	INR millions
At start of year	22,400	212.53	23,514	226.04
Payment made in the year	(952)	(9.03)	-	-
Change in interest rate	-	-	-	-
Increase/(Decrease) in provision	486	4.61	(1,114)	(10.71)
At end of year	21,934	208.11	22,400	215.33

The provision has been recognized initially as a liability at fair value assuming a discount rate of 9.75% and an inflation rate of 2%.The liability for restoration, rehabilitation and environmental obligations on an undiscounted basis before an inflation factor of 2% is estimated to be approximately US$ 15,585,175.

23 Cash used in operations

Reconciliation of loss before income tax to cash generated from operations:

	2011		2010	
	K millions	INR millions	K millions	INR millions
Loss before income tax	(42,929)	(407.31)	(51,329)	(493.43)
Adjustments for:				
Fair value gain on initial recognition of long term liabilities (Note x)	-	-	-	-
Interest expense (Note 7)	14,611	138.63	-	-
Work in progress expensed	-	-	-	-
Exchange losses / (gain) on borrowings	10,679	101.32	29,954	287.95
Depreciation (Note 13)	866	8.22	746	7.17
Employee retirement obligation	-	-	(121)	(1.16)
Changes in working capital				
- receivables and prepayments	(2,457)	(23.31)	1,312	12.61
- inventories	(3,046)	(28.90)	(4,156)	(39.95)
- payables and accrued expenses	(55,132)	(523.09)	17,697	170.12
- environmental liabilities	-	-	(1,114)	(10.71)
Cash used in operations	(77,408)	(734.44)	(7,011)	(67.40)

24 Asset replacement reserve

	2011		2010	
	K millions	INR millions	K millions	INR millions
Reserve to finance future capital requirements	18	0.17	18	0.17

Under the terms of the ADB Loan Phase II, the company was required to make transfers to this reserve at the rate of K20, 000 per annum.

Schedules annexed to and forming part of the accounts for the year ended 31st March 2011

25 Related party transactions

The company is owned as to 65% by Nava Bharat (Singapore) Pte Limited and 35% by ZCCM Investments Holdings Plc which is in turn owned by the Government of the Republic of Zambia (GRZ). There are other companies that are related to Maamba Collieries Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

i) Purchase of goods and services

There were no purchases from related companies.

However, NBS is providing project management services to the company under agreement and a sum of K4,715 million was provided for the current year on this account.

		2011		2010	
		K millions	INR millions	K millions	INR millions
ii)	Loans from ZCCM-IH				
	At start of year	125,653	1192.20	114189	1097.70
	Loans received during the year	-	-	12,622	121.33
	Exchange (Gain)/ loss/Interest	1,960	18.59	(1,158)	(11.13)
	At end of year	127,613	1210.79	125,653	1207.90
iii)	Loans from Nava Bharat (Singapore) Pte Ltd				
	At start of year	-	-	-	-
	Loans received during the year	123,061	1167.60	-	-
	Exchange (Gain)/ loss/Interest	4,862	46.12	-	-
	At end of year	127,923	1213.72	-	-
iv)	Directors' remuneration				
	Fees for services as a director	6	0.06	22	0.21

26 Events after the reporting period

The directors have proposed an increase in the share capital of the company to mobilise needed resources for executing the new business plan for the company. Payments totalling K7,150 million (INR 67.84 million) were received during the year which is expected to be capitalised in the ensuing year.

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate 100 ZMK= ₹ 0.9488 (Previous year 0.9613) and do not form part of the reports of Maamba Collieries Limited as made out in accordance with the laws of the country of incorporation.

Night view of the 114MW Power Plant at Andhra Pradesh

concept, content and design at Atherstone (info@aicl.in)
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