

NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

Annual Reports of the Subsidiary Companies 2011-12

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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Nava Bharat (Singapore) Pte. Limited (the Company) and its subsidiaries (the Group) and statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for financial year ended at 31 March 2012.

1. DIRECTORS

The directors holding office at the date of this report are:

Ashwin Devineni
Ashok Devineni
Pinnamaneni Trivikrama Prasad
Chalasani Venu Durga Prasad

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE 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 object 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.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants debentures of the Company, or of related corporations, either at the beginning of the financial year or end of the financial year except as follows:

Holding Company	Equity shares of ₹ 2 each	
	Held in the name of directors	
	At beginning of year	At end of year
Nava Bharat Ventures Limited		
Name of directors		
Pinnamaneni Trivikrama Prasad	1,527,822	1,677,822
Pinnamaneni Trivikrama Prasad (HUF)	351,315	351,315
Ashwin Devineni	1,436,735	1,436,735
Ashok Devineni	653,891	859,632
Chalasani Venu Durga Prasad	70,915	70,915

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of previous 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 the director is a member, or with a company in which the director has a substantial financial interest.

5. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

6. OPTIONS EXERCISED

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

7. UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

8. INDEPENDENT AUDITORS

The independent auditors, Sashi Kala Devi Associates, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Ashwin Devineni
Director

Ashok Devineni
Director

Singapore
29 May 2012

STATEMENT BY DIRECTORS

We, Ashwin Devineni and Ashok Devineni, being two of the directors of Nava Bharat (Singapore) Pte. Limited, do hereby state that, in the opinion of the directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the 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,

Ashwin Devineni
Director

Singapore
29 May 2012

Ashok Devineni
Director



INDEPENDENT AUDITORS' REPORT

as at 31st March 2012

To the members of

NAVA BHARAT (SINGAPORE) PTE. LIMITED

(Co. Reg. No. 200409999D)

Report on the Consolidated Financial Statements

We were engaged to audit the accompanying consolidated financial statements of Nava Bharat (Singapore) Pte. Limited and its subsidiaries (the "Group") and we have audited the accompanying financial statements of Nava Bharat (Singapore) Pte. Limited (the "Company") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2012, and the consolidated statement of comprehensive income, statements of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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 profit and loss accounts and balance sheets and to maintain accountability of assets

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Basis of Disclaimer Opinion of Consolidated Financial Statements

Included in the consolidated financial statements are the unaudited financial statements of the subsidiaries viz., PT Nava Bharat Sungai Cuka, PT Nava Bharat Indonesia and Kobe Green Power Co., Ltd. We were not provided with the information and explanations that we considered necessary to audit the financial result of the subsidiaries for financial year ended 31 March 2012. Due to the limitations placed on the scope of our audit, we were unable to carry out additional procedures necessary to satisfy ourselves as to whether the audited management accounts of these subsidiaries are in form and content appropriate and proper for inclusion in the consolidated financial statements of the Group for the financial year ended 31 March 2012.

Disclaimer Opinion on Consolidated Financial Statements

Because of the significance of the matters described in the Basis of Disclaimer Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the consolidated financial statements.

Opinion on Company's Financial Statements

In our opinion, except for the matters referred to disclaimer opinion on consolidated financial statements above, 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 31 March 2012, and the results and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters referred to the Basis of Disclaimer Opinion paragraph, 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

29 May 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st March 2012

Particulars	NOTE	2012 USD	2012 INR	2011 USD	2011 INR
ASSETS					
Non-current assets					
Property, plant and equipment	3	44,447,689	2,261,053,939	12,137,785	541,223,833
Investment in unquoted shares	4	99	5,036	99	4,414
Other investments	5	-	-	17,000	758,030
Investment in progress	6	15,059,445	766,073,967	12,329,894	549,789,973
Intangible assets	7	133,096	6,770,594	-	-
Goodwill on consolidation	10	51,077,175	2,598,295,892	45,522,243	2,029,836,815
		<u>110,717,504</u>	<u>5,632,199,428</u>	<u>70,007,021</u>	<u>3,121,613,065</u>
Current assets					
Inventories	11	7,493,735	381,206,299	308,936	13,775,456
Trade and other receivables	12	20,167,296	1,025,910,348	4,196,660	187,129,069
Amounts due from related parties	14	5,480	278,768	202,122	9,012,620
Short term investments	15	13,197,662	671,365,066	30,163,203	1,344,977,222
Cash and cash equivalents	16	10,942,112	556,625,237	42,102,151	1,877,334,913
		<u>51,806,285</u>	<u>2,635,385,718</u>	<u>76,973,072</u>	<u>3,432,229,280</u>
Total assets		162,523,789	8,267,585,146	146,980,093	6,553,842,345
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	31,600,000	1,607,492,000	19,100,000	851,669,000
Retained earnings/(Accumulated losses)		859,852	43,740,671	(2,884,417)	(128,616,154)
Foreign currency translation reserve	18	11,244,075	571,986,095	71,827	3,202,766
Asset replacement reserve	19	-	-	3,830	170,780
		<u>43,703,927</u>	<u>2,223,218,766</u>	<u>16,291,240</u>	<u>726,426,392</u>
Non Controlling interest		<u>(13,082,823)</u>	<u>(665,523,206)</u>	<u>(27,636,539)</u>	<u>(1,232,313,274)</u>
		<u>30,621,104</u>	<u>1,557,695,560</u>	<u>(11,345,299)</u>	<u>(505,886,882)</u>
Non-current liabilities					
Long term payables	20	3,967,291	201,816,093	8,766,170	390,883,520
Interest bearing loans	21	87,548,741	4,453,604,455	94,611,007	4,218,704,802
Retirement benefit obligation	22	-	-	42,340	1,887,940
Environmental rehabilitation provision	23	4,606,075	234,311,035	4,666,809	208,093,013
		<u>96,122,107</u>	<u>4,889,731,583</u>	<u>108,086,326</u>	<u>4,819,569,275</u>
Current liabilities					
Interest bearing loans	21	13,073,932	665,070,921	-	-
Trade and other payables	24	22,002,058	1,119,244,690	44,366,031	1,978,281,322
Accruals		289,875	14,745,941	309,418	13,796,948
Tax payable		414,713	21,096,450	5,563,617	248,081,682
		<u>35,780,578</u>	<u>1,820,158,002</u>	<u>50,239,066</u>	<u>2,240,159,952</u>
Total equity and liabilities		162,523,789	8,267,585,146	146,980,093	6,553,842,345

The accompanying notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st March 2012

Particulars	NOTE	2012 USD	2012 INR	2011 USD	2011 INR
Revenue	26	52,224,362	2,656,653,295	60,698,696	2,706,554,855
Other income	27	13,308,745	677,015,858	2,995,944	133,589,143
Purchases		(52,023,337)	(2,646,427,153)	(60,466,429)	(2,696,198,069)
Depreciation		(779,865)	(39,671,733)	(244,206)	(10,889,145)
Employee benefits expense	28	(3,091,566)	(157,267,962)	(2,591,628)	(115,560,693)
Other operating expenses		(8,747,074)	(444,963,654)	(4,033,202)	(179,840,477)
Finance costs	29	(3,231,792)	(164,401,259)	(4,487,082)	(200,078,986)
Loss before taxation	30	(2,340,527)	(119,062,608)	(8,127,907)	(362,423,372)
Taxation	31	(444,879)	(22,630,995)	(300,588)	(13,403,219)
Loss for the year		(2,785,406)	(141,693,603)	(8,428,495)	(375,826,591)
Other comprehensive income:					
Foreign currency translation		11,172,248	568,332,256	58,003	2,586,354
Total comprehensive income/(loss) for the year		8,386,842	426,638,653	(8,370,492)	(373,240,237)
Loss for the year attributable to:					
Owners of the Company		3,740,439	190,276,132	(5,247,058)	(233,966,315)
Non-controlling interests		(6,525,845)	(331,969,735)	(3,181,437)	(141,860,276)
		(2,785,406)	(141,693,603)	(8,428,495)	(375,826,591)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		14,912,687	758,608,388	(5,189,055)	(231,379,961)
Non-controlling interests		(6,525,845)	(331,969,735)	(3,181,437)	(141,860,276)
		8,386,842	426,638,653	(8,370,492)	(373,240,237)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2012

	Attributable to owners of the Company							Total equity INR
	Share capital	Retained earnings/ (Accumulated) losses)	Foreign currency translation reserve	Asset replacement reserve	Total	Non-controlling interests	Total equity	
	USD	USD	USD	USD	USD	USD	USD	
Balance at 01 April 2010	19,100,000	2,362,641	13,824	-	21,476,465	50,000	21,526,465	1,095,051,275
Reserve to finance future capital requirements	-	-	-	3,830	3,830	-	3,830	194,832
Issue of share capital	-	-	-	-	-	6,876	6,876	349,782
Share of loss (prior years)	-	-	-	-	-	(24,511,978)	(24,511,978)	(1,246,924,321)
Total comprehensive loss for the year	-	(5,247,058)	58,003	-	(5,189,055)	(3,181,437)	(8,370,492)	(425,806,928)
Balance at 31 March 2011	19,100,000	(2,884,417)	71,827	3,830	16,291,240	(27,636,539)	(11,345,299)	(577,135,360)
Issue of share capital	12,500,000	-	-	-	12,500,000	4,000	12,504,000	636,078,480
Subscription awaiting allotment	-	-	-	-	-	14,976,898	14,976,898	761,874,801
Share of profit (prior year)	-	-	-	-	-	6,098,663	6,098,663	310,238,987
Transfer to revenue reserve	-	3,830	-	(3,830)	-	-	-	-
Total comprehensive income for the year	-	3,740,439	11,172,248	-	14,912,687	(6,525,845)	8,386,842	426,638,653
Balance at 31 March 2012	31,600,000	859,852	11,244,075	-	43,703,927	(13,082,823)	30,621,104	1,557,695,561

The accompanying notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st March 2012

Particulars	NOTE	2012 USD	2012 INR	2011 USD	2011 INR
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(2,340,527)	(119,062,608)	(8,127,907)	(362,423,372)
Adjustments for:					
Depreciation of property, plant & equipment		779,865	39,671,733	244,206	10,889,146
Loss on sale of property, plant & equipment		1,743	88,666	186,391	8,311,175
Goodwill on consolidation		(5,554,932)	(282,579,391)	(45,522,243)	(2,029,836,815)
Non – controlling interests		6,098,663	310,238,987	(24,511,978)	(1,092,989,099)
Exchange differences in translation		10,992,635	559,195,342	623,594	27,806,056
Operating loss before working capital changes		9,977,477	507,552,729	(77,107,937)	(3,438,242,910)
Changes in working capital					
Inventories		(7,184,799)	(365,490,725)	(308,936)	(13,775,456)
Trade and other receivables		(15,970,636)	(812,426,253)	3,326,587	148,332,514
Trade and other payables		(22,363,973)	(1,137,655,307)	23,466,177	1,046,356,832
Amounts due from related parties		196,642	10,003,179	(183,973)	(8,203,356)
Accruals		(19,543)	(994,152)	299,594	13,358,896
Cash used in operations		(35,364,862)	(1,799,010,530)	(50,508,488)	(2,252,173,478)
Income tax		(5,593,783)	(284,555,741)	5,225,572	233,008,255
Net cash used in operating activities		(40,958,645)	(2,083,566,271)	(45,282,916)	(2,019,165,223)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital work in progress		-	-	673,229	30,019,281
Investment in quoted shares		-	-	21,438	955,920
Purchase of intangible assets		(133,096)	(6,770,594)	-	-
Purchase of property, plant and equipment		(33,191,319)	(1,688,442,398)	(12,911,825)	(575,738,277)
Proceeds on sale of property, plant & equipment		283,250	14,408,928	335,158	14,944,695
Investment in progress		(2,729,551)	(138,852,259)	(5,479,734)	(244,341,339)
Short term investments		16,965,541	863,037,071	(19,829,096)	(884,179,391)
Other investments		17,000	864,790	(17,000)	(758,030)
Asset replacement reserve		(3,830)	(194,832)	3,830	170,780
Net cash used in investing activities		(18,792,005)	(955,949,294)	(37,204,000)	(1,658,926,361)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares		12,500,000	635,875,000	-	-
Issue of shares to non- controlling shareholders		4,000	203,480	6,876	306,601
Subscription awaiting allotment		14,976,898	761,874,801	-	-
Retirement benefit obligation		(42,340)	(2,153,836)	42,340	1,887,941
Environmental rehabilitation provision		(60,734)	(3,089,539)	4,666,809	208,093,013
Long – term payables		(4,798,879)	(244,118,975)	8,766,170	390,883,520
Interest bearing loans		6,011,666	305,813,449	94,611,007	4,218,704,802
Net cash from financing activities		28,590,611	1,454,404,382	108,093,202	4,819,875,877
Net change in cash & cash equivalents		(31,160,039)	(1,585,111,184)	25,606,286	1,141,784,293
Cash & cash equivalents at beginning of year		42,102,151	2,141,736,421	16,495,865	735,550,620
Cash & cash equivalents at end of year	16	10,942,112	556,625,237	42,102,151	1,877,334,913

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

for the year ended 31st March 2012

Particulars	NOTE	2012 USD	2012 INR	2011 USD	2011 INR
ASSETS					
Non-current assets					
Property, plant & equipment	3	409,657	20,839,252	421,025	18,773,505
Investment in unquoted shares	4	99	5,036	99	4,414
Investment in progress	6	11,696,632	595,007,670	11,074,575	493,815,299
Investment in subsidiary companies	8	978,847	49,793,947	978,847	43,646,788
Share application	9	-	-	764,303	34,080,271
		13,085,235	665,645,905	13,238,849	590,320,277
Current assets					
Trade and other receivables	12	5,363,019	272,816,777	4,438,107	197,895,191
Amounts due from subsidiaries	13	58,501,167	2,975,954,365	27,281,541	1,216,483,913
Amount due from related party	14	5,480	278,768	18,149	809,264
Short term investments	15	13,197,662	671,365,066	30,163,203	1,344,977,222
Cash & cash equivalents	16	4,337,067	220,626,598	41,709,658	1,859,833,650
		81,404,395	4,141,041,574	103,610,658	4,619,999,240
Total assets		94,489,630	4,806,687,479	116,849,507	5,210,319,517
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	31,600,000	1,607,492,000	19,100,000	851,669,000
Retained earnings		3,704,328	188,439,165	3,023,968	134,838,733
		35,304,328	1,795,931,165	22,123,968	986,507,733
Non-current liabilities					
Interest bearing loans	21	35,185,127	1,789,867,410	60,000,000	2,675,400,000
 Interest bearing loans	21	13,073,932	665,070,921	-	-
Trade and other payables	24	10,003,932	508,900,021	33,928,685	1,512,880,064
Amount due to subsidiary	25	267,436	13,604,469	267,436	11,924,971
		289,875	14,745,941	309,418	13,796,949
Tax payable		365,000	18,567,550	220,000	9,809,800
		24,000,175	1,220,888,902	34,725,539	1,548,411,784
Total equity and liabilities		94,489,630	4,806,687,477	116,849,507	5,210,319,517

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31st March 2012

Particulars	NOTE	2012 USD	2012 INR	2011 USD	2011 INR
Revenue	26	51,368,899	2,613,135,892	59,905,412	2,671,182,321
Other income	27	3,846,469	195,669,878	3,797,017	169,308,988
Purchases		(50,818,164)	(2,585,120,003)	(59,184,582)	(2,639,040,511)
Depreciation		(13,848)	(704,448)	(62,465)	(2,785,314)
Employee benefits expense	28	(296,285)	(15,072,018)	(172,930)	(7,710,949)
Other operating expenses		(445,527)	(22,663,958)	(1,045,305)	(46,610,150)
Finance costs	29	(2,604,184)	(132,474,840)	(2,355,820)	(105,046,014)
Profit before taxation	30	1,037,360	52,770,503	881,327	39,298,371
Taxation	31	(357,000)	(18,160,590)	(220,000)	(9,809,800)
Profit for the year		680,360	34,609,913	661,327	29,488,571
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		680,360	34,609,913	661,327	29,488,571

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2012

	NOTE	Share capital USD	Retained earnings USD	Total USD	Total equity INR
Balance at 01 April 2010		19,100,000	2,362,641	21,462,641	1,091,804,548
Total comprehensive income for the year		-	661,327	661,327	33,641,704
Balance at 31 March 2011		19,100,000	3,023,968	22,123,968	1,125,446,252
Issue of shares	17	12,500,000	-	12,500,000	635,875,000
Total comprehensive income for the year		-	680,360	680,360	34,609,913
Balance at 31 March 2012		31,600,000	3,704,328	35,304,328	1,795,931,165

The accompanying notes form an integral part of the financial statements.

NOTES to Financial Statements for the year ended 31st March 2012

These notes are 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 incorporated and domiciled in Republic of Singapore. The immediate and ultimate holding company of the Company is Nava Bharat Ventures Limited, incorporated in India.

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, coal, 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").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ('FRS') as required by Singapore Companies Act, Chapter 50.

The financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in United States Dollars (USD or US\$) which is the Company's functional currency and all values are rounded to the nearest one-dollar as unless otherwise stated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except in the current financial year, the Group and the Company have adopted the new and revised FRS and Interpretations of FRS ("INT FRS") listed note 2(a)(i). The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as indicated below:

i) Adoption of FRS and INT FRS

	Effective date (Annual periods beginning on or after)
FRS 24 Related Party Disclosures (Revised) Improvements to FRSs issued in 2010:	1 January 2011
FRS 1 Presentation of Financial Statements	1 January 2011
FRS 103 Business Combinations	1 July 2011
FRS 107 Financial Instruments: Disclosures	1 January 2011
Transition requirements for amendments arising as a result of	
FRS 27 Consolidated and Separate Financial Statements	1 July 2010

FRS 24 Related Party Disclosures (Revised)

The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party entity has control or joint control over the entity, or has significant influence over the entity. The Group is currently determining the impact the expanded definition has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

FRS 103 Business Combinations (Revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2011 and 1 July 2010 respectively.



- transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- the Group elects for each acquisition of a business, whether to measure noncontrolling interest (previously described as minority interests) at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, and this impacts the amount of goodwill recognised; and
- when a business is acquired in stages, the previously held equity interests in the acquiree is re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

The Group applied FRS 27 (revised) prospectively to transactions with minority shareholders from 1 January 2011.(a)
Basis of preparation- continued

The Company has not adopted the following standards and interpretations which are potentially relevant to the Company that has been issued but not yet effective:

The directors expect that the adoption of the standards and interpretation above will have no material impact on the financial statements in the period of initial application.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each

NOTES to Financial Statements for the year ended 31st March 2012

reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Depreciation of property, plant and equipment**
The cost of property, plant and equipment is depreciated on a straight-line basis over the useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 60 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the property, plant and equipment at the end of reporting period is disclosed in the financial statements.
- **Income taxes**
The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) **Critical judgements made in applying accounting policies**

There were no material judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(c) **Basis of consolidation and business combination**

Basis of consolidation from to 1 April 2011

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

De-recognises the carrying amount of any non-controlling interest;

De-recognises the cumulative translation differences recorded in equity;

Recognises the fair value of the consideration received;

Recognises the fair value of any investment retained;

Recognises any surplus or deficit in profit or loss;

Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 April 2011



NOTES to Financial Statements for the year ended 31st March 2012

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

Acquisition of non-controlling interests, prior to 1 April 2011, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2011 were not reallocated between non-controlling interest and the owners of the Company.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 April 2010 have not been restated.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

NOTES to Financial Statements for the year ended 31st March 2012

(d) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(e) Foreign currency

The Group's consolidated financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(ii) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(f) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Subsidiary is consolidated from the date of acquisition being the date on which the Group obtains control, and continued to be consolidated until the date such control ceases.

**NOTES** to Financial Statements for the year ended 31st March 2012

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 separate financial statements, investment in subsidiary is accounted for at cost less any impairment losses.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of a property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets 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 & fittings	5
Tools and equipment	5
Renovation	3
Computer	1

Fully depreciated assets are retained in the financial statements until they are no longer in use. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may no be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(h) Financial assets**Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provision of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

NOTES to Financial Statements for the year ended 31st March 2012

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss. Subsequent to initial recognition financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

iii) Held-to-maturity investment

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets including equity and debt securities. Equity investment classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses changes in the fair value of the financial asset are recognised in other comprehensive income, except impairment losses, foreign exchange gain and loss and interest calculated using effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment losses.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value in the case of other financial liabilities, plus directly attributable transaction costs.



NOTES to Financial Statements for the year ended 31st March 2012

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or loss arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(j) Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES to Financial Statements for the year ended 31st March 2012

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include

- (i) significant financial difficulty of the issuer or obligor,
- (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and
- (iii) a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial assets is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

(k) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.



NOTES to Financial Statements for the year ended 31st March 2012

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(i) Trade and other payables

Trade and other payables are non-interest bearing and trade payables are normally settled on 30 to 60 days' terms while other payables have an average term of six months.

(l) Inventories

Inventories are measured at the lower of cost and net realizable value.

Inventories include processed coal, ore stockpiles, coal in process and supplies and spares and are measured at the lower of cost or net realizable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Cash and cash equivalents

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

(n) Goodwill

Goodwill arises on the acquisition of subsidiaries and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill arising on the acquisition of subsidiaries and joint ventures is presented in intangible assets.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss in respect of goodwill is not reversed.

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(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability, when discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Contingencies

A contingent liability is:

- (a) a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event or events not wholly within the control of the Company, or
- (b) a present obligation that arises from past events but is not recognised because;
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

A contingent liabilities and assets are not recognised on the balance sheet of the Company except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(q) Coal Reserve estimates

A coal reserve estimate is an estimate of the amount of the product that can be economically and legally extracted from the Company's properties. In order to calculate coal reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of ore reserve requires the size, shape and depth of orebodies to be determined by analyzing geological data such as the logging and assaying of drill samples, this process may require complex and difficult geological judgments and calculations to interpret the data.

(r) Environmental expenditure

The company has long-term remediation obligations comprising decommissioning and restoration liabilities relating to its past operations which are based on the group's environmental management plans, in compliance with current environmental and regulatory requirements. Provisions for non-recurring remediation costs are made when there is a present obligation, it is probable that expenditure on remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts, technology expected to be available at the time of the clean-up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

(s) Exploration and evaluation assets

All exploration costs are expensed until the directors conclude that a future economic benefit will more likely than not be realised. In evaluating if expenditures meet this criterion to be capitalised, the directors use several different sources of information depending on the level of exploration. While the criterion for concluding that expenditure should be



NOTES to Financial Statements for the year ended 31st March 2012

capitalised is always probable, the information that the directors use to make that determination depends on the level of exploration.

Costs on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of proved and probable reserves at this location.

Costs on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be establishment of increased proved and probable reserves after which the expenditure is capitalised as a mine development cost.

Cost relating to extensions of mineral deposits, which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, are capitalised as a mine development cost.

Costs relating to property acquisition are capitalised within development costs.

(t) Decommissioning costs

The provision of decommissioning costs represents that cost will arise from rectifying damage caused before production commences. Accordingly, a provision is recognized and a decommissioning asset is recognized and included within mine infrastructure.

Decommissioning costs are provided at the present value of the expenditure expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in the income statement. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. Gains and losses from the expected disposal of assets are not taken into account when determining the provision.

(u) Restoration costs

The provision for restoration represents the cost of restoring site damage after the start of production. Changes in the provision are recorded in the income statement as a cost of production.

Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices and adjusted for risks specific to the liability. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

(v) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised

Sale of goods

Revenue from sale is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Trading in securities

Profit on sale of investment and trading securities, options and futures is recognised on settlement date.

Interest income

Interest income is recognised using the effective interest method.

NOTES to Financial Statements for the year ended 31st March 2012

(w) Government Grant – Jobs Credit Scheme

Cash grant from the government in relation to Jobs Credit Scheme is recognized as income upon receipt.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

In particular, the Company makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. These contributions 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 as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(x) Income taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income

Current taxes are recognised in the profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax liabilities are recognised for all temporary differences, except:

where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority



NOTES to Financial Statements for the year ended 31st March 2012

(iii) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(y) Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
- (I) Has control or joint control over the Company;
 - (II) Has significant influence over the Company; or
 - (III) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (I) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (II) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (III) Both entities are joint ventures of the same third party.
 - (IV) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (V) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (VI) The entity is controlled or jointly controlled by a person identified in (a);
 - (VII) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES to Financial Statements for the year ended 31st March 2012

3. PROPERTY, PLANT & EQUIPMENT

The Group

	Leasehold building	Leasehold land & building	Plant & machinery	Office equipment	Computer	Motor vehicles	Renovation	Tools & instruments	Furniture & fittings	Geological equipment	Capital work-in-progress	Total	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	INR
Cost													
As at 01 April 2010	463,528	-	-	3,201	2,413	118,331	88,054	-	3,901	870	-	680,298	34,606,759
Additions	-	742,719	1,233,788	4,857	2,145	655,550	-	-	-	-	10,272,766	12,911,825	656,824,538
Currency realignment	-	292,356	104,506	-	-	10,317	-	-	-	-	-	407,179	20,713,196
Disposals	-	(505,561)	(633,578)	-	-	(402,422)	-	-	-	-	-	(1,541,561)	(78,419,208)
As at 31 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	633,725,285
Currency realignment	-	(100)	(6,440)	(9)	-	4,127	(13)	-	-	(2)	(32,710)	(35,147)	(1,787,929)
Previous year adjustment	-	9,815	1,082,910	-	-	387,118	-	-	1,131	-	-	1,480,974	75,337,147
Additions	-	953,202	3,579,816	2,480	-	868,937	-	12,711	108,701	-	27,665,472	33,191,319	1,688,442,398
Disposals	-	-	-	-	-	(61,913)	-	-	-	-	-	(61,913)	(3,149,514)
As at 31 March 2012	463,528	1,492,431	5,361,002	10,529	4,558	1,580,045	88,041	12,711	113,733	868	37,905,528	47,032,974	2,392,567,387
Accumulated depreciation													
As at 01 April 2010	38,627	-	-	715	2,413	23,666	56,425	-	946	200	-	122,992	6,256,603
Charge for the year	7,726	20,356	89,822	1,941	1,211	95,139	28,011	-	-	-	-	244,206	12,422,759
Disposals	-	-	-	-	-	(47,242)	-	-	-	-	-	(47,242)	(2,403,201)
As at 31 March 2011	46,353	20,356	89,822	2,656	3,624	71,563	84,436	-	946	200	-	319,956	16,276,161
Charge for the year	7,725	17,070	517,124	5,189	934	209,068	-	-	22,755	-	-	779,865	39,671,733
Previous year adjustment	-	10,646	1,078,297	1,877	-	392,323	799	-	1,522	-	-	1,485,464	75,565,554
As at 31 March 2012	54,078	48,072	1,685,243	9,722	4,558	672,954	85,235	-	25,223	200	-	2,585,285	131,513,448
Net carrying amount													
As at 31 March 2012	409,450	1,444,359	3,675,759	807	-	907,091	2,806	12,711	88,510	668	37,905,528	44,447,689	2,261,053,939
As at 31 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

The coal processing and handling plant, heavy earth moving machinery and related equipment are pledged as security for Standard Chartered Bank Zambia Plc loan (note 18).



NOTES to Financial Statements for the year ended 31st March 2012

3. 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 01 April 2010	463,528	638	2,413	118,331	84,033	668,943	34,029,130
Disposal	-	-	-	(391,929)	-	(391,929)	(19,937,428)
Additions	-	4,857	2,145	273,598	-	280,600	14,274,122
As at 31 March 2011	463,528	5,495	4,558	-	84,033	557,614	28,365,824
Additions	-	2,480	-	-	-	2,480	126,158
As at 31 March 2012	463,528	7,975	4,558	-	84,033	560,094	28,491,982
Accumulated depreciation							
As at 01 April 2010	38,627	638	2,413	23,666	56,022	121,366	6,173,888
Disposal	-	-	-	(47,242)	-	(47,242)	(2,403,201)
Charge for the year	7,726	1,941	1,211	23,576	28,011	62,465	3,177,595
As at 31 March 2011	46,353	2,579	3,624	-	84,033	136,589	6,948,282
Charge for the year	7,725	5,189	934	-	-	13,848	704,448
As at 31 March 2012	54,078	7,768	4,558	-	84,033	150,437	7,652,730
Net carrying amount							
As at 31 March 2012	409,450	207	-	-	-	409,657	20,839,252
As at 31 March 2011	417,175	2,916	934	-	-	421,025	18,773,505

4. INVESTMENT IN UNQUOTED SHARES

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
150 unquoted ordinary shares in Indo Coal Ventures Pte Ltd at cost	99	5,036	99	4,414	99	5,036	99	4,414

5. OTHER INVESTMENTS

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
(a) Kobe Green Power Co., Ltd	-	-	16,000	713,440
(b) Nava Bharat Africa Resources Pvt. Limited	-	-	1,000	44,590
	-	-	17,000	758,030

In 2011, subsidiaries (a) & (b) were not consolidated as subsidiary (a) was under temporary control and no audited financial statements for subsidiary (b) were available as this subsidiary was only incorporated on 28 January 2011 as stated in our auditors' report last year.

In 2012, the accounts of the above two subsidiaries have been consolidated and the investment cost eliminated.

NOTES to Financial Statements for the year ended 31st March 2012

6. INVESTMENT IN PROGRESS

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Down payment and incidental expenses (Legal and professional expenses)	15,059,445	766,073,967	12,329,894	549,789,973	11,696,632	595,007,670	11,074,575	493,815,299

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.

7. INTANGIBLE ASSETS

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
Goodwill	63,795	3,245,252	–	–
Computer software	69,301	3,525,342	–	–
	133,096	6,770,594	–	–

AccPacc software was acquired in early 2012 and has not been installed for use as of year end.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company			
	2012	2012	2011	2011
	USD	INR	USD	INR
Unquoted shares, at cost	978,847	49,793,947	978,847	43,646,788

Name of company (Country of incorporation / place of business)	Principal activities	Percentage of equity held		Cost of investment			
		2012	2011	2012	2012	2011	2011
		%	%	USD	INR	USD	INR
PT Nava Bharat Sungai Cuka *	Dormant	95%	95%	475,000	24,163,250	475,000	21,180,250
Indonesia							
PT Nava Bharat *	Dormant	95%	95%	475,000	24,163,250	475,000	21,180,250
Indonesia							
Kobe Green Power Co., Ltd. *	Hydropower plant	80%	80%	16,000	813,920	16,000	713,440
Japan							
Maamba Collieries Limited +	Mining activity	65%	65%	11,847	602,657	11,847	528,258
Zambia							
Nava Bharat Africa Resources Pvt. Limited +	Dormant	100%	100%	1,000	50,870	1,000	44,590
Mauritius							
				978,847	49,793,947	978,847	43,646,788

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

* : Unaudited financial statements.



NOTES to Financial Statements for the year ended 31st March 2012

9. SHARE APPLICATION

These comprised of advances to a subsidiary pending completion of formalities to increase the share capital of the subsidiary. The purpose was to mobilise needed resources for executing the new business plan for the subsidiary. In 2012, the directors of the Company have decided to treat these as advances to subsidiary instead of share application monies.

10. GOODWILL ON CONSOLIDATION

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
Goodwill on consolidation, at cost - at end of the financial year	51,077,175	2,598,295,892	45,522,243	2,029,836,815

The income in goodwill on consolidation at cost is done to a reconciliation of the amount of goodwill as a result of an increase in accumulated losses at 31 March 2011 due to translation difference of the subsidiary, Maamba Collieries Limited.

The Group believes that any reasonably possible changes in the key assumptions applied are not likely to materiality cause the recoverable amount to be lower than its carrying amount.

11. INVENTORIES

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
Coal	7,098,369	361,094,031	288,936	12,883,656
Spare parts and consumables	395,366	20,112,268	20,000	891,800
	7,493,735	381,206,299	308,936	13,775,456

All inventories and coal stockpiles are stated at the lower of cost and net realizable value and are expected to be realized within next twelve months. The cost of spares recognized as an expense in respect of write downs to net realizable value, was Nil (2011 : USD 63,394).

12. TRADE AND OTHER RECEIVABLES

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Trade	1,274,754	64,846,736	3,416,565	152,344,633	1,239,740	63,065,574	3,032,310	135,210,703
Allowance for impairment	-	-	(318,936)	(14,221,356)	-	-	-	-
	1,274,754	64,846,736	3,097,629	138,123,277	1,239,740	63,065,574	3,032,310	135,210,703
Deposits	14,646	745,042	10,538	469,889	2,671	135,874	6,458	287,962
Deferred revenue	4,064,216	206,746,668	-	-	-	-	-	-
expenses								
Prepaid expenses	722,577	36,757,492	551,717	24,601,061	874	44,460	-	-
Subsidiary	-	-	-	-	3,510,384	178,573,234	1,032,988	460,609,35
(non - trade)								
Interest receivable	280,570	14,272,596	366,351	16,335,591	280,570	14,272,596	366,351	16,335,591
Other receivables	13,810,533	702,541,814	170,425	7,599,251	328,780	16,725,039	-	-
	20,167,296	1,025,910,348	4,196,660	187,129,069	5,363,019	272,816,777	4,438,107	197,895,191

Trade and other receivables are non-interest bearing and are generally on 60 to 90 days' terms. They are recognized at their original invoice amounts which represents their fair values on initial recognition.

NOTES to Financial Statements for the year ended 31st March 2012

Receivables that are past due but not impaired

The Group and the company has no trade receivables that are past due at the end of reporting period but not impaired.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
Trade receivables-nominal amounts	-	-	384,255	17,133,930
Less: Allowance for impairment	-	-	(318,936)	(14,221,356)
	-	-	65,319	2,912,574

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
Allowance for impairment				
Movement in allowance accounts:				
At 1 April	318,936	16,224,274	-	-
Charge for the year	-	-	318,936	14,221,356
Allowances written off	(318,936)	(16,224,274)	-	-
At 31 March	-	-	318,936	14,221,356

Trade receivables that are determined to be impaired at the end of reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. AMOUNTS DUE FROM SUBSIDIARIES

Amounts due from its subsidiaries are loans which are unsecured, convertible into investments at future date and interest-free except for US\$54,514,303 which is charged at interest rate 6% (2011: 6%) per annum.

14. AMOUNTS DUE FROM RELATED PARTIES

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

15. SHORT TERM INVESTMENTS

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Cost of bonds	13,885,465	706,353,605	29,965,895	1,336,179,258	13,885,465	706,353,605	29,965,895	1,336,179,258
Changes in fair value	(687,803)	(34,988,539)	197,308	8,797,964	(687,803)	(34,988,539)	197,308	8,797,964
Bonds at fair value	13,197,662	671,365,066	30,163,203	1,344,977,222	13,197,662	671,365,066	30,163,203	1,344,977,222

**NOTES** to Financial Statements for the year ended 31st March 2012**16. CASH & CASH EQUIVALENTS**

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Cash at bank	10,931,799	556,100,615	42,099,013	1,877,194,990	4,335,854	220,564,893	41,709,657	1,859,833,605
Cash in hand	10,313	524,622	3,138	139,923	1,213	61,705	1	45
	10,942,112	556,625,237	42,102,151	1,877,334,913	4,337,067	220,626,598	41,709,658	1,859,833,650

Cash and cash equivalents denominated in currencies other than the Company's functional currency are as follows:

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
United States Dollar	10,719,896	545,321,109	41,763,904	1,862,252,479	4,114,851	209,322,470	41,371,411	1,844,751,216
Singapore Dollar	222,070	11,296,701	338,144	15,077,841	222,070	11,296,701	338,144	15,077,841
Australian Dollar	146	7,427	103	4,593	146	7,427	103	4,593
	10,942,112	556,625,237	42,102,151	1,877,334,913	4,337,067	220,626,598	41,709,658	1,859,833,650

17. SHARE CAPITAL

		Group and Company			
		2012	2012	2011	2011
		USD	INR	USD	INR
Ordinary shares issued and fully paid up with no par value					
19,106,870	At beginning of the year	19,100,000	971,617,000	19,100,000	851,669,000
12,500,000	Issued during the year	12,500,000	635,875,000	-	-
31,606,870	At end of the year	31,600,000	1,607,492,000	19,100,000	851,669,000

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. During the year 12,500,000 ordinary shares of USD1 each were issued for cash consideration of USD12,500,000 and the proceeds were used for working purposes.

18. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve arises due to translating the foreign currency (Zambian Kwacha) in the subsidiary Maamba Collieries Limited to United States Dollars.

19. ASSET REPLACEMENT RESERVE

The asset replacement reserve to finance future capital requirements of the Subsidiary was a pre-condition of the ADB loan which was part of the restructuring and refinancing of the Subsidiary. This amount brought forward from 2008 has been transferred to the revenue reserve as it is no longer required.

NOTES to Financial Statements for the year ended 31st March 2012

20. LONG TERM PAYABLES

On 31 August 2007, the Subsidiary, Maamba Collieries Limited entered into a 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 difference 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 the year three from the date of the scheme.

The fair values of the long term payables have been stated and now computed as the present value of all future cash payments discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the long term payables and their settlement amounts has been recognized in the income statement.

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
National Pension Scheme Authority	3,859,875	196,351,842	2,415,260	107,696,443
Workmen's Compensation Fund	107,416	5,464,251	95,018	4,236,853
Zambia Revenue Authority	-	-	6,228,111	277,711,469
Exchange translation difference	-	-	27,781	1,238,755
	3,967,291	201,816,093	8,766,170	390,883,520
National Pension Scheme Authority				
At start of the year	2,415,260	122,864,276	2,116,851	94,390,386
Transfer from short term	3,688,934	187,656,072	298,409	13,306,057
Fair value gain adjustment to income statement	(1,310,463)	(66,663,252)	-	-
Paid during the year	(933,856)	(47,505,254)	-	-
	3,859,875	196,351,842	2,415,260	107,696,443
Workmen's Compensation Fund				
At start of the year	95,018	4,833,565	95,018	4,236,853
Fair value adjustment to income statement	207,577	10,559,441	-	-
Paid during the year	(195,179)	(9,928,755)	-	-
	107,416	5,464,251	95,018	4,236,853
Zambia Revenue Authority				
At start of the year	6,228,111	316,824,006	5,458,749	243,405,618
Increase in provision	-	-	769,362	34,305,851
ZRA liabilities forgiveness in the year	(6,228,111)	(316,824,006)	-	-
	-	-	6,228,111	277,711,469



NOTES to Financial Statements for the year ended 31st March 2012

21. INTEREST BEARING LOANS

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Unsecured loans								
a) Bank borrowings	48,259,059	2,454,938,331	60,000,000	2,675,400,000	48,259,059	2,454,938,331	60,000,000	2,675,400,000
b) International Development Agency	1,600,000	81,392,000	1,672,340	74,569,641	-	-	-	-
c) Zambia Development Agency (Zambia Privatisation Agency)	47,411	2,411,798	53,191	2,371,787	-	-	-	-
d) Government of the Republic of Zambia -Mof1	161,073	8,193,784	180,638	8,054,648	-	-	-	-
e) Government of the Republic of Zambia –Mof2	4,300,000	218,741,000	4,813,830	214,648,680	-	-	-	-
f) Scheme of Arrangement – MOF	11,229,910	571,265,522	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	-	-	-	-
Entrust	25,220	1,282,941	-	-	-	-	-	-
Secured loans								
k) Standard Chartered Bank -Zambia	35,000,000	1,780,450,000	-	-	-	-	-	-
	100,622,673	5,118,675,376	94,611,007	4,218,704,802	48,259,059	2,454,938,331	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.

The interest and repayment schedule are as follows:

Bank	Interest rate	Fully repayable by
ICICI Bank	3.5 % + LIBOR	July 2014
ICICI Bank	4.6 % + LIBOR	July 2015
Standard chartered Bank	3.5 % + LIBOR	October 2013
ANZ Bank	2.65 % + LIBOR	October 2014

- b) This loan was granted to the Subsidiary, Maamba Collieries Limited through ZCCM –Investments Holdings Plc in 1993. The loan amount of USD 1.6 million was advanced to the subsidiary in 1993. It is unsecured, interest free with no fixed repayment terms.

NOTES to Financial Statements for the year ended 31st March 2012

- c) The funds were obtained from the Zambia Privatisation Agency for the purpose of liquidating the liabilities arising from retirement benefits and group assurance. The loan is unsecured, interest free with no fixed repayment terms.
- d) This represents loans obtained from the African Development Bank and the African Development Fund through ZCCM Investment Holdings Plc for capitalization and is unsecured, interest free with no fixed repayment terms.
- e) The money was advanced to the Subsidiary by the government through ZCCM-Investment Holdings Plc. The amount advanced was US\$ 4.3 million and is unsecured, interest free with no fixed repayment terms.
- f) The loan was received from the Ministry of Finance for funding the creditors' scheme of arrangement. The loan is unsecured, interest free with no fixed repayment terms.
- 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 with no fixed repayment terms.
- i) The US\$5,300,000 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.
- k) The loan was acquired to finance the acquisition of the coal preparation plant and coal handling plant equipment, heavy earth moving machinery and related equipment to restore mining operations of the subsidiary company (MCL). The loan is secured by a charge on the equipment acquired and by the corporate guarantee of Nava Bharat Ventures Limited. The loan attracts interest at 2 % above the LIBOR rate. The loan is fully repayable by March 2013.

22. RETIREMENT BENEFIT OBLIGATION

The amount represented the past service cost that were paid off in 2011. As part of the Subsidiary, Maamba Collieries Limited's restructuring, all staff who are now on two year contracts with the subsidiary statutory retirement obligations are restricted to the contributions made to the National Pension Scheme Authority (NAPSA).

23. ENVIRONMENTAL REHABILITATION PROVISIONS

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

The change in estimates relates to changes in mine plans, change in economic assumptions and discount rates. The provisions are expected to unwind over the life of the mine.

	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
At the start of the year	4,666,809	237,400,573	4,750,795	211,837,949
Payment made in the year	-	-	(201,909)	(9,003,122)
Fair value gain adjustments	(21,344)	(1,085,769)	-	-
Increase in provisions	-	-	103,060	4,595,445
Exchange gain	(24,527)	(1,247,688)	-	-
Exchange translation difference	(14,863)	(756,080)	14,863	662,741
	4,606,075	234,311,036	4,666,809	208,093,013



NOTES to Financial Statements for the year ended 31st March 2012

24. TRADE AND OTHER PAYABLES

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Third parties (trade)	692,649	35,235,055	1,784,681	79,578,926	-	-	-	-
Third parties (non – trade)	3,851,151	195,908,051	8,664,512	386,350,590	11,847	602,657	11,847	528,258
Related parties	7,289,113	370,797,178	-	-	-	-	-	-
Loan creditor	177,060	9,007,042	-	-	-	-	-	-
Holding company								
- Expenses payable	341,311	17,362,491	2,134,977	95,198,624	341,311	17,362,491	2,134,977	95,198,624
- Trade payables	9,650,774	490,934,873	31,781,861	1,417,153,182	9,650,774	490,934,873	31,781,861	1,417,153,182
	22,002,058	1,119,244,690	44,366,031	1,978,281,322	10,003,932	508,900,021	33,928,685	1,512,880,064

The amounts due to related parties, loan creditor and holding company are unsecured, non-interest bearing and repayable on demand. Trade and other payables are non-interest bearing and are normally settled within 90 days.

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

25. AMOUNT DUE TO SUBSIDIARY

The amount due to subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

26. REVENUE

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

27. OTHER INCOME

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Interest income from bonds	1,638,121	83,331,215	1,404,048	62,606,500	1,638,121	83,331,215	1,404,048	62,606,500
Investment income	785,097	39,937,884	1,256,759	56,038,884	785,097	39,937,885	1,256,759	56,038,884
Fair value (loss)/gain – Investments	(1,055,488)	(53,692,675)	78,230	3,488,276	(1,055,488)	(53,692,675)	78,230	3,488,276
Fixed deposit interest	1,220	62,061	470	20,957	1,220	62,061	470	20,958
Government jobs credit scheme	-	-	1,163	51,858	-	-	1,163	51,858
Gain from sale of shares	-	-	3,948	176,041	-	-	3,948	176,041
Lodge and restaurant income	-	-	111,647	4,978,340	-	-	-	-
Rental and miscellaneous income	124	6,308	139,679	6,228,287	124	6,308	21,316	950,480
Interest income from subsidiary	-	-	-	-	2,477,395	126,025,084	1,031,083	45,975,991
Fair value adjustment of non-interest bearing long term liabilities	1,191,811	60,627,426	-	-	-	-	-	-
Previous years'								
- Mineral royalty taxes forgiveness	69,473	3,534,092	-	-	-	-	-	-
- PAYE penalties forgiveness	2,818,370	143,370,482	-	-	-	-	-	-
- Corporate tax liability forgiveness	5,049,527	256,869,438	-	-	-	-	-	-
- Excess provision now reversed	2,348,787	119,482,795	-	-	-	-	-	-
Other ZRA liabilities forgiveness	461,703	23,486,832	-	-	-	-	-	-
	13,308,745	677,015,858	2,995,944	133,589,143	3,846,469	195,669,878	3,797,017	169,308,988

NOTES to Financial Statements for the year ended 31st March 2012

28. EMPLOYEE BENEFITS EXPENSE

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Directors salaries	486,543	24,750,442	47,196	2,104,470	145,308	7,391,818	47,196	2,104,470
Directors CPF	9,110	463,426	4,821	214,968	9,110	463,426	4,821	214,968
Directors benefit in kind	4,386	223,116	2,800	124,852	4,386	223,116	2,800	124,852
Staff salaries and bonus	2,570,606	130,766,727	2,098,371	93,566,363	116,560	5,929,407	90,487	4,034,815
CPF contribution	15,168	771,596	12,861	573,472	15,168	771,596	12,861	573,472
Retirement benefit costs	-	-	160,755	7,168,066	-	-	-	-
SDL/CDAC/SINDA	309	15,719	248	11,058	309	15,719	248	11,059
Staff welfare	-	-	209,765	9,353,421	-	-	948	42,271
Medical expenses	5,444	276,936	54,811	2,444,023	5,444	276,936	13,569	605,042
	3,091,566	157,267,962	2,591,628	115,560,693	296,285	15,072,018	172,930	7,710,949

29. FINANCE COSTS

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Overdraft interest	-	-	227	10,122	-	-	227	10,122
Bank charges	18,309	931,379	-	-	1,952,677	99,332,679	1,373,948	61,264,341
Loan interest	1,952,677	99,332,679	1,373,948	61,264,341	-	-	-	-
Interest expenses	609,299	30,995,040	2,131,262	95,032,973	-	-	-	-
Facility fee	21,507	1,094,061	526,645	23,483,100	21,507	1,094,061	526,645	23,483,101
Guarantee commission	630,000	32,048,100	455,000	20,288,450	630,000	32,048,100	455,000	20,288,450
	3,231,792	164,401,259	4,487,082	200,078,986	2,604,184	132,474,840	2,355,820	105,046,014

30. PROFIT/ LOSS BEFORE TAXATION

The following items have been charged in arriving at loss before taxation:

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Foreign exchange loss	4,557,601	231,845,163	39,093	1,743,157	4,613	234,663	39,093	1,743,157
Loss on sale of property, plant & equipment	1,743	88,666	186,391	8,311,175	-	-	9,529	424,898
Rent	-	-	15,367	685,214	-	-	-	-

31. TAXATION

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Current year	452,879	23,037,955	300,588	13,403,219	365,000	18,567,550	220,000	9,809,800
Prior year over provision	(8,000)	(406,960)	-	-	(8,000)	(406,960)	-	-
	444,879	22,630,995	300,588	13,403,219	357,000	18,160,590	220,000	9,809,800

The income tax expense varies from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to loss before taxation as a result of certain non deductible items, tax exemption and wear and tear allowances.



NOTES to Financial Statements for the year ended 31st March 2012

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
(Loss) / Profit before taxation	(2,340,527)	(119,062,608)	(8,127,907)	(362,423,372)	1,037,360	52,770,503	881,327	39,298,371
Tax at 17%	(397,890)	(20,240,664)	(1,381,744)	(61,611,965)	176,351	8,970,975	149,826	6,680,741
Less : Effect of tax on:								
- wear & tear allowances	(981,165)	(49,911,864)	(5,402)	(240,875)	(416)	(21,162)	(5,402)	(240,875)
- deferred tax benefits not recognised	1,751,939	89,121,137	1,612,158	71,886,125	-	-	-	-
- non-taxable income	(3,600,201)	(183,142,225)	(15,775)	(703,407)	-	-	(15,775)	(703,407)
- tax exempt income	(20,735)	(1,054,789)	(16,306)	(727,084)	(17,561)	(893,328)	(16,306)	(727,084)
- non-deductible expenses	3,700,931	188,266,360	107,657	4,800,425	206,626	10,511,065	107,657	4,800,425
Tax on current year income	452,879	23,037,955	300,588	13,403,219	365,000	18,567,550	220,000	9,809,800

32. DEFERRED TAXATION

Reconciliation of deferred tax asset

Deferred tax (liability) / tax – for disclosure only	Group			
	2012	2012	2011	2011
	USD	INR	USD	INR
Property, plant and equipment	1,131,164	57,542,313	-	-
Unrealised forex loss	(403,964)	(20,549,649)	(1,559,053)	(69,518,173)
Tax losses	16,312,162	829,799,681	13,686,373	610,275,372
	17,039,362	866,792,345	12,127,320	540,757,199

The potential deferred tax on tax losses has not been recognised in the financial statements as, in the opinion of the directors, recovery of tax losses is not assured beyond reasonable doubt because of the practice of Zambia Revenue Authority to lapse tax losses.

33. CONTINGENT LIABILITIES

The subsidiary had several pending legal proceedings at 31 March 2012, the major one being the litigation against the subsidiary relating to underpayment of terminal benefits to former employees. The plaintiffs are claiming that they are entitled to claim salaries and arrears from the date of redundancy to the present. The total claim is in excess of USD11 million. Lawyers and management consider the likelihood of the action against the subsidiary being successful as unlikely.

34. CAPITAL MANAGEMENT

The primary objective of the Company capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2012 and 31 March 2011. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company is not subjected to externally imposed capital requirements

The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

NOTES to Financial Statements for the year ended 31st March 2012

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Long term payables	3,967,291	201,816,093	8,766,170	390,883,520	-	-	-	-
Interest bearing loans	100,622,673	5,118,675,376	94,611,007	4,218,704,802	48,259,059	2,454,938,331	60,000,000	2,675,400,000
Trade and other payables	22,002,058	1,119,244,690	44,366,031	1,978,281,322	10,003,932	508,900,021	33,928,685	1,512,880,064
Amount due to subsidiary	-	-	-	-	267,436	13,604,469	267,436	11,924,971
Accruals	289,875	14,745,941	309,418	13,796,949	289,875	14,745,941	309,428	13,797,395
Less: Cash and cash equivalents	(10,942,112)	(556,625,238)	(42,102,151)	(1,877,334,913)	(4,337,067)	(220,626,598)	(41,709,658)	(1,859,833,650)
Net debt	115,939,785	5,897,856,862	105,950,475	4,724,331,680	54,483,235	2,771,562,164	52,795,891	2,354,168,780
Equity attributable to the equity holders of the Company	43,703,927	2,223,218,766	16,291,240	726,426,392	35,304,328	1,795,931,165	22,123,968	986,507,733
Total capital	43,703,927	2,223,218,766	16,291,240	726,426,392	35,304,328	1,795,931,165	22,123,968	986,507,733
Capital and net debt	159,643,712	8,121,075,628	122,241,715	5,450,758,072	89,787,563	4,567,493,329	74,919,859	3,340,676,513
Gearing ratio	72.62%		86.67%		60.68%		70.47%	

35. RELATED PARTY DISCLOSURES

(a) Purchase of goods and services

In additions to those related party information disclosed elsewhere in the financial settlements, the following significant transactions between the Company and related parties that took place during the year at terms agreed between the parties during the financial year:

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Ultimate holding company								
- Purchases	50,818,164	2,585,120,003	59,184,582	2,639,040,511	50,818,164	2,585,120,003	59,184,582	2,639,040,511
- Guarantee commission	630,000	32,048,100	455,000	20,288,450	630,000	32,048,100	455,000	20,288,450
Expenses paid on behalf of subsidiaries	-	-	-	-	1,128,158	57,389,397	1,169,548	52,150,145
Loan to subsidiary	-	-	-	-	28,414,303	1,445,435,594	26,100,000	1,163,799,000

(b) Amount paid to key management personnel

Key management personnel of the Group and Company are those persons having the authority and responsibility for planning directing and controlling the activities, directly or indirectly, of the Company. The directors of the Group and the Company and the general management of the Company is considered as key management personnel of the Company

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Total compensation paid/payable to key management personnel								
- Directors of the Company	517,525	26,326,497	56,090	2,501,053	150,294	7,645,456	49,996	2,229,322
- Directors provident fund contributions	9,110	463,426	4,821	214,968	9,110	463,426	4,821	214,968

**NOTES** to Financial Statements for the year ended 31st March 2012**36. FINANCIAL INSTRUMENTS**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risks, foreign currency risk, interest rate risk, market risks and liquidity risks. The Group's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Group and the Company. The Group does not have any written financial risk management policies and guidelines and there has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group's and Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other debtors. Guidelines on credit terms provided to trade customers are established and continually monitored. For other financial assets (including cash and short-term deposits, fixed deposits, investment securities, and investment funds), the Group minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, other receivables (including related parties balances), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollars (SGD).

	31-Mar-12				31-Mar-11			
	Singapore dollar		Australian dollar		Singapore dollar		Australian dollar	
	USD	INR	USD	INR	USD	INR	USD	INR
Group								
Cash and cash equivalents	222,070	11,296,701	146	7,427	338,144	15,077,841	103	4,593
Company								
Cash and cash equivalents	222,070	11,296,701	146	7,427	338,144	15,077,841	103	4,593

NOTES to Financial Statements for the year ended 31st March 2012

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the SGD, AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group		Group	
	Loss net of tax		Loss net of tax	
	2012	2011	2012	2011
	USD	INR	USD	INR
SGD				
- strengthened 5% (2011: 5%)	14,390	22,282	14,390	22,282
- weakened 5% (2011: 5%)	(14,390)	(22,282)	(14,390)	(22,282)
AUD				
- strengthened 5% (2011: 5%)	6	4	6	4
- weakened 5% (2011: 5%)	(6)	(4)	(6)	(4)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, and cash and cash equivalents.

Sensitivity analysis for interest rate risk

Movements in interest rates will have an impact on the Group's loans and borrowings. A change of 50 basis points (bp) in interest rates at the reporting date would change equity and profit net of taxation by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Interest bearing loans and borrowings	83,259,059	4,235,388,331	60,000,000	2,675,400,000	48,259,059	2,454,938,331	60,000,000	2,675,400,000
- Effect of profit net of tax	345,525	17,576,857	249,000	11,102,910	200,275	10,187,989	249,000	11,102,910

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group and the Company are exposed to equity price risk arising from its investment in quoted equity instruments. The Group and the Company does not have exposure to commodity price risk.

The Group's policy is to manage investment returns and equity risk through close monitoring of the holding limits prescribed for each individual financial instruments and a class of similar instruments. The Group tries to maintain a well-diversified portfolio to balance risks and returns. Further diversification is achieved by investing in foreign securities so that the Group is not dependent on one country's economy.

The Board of directors has overall responsibility for determining the level and type of business investment risk the Group undertakes. All major investment proposals are submitted to the Board for evaluation and approval. The monitoring of new existing investments is facilitated by regular communications and reporting from management at Board meetings.



NOTES to Financial Statements for the year ended 31st March 2012

Sensitivity analysis for equity price risk

The sensitivity analysis below is based on the assumption that a change of market prices by 10% (2011: 10%) in the underlying quoted equities at the reporting date would increase/decrease loss net of taxation by the following amounts. This analysis assumes that all other variables remain constant.

	Group & Company			
	2012	2012	2011	2011
	USD	INR	USD	INR
Quoted investments	1,095,406	55,723,303	2,503,545	111,633,072

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period, based on contractual undiscounted payments.

	Carrying amounts		Total Undiscounted cash flow	Within 1 year		Within 2 to 5 years	
	USD	INR	USD	INR	USD	INR	INR
Group							
2012							
Loans and borrowings	100,622,673	5,118,675,376	104,236,014	5,302,486,032	67,000,622	3,408,321,641	37,235,392
Long term payables	3,967,291	201,816,093	3,967,291	201,816,093	-	-	3,967,291
Trade and other payables	22,002,058	1,119,244,690	22,002,058	1,119,244,690	22,002,058	1,119,244,690	-
Accruals	289,875	14,745,941	289,875	14,745,941	289,875	14,745,941	-
	126,881,897	6,454,482,100	130,495,238	6,638,292,756	89,292,555	4,542,312,272	41,202,683
2011							
Loans and borrowings	94,611,007	4,218,704,802	99,232,848	4,424,792,692	35,619,507	1,588,273,817	63,613,341
Trade and other payables	44,366,031	1,978,281,322	44,366,031	1,978,281,322	44,366,031	1,978,281,322	-
Accruals	309,418	13,796,949	309,418	13,796,949	309,418	13,796,949	-
	139,286,456	6,210,783,073	143,908,297	6,416,870,963	80,294,956	3,580,352,088	63,613,341
Company							
2012							
Bank borrowings	48,259,059	2,454,938,331	51,872,400	2,638,748,988	14,637,008	744,584,597	37,235,392
Trade and other payables	10,003,932	508,900,021	10,003,932	508,900,021	10,003,932	508,900,021	-
Accruals	289,875	14,745,941	289,875	14,745,941	289,875	14,745,941	-
Amounts due to subsidiary	267,436	13,604,469	267,436	13,604,469	267,436	13,604,469	-
	58,820,302	2,992,188,762	62,433,643	3,175,999,419	25,198,251	1,281,835,028	37,235,392
2011							
Loans and borrowings	60,000,000	2,675,400,000	64,621,841	2,881,487,890	1,008,500	44,969,015	63,613,341
Trade and other payables	33,928,685	1,512,880,064	33,928,685	1,512,880,064	33,928,685	1,512,880,064	-
Accruals	309,418	13,796,949	309,418	13,796,949	309,418	13,796,949	-
Amount due to subsidiary	267,436	11,924,971	267,436	11,924,971	267,436	11,924,971	-
	94,505,539	4,214,001,984	99,127,380	4,420,089,874	35,514,039	1,583,570,999	63,613,341

NOTES to Financial Statements for the year ended 31st March 2012

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

However, the Company does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

At the reporting period, the Company does not have any other financial instruments carried at fair value.

38. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group				Company			
	2012	2012	2011	2011	2012	2012	2011	2011
	USD	INR	USD	INR	USD	INR	USD	INR
Fair value through profit and loss								
Short term investments	13,197,662	671,365,066	30,163,203	1,344,977,221	13,197,662	671,365,066	30,163,203	1,344,977,222
Loans and receivables								
Trade and other receivables	19,444,719	989,152,856	3,644,943	162,528,008	5,362,145	272,772,316	4,438,107	197,895,191
Receivables from related parties	5,480	278,768	202,122	9,012,619	5,480	278,768	18,149	809,264
Amounts due from subsidiaries	-	-	-	-	58,501,167	2,975,954,365	27,281,541	1,216,483,913
Cash and cash equivalents	10,942,112	556,625,237	42,102,151	1,877,334,913	4,337,067	220,626,598	41,709,658	1,859,833,650
	30,392,311	1,546,056,861	45,949,216	2,048,875,540	68,205,859	3,469,632,047	73,447,455	3,275,022,018
Financial liabilities at amortised cost								
Loan and borrowings	100,622,673	5,118,675,376	94,611,007	4,218,704,802	48,259,059	2,454,938,331	60,000,000	2,675,400,000
Trade and other payables	22,002,058	1,119,244,690	44,366,031	1,978,281,322	10,003,932	508,900,021	33,928,685	1,512,880,064
Accruals	289,875	14,745,941	309,418	13,796,948	289,875	14,745,941	309,418	13,796,949
Amount due to subsidiary	-	-	-	-	267,436	13,604,469	267,436	11,924,971
	122,914,606	6,252,666,007	139,286,456	6,210,783,072	58,820,302	2,992,188,762	94,505,539	4,214,001,984

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the period year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 29 May 2012.

Note: Indian rupee equivalent figures have been arrived by applying the year end inter bank exchange rate US\$1 = ₹ 50.87 (previous year US\$ 1= ₹ 44.59) and not form of the report of PT Nava Bharat Indonesia as made out in accordance with laws of country of incorporation.



SUPPLEMENTARY INCOME STATEMENT for the year ended 31st March 2012

	2012	2012	2011	2011
	USD	INR	USD	INR
Revenue	51,368,899	2,613,135,892	59,905,412	267,118,232
Less : Purchases	(50,818,164)	(2,585,120,003)	(59,184,582)	(2,639,040,511)
Gross Profit	550,735	28,015,889	720,830	32,141,810
Other income				
Interest income from bonds	1,638,121	83,331,215	1,404,048	62,606,500
Investment income	785,097	39,937,885	1,256,759	56,038,884
(Loss)/ gain in fair value of investments	(1,055,488)	(53,692,674)	78,230	3,488,276
Gain from sale of shares	-	-	3,948	176,041
Interest income from subsidiary	2,477,395	126,025,083	1,031,083	45,975,991
Government jobs credit	-	-	1,163	51,858
Fixed deposit interest	1,220	62,061	470	20,957
Miscellaneous income	124	6,308	21,316	950,481
	3,846,469	195,669,878	3,797,017	169,308,988
Employee benefits expense				
Director's salary	145,308	7,391,818	47,196	2,104,470
Director's CPF	9,110	463,426	4,821	214,968
Director's benefit in kind	4,386	223,116	2,800	124,852
Staff salaries	116,560	5,929,407	90,487	4,034,815
CPF contribution	15,168	771,596	12,861	573,472
SDL/CDAC/SINDA	309	15,719	248	11,058
Staff welfare	-	-	948	42,271
Medical expenses	5,444	276,936	13,569	605,042
	(296,285)	(15,072,018)	(172,930)	(7,710,949)
Depreciation	(13,848)	(704,448)	(62,465)	(2,785,314)
Other operating expenses	(445,527)	(22,663,958)	(1,045,305)	(46,610,150)
Finance costs				
Overdraft interest	-	-	227	10,122
Loans interest	1,952,677	99,332,679	1,373,948	61,264,341
Facility fee	21,507	1,094,061	526,645	23,483,101
Guarantee commission	630,000	32,048,100	455,000	20,288,450
	(2,604,184)	(132,474,840)	(2,355,820)	(105,046,014)
Profit before taxation	1,037,360	52,770,503	881,327	39,298,371

Supplementary income statement has been prepared for management purposes only and does not form a part of the audited financial statements.

SUPPLEMENTARY INCOME STATEMENT for the year ended 31st March 2012

	2012	2012	2011	2011
	USD	INR	USD	INR
Other operating expenses				
Advertising & promotion	-	-	414	18,460
Accounting & administration fees	(680)	(34,591)	4,925	219,606
Audit fee	6,560	333,707	5,335	237,888
Analysis charges	-	-	27,500	1,226,225
Bank charges	56,835	2,891,196	50,831	2,266,554
Commission	13,734	698,649	72,807	3,246,464
Conference expenses	-	-	460	20,511
Consultancy fee	75,517	3,841,550	372,529	16,611,068
Disbursements	432	21,976	-	-
Exchange loss	4,613	234,663	39,093	1,743,157
Gifts	-	-	805	35,895
Internet charges	-	-	1,033	46,061
Legal expenses	48,267	2,455,342	170,063	7,583,109
Late fees paid	-	-	18	803
LC charges	612	31,132	787	35,092
Loss on sale of property, plant & equipment	-	-	9,529	424,898
Maintenance of office property	2,773	141,063	-	-
Miscellaneous expenses	8,299	422,170	13,601	606,469
Office expenses	10,729	545,784	7,426	331,125
Printing and stationery	2,389	121,528	4,705	209,796
Property tax	3,784	192,492	2,927	130,515
Postage & courier	2,848	144,878	2,940	131,095
Refreshment	30	1,526	755	33,665
Secretarial fees	504	25,639	520	23,187
Subscription	-	-	3,265	145,586
Telephone	18,207	926,190	22,339	996,096
Travel & entertainment	165,419	8,414,865	213,016	9,498,383
Tax fee	1,440	73,253	1,231	54,890
Transport	4,473	227,541	4,005	178,583
Upkeep of private vehicles	15,106	768,442	6,706	299,021
Utilities	3,636	184,963	5,740	255,947
	(445,527)	22,663,958	(1,045,305)	46,610,150



INDEPENDENT AUDITORS' REPORT

To

The Members of
Maamba Collieries Limited

We have audited the financial statements of Maamba Collieries Limited which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 30.

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 Zambian Companies Act. This responsibility includes: designing, implementing and maintaining internal control 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 these 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 the audit to obtain reasonable assurance that 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 judgment, 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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maamba Collieries Limited as at 31 March 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Zambian Companies Act.

Supplementary information

The supplementary schedules presenting the detailed income statement on pages 31 to 32 do not form part of the audited financial statements and are represented as additional information. We have not audited these schedules and accordingly do not express an opinion thereon.

Other legal and regulatory requirements

The Zambian Companies Act requires that in carrying out an audit, we consider whether or not a company has kept the accounting records and registers as required by the Act. From our examination of the records, we confirm that, in our opinion, the accounting records, other records, and registers required by the Zambian Companies Act have been properly kept by the company.

BDO
Chartered Accountants

W P Saunders
Partner

Date: 25th April 2012

Note: Page Nos. 8 to 30 and 31 to 32 stated in the above statement may be referred as 48 to 69 and 70 in this Annual Report respectively.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the *Zambian Companies Act* to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of

risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 and 4.

The financial statements set out on pages 6 to 32, which have been prepared on the going concern basis, were approved by the board of directors on 25 April 2012 and were signed on its behalf by:

Ashwin Devineni
Director

Victor Mutambo
Director

Date: 25th April 2012

Note: Page Nos. 3 to 4 and 6 to 32 stated in the above statement may be referred as 44 and 46 to 70 in this Annual Report respectively.



DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2012.

1. Review of activities

The company's core activities are coal mining and power generation.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

The company's turnover for the year was USD 296,544 i.e ₹15,085,193 (2011: USD 761,912 i.e ₹ 33,973,656) and its loss after tax was USD 1,768,042 i.e ₹ 89,940,297 (2011: USD 8,894,087 i.e ₹ 396,587,339).

2. Property, plant and equipment

During the year, the company acquired property, plant and equipment amounting to USD 33,908,023 i.e ₹ 1,724,901,130, (2011: USD 10,616,056 i.e ₹ 473,369,937) and disposed of property, plant and equipment with an original cost of USD 61,913 i.e ₹ 3,149,514 (2011: USD 1,119,831 i.e ₹ 49,933,264).

3. Authorised and issued share capital

In April 2012, the company's shareholders resolved to convert the shareholders' loans amounting to USD 43,675,88 (₹ 2,221,792,372) to equity in proportion to their current shareholding. This amount has been accounted for in share capital and subscriptions.

On 29 September 2011, authorised share capital was increased from USD 42,418 (₹ 1,891,419) to USD 948,231,305 (₹ 42,281,633,890).

4. Post balance sheet events

The directors are not aware of any material matter or circumstance arising since the end of the financial year to the date of approval of these financial statements that require disclosure or adjustment in the financial statements.

5. Health and safety

The company is committed to ensuring the health, safety and welfare at work of its employees and for protecting other persons against risks to health or safety arising out of, or in connection with the activities at work of those employees.

6. Staff

The average number of employees during the year was 168 (2011:405) and the total remuneration paid was USD 2,443,909 i.e ₹ 124,321,651 (2011 USD 3,010,715 i.e ₹ 134,247,782).

DIRECTORS' REPORT

7. Directors

The directors of the company during the year and to the date of this report were as follows:

Name	Nationality	
B M Bwalya	Zambian	Resigned on 21 July 2011
A Devineni	Indian	
M Chilambe	Zambian	Appointed on 19 September 2011
V Mutambo	Zambian	Appointed on 25 November 2011
D Ashok	Indian	
ESS Nebwe	Zambian	
G M Beene	Zambian	Resigned on 18 December 2011
Prasad RK Gorthi	Indian	

8. Directors' interest

None of the directors had a material interest in any significant contract entered into by the company during the year.

9. Holding company

The company's immediate holding company is Nava Bharat (Singapore) Pte Ltd incorporated in Singapore which has a 65% equity interest in the company. Its ultimate holding company is Nava Bharat Ventures Limited incorporated in India. The Government of the Republic of Zambia, through ZCCM Investment Holdings Plc, has a 35 % equity interest in the company.

10. Secretary

The secretary of the company is Moores Rowland Corporate Services Limited.

11. Exports

USD 273,865 i.e ₹ 13,931,513 (2011 : USD 641,726 i.e ₹ 28,614,562) worth of coal were exported by the company from Zambia during the year.

12. Auditors

BDO were appointed the company's auditors on 30 November 2011. Having indicated their willingness to continue in office, a resolution proposing the re-appointment of BDO as auditors will be put to the Annual General Meeting.

Date: 25th April 2012

By order of the board
Moores Rowland Corporate Services Ltd.
Secretary

**STATEMENT OF FINANCIAL POSITION**

as at 31st March 2012

PARTICULARS	Notes	2012 USD	2012 INR	2011 USD	2011 INR
ASSETS					
Non-current assets					
Property, plant and equipment	3	44,819,762	2,279,981,293	11,670,489	520,387,105
Intangible assets	4	69,301	3,525,342	-	-
		44,889,063	2,283,506,635	11,670,489	520,387,105
Current assets					
Inventories	5	7,493,735	381,206,299	308,036	13,735,325
Trade and other receivable	6	17,825,944	906,805,771	976,650	43,548,824
Cash and cash equivalents	15	6,508,066	331,065,317	387,633	17,284,555
		31,827,745	1,619,077,387	1,672,319	74,568,704
Total assets		76,716,808	3,902,584,022	13,342,808	594,955,809
EQUITY AND LIABILITIES					
Equity					
Share capital and subscriptions	7	43,694,589	2,222,743,742	18,702	833,922
Asset replacement reserve	8	-	-	3,807	169,754
Translation reserve		11,263,835	572,991,286	(292,126)	(13,025,898)
Accumulated loss		(80,344,504)	(4,087,124,918)	(78,580,269)	(3,503,894,195)
		(25,386,080)	(1,291,389,890)	(78,849,886)	(3,515,916,417)
Non-current liabilities					
Amount due to related parties	10	33,664,303	1,712,503,094	43,550,406	1,941,912,604
Long term payables	11	3,967,291	201,816,093	8,738,389	389,644,766
Provision for post retirement benefits	13	-	-	42,207	1,882,010
Environmental rehabilitation provisions	14	4,606,075	234,311,035	4,651,946	207,430,272
		42,237,669	2,148,630,222	56,982,948	2,540,869,652
Current liabilities					
Trade and other payables	9	4,526,604	230,268,345	9,780,879	436,129,395
Amount due to related parties	10	2,950,508	150,092,342	1,342,787	59,874,872
Borrowings	12	52,338,394	2,662,454,103	18,759,177	836,471,702
Current tax payable	16	49,713	2,528,900	5,326,903	237,526,605
		59,865,219	3,045,343,690	35,209,746	1,570,002,574
Total liabilities		102,102,888	5,193,973,912	92,192,694	4,110,872,226
Total equity and liabilities		76,716,808	3,902,584,022	13,342,808	594,955,809

The responsibility of company's directors with regard to preparation of financial statements is set out on page 5.

The financial statements on pages 6 to 32 were approved by Board of directors on 25th April 2012 and were signed on its behalf by:

Ashwin Devineni
Director

Victor Mutambo
Director

Note: Page Nos. 5 and 6 to 32 stated above may be referred as 45 and 46 to 70 in this Annual Report respectively.

STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	Notes	2012 USD	2012 INR	2011 USD	2011 INR
Revenue	19	296,544	15,085,193	761,912	33,973,656
Cost of sales	20	(1,205,173)	(61,307,151)	(1,258,603)	(56,121,108)
Gross loss		(908,629)	(46,221,958)	(496,691)	(22,147,452)
Other trading income		558,919	28,432,210	225,840	10,070,206
Operating expenses		(11,251,726)	(572,375,302)	(6,527,625)	(291,066,799)
Operating loss		(11,601,436)	(590,165,050)	(6,798,476)	(303,144,045)
Other income	21	11,939,671	607,371,064	994,230	44,332,716
Finance charges	22	(2,018,398)	(102,675,906)	(3,010,715)	(134,247,782)
Loss before taxation		(1,680,163)	(85,469,892)	(8,814,961)	(393,059,111)
Taxation	17	(87,879)	(4,470,405)	(79,126)	(3,528,228)
Loss for the year		(1,768,042)	(89,940,297)	(8,894,087)	(396,587,339)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(1,768,042)	(89,940,297)	(8,894,087)	(396,587,339)



STATEMENT OF CHANGES IN EQUITY

PARTICULARS	Share capital and subscriptions	Foreign currency translation reserve	Asset replacement reserve	Accumulated loss	Total	Total
	USD	USD	USD	USD	USD	INR
Balance at 01 April 2010	18,702	-	3,807	(69,686,182)	(69,663,673)	(3,543,791,046)
Loss for the year	-	-	-	(8,894,087)	(8,894,087)	(452,442,206)
Translation reserve	-	(292,126)	-	-	(292,126)	(14,860,450)
Total	-	(292,126)	-	(8,894,087)	(9,186,213)	(467,302,656)
Balance at 01 April 2011	18,702	(292,126)	3,807	(78,580,269)	(78,849,886)	(4,011,093,702)
Changes in equity						
Loss for the year	-	-	-	(1,768,042)	(1,768,042)	(89,940,297)
Subscription awaiting allotment	43,675,887	-	-	-	43,675,887	2,221,792,372
Transfer to revenue reserve (note 8)	-	-	(3,807)	3,807	-	-
Translation	-	11,555,961	-	-	11,555,961	587,851,736
Total	43,675,887	11,555,961	(3,807)	(1,764,235)	53,463,806	2,719,703,811
Balance at 31 March 2012	43,694,589	11,263,835	-	(80,344,504)	(25,386,080)	(1,291,389,891)

STATEMENT OF CASH FLOWS for the year ended 31st March 2012

PARTICULARS	Notes	2012 USD	2012 INR	2011 USD	2011 INR
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash used in operations	23	(26,881,458)	(1,367,459,768)	(17,254,091)	(769,359,918)
Taxation paid	16	(35,189)	(1,790,064)	-	-
Net cash from operating activities		(26,916,647)	(1,369,249,832)	(17,254,091)	(769,359,918)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(33,908,023)	(1,724,901,130)	(10,616,056)	(473,369,937)
Proceeds from disposal of property, plant and equipment		56,081	2,852,840	-	-
Purchase of other intangible assets	4	(69,301)	(3,525,342)	-	-
Amounts due to/from related parties - (net)		(8,278,383)	(421,121,343)	-	-
Net cash from investing activities		(42,199,626)	2,146,694,975)	(10,616,056)	(473,369,937)
Cash flows from financing activities					
Subscriptions awaiting allotment	7	43,675,887	2,221,792,372	-	-
Movement in long term borrowings		33,579,217	1,708,174,769	31,152,482	1,389,089,172
Interest paid		(2,018,398)	(102,675,906)	(3,010,715)	(134,247,782)
NET CASH FROM FINANCING ACTIVITIES		75,236,706	3,827,291,235	28,141,767	1,254,841,390
Total cash movement for the year		6,120,433	311,346,427	271,620	12,111,535
Cash at the beginning of the year	15	387,633	19,718,891	116,013	5,173,020
Total cash at the end of the year		6,508,066	331,065,318	387,633	17,284,555



NOTES to Financial Statements for the year ended 31st March 2012

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Zambian Companies Act. The financial statements have been prepared on the historical cost basis as modified for the fair valuation of financial instruments, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

The financial statements are prepared in United States Dollars based on Zambian Kwacha audited financial statements under historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

1.1 Significant judgments

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgments is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

The more significant areas requiring the use of management estimates and assumptions relate to Ore Reserve that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; estimates of recoverable coal and other materials in heap leach pads; asset impairments/reversals; write-downs of inventory to net realisable value; post-employment, post-retirement and other employee benefit liabilities and the fair value of financial instruments.

Significant judgments' include:

Trade receivables

The company assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory to write inventory down to the lower of cost or net realisable value is made by management based on the made estimates of the selling price and direct cost to sell the slow moving/damaged inventory. The write down is included in the operating results.

Taxation

Judgments is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Carrying value of tangible assets

All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from well-defined ore reserve over proved and probable reserves.

NOTES to Financial Statements for the year ended 31st March 2012

For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable ore reserve as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable ore reserve. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating ore reserve.

These factors could include:

- changes in proved and probable ore reserve;
- the grade of ore reserve may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in ore reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the coal price assumption may change which may then impact the estimated life of the mine and may then require a material adjustment to the carrying value of tangible assets.

The company defers stripping costs incurred during the production stage of its open-pit operations, for those operations, where this is the most appropriate basis for matching the costs against the related economic benefits. This is generally the case where there are fluctuations in stripping costs over the life of the mine.

In the production stage of the open-pit operations, further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to preproduction mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent periods on a units-of-production basis.

Deferred stripping costs during the development phase of the mine are included in 'Mine development costs', within tangible assets. These form part of the total investment in the relevant cash-generating unit, which is reviewed for impairment if events or a change in circumstances indicate that the carrying value may not be recoverable. Amortisation of deferred stripping costs is included in operating results.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, when the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.



NOTES to Financial Statements for the year ended 31st March 2012

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Leasehold land and buildings	3.33%
Machinery	20%
Motor vehicles	25%
Office equipment, furniture and fixtures	20%
Computer software	20%
Plant	5%
Mine developers	Life of mine plan

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed on an annual basis.

Loans to / (from) group companies

These include loans to and from holding companies and fellow subsidiaries are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

NOTES to Financial Statements for the year ended 31st March 2012

Trade and other receivables

Trade 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 profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate 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.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises:

- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.



NOTES to Financial Statements for the year ended 31st March 2012

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories include processed coal, ore stockpiles, coal in process and supplies and spares and are measured at the lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Coal Reserve estimates

A coal reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the company's properties. In order to calculate coal reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of ore reserve requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

1.7 Environmental expenditure

The company has long-term remediation obligations comprising decommissioning and restoration liabilities relating to its past operations which are based on the group's environmental management plans, in compliance with current environmental and regulatory requirements. Provisions for non-recurring remediation costs are made when there is a present obligation, it is probable that expenditure on remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

1.8 Exploration and evaluation assets

All exploration costs are expensed until the directors conclude that a future economic benefit will more likely than not be realised. In evaluating if expenditures meet this criterion to be capitalised, the directors use several different sources of information depending on the level of exploration. While the criterion for concluding that expenditure should be capitalised is always probable, the information that the directors use to make that determination depends on the level of exploration.

NOTES to Financial Statements for the year ended 31st March 2012

- Costs on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of proved and probable reserves at this location.
- Costs on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, are expensed as incurred until the directors are able to demonstrate that future economic benefits are probable, which generally will be the establishment of increased proved and probable reserves after which the expenditure is capitalised as a mine development cost.

Costs relating to extensions of mineral deposits, which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, are capitalised as a mine development cost.

Costs relating to property acquisitions are capitalised within development costs.

1.9 Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commences. Accordingly, a provision is recognised and a decommissioning asset is recognised and included within mine infrastructure.

Decommissioning costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in the income statement. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

1.10 Restoration costs

The provision for restoration represents the cost of restoring site damage after the start of production. Changes in the provision are recorded in the income statement as a cost of production.

Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices and adjusted for risks specific to the liability. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

1.11 Deferred revenue expenditures

Deferred costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and, to expand the capacity of a mine. These costs are amortised from the date on which commercial production begins.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

1.13 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.



NOTES to Financial Statements for the year ended 31st March 2012

1.14 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.15 Turnover

Turnover comprises of sales to customers. Turnover is stated at the invoice amount exclusive of value added taxation.

1.16 Translation of foreign currencies

Foreign currency transactions

The company's functional currency during the the year was the Zambian Kwacha. The opening and closing Zambian Kwacha balance sheets have been translated to the presentation currency (United States Dollars) for group reporting purposes. The resulting foreign exchange differences on translation are accounted for under equity and reserves.

NOTES to Financial Statements for the year ended 31st March 2012

2. CHANGES IN ACCOUNTING POLICY

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards which had no material effect of the financial statements.

IFRS's Annual Improvement Project - May 2010 Mostly

IAS 24 Related Party Disclosures

IFRIC 14 Prepayments of a minimum funding requirement - amendment

IFRS 7 Amendment - Derecognition disclosures

effective for the periods beginning:

1 January 2011

1 January 2011

1 January 2011

1 July 2011

New and revised IFRS in issue but not yet effective

The company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

effective for the periods beginning:

IFRS 7 Amendment - Disclosures - Financial Instruments Offsetting

1 January 2013

IFRS 9 Financial Instruments

1 January 2015

IFRS 9 Amendment - Accounting for financial liabilities

1 January 2015

IFRS 11 Joint Arrangements

1 January 2013

IFRS 12 Disclosure of Interests in Other Entities

1 January 2013

IFRS 13 Fair Value Measurement

1 January 2013

IAS 1 Amendment - Financial Statement Presentation

1 July 2012

IAS 12 Amendment - Deferred tax: Recovery of Underlying assets

1 January 2012

IAS 19 Employee Benefits (revised)

1 January 2013

IAS 27 Separate Financial Statements (Revised 2011)

1 January 2013

IAS 32 Amendment - Financial Instruments Offsetting

1 January 2014

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

1 January 2013

The company is in the process of assessing the significance of these new standards, amendments to standards and new interpretations.



NOTES to Financial Statements for the year ended 31st March 2012

3. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
	USD	USD	USD	USD	USD	USD
Leasehold buildings	1,492,431	(48,072)	1,444,359	539,229	(31,002)	508,227
Plant and machinery	5,361,002	(1,685,243)	3,675,759	1,781,189	(1,168,120)	613,069
Motor vehicles	1,334,036	(626,526)	707,510	773,022	(463,886)	309,136
Capital work in progress	38,992,134	-	38,992,134	10,240,057	-	10,240,057
Total	47,179,603	(2,359,841)	44,819,762	13,333,497	(1,663,008)	11,670,489
Total INR	2,400,026,405	(120,045,112)	2,279,981,293	594,540,632	(74,153,527)	520,387,105

Reconciliation of property, plant and equipment - 2012

	Opening Balance	Additions	Disposals	Depreciation write back on disposal	Depreciation	Total
	USD	USD	USD	USD	USD	USD
Leasehold buildings	508,227	953,201	-	-	(17,070)	1,444,359
Plant and machinery	613,069	3,579,816	-	-	(517,124)	3,675,759
Motor vehicles	309,136	622,928	(61,913)	4,089	(166,729)	707,510
Capital work in progress	10,240,057	28,752,078	-	-	-	38,992,134
Total	11,670,489	33,908,023	(61,913)	4,089	(700,923)	44,819,762
Total INR	593,677,775	1,724,901,130	(3,149,514)	208,007	(35,655,953)	2,279,981,293

Reconciliation of property, plant and equipment - 2011

	Opening Balance	Additions	Disposals	Depreciation write back on disposal	Depreciation	Total
	USD	USD	USD	USD	USD	USD
Leasehold buildings	424,877	317,742	(492,437)	278,618	(20,573)	508,227
Plant and machinery	1,034,481	192,870	(617,130)	93,622	(90,774)	613,069
Motor vehicles	229,330	156,574	(10,264)	6,030	(72,534)	309,136
Capital work in progress	291,187	9,948,870	-	-	-	10,240,057
Total	1,979,875	10,616,056	(1,119,831)	378,270	(183,881)	11,670,489
Total INR	88,282,626	473,369,937	(49,933,264)	16,867,059	(8,199,254)	520,387,105

Assets pledged as security

The coal processing and handling plant, heavy earth moving machinery and related equipment are pledged as security for the Standard Chartered Bank Zambia Plc. loan (note 12).

NOTES to Financial Statements for the year ended 31st March 2012

4. INTANGIBLE ASSETS

	2012			2011		
	Cost / Valuation USD	Accumulated depreciation USD	Carrying value USD	Cost / Valuation USD	Accumulated depreciation USD	Carrying value USD
Computer software	69,301	-	69,301	-	-	-
Total	69,301	-	69,301	-	-	-
Total INR	3,525,342	-	3,525,342	-	-	-

Reconciliation of intangible assets - 2012

	Opening Balance	Additions	Total USD
Computer software	-	69,301	69,301
Total	-	69,301	69,301
Total INR	-	3,525,342	3,525,342

AccPacc software was acquired in early 2012 and had not been installed for use as of year end.

	2012 USD	2012 INR	2011 USD	2011 INR
Coal	7,098,369	361,094,031	288,082	12,845,576
Spare parts and consumables	395,366	20,112,268	19,954	889,749
	7,493,735	381,206,299	308,036	13,735,325

All inventory and coal stockpiles are stated at the lower of cost and net realisable value and are expected to be realised within the next twelve months. The cost of spares recognised as an expense in respect of write downs to net realisable value, was Nil (2011 : USD 63,394).

6. TRADE AND OTHER RECEIVABLES

Trade receivables	35,014	1,781,162	44,783	1,996,874
Deferred revenue expenditure	4,064,216	206,746,668	-	-
VAT receivable	4,973,797	253,017,053	143,125	6,381,944
Other receivables	8,511,802	432,995,368	764,470	34,087,717
Maamba Development Trust	241,115	12,265,520	24,272	1,082,289
	17,825,944	906,805,771	976,650	43,548,824

The average credit period on sales is 90 days. No interest is charged on overdue receivables. The company reserves the right to charge interest on overdue amounts. Before accepting any new credit customers, management undertakes a credit evaluation of the new customers. As at year end, there were no past due but unimpaired trade receivables.

Deferred revenue expenditure represents mining over burden stripping costs which are expensed based on the life of mine strip ratio.

**NOTES** to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012	2012	2011	2011
	USD	INR	USD	INR

7. SHARE CAPITAL AND SUBSCRIPTIONS

Authorised 5,000,000,000 ordinary shares of K1 each	948,231,305	48,236,526,485	42,418	1,891,419
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- unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued and fully paid, 88,178,000 shares of K1 each	18,702	951,371	18,702	833,922
Subscriptions awaiting allotment	43,675,887	2,221,792,371	-	-
	43,694,589	2,222,743,742	18,702	833,922

8. ASSET REPLACEMENT RESERVE

The assets replacement reserve to finance future capital requirements of the company was a pre-condition of the ADB loan which was part of the restructuring and refinancing of the company. This amount brought forward from 2008 has been transferred to the revenue reserve as it is no longer required.

PARTICULARS	2012	2012	2011	2011
	USD	INR	USD	INR

9. TRADE AND OTHER PAYABLES

Trade payables	692,649	35,235,054	17,79,002	79,325,699
Other payables	38,33,955	195,033,291	80,01,877	356,803,696
	45,26,604	230,268,345	97,80,879	436,129,395

Trade and other payables are non-interest bearing and are normally settled within 90 days.

10. AMOUNTS DUE (TO) / FROM RELATED COMPANIES

Nava Bharat (Singapore) Pte. Limited The immediate holding company of Maamba Collieries Limited.	(28,414,303)	(1,445,435,594)	27,897,292	1,243,940,251
ZCCM Investments Holdings Plc. 35% shareholder	(5,250,000)	(267,067,500)	15,653,114	697,972,353
	(33,664,303)	(1,712,503,094)	43,550,406	1,941,912,604
Non-current liabilities	(33,664,303)	(1,712,503,094)	(43,550,406)	(1,941,912,604)
Current liabilities - interest on intercompany loans	(2,950,508)	(150,092,342)	(1,342,787)	(59,874,872)
	(36,614,811)	(1,862,595,436)	(44,893,193)	(2,001,787,476)

NOTES to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012	2012	2011	2011
	USD	INR	USD	INR
Other related party transactions				
Directors' fees	17,486	889,513	1,273	56,763
Nava Bharat Ventures Limited	1,493,517	75,975,210	-	-
Nava Bharat Project Limited	548,631	27,908,859	1,000,000	44,590,000
Interest charged on related party loans				
Nava Bharat (Singapore) Pte Limited	2,924,016	148,744,694	1,032,989	46,060,980
Interest charged on related party loans				
ZCCM Investment Holdings Plc	779,352	39,645,636	1,798,202	80,181,827
Interest charged on related party loans				
E Nebwe	45,000	2,289,150	-	-
	5,808,002	295,453,062	3,832,464	170,889,570

11. LONG TERM PAYABLES

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

The fair values of the long term payables have been stated and now computed as the present value of all future cash payments discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the long term payables and their settlement amounts has been recognised in the income statement.

National Pension Scheme Authority	3,859,875	196,351,841	2,415,260	107,696,443
Workmen's Compensation Fund	107,416	5,464,252	95,018	4,236,853
Zambia Revenue Authority	-	-	6,228,111	277,711,470
	3,967,291	201,816,093	8,738,389	389,644,766

National Pension Scheme Authority

At start of the year	2,415,260	122,864,276	2,116,851	94,390,386
Transfer from short term	3,688,934	187,656,073	298,409	13,306,057
Fair value gain adjustment to income statement	(1,310,463)	(66,663,253)	-	-
Paid during the year	(933,856)	(47,505,255)	-	-
	3,859,875	196,351,841	2,415,260	107,696,443

Workmen's Compensation Fund

At start of the year	95,018	4,833,566	95,018	4,236,853
Fair value adjustment to income statement	207,577	10,559,442	-	-
Paid during the year	(195,179)	(9,928,756)	-	-
	107,416	5,464,252	95,018	4,236,853

Zambia Revenue Authority				
At start of the year	6,228,111	316,824,007	5,458,749	243,405,618
Increase in provision	-	-	769,362	34,305,852
ZRA liabilities forgiveness in the year	(6,228,111)	(316,824,007)	-	-
	-	-	6,228,111	277,711,470



NOTES to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012 USD	2012 INR	2011 USD	2011 INR
12. BORROWINGS				
Unsecured loans				
Zambia Development Agency (Zambia Privatisation Agency)	47,411	2,411,798	53,022	2,364,251
The funds were obtained from the Zambia Privatisation Agency for the purpose of liquidating the liabilities arising from retirement benefits and group insurance. This amount loan is unsecured, interest free with no fixed repayment terms.				
International Development Agency	1,600,000	81,392,000	1,667,099	74,335,944
This loan was granted to the company through ZCCM - Investment Holdings Plc. The loan amount of USD 1.6 million was advanced to the company in 1993. It is unsecured, interest free with no fixed repayment terms.				
Government of Republic of Zambia - MOF 2	4,300,000	218,741,000	4,300,000	191,737,000
The money was advanced to the company by the Government through ZCCM - Investment Holdings Plc. The amount advanced was USD 4.3 million. It is unsecured, interest free with no fixed repayment terms.				
Government of the Republic of Zambia - MOF 1	161,073	8,193,783	180,135	8,032,220
This represents loans obtained from the African Development Bank and the African Development Fund through ZCCM Investment Holdings Plc. for capitalization. The amount is unsecured, interest free with no fixed repayment terms.				
Scheme of arrangement - MOF	11,229,910	571,265,522	12,558,921	560,002,287
The loan was received from the Ministry of Finance for funding the creditors' scheme of arrangement. The loan is unsecured, interest free with no fixed repayment terms.				
Total	17,338,394	882,004,103	18,759,177	836,471,702

NOTES to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012 USD	2012 INR	2011 USD	2011 INR
Secured loans				
Standard Chartered Bank Zambia Plc. The loan was acquired to finance the acquisition of the coal preparation plant and coal handling plant equipment, heavy earth moving machinery and related equipment to restore mining operations of the company. The loan is secured by a charge on the equipment acquired and by corporate guarantee of Nava Bharat Ventures Limited. The loan attracts interest at 2% above the LIBOR rate. The loan is fully repayable by March 2013.	35,000,000	1,780,450,000		
	35,000,000	1,780,450,000	-	-
Total	52,338,394	2,662,454,103	18,759,177	836,471,702
Current liabilities				
Unsecured loans	17,338,394	882,004,103	18,759,177	836,471,702
Secured loan	35,000,000	1,780,450,000	-	-
	52,338,394	2,662,454,103	18,759,177	836,471,702

13. PROVISION FOR POST RETIREMENT BENEFITS

The amount represented the past service cost that were paid off in 2011. As part of the company restructuring, all staff are now on two year contracts with the company. Statutory retirement obligations are restricted to the contributions made to the National Pension Scheme Authority (NAPSA).

14. ENVIRONMENTAL REHABILITATION PROVISIONS

The Company is required by the Zambia Minerals and Mining Act of 2008 to rehabilitate environmental damage caused by its mining operations. The restoration, rehabilitation and environmental provision represent the best estimate of the expenditure required to settle the obligation.

The change in estimates relates to changes in mine plans, change in economic assumptions and discount rates. The provisions are expected to unwind over the life of the mine.

At start of the year	4,651,946	236,644,493	4,750,795	211,837,949
Payment made in the year	-	-	(201,909)	(9,003,122)
Fair value gain adjustment to income statement	(21,344)	(1,085,769)	-	-
Increase in provisions	-	-	103,060	4,595,445
Exchange (gain) / loss	(24,527)	(1,247,689)	-	-
	4,606,075	234,311,035	4,651,946	207,430,272

**NOTES** to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012 USD	2012 INR	2011 USD	2011 INR
15. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	9,056	460,679	3,137	139,879
Bank balances	6,499,010	330,604,638	384,496	17,144,676
	6,508,066	331,065,317	387,633	17,284,555
16. CURRENT TAX PAYABLE				
At 1 April 2011	5,326,903	270,979,556	5,247,777	233,998,377
Charge for the year	87,879	4,470,405	79,126	3,528,228
Paid during the year	(35,189)	(1,790,064)	-	-
Prior years' liabilities forgiven by Zambia Revenue Authority	(5,329,880)	(271,130,997)	-	-
	49,713	2,528,900	5,326,903	237,526,605
17. TAXATION				
Major components of the tax (credit) / charge comprise:				
Current				
Current tax	87,879	4,470,405	79,126	3,528,228
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting loss	(1,680,163)	(85,469,892)	(8,814,961)	(393,059,111)
Tax at the applicable tax rate of 35% (2011: 35%)	(588,057)	(29,914,460)	(3,085,236)	(137,570,673)
Tax effect of adjustments on taxable income				
Disallowable expenses	3,248,982	165,275,715	-	-
Non taxable income	(3,600,201)	(183,142,225)	-	-
Depreciation	245,323	12,479,581	64,358	2,869,723
Capital allowances	(980,749)	(49,890,702)	-	-
Tax losses	1,762,581	89,662,496	3,100,004	138,229,178
	87,879	4,470,405	79,126	3,528,228

There is no liability to taxation on the company's ordinary activities for the year as it has incurred a loss for taxation purposes. The estimated tax loss available for set off against future taxable income is USD 26,242,523 i.e. ₹ 1,334,957,145 - (2011: USD 19,552,492 i.e. ₹ 871,845,618).

The company is in the process of refiling its 2010 and 2011 tax returns in order to quantify losses available for carry forward for set off against future taxable income.

The 31 March 2009 tax liabilities were agreed and paid on 30 September 2011. The company paid USD 3,555,022 (₹ 180,843,969) in respect of outstanding obligations of PAYE, income tax and mineral royalty taxes.

NOTES to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012 USD	2012 INR	2011 USD	2011 INR
18. DEFERRED TAXATION				
Reconciliation of deferred tax asset				
Deferred tax (liability) / tax - for disclosure only				
Property, plant and equipment	1,131,164	57,542,313	-	-
Unrealised forex loss	(403,964)	(20,549,649)	(1,559,053)	(69,518,173)
Tax losses	16,312,162	829,799,681	13,686,373	610,275,372
	17,039,362	866,792,345	12,127,320	540,757,199

The potential deferred tax on tax losses has not been recognised in the financial statements as, in the opinion of the directors, recovery of tax losses is not assured beyond reasonable doubt because of the practice of Zambia Revenue Authority to lapse tax losses.

19. REVENUE				
Coal sold	304,584	15,494,188	778,900	34,731,151
Mineral royalty tax	(8,040)	(408,995)	(16,988)	(757,495)
	296,544	15,085,193	761,912	33,973,656

Revenue for the company comprises the invoiced value of coal sold net of Value Added Tax (VAT) and is recorded at the date the services are rendered.

20. COST OF SALES				
Cost of goods sold	198,398	10,092,506	865,086	38,574,185
Depreciation	700,923	35,655,953	183,881	8,199,254
Electricity consumption charges	267,023	13,583,460	209,636	9,347,669
Laboratory expenses	280	14,244	-	-
Mining expenses	299	15,210	-	-
Safety expenses	1,190	60,536	-	-
Transport Charges	37,060	1,885,242	-	-
	1,205,173	61,307,151	1,258,603	56,121,108

21. OTHER INCOME				
Fair value adjustment of non interest bearing long term liabilities	1,191,811	60,627,426	994,230	44,332,716
Previous years' mineral royalty taxes forgiveness	69,473	3,534,091	-	-
Previous years' PAYE penalties forgiveness	2,818,370	143,370,482	-	-
Previous years' corporate tax liability forgiveness	5,049,527	256,869,438	-	-
Other ZRA liabilities forgiveness	2,348,787	119,482,795	-	-
Previous years excess provision now reversed	461,703	23,486,832	-	-
	11,939,671	607,371,064	994,230	44,332,716

**NOTES** to Financial Statements for the year ended 31st March 2012

PARTICULARS	2012 USD	2012 INR	2011 USD	2011 INR
22. FINANCE CHARGES				
Interest costs	2,000,089	101,744,527	2,961,879	132,070,185
Bank charges	18,309	931,379	48,836	2,177,597
	2,018,398	102,675,906	3,010,715	134,247,782
23. CASH USED IN OPERATIONS				
Loss before taxation	(1,680,163)	(85,469,892)	(8,814,961)	(393,059,111)
Adjustments for:				
Loss on sale of assets	1,743	88,667	-	-
Finance charges	2,018,398	102,675,906	3,010,715	134,247,782
Fair value adjustments	(11,939,671)	(607,371,064)	(994,230)	(44,332,716)
Depreciation	700,923	35,655,953	183,881	8,199,254
Exchange losses / (gain) on borrowings	-	-	2,146,964	95,733,124
Previous years' corporate tax liabilities forgiven	(5,307,466)	(269,990,795)	-	-
Changes in working capital:				
Inventories	(7,185,699)	(365,536,508)	(627,653)	(27,987,047)
Trade and other receivables	(16,849,294)	(857,123,586)	(506,285)	(22,575,248)
Trade and other payables	(5,254,275)	(267,284,969)	(11,360,396)	(506,560,058)
Translation reserve	-	-	(292,126)	(13,025,898)
	(45,495,504)	(2,314,356,288)	(17,254,091)	(769,359,918)

24. CONTINGENT LIABILITIES

The company had several pending legal proceedings at 31 March 2012, the major one being the litigation against the company relating to underpayment of terminal benefits to former employees. The plaintiffs are claiming that they are entitled to claim salaries and arrears from the date of redundancy to the present. The total claim is in excess of USD 11 million (₹ 560 million). Lawyers and management consider the likelihood of the action against the company being successful as unlikely.

25. RISK MANAGEMENT**Capital risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to the shareholder and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes borrowings (excluding derivative financial liabilities) disclosed in note 10, cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

The gearing ratio at 31 March 2012 was as follows:

Debts (i)	102,102,888	5,193,973,912	92,192,694	4,110,872,225
Cash and bank	6,508,066	331,065,317	387,633	17,284,555
Net debt	95,594,822	4,862,908,595	91,805,061	4,093,587,670
Equity (ii)	(25,386,080)	(1,291,389,890)	(78,849,886)	(3,515,916,417)

(i) Includes long term and short term debts

(ii) Equity includes share capital and reserves

NOTES to Financial Statements for the year ended 31st March 2012

Financial assets

Trade and other receivables	17,825,944	906,805,771	976,650	43,548,824
Amount due from related parties	-	-	-	-
Cash and cash equivalents	6,508,066	331,065,317	387,633	17,284,555
	<u>24,334,010</u>	<u>1,237,871,088</u>	<u>1,364,283</u>	<u>60,833,379</u>

Financial liabilities

Trade and other payables	4,526,604	230,268,345	9,780,879	436,129,395
Amount due to related parties	36,614,811	1,862,595,436	44,893,193	2,001,787,476
Borrowings	52,338,394	2,662,454,103	18,759,177	836,471,702
	<u>93,479,809</u>	<u>4,755,317,884</u>	<u>73,433,249</u>	<u>3,274,388,573</u>

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company manages the risk by continuously monitoring forecasts against actual cash flows and matching maturity profiles of financial assets and liabilities.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 31 March 2012	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
	USD	INR	USD	INR	USD	INR	USD	INR
Borrowings	52,338,394	2,662,454,103	-	-	-	-	-	-
Long term payables	-	-	-	-	3,967,291	201,816,093	-	-
Trade and other payables	4,526,604	230,268,345	-	-	-	-	-	-
Amounts due to related parties	2,950,508	150,092,342	-	-	33,664,303	1,712,503,094	-	-

At 31 March 2011	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
	USD	INR	USD	INR	USD	INR	USD	INR
Borrowings	18,759,177	836,471,702	-	-	-	-	-	-
Amounts due to related parties	1,342,787	59,874,872	-	-	43,550,406	1,941,912,604	-	-
Trade and other payables	9,780,879	436,129,395	-	-	-	-	-	-

26. POST BALANCE SHEET EVENTS

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect substantially the operations of the company, results of those operations or the state of affairs of the company in subsequent financial years.



STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	Notes	2012 USD	2012 INR	2011 USD	2011 INR
Revenue					
Coal sales		304,584	15,494,188	778,900	34,731,151
Mineral royalty tax		(8,040)	(408,995)	(16,988)	(757,495)
	19	296,544	15,085,193	761,912	33,973,656
Cost of sales		(1,205,173)	(61,307,151)	(1,258,603)	(56,121,108)
Gross loss		(908,629)	(46,221,958)	(496,691)	(22,147,452)
Other income					
Other trading income		558,919	28,432,210	225,840	10,070,206
Other income	20	11,939,671	607,371,064	994,230	44,332,716
		12,498,590	635,803,274	1,220,070	54,402,922
Operating expenses *		(11,251,726)	(572,375,302)	(6,527,625)	(291,066,799)
Operating profit (loss)		338,235	17,206,014	(5,804,246)	(258,811,329)
Finance charges	21	(2,018,398)	(102,675,906)	(3,010,715)	(134,247,782)
Loss before taxation		(1,680,163)	(85,469,892)	(8,814,961)	(393,059,111)
Taxation	17	87,879	4,470,405	79,126	3,528,228
Loss for the year		(1,768,042)	(89,940,297)	(8,894,087)	(396,587,339)
* Operating expenses					
Staff costs		2,443,909	124,321,651	3,010,715	134,247,782
CSR Activity obligation		19,321	982,859	-	-
Loss on disposal of assets		1,743	88,666	173,655	7,743,277
Exchange differences		4,552,988	231,610,500	1,957,146	87,269,140
Administrative expenses		4,233,765	215,371,626	1,386,109	61,806,600
		11,251,726	572,375,302	6,527,625	291,066,799

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate US\$1 = ₹ 50.87 (Previous year US\$ = 44.59) and do not form part of the reports of Maamba Collieries Limited as made out in accordance with the laws of country of incorporation.

BALANCE SHEET as of March 31st, 2012

	2012 USD	2012 INR	2011 USD	2011 INR
Current Assets :				
Cash	44	2,238	46	2,051
Bank	33,779	1,718,338	3,511	156,555
Advance for Expenses	711,102	36,173,759	526,456	23,474,673
Prepaid Expense	-	-	1,724	76,873
Prepaid Tax	10,102	513,889	7,961	354,981
Other Receivables	1,922	97,772	2,011	89,671
Total Current Assets	756,949	38,505,996	541,709	24,154,804
Non-Current Assets :				
Deposits Recoverable	3,132	159,325	4,080	181,927
Related Parties Receivables	341,680	17,381,262	348,977	15,560,885
Project Cost	933,397	47,481,905	676,641	30,171,422
Fixed Assets	9,388	477,567	9,819	437,829
Accumulated Depreciation	(3,629)	(184,607)	(2,443)	(108,933)
Total Non-Current Assets	1,283,968	65,315,452	1,037,074	46,243,130
Total Assets	2,040,917	103,821,448	1,578,783	70,397,934
Current Liabilities :				
Tax payable	3,707	188,575	11,165	497,847
Jamsostek Payable	2,191	111,456	3,034	135,286
Salary Payable	1,062	54,024	1,341	59,795
Other Payables	4,900	249,263	5,125	228,524
Total Current Liabilities	11,860	603,318	20,665	921,452
Non-Current Liabilities:				
Long term Liabilities	1,481,639	75,370,976	985,532	43,944,872
Total Liabilities	1,493,499	75,974,294	1,006,197	44,866,324
Equity :				
Authorized Capital 2.000.000 issued 500,000 with par value 9.963	547,418	27,847,154	572,586	25,531,610
Total Liabilities & Equity	2,040,917	103,821,448	1,578,783	70,397,934

Date: 4th May 2012

Place: Jakarta

Mohana Sundaram Paranjoty

Director

Ashwin Devineni

Director

Note: Indian rupee equivalent figures have been arrived at by applying the year end interbank exchange rate US\$ 1 = ₹ 50.87 (previous year US\$ 1 = ₹ 44.59) and do not form of the report of PT Nava Sungai Cuka as made out in accordance with laws of country of incorporation.



BALANCE SHEET as of March 31st, 2012

	2012 USD	2012 INR	2011 USD	2011 INR
Current Assets :				
Prepaid Tax	14,346	729,781	13,567	604,953
Total Current Assets	14,346	729,781	13,567	604,953
Non-Current Assets :				
Deposit Recoverable	83	4,222	-	-
Related Parties Receivables	300,421	15,282,416	328,745	14,658,740
Long term Receivables	38,890	1,978,335	40,678	1,813,832
Project Cost	535,910	27,261,742	538,000	23,989,420
Fixed Assets	3,075	156,425	3,217	143,446
Accumulated Depreciation	(2,196)	(111,711)	(1,493)	(66,574)
Total Non-Current Assets	876,183	44,571,429	909,147	40,538,864
Total Assets	890,529	45,301,210	922,714	41,143,817
Current Liabilities :				
Salary Payable	1,062	54,024	1,111	49,539
Tax Payable	368	18,720	40	1,784
Total Current Liabilities	1,430	72,744	1,151	51,323
Non-Current Liabilities:				
Related Parties Liabilities	341,681	17,381,312	348,977	15,560,884
Total Liabilities	343,111	17,454,056	350,128	15,612,207
Equity :				
Authorized Capital 2.000.000 issued 500.000 with par value 9.963	547,418	27,847,154	572,586	25,531,610
Total Equity	547,418	27,847,154	572,586	25,531,610
Total Liabilities & Equity	890,529	45,301,210	922,714	41,143,817

Date: 4th May 2012

Place: Jakarta

Mohana Sundaram Paranjoty

Director

Ashwin Devineni

Director

Note: Indian rupee equivalent figures have been arrived at by applying the year end interbank exchange rate US\$ 1 = ₹ 50.87 (previous year US\$ 1 = ₹ 44.59) and do not form of the report of PT Nava Bharat Indonesia as made out in accordance with laws of country of incorporation.

BALANCE SHEET as of March 31st, 2012

	2012 USD	2012 INR
Liquid Assets:		
Cash and Deposits		
Cash	819	41,662
Deposits	58,040	2,952,495
Other Liquid Assets		
Accounts Due	20,209	1,028,032
Namphak Hydropower	1,893,506	96,322,650
Total liquid Assets	1,972,574	100,344,839
Fixed Assets :		
Tangible fixed Assets		
Vehicles	13,866	705,363
Tools and Instruments	12,711	646,609
Intangible Assets		
Goodwill	63,795	3,245,252
Total Fixed Assets	90,372	4,597,224
Total Assets	2,062,946	104,942,063
Current Liabilities :		
Short Term Loan	177,060	9,007,042
Short Term Loan - Mr. S. Maruyama	321,439	16,351,602
Short Term Loan - Nava Bharat (Singapore) Pte. Limited	1,514,837	77,059,758
Entrust	25,220	1,282,942
Total Current Liabilities	2,038,556	103,701,344
Equity		
	24,390	1,240,719
Total Equity	24,390	1,240,719
Total Liabilities & Equity	2,062,946	104,942,063

Date: 16th April 2012

Susumu Maruyama
Director

Ashwin Devineni
Director

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate US\$1 = ₹ 50.87 and do not form part of the report of Kobe Green Power Co Ltd as made out in accordance with the laws of country of incorporation.



DIRECTORS' REPORT

1. The directors are pleased to present their commentary together with the audited financial statements of Nava Bharat Africa Resources Pvt. Ltd. ("the Company") for the period ended March 31, 2012.

2. **PRINCIPAL ACTIVITY**

Its principal activity is that of investment holding.

3. **RESULTS AND DIVIDEND**

The statement of comprehensive income is; set out on page 6.

The directors do not recommend the payment of a dividend for the period under review.

4. **STATUS**

The company was incorporated on January 28, 2011 under the Mauritius Companies Act 2001 as a private Company with limited liability. It holds a Category 1 Global Business License under the Financial Services Act 2007.

5. **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and statement of cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6. **AUDITORS**

The auditors, BDO & CO., have expressed their willingness to continue in office and will be automatically reappointed at the next Annual Meeting.

CERTIFICATION FROM THE SECRETARY – PERIOD ENDED MARCH 31, 2012

We certify that to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 for the period ended March 31, 2012.

Mrs. Camille Pouletty
CORPORATE SECRETARY,
CK (Corporate Services) Ltd.
5th Floor, Chancery House
Lislet Geoffroy Street
Port Louis
MAURITIUS

Date: 26th May 2012

Note: Page No. 6 stated above may be referred as 77 in this Annual Report.

INDEPENDENT AUDITORS' REPORT

To

The Members

This report is made solely to the members of Nava Bharat Africa Resources Pvt. Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Nava Bharat Africa Resources Pvt. Limited on pages 5 to 17 which comprise the statement of financial position at March 31, 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies act 2001. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditors Responsibility

Our responsibility is to express an opinion on these 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 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 auditors' 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 auditors consider

internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of 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 audit opinion.

Emphasis of matter – Going Concern

The Company had a shareholder's deficit of USD 610,117 (INR 31,036,652) as at March 31, 2012. The financial statements have been prepared on a going concern basis following written confirmation from the shareholder that they will continue to support the Company financially so as to enable the Company to meet its present liabilities as and when they fall due and to carry on its business without any significant curtailment for the foreseeable future. We consider that this should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements on pages 5 to 17 give a true and fair view of the financial position of the Company at March 31, 2012, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interest in, the Company other than in our capacity as auditors, and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

BDO & CO
Chartered Accounts

Port Louis
Mauritius
Date: 28th May 2012

Yacoob Ramtools, FCA
Licensed by FRC

Note: Page Nos. 5 to 17 may be referred as 76 to 84 in this Annual Report.

**STATEMENT OF FINANCIAL POSITION** as at 31st March 2012

Particulars	NOTES	2012 USD	2012 INR
ASSETS			
Non-current assets			
Equipment	4	271,661	13,819,395
		271,661	13,819,395
Current assets			
Other receivables	5	22,219	1,130,281
Cash and cash equivalents		4,297	218,588
		26,516	1,348,869
Total assets		298,177	15,168,264
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	6	1,000	50,870
Revenue deficit		(611,117)	(31,087,522)
Total equity		(610,117)	(31,036,652)
Non-current liability			
Borrowings	7	904,388	46,006,218
		904,388	46,006,218
Other payables	8	3,906	198,698
		3,906	198,698
Total equity and liabilities		298,177	15,168,264

These financial statements have been approved by the Board of Directors on 26th May 2012 and signed on its behalf by:

Camille Pouletty
Director

Thierry Koenig
Director

The Notes on pages 9 to 17 form an integral part of these financial statements.

Independent Auditors' Report on pages 4 and 4(a).

Note: Page Nos. 9 to 17 stated above may be referred as 79 to 84 in this Annual Report.

Page Nos. 4 and 4(a) stated above may be referred as 75 in this Annual Report.

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31st March 2012

Particulars	NOTES	Period from January 28,2011(date of incorporation) to March31, 2012	
		USD	INR
EXPENSES			
Salaries and bonus		(361,372)	(18,382,994)
Rental and accommodation expenses		(100,415)	(5,108,111)
Depreciation on equipment		(69,183)	(3,519,339)
Other administrative expenses		(45,605)	(2,319,926)
Professional expenses		(15,927)	(810,206)
		(592,502)	(30,140,576)
Loss before foreign exchange loss		(592,502)	(30,140,577)
Foreign exchange loss		(18,615)	(946,945)
Loss before taxation		(611,117)	(31,087,522)
Taxation	9	–	–
		(611,117)	(31,087,522)
Loss for the period		–	–
		(611,117)	(31,087,522)
Other comprehensive income		–	–
Total comprehensive income for the period		(611,117)	(31,087,522)

The Notes on pages 9 to 17 form an integral part of these financial statements.

Independent Auditors' Report on pages 4 and 4(a).

Note: Page Nos. 9 to 17 stated above may be referred as 79 to 84 in this Annual Report.

Page Nos. 4 and 4(a) stated above may be referred as 75 in this Annual Report.

**STATEMENT OF CHANGES IN EQUITY** for the period ended 31st March 2012

	Stated Capital	Revenue deficit	Total	Total
	USD	USD	USD	INR
Issue during the period	1,000	-	1,000	50,870
Total comprehensive income for the period	-	(611,117)	(611,117)	(31,087,522)
Balance at March 31, 2012	1,000	(611,117)	(610,117)	(31,036,652)

The Notes on pages 9 to 17 form an integral part of these financial statements.

Independent Auditors' Report on pages 4 and 4(a).

STATEMENT OF CASH FLOWS for the period ended 31st March 2012

Particulars	Notes	Period from January 28, 2011 (date of incorporation) to March 31, 2012	
		USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(611,117)	(31,087,522)
Adjustments for:			
Depreciation		69,183	3,519,339
		(541,934)	(27,568,183)
Changes in working capital:			
Other receivables		(22,219)	(1,130,281)
Other payables		3,906	198,698
Net cash used in operating activities		(560,247)	(28,499,766)
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of equipment	4	(340,844)	(17,338,734)
Cash flows from financing activities			
Issue of ordinary shares	6	1,000	50,870
Proceed from borrowings	7	904,388	46,006,218
NET CASH GENERATED FROM FINANCING ACTIVITIES		905,388	46,057,088
Net increase in cash and cash equivalents		4,297	218,588
Movement in cash and cash equivalents			
At start of period		-	-
Increase in cash and cash equivalents		4,297	218,588
At March 31, 2012		4,297	218,588

The Notes on pages 9 to 17 form an integral part of these financial statements.

Independent Auditors' Report on pages 4 and 4(a).

Note: Page Nos. 9 to 17 stated above may be referred as 79 to 84 in this Annual Report.

Page Nos. 4 and 4(a) stated above may be referred as 75 in this Annual Report.

NOTES to Financial Statements for the period ended 31st March 2012

1. COMPANY PROFILE

Nava Bharat Africa Resources Pvt. Limited (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on January 28, 2011 as a private company with limited liability by shares. The Company's registered office address is C/o CK (Corporate Services), 5th Floor, Chancery House, Lislet Geoffroy Street Port-Louis Mauritius. The Company's principal activity is investment holdings.

The Company is wholly owned by Nava Bharat (Singapore) Pte Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention.

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the shareholder of the Company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no major estimates and assumptions made during the period that have a significant risk of causing material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Amendment to IFRS 1 Limited Exemption from Comparatives IFRS 7 Disclosures for first-time adopters provides first-time adopters relief from presenting

comparative information for the new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. This amendment is not expected to have any impact on the Company's financial statements.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This IFRIC will not have any impact on the companies financial statements.

IAS 24, 'Related Party Disclosures' (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This revised standard is not expected to have any impact on the Company's financial statements.

Amendments to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' correct an unintended consequence of IFRIC 14, 'IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. This amendment is not expected to have any impact on the Company's financial statements.

Improvements to IFRSs (issued May 6, 2010)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that an entity may present the analysis of the components of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. This amendment is not expected to have any impact on the Company's financial statements.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements', clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.



NOTES to Financial Statements for the period ended 31st March 2012

This amendment is unlikely to have an impact on the Company's financial statements.

IAS 34 (Amendment), 'Interim Financial Reporting', emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amendment clarifies how to apply this principle in respect of financial instruments and their fair values. This amendment is not expected to have any impact on the Company's financial statements.

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies that if a first-time adopter changes its accounting policies or its use of IFRS 1 exemptions after publishing a set of IAS 34 interim financial information, it should explain those changes and include the effects of such changes in its opening reconciliations within the first annual IFRS reporting. The amendment also clarifies that the exemption to use a 'deemed cost' arising from a revaluation triggered by an event that occurred at or before the date of transition to IFRS is extended to revaluations that occur during the period covered by the first IFRS financial statements. The amendment specifies that entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an item-by-item basis. Entities that use this exemption are required to test each item for impairment under IAS 36 at the date of transition. This amendment is not expected to have any impact on the Company's financial statements.

IFRS 3 (Amendment), 'Business Combinations', clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards. This amendment is unlikely to have an impact on the Company's financial statements.

IFRS 7 (Amendment), Financial Instruments: Disclosures', encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an

overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. This amendment is unlikely to have an impact on the Company's financial statements.

IFRIC 13 (Amendment), 'Customer Loyalty Programmes' clarifies that the 'fair value' of award credits should take into account the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and any expected forfeitures. This amendment is unlikely to have an impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2012 or later periods, but which the Company has not early adopted

At the reporting date of these financial statements, the following were in issue but not yet effective:

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1) (effective July 1, 2011)

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7) (effective July 1, 2011)

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

NOTES to Financial Statements for the period ended 31st March 2012

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendment to IFRS 1 (Government Loans)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

Revenue recognition

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

Financial instruments

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables and borrowings.

(i) Other receivables

Other receivables are recognised at fair value less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

(ii) Cash and cash equivalent

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Stated capital

Ordinary shares are classified as equity.

(iv) Other payables

Other payables are stated at fair value.

(v) Borrowings

Borrowings are recognised at fair value being their issue proceeds net of transaction cost incurred.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollar (USD), which is the company functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates and differences in exchange are accounted for in the statement of comprehensive income.

Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial liability in a transaction, other than a business combination, that at the time of the transaction statements. However, if the deferred income tax arises from initial recognition of an asset or affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.



NOTES to Financial Statements for the period ended 31st March 2012

Equipment

Equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of equipment.

Subsequent costs are included in the assets 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.

Depreciation is calculated on the straight-line method to write off the cost or revalued amounts of the asset to their residual values over their estimated useful lives as follows:

Motor Vehicles	5 years
Furniture and fittings	2-3 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gain and losses on disposals of equipment is determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Asset that are subject to amortization 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 carrying amount of the asset 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).

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Currency risk

The Company is substantially independent to changes in foreign exchange rates as most of its financial assets and liabilities are denominated in United State Dollars.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at flexibility in funding through support from the holding company.

Management does not foresee any major liquidity risk over the next two years.

The financial liabilities of the Company consist solely of other payables which are payable within one year and borrowings which have no fixed terms of repayment.

(c) Credit risk

The Company's credit risk is primarily attributable to its other receivables. The amounts represented in the statement of financial position are not of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

3.2 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the equity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and,
- to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

At March 31, 2012, the Company is financed by borrowings from holding company.

3.3 Fair value estimation

The nominal value less estimated credit adjustment of other receivables and other payables are assumed to approximate their fair values.

NOTES to Financial Statements for the period ended 31st March 2012

4 EQUIPMENT

	Motor Vehicles	Furniture and Fittings	Total	Total
	USD	USD	USD	INR
Cost				
At January 28, 2011	-	-	-	-
Additions	232,143	108,701	340,844	17,338,734
At March 31, 2012	232,143	108,701	340,844	17,338,734
Depreciation				
At January 28, 2011	-	-	-	-
Charge for the period	46,428	22,755	69,183	3,519,339
At March 31, 2012	46,428	22,755	69,183	3,519,339
Net Book Value				
At March 31, 2012	185,715	85,946	271,661	13,819,395

5 OTHER RECEIVABLES

	2012 USD	2012 INR
Prepayments	10,601	539,283
Deposit Accounts	8,761	445,672
Other receivables	2,857	145,336
	22,219	1,130,291

(a) The carrying amounts of other receivables approximate fair values and are denominated in USD.

(b) At March 31, 2012 there were no past dues on impaired receivables.

6 STATED CAPITAL

	2012 USD	2012 INR
Issued and fully paid share capital		
100 ordinary shares of USD 10 each	1,000	50,870

7 BORROWINGS

	2012 USD	2012 INR
Received during the period and at March 31, 2012	904,388	46,006,218

The borrowings are payable to the holding company. They are unsecured, interest free, have no fixed term of repayment and are denominated in USD

8 OTHER PAYABLES

	2012 USD	2012 INR
Accruals	3,906	198,698

The carrying amounts of other payables approximate their fair values and are denominated in USD.

**NOTES** to Financial Statements for the period ended 31st March 2012**9 TAXATION**

The Company is liable to pay Income tax on its net income at a rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income.

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2012 USD	2012 INR
Loss before taxation	(611,117)	(31,087,522)
Tax calculated at an effective rate of 15%	(91,667)	(4,635,600)
Expenses not deductible for tax purposes	2,419	122,329
Tax losses for which no deferred income tax was recognised	89,248	4,513,271
	-	-

At March 31, 2012, the Company has accumulated tax losses of USD 594,989 in respect of which no deferred tax asset has been recognised due to unpredictability of future profit streams.

10 RELATED PARTY TRANSACTIONS

During the period ended March 31, 2012, the Company had transactions with related parties. The nature, volume of transactions and the balances with the related parties is as follows:

	2012 USD	2012 INR
(i) Borrowings from holding company		
Received during the period and at March 31, 2012	904,388	46,006,218
(ii) Key management personnel compensation		
Director salaries	341,235	17,358,624
Rental and accommodation expenses for director	83,368	4,240,930

Balances at year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.

11 HOLDING COMPANY

The directors consider Nava Bharat (Singapore) Pte Limited, a company incorporated in Singapore, as the holding company.

Note: Indian rupee equivalent figures have been arrived at by applying the year end interbank exchange rate US\$ 1 = ₹ 50.87 (previous year US\$ 1 = ₹ 44.59) and do not form of the report of Nava Bharat Africa Resources Pvt. Limited as made out in accordance with laws of country of incorporation.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held on Wednesday, the 25th July, 2012 at 3.00 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, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Sri D. Ashok, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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.
4. To appoint Auditors and fix their remuneration.

for and on behalf of Board

Hyderabad
28.05.2012

P. Trivikrama Prasad
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 their Sixth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2012 and the Auditors' Report thereon.

OPERATIONS:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited. The Company is engaged in project support and maintenance services for the group companies and is the intermediate Holding Company of Nava Bharat Energy India Limited (NBEIL), which is executing the 150 MW power plant at Paloncha. The proceeds of the second tranche of sale of shares of M/s. Navabharat Power Private Limited to M/s. Essar Power Limited, net of income tax, were deployed in NBEIL as part of sponsor's contribution in the project finance of NBEIL. The Company's other investments are in Companies which are real estate focused. During the year, the Company has, leveraged upon its rich experience in power projects, also extended Project Management Services to Maamba Collieries Limited, especially in the evaluation and selection of EPC and Non-EPC contracts and detailed project engineering which helped the latter to fast track the implementation of 300 MW coal fired power project in Zambia.

During the year under review, the Company amended its Objects Clause of the Memorandum of Association of the Company to facilitate the carrying on the business of dealing in any machinery or equipments connected to power projects or mining Industry.

DIRECTORS:

Sri D. Ashok and Sri G. R. K. Prasad 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 pursuant to Section 292A of the Companies Act, 1956. The Audit Committee Comprises three Directors as follows:

1. Sri K. Balarama Reddi
2. Sri P. J. V. Sharma
3. Sri G. R. K. Prasad

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 reappointed.

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 ₹ 2,51,81,208/- and outgo is nil.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2012:

- 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.

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 Board

P. Trivikrama Prasad
Director

Hyderabad
28.05.2012

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: U70102AP2007PLC052362

Paid-up Capital: ₹ 90,80,40,000/-

To

The Members

M/s .Nava Bharat Projects Limited
Hyderabad

I have examined the registers, records, books and papers of M/s. Nava Bharat Projects 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 2012. 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 26.05.2011, 18.08.2011, 22.08.2011, 28.10.2011, 02.02.2012, 02.03.2012 and 31.03.2012 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 31.03.2011 was held on 25.07.2011 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 was held during the financial year on 26.09.2011 and 31.03.2012 after giving due notice to the members and the resolutions passed thereat were duly recorded in 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:
 - i. The Company has delivered all the share certificates on allotment of shares and complied with the provisions of the act.
 - ii. Not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - iii. Not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - iv. Not transferred any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to investors Education and Protection Fund as there were no such amounts outstanding during the financial year under review.
 - v. 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.



COMPLIANCE CERTIFICATE

15. The Company has not appointed the Managing Director during the financial year.
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 45,37,70,000 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 2012 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 altered the provisions of the Memorandum with respect to the objects of the Company during the year and complied with the provisions of the Act.
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 the same is not applicable to the Company.

Hyderabad
28th May, 2012

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

28th May, 2012

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, 2012.

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. 32	303	Appointment of Director	22.08.2011	Yes	N.A
2	Form no. 20B	159	Annual Return for the AGM held on 25.07.2011.	22.09.2011	Yes	N.A
3	Form no. 23	17 (1) & 18 (1)	Amendment of Objects clause at the EGM held on 26th September, 2011	10.10.2011	Yes	N.A
4	Form no. 23ACXbrl & ACAXbrl	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2011.	14.12.2011	Yes	N.A
5	Form no. 23	81(1A)	For the EGM held on 31.03.2012	28.04.2012	Yes	N.A
6	Form no. 2	75	Allotment of Equity Shares	27.05.2012	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, 2012

Hyderabad

28th May, 2012

P. Renuka

C.P. No.3460



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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in

agreement with the books of account.

- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we Report that, none of the Directors is disqualified as on 31st March, 2012 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 notes thereon 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, 2012;
 - b) In the case of the Statement of profit and loss, 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.

per our report of even date

for **Brahmayya & Co;**
Chartered Accountants
Firm's Registration Number: 0005135

(**P. Chandramouli**)

Partner

Place : Hyderabad
Date : 28th May, 2012

Membership Number: 025211

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 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 Rupees 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, 2012 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. 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.
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.

per our report of even date

for **Brahmayya & Co;**
Chartered Accountants
Firm's Registration Number: 0005135

(**P. Chandramouli**)
Partner

Place : Hyderabad
Date : 28th May, 2012

Membership Number: 025211

**BALANCE SHEET** as at 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	908,040,000	500,000
Reserves and Surplus	05	1,359,030,641	693,194,637
		2,267,070,641	693,694,637
Non - Current liabilities			
Long - term provisions	06	1,901,231	-
		1,901,231	-
Current liabilities			
Trade Payables	07	2,548,309	3,510,713
Other Current liabilities	08	2,523,544	440,809,803
Short - term provisions	09	118,461	-
		5,190,314	444,320,516
Total		2,274,162,186	1,138,015,153
ASSETS			
Non - Current assets			
Fixed assets			
Tangible assets	10	933,845	1,477,241
Non - Current Investments	11	689,650,000	726,954,800
Deferred Tax assets (Net)	12	383,503	241,341
Long-term loans and advances	13	1,501,561,000	331,586,000
Other non current assets	14	27,426,677	5,433,050
		2,219,955,025	1,065,692,432
Current Assets			
Trade Receivable	15	27,339,249	43,881,565
Cash and cash equivalents	16	23,646,252	27,502,002
Short-term loans and advances	17	2,763,889	694,684
Other current assets	18	457,771	244,470
		54,207,161	72,322,721
Total		2,274,162,186	1,138,015,153
SIGNIFICANT ACCOUNTING POLICIES	03		

for and on behalf of the Board

P. Trivikrama Prasad
DirectorD. Ashok
DirectorPlace : Hyderabad
Date : 28th May, 2012

per our report of even date

for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135**P. Chandramouli**
Partner
Membership Number: 025211

STATEMENT OF PROFIT & LOSS for the year ended 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
INCOME			
Operating Income	19	82,011,118	100,488,227
Other Income	20	823,516,764	791,264,013
Total Revenue		905,527,882	891,752,240
EXPENSES			
Operating Expenses	21	38,671,471	36,656,588
Employee Benefit Expense	22	16,550,897	9,968,501
Depreciation expense	23	611,268	704,901
Other Expenses	24	2,500,404	7,014,877
Total Expenses		58,334,040	54,344,867
Profit Before Tax		847,193,842	837,407,373
Tax Expenses			
Current Tax		181,500,000	173,600,000
Deferred Tax		(142,162)	(122,728)
		181,357,838	173,477,272
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		665,836,004	663,930,101
Earnings per Share of face Value of ₹ 2/- each:			
Basic and Diluted		243.93	2,655.72
Significant accounting policies	03		

for and on behalf of the Board

per our report of even date

P. Trivikrama Prasad
Director

for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

D. Ashok
Director

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 28th May, 2012



CASH FLOW STATEMENT for the year ended 31st March 2012.

Particulars	31.03.2012	31.03.2011
	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	847,193,842	837,407,373
Adjustments for:		
Depreciation	611,268	704,901
Dividends from current investments	(12,450,071)	(2,131,889)
Interest on Bank deposits	(476,713)	(38,356)
Interest from Non Current Investments	(544,521)	(200,548)
Net gain on Sale of non Current Investments	(804,937,700)	(789,246,588)
Net Loss on sale of non current investments	-	372,724
Adjustment to the carrying amount of investments	-	(19,356)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	29,396,105	46,848,261
Adjustments for:		
Increase/(decrease) in long term provisions	1,901,231	-
Increase/(decrease) in Trade payables	(962,404)	-
Increase/(decrease) in Other Current liabilities	753,741	-
Increase/(decrease) in short term provisions	118,461	-
(Increase)/decrease in long term loans and advances	(1,169,975,000)	993,847
(Increase)/decrease in Trade receivables	16,542,316	-
(Increase)/decrease in short term loans and advances	(2,069,205)	(33,369,867)
(Increase)/decrease in Other Current assets	1,631	-
Direct Taxes Paid (net of refunds)	(203,493,627)	(178,499,829)
NET CASH FROM OPERATING ACTIVITIES (A)	(1,327,786,751)	(164,027,588)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(67,872)	(1,451,092)
Purchase of Investments	(825,000,000)	(1,164,000,000)
Sale of Investments	1,667,242,500	1,159,902,681
Income from current investments	12,450,071	2,131,889
Interest received	806,302	3,836
NET CASH USED IN INVESTING ACTIVITIES (B)	855,431,001	(3,412,686)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Application	-	194,000,000
Proceeds from Share Capital	468,500,000	-
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	468,500,000	194,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,855,750)	26,559,726
Cash and Cash equivalents as at beginning of the year	27,502,002	942,276
Cash and Cash equivalents as at the end of the year	23,646,252	27,502,002

for and on behalf of the Board

per our report of even date

P. Trivikrama Prasad
Director

for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

D. Ashok
Director

P. Chandramouli
Partner

Place : Hyderabad
Date : 28th May, 2012

Membership Number: 025211

NOTES to Financial Statements for the year ended 31st March 2012

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policy: Presentation and disclosure of financial statements:

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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) 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 recognised 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.



NOTES to Financial Statements for the year ended 31st March 2012

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.

g) 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 recognise a decline other than temporary in nature.

h) Revenue Recognition

Revenue is recognised 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:

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

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

Dividends: Dividend is recognised as and when the payment is received.

i) Retirement and Other Employee Benefits

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. 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 by an actuary as at the end of the year. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

j) 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 statement of profit and loss on a straight-line basis over the lease term and vice versa.

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) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the

NOTES to Financial Statements for the year ended 31st March 2012

obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

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.

	31st March 2012	31st March 2011
	₹	₹
NOTE 04 SHARE CAPITAL		
Authorised		
500,000,000 Equity Shares of ₹ 2/- each	1,000,000,000	1,000,000,000
Total	1,000,000,000	1,000,000,000
ISSUED, SUBSCRIBED AND PAID - UP:		
454,020,000 (Previous year 250,000) Equity Shares of ₹ 2/- each Fully paid up:	908,040,000	500,000
Total	908,040,000	500,000

a. Rights attached to equity Shares:

The Company has only one class of equity shares having a face value of ₹ 2/- per share and with one vote per each share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Shares held by holding company:

	No of Shares	
	31st March 2012	31st March 2011
Nava Bharat Ventures Limited	454,020,000	250,000

c. Details of shareholders holding more than 5% shares in the Company

	31st March 2012		31st March 2011	
	No of Shares	% in the class	No of Shares	% in the class
Equity Shares of ₹ 2/- each fully paid Nava Bharat Ventures Limited	454,020,000	100%	250,000	100%



NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 05 RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	693,194,637	29,264,536
Add: Net profit transferred from Statement of Profit and Loss	665,836,004	663,930,101
Amount available for appropriation	1,359,030,641	693,194,637
Appropriations:	-	-
Closing Balance	1,359,030,641	693,194,637
Total	1,359,030,641	693,194,637
NOTE 06 LONG TERM PROVISIONS		
Provisions for employee benefits:		
Provision for Gratuity	879,034	-
Provision for Leave encashment	1,022,197	-
Total	1,901,231	-
NOTE 07 TRADE PAYABLES		
- dues to Micro and Small Enterprises	2,423,469	3,016,224
- dues to others	124,840	494,489
Total	2,548,309	3,510,713
NOTE 08 OTHER CURRENT LIABILITIES		
Share Application Money #	-	439,040,000
Retention Deposits	2,393,024	1,643,220
Others:		
TDS Payable	102,329	123,583
Other statutory dues	28,191	3,000
Total	2,523,544	440,809,803
# from Nava Bharat Ventures Limited, the Holding Company.		
NOTE 09 SHORT TERM PROVISIONS		
Provisions for employee benefits:		
Provision for Gratuity	8,519	-
Provision for Leave encashment	109,942	-
Total	118,461	-

NOTES to Financial Statements for the year ended 31st March 2012

NOTE 10 TANGIBLE ASSETS:

S. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		Amount (in ₹)
		As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the year	On deductions	Upto 31.03.2012	As at 01.04.2011
1	Office Equipment	28,500	13,800	-	42,300	5,451	4,395	-	9,846	32,454
2	Computers	106,500	54,072	-	160,572	30,638	41,248	-	71,886	88,686
3	Furniture and Fixtures	1,267,700	-	-	1,267,700	985,990	281,710	-	1,267,700	-
4	Motor Car	1,344,592	-	-	1,344,592	247,972	283,915	-	531,887	812,705
Total		2,747,292	67,872	-	2,815,164	1,270,051	611,268	-	1,881,319	933,845
Previous Year		1,296,200	1,451,092	-	2,747,292	565,150	704,901	-	1,270,051	1,477,241
										731,050

NOTE 11 NON CURRENT INVESTMENTS

	(at cost net of diminution) (Un-quoted)	Face Value ₹	31.03.2012		31.03.2011	
			Nos	₹	Nos	₹
i. Government Securities;						
Investments in Rural Electrification Bonds (non trade)		10,000	1,000	10,000,000	500	5,000,000
ii. Investment in Equity Shares:(fully paid up) (trade)						
Subsidiary Companies:						
Nava Bharat Energy India Limited #		2	250,250,000	500,500,000	250,250,000	500,500,000
Associate Companies:						
Nava bharat Power Private Limited		10	-	-	4,230,480	42,304,800
			250,250,000	500,500,000	254,480,480	542,804,800
iii. Preference Shares in Other Companies: (fully paid up) (trade)						
(6 % Cumulative redeemable preference Shares)						
Rio Realty Private Limited		100	135,500	13,550,000	135,500	13,550,000
Juventus Infrastructure and Projects Private Limited		100	130,000	13,000,000	130,000	13,000,000
A9 Realty Private Limited		100	736,000	73,600,000	736,000	73,600,000
Downtown Infrastructure and Projects Private Limited		100	90,000	9,000,000	90,000	9,000,000
Srigruha Homes Private Limited		100	700,000	70,000,000	700,000	70,000,000
			1,791,500	179,150,000	1,791,500	179,150,000
				689,650,000		726,954,800

250,000,000 Shares are pledged with the IDBI Trusteeship Services Limited as security for the Term loans of ₹ 466 Crores obtained by Nava Bharat Energy India Limited.



NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 12 DEFERRED TAX ASSETS (NET)		
Asset:		
Difference between book and tax WDV of Assets	383,503	241,341
Total	383,503	241,341
NOTE 13 LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances for Investments:		
Nava Bharat Energy India Limited #	1,499,500,000	290,000,000
Mape Infrastructure Projects Private Limited	-	19,500,000
Srigruha Homes Private Limited	1,875,000	1,400,000
Beas Projects Private Limited	-	20,500,000
Security Deposits	186,000	186,000
Total	1,501,561,000	331,586,000
# Subsidiary Company		
NOTE 14 OTHER NON CURRENT ASSETS		
Advance Income Tax	27,426,677	5,433,050
Total	27,426,677	5,433,050
NOTE 15 TRADE RECEIVABLE		
(Unsecured, Considered good)		
Due for less than six months		
Maamba Collieries Limited (an associate Company)	27,092,249	42,917,875
Others	247,000	963,690
Total	27,339,249	43,881,565
NOTE 16 CASH AND CASH EQUIVALENTS		
Balances with Banks:		
on Current accounts	23,551,096	7,502,002
on Deposits	-	20,000,000
Cash on Hand	95,156	-
Total	23,646,252	27,502,002
NOTE 17 SHORT TERM LOANS AND ADVANCES		
(Unsecured ,Considered good)		
Loans and Advances to other bodies corporate	1,187,210	-
Other advances	1,034,654	188

NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
Loans to employees	97,200	378,000
Balances with Statutory authorities	444,825	316,496
Total	2,763,889	694,684
NOTE 18 OTHER CURRENT ASSETS		
Interest Accrued	450,000	235,068
Prepaid expenses	7,771	9,402
Total	457,771	244,470
NOTE 19 OPERATING INCOME		
Operations and Maintenance Contracts	61,216,500	61,216,500
Less: Service Tax	5,716,500	5,716,500
	55,500,000	55,500,000
Financial Services	1,329,910	2,070,352
Project Support Services	25,181,208	42,917,875
Total	82,011,118	100,488,227
NOTE 20 OTHER INCOME		
Other Non Operating Income		
Dividends from current investments	12,450,071	2,131,889
Interest Income:		
Bank deposits	476,713	38,356
Non Current Investments	544,521	200,548
Others	13,500	-
Exchange fluctuations (Net)	5,094,259	-
Net gain on Sale of non Current Investments	804,937,700	789,246,588
Net Loss on sale of non current investments	-	(372,724)
Adjustment to the carrying amount of investments	-	19,356
Total	823,516,764	791,264,013
NOTE 21 OPERATING EXPENSES		
Operations and Maintenance Contract Expenses	38,671,471	36,656,588
Total	38,671,471	36,656,588
NOTE 22 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	15,326,699	9,661,932
Staff Welfare Expenses	92,059	306,569
Gratuity expenses	1,132,139	-
Total	16,550,897	9,968,501



NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 23 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	611,268	704,901
Total	611,268	704,901
NOTE 24 OTHER EXPENSES		
Filing Fees	3,000	4,003,500
Rent and Service Charges	360,000	360,000
Insurance	28,275	23,282
Rates and Taxes	128,976	715,746
Service Tax of Earlier Years	-	321,889
Payments to Auditors : as auditors	112,360	110,300
Miscellaneous expenses	1,867,793	1,480,160
Total	2,500,404	7,014,877

- 25 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.
- 26 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.
- 27 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	31st March, 2012	31st March, 2011
	₹	₹
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	2,423,469	3,016,224
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

NOTES to Financial Statements for the year ended 31st March 2012

28	Calculation of Earnings per share	31st March, 2012	31st March, 2011
a)	Net profit available to Equity shareholders (in ₹)	665,836,004	663,930,101
b)	Weighted average number of Equity shares (Nos.)	2,729,617	250,000
c)	Face value as per share (in ₹)	2	2
d)	Earnings per share (Basic and Diluted) (in ₹)	243.93	2655.72

29 Disclosure relating to the Gratuity liability (not funded) as per Accounting Standard 15 “Employee Benefits”

Particulars	31st March, 2012 ₹	31st March, 2011 ₹
a) The Amounts recognised in the Balance sheet		
Present Value of obligation	887,553	
Amount recognised in the Balance sheet	887,553	
b) Changes in the present value of the defined obligation		
Opening defined benefit obligation	--	
Current service Cost	346,494	
Actuarial (gains)/Losses on obligation	541,059	
Closing defined benefit obligation	887,553	
c) Principal actuarial assumptions		
Rate of escalation in Compensation	6%	
Discount Rate	8%	
Attrition Rate	5%	
Retirement Age in years	58	

NOT APPLICABLE

The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is as certified by an actuary.

30 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.

31 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 recognised during the year.

32 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

**NOTES** to Financial Statements for the year ended 31st March 2012

- 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 Private Limited
M/s. Malaxmi Infra Ventures (India) 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 Subbarao Trust

b. Particulars of Transactions during the year:		31st March, 2012	31st March, 2011
		₹	₹
i	Transactions with relatives of key management personnel: Smt. P. Sruthi – Rent	360,000	360,000
ii	Transactions with Holding Company:		
	Nava Bharat Ventures Limited		
	Service Contract Receipts	61,216,500	61,216,500
	Share Application Money received	468,500,000	194,000,000
iii	Transactions with Subsidiaries:		
	Nava Bharat Energy India Limited		
	Cost of Investments paid	-	500,000,000
	Share Application paid	1209,500,000	160,000,000
	Advances received back	-	22,951
iv	Transactions with Associates:		
	Navabharat Power Private Limited		
	Advances received back	-	9,908,000
	Maamba Collieries Limited		
	Project Supporting Charges	25,181,208	42,917,875

NOTES to Financial Statements for the year ended 31st March 2012

b. Particulars of Transactions during the year:	31st March, 2012	31st March, 2011
	₹	₹
c. Balances due from / (due to) as at the year end		
Nava Bharat Ventures Limited	-	(439,040,000)
Nava Bharat Energy India Limited	1499,500,000	290,000,000
Maamba Collieries Limited	27,092,249	42,917,875

- 33 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 recognised during the year.
- 34 Earnings in foreign exchange on account of Project Support Services amounting to Rs 25,181,208/- (previous year ₹ 42,917,875/-).
- 35 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
Firms' Registration Number: 000513S

for and on behalf of the Board

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012

P. Chandramouli
Partner
Membership Number: 025211

D. Ashok
Director

**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, 2012
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, 2012	N.A.
b) not dealt within the accounts of the Company for the year ended 31st March, 2012	₹ (2,55,99,022/-)
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, 2012	N.A.
b) not dealt within the accounts of the Company for the year ended 31st March, 2012	₹18,27,662/-
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 of
Nava Bharat Projects Limited

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012

D. Ashok
Director

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fourth Annual General Meeting of the Company will be held on Monday, the 23rd July, 2012 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, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri D. Ashok, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. M. V. G. Rao, 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 A. Venkata Rao as Managing Director of the Company:

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

"RESOLVED THAT pursuant to Article 117 of the Articles of Association of the Company and sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956, Sri A. Venkata Rao be and is hereby appointed as Managing Director of the Company, not liable to retire by rotation without remuneration and to hold office for a period of 3 (Three) years with effect from 9th January, 2012."

By Order of the Board
for Nava Bharat Energy India Limited

R. Tulasi Mahalakshmi
Company Secretary

Hyderabad
28.05.2012

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 A. Venkata Rao as Managing Director of the Company:

Pursuant to Article 117 of the Articles of Association of the Company and sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 the Board of Directors at its meeting held on 9th January, 2012, subject to approval of members, appointed Sri A. Venkata Rao as Managing Director of the Company, not liable to retire by rotation without remuneration and to hold office for a period of 3 (Three) years with effect from 9th January, 2012."

Your directors recommended the appointment of Sri A. Venkata Rao as Managing Director for the approval of the members.

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

By Order of the Board
for Nava Bharat Energy India Limited

R. Tulasi Mahalakshmi
Company Secretary

Hyderabad
28th May, 2012



DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors have pleasure in presenting their Fourth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2012 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 Rs.666 crores, being met by long term rupee debt from a consortium of banks and equity from the sponsors. The power project is in the implementation stage with most of civil works nearing completion and mechanical erection of equipment in advanced stage. The Power project is likely to be commissioned in the last quarter of financial year 2013. The Company, with a view to mitigate the fuel cost risk, is exploring the possibility of dedicating a part of output for industrial use through strategic associations with bulk consumers for obtaining steady returns, while the balance output is available for merchant sale.

During the year under review the authorised share capital of the Company has been increased to Rs.200 crores; appointed the Managing Director; and Company Secretary, pursuant to provisions of the Companies Act, 1956.

DIRECTORS:

Sri D. Ashok and Dr. M. V. G. Rao, Directors of the Company, are liable to retire by rotation at the Annual General Meeting and being eligible, offered themselves for re-appointment.

The Board at its meeting held on 9th January, 2012, subject to approval of members, appointed Sri A. Venkata Rao, as Managing Director of the Company not liable to retire by rotation, without remuneration, for a period of three years effective from 9th January, 2012.

Sri Y. Poorna Chandra Rao, Managing Director, resigned from the Directorship of the Company due to certain health problems. The Board recorded its appreciation of his valuable advice and unstinted co-operation during the tenure of his services and relieved him with regret.

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 reappointed.

AUDIT COMMITTEE:

The Board of Directors has constituted/re-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
Dr. M. V. G. Rao	member

The Committee met twice during the year 2011-12 on 25.05.2011 and 27.10.2011 and reviewed annual and 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.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2012:

- 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 are nil and foreign exchange used on account of interest (accrued) and travelling expenditure is Rs.72,54,042/-

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
for Nava Bharat Energy India Limited

P. Trivikrama Prasad
Director

Hyderabad
28th May, 2012

A. Venkata Rao
Managing Director

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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we Report that, none of the Directors is disqualified as on 31st March, 2012 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 Notes thereon 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, 2012;
 - b) In the case of the Statement of profit and loss, 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.

per our Report of even date
for **Brahmayya & Co.**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli

Place : Hyderabad

Partner

Date : 28th May, 2012

Membership Number: 025211



ANNEXURE TO THE AUDITOR'S REPORT:

referred to in paragraph 3 of our Report of even date,

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. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) During the year, the Company had taken unsecured loans from a party covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year as well as the year end balance was Rs.8,390 Lacks.
c) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
d) As the terms of repayment have not been stipulated in respect of above loan, we are not in a position to make any specific comment regarding the repayment of principal and payment of interest and also over dues if any.
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. 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. As the Company is not yet commenced commercial operations maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company is not applicable to the Company for the time being.
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, 2012 for a period of more than six months from the day they became payable.

ANNEXURE TO THE AUDITOR'S REPORT:

referred to in paragraph 3 of our Report of even date,

- 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. 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.
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. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
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.

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

P. Chandramouli

Partner

Place : Hyderabad

Date : 28th May, 2012

Membership Number: 025211



BALANCE SHEET as at 31st March, 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	500,500,000	500,500,000
Reserves and Surplus	05	(23,771,360)	1,827,662
		476,728,640	502,327,662
Non - Current liabilities			
Long term Borrowings	06	180,500,000	-
Long-term provisions	07	144,126	-
		180,644,126	-
Current liabilities			
Short term Borrowings	08	1,644,763,759	12,021
Trade Payables	09	279,315,605	9,900,960
Other Current liabilities	10	1,757,181,097	290,344,493
Short - term provisions	11	30,345	72,278
		3,681,290,806	300,329,752
Total		4,338,663,572	802,657,414
ASSETS			
Non - Current assets			
Fixed assets			
Tangible assets	12	74,566,227	38,069,331
Intangible assets	13	94,969	-
Capital Work in Progress	14	3,882,454,103	192,213,850
Long -term loans and advances	15	282,216,469	406,998,126
Other non current assets	16	180,798	-
		4,239,512,566	637,281,307
Current Assets			
Current Investments	17	-	158,401,142
Cash and cash equivalents	18	97,232,568	6,822,970
Short-term loans and advances	19	272,307	127,500
Other current assets	20	1,646,131	24,495
		99,151,006	165,376,107
Total		4,338,663,572	802,657,414
SIGNIFICANT ACCOUNTING POLICIES	03		

for and on behalf of the Board

A.Venkata Rao
Managing Director

P.Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012

Per our report of even date

for **Brahmayya & co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P.Chandramouli
Partner
Membership Number: 025211

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
INCOME			
Other Income	21	5,449,864	15,871,194
Total Revenue		5,449,864	15,871,194
EXPENSES			
Employee Benefit Expense	22	1,275,662	-
Finance Costs	23	1,352,795	60,646
Depreciation expense	24	498,282	98,162
Other Expenses	25	27,922,147	10,148,580
Total Expenses		31,048,886	10,307,388
PROFIT/(LOSS) BEFORE TAX		(25,599,022)	5,563,806
Tax Expense			
Current Tax		-	75,000
Deferred Tax		-	38,508
		-	113,508
Profit/(loss) for the year from continuing operations		(25,599,022)	5,450,298
Earnings per Share of face Value of ₹ 2/- each:			
Basic and Diluted		(0.10)	0.05
Significant accounting policies	03		

for and on behalf of the Board

A.Venkata Rao
Managing Director

P.Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012

Per our report of even date

for **Brahmayya & co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P.Chandramouli
Partner
Membership Number: 025211

**CASH FLOW STATEMENT** for the year ended 31st March, 2012.

Particulars	31st March 2012 ₹	31st March 2011 ₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(25,599,022)	5,563,806
Adjustments for:		
Depreciation	498,282	98,162
Interest	(1,801,818)	(27,217)
Profit from Sale of Investments	-	(194,044)
Income from Investments	(3,170,283)	(15,026,933)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(30,072,841)	(9,586,226)
Adjustments for:		
Increase/(Decrease) in Long Term Borrowings	180,500,000	-
Increase/(Decrease) in Long Term Provisions	144,126	-
Increase/(Decrease) in Short Term Borrowings	1,644,751,738	-
Increase/(Decrease) in Trade Payables	269,414,645	9,826,595
Increase/(Decrease) in Other Current Liabilities	257,336,604	(4,286,014)
Increase/(Decrease) in Short Term Provisions	(41,933)	-
(Increase)/Decrease in Long Term Loans and Advances	124,781,657	(382,147,790)
(Increase)/Decrease in Short Term Loans and Advances	(144,807)	-
Direct Taxes Paid (net of refunds)	(253,076)	(2,722)
NET CASH FROM OPERATING ACTIVITIES (A)	2,446,416,113	(386,196,157)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(37,090,147)	(125,205,534)
Purchase of Investments	(390,000,000)	(1,290,015,722)
Sale of Investments	548,401,142	1,131,808,624
Income from current investments	3,170,283	15,026,933
Interest received	180,182	2,722
NET CASH USED IN INVESTING ACTIVITIES (B)	124,661,460	(268,382,977)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	500,000,000
Proceeds from Share Application	1,209,500,000	160,000,000
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	1,209,500,000	660,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3,780,577,573	5,420,866
Cash and Cash equivalents as at beginning of the year	6,822,970	1,402,104
Cash and Cash equivalents as at the end of the year #	3,787,400,543	6,822,970
# includes restricted amounts	36,632,746	1,569,740

for and on behalf of the Board

A.Venkata Rao
Managing DirectorP.Trivikrama Prasad
DirectorPlace : Hyderabad
Date : 28th May, 2012

per our report of even date

for Brahmayya & co.,
Chartered Accountants
Firms' Registration Number: 0005135P.Chandramouli
Partner
Membership Number: 025211

NOTES to Financial Statements for the year ended 31st March 2012

1. NATURE OF OPERATIONS

Nava Bharat Energy India Limited (the Company) has been incorporated on 08.04.2008. The entire 25,02,50,000 Equity Shares of ₹ 2/- each fully paid up shares are held by the Holding Company viz., Nava Bharat Projects Limited, Hyderabad. The Company is in the process of setting up a 150 MW Power generating facility.

2 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.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policy: Presentation and disclosure of financial statements:

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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 to bring the asset to its working condition for its intended use.

Other indirect expenditure attributable to the project 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.

iii. Civil constructions on leasehold land 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 Statement of Profit and Loss.

f) 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 recognised 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.



NOTES to Financial Statements for the year ended 31st March 2012

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.

g) 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 recognise a decline other than temporary in nature.

h) Revenue Recognition

Revenue is recognised 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:

Dividends: Dividend is recognised as and when the payment is received.

i) Government Grants and Subsidies

Grants and subsidies from the government are recognised 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 recognised 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) Retirement and Other Employee Benefits

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. 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 by an actuary as at the end of the year. Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

k) 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 capitalised. Other Borrowing costs are recognised as an expense in the year in which they are incurred.

l) 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 Statement of profit and loss on a straight-line basis over the lease term and vice versa.

m) 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.

n) 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.

NOTES to Financial Statements for the year ended 31st March 2012

o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

p) 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.

q) 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.

	31st March 2012	31st March 2011
	₹	₹
NOTE 04 SHARE CAPITAL		
Authorised		
1000,000,000 (Previous year 600,000,000)Equity Shares of ₹ 2/- each	2,000,000,000	1,200,000,000
Total	2,000,000,000	1,200,000,000
ISSUED ,SUBSCRIBED AND PAID - UP:		
25,02,50,000- Equity Shares of ₹ 2/- each fully paid up.	500,500,000	500,500,000
Total	500,500,000	500,500,000

a. Rights attached to equity Shares:

The company has only one class of equity shares having a face value of ₹ 2/- per share and with one vote per each share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Shares held by holding company:

	No of Shares	
	31st March 2012	31st March 2011
Nava Bharat Projects Limited	25,02,50,000	25,02,50,000

c. Details of shareholders holding more than 5% shares in the company

	31st March 2012		31st March 2011	
	No of Shares	% in the class	No of Shares	% in the class
Equity Shares of ₹ 2/- each fully paid	25,02,50,000	100	25,02,50,000	100
Nava Bharat Projects Limited				



NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 05 RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	1,827,662	(3,622,636)
Add: Net profit transferred from Statement of Profit and Loss	(25,599,022)	5,450,298
Amount available for appropriation	(23,771,360)	1,827,662
Appropriations:	-	-
Closing Balance	(23,771,360)	1,827,662
Total	(23,771,360)	1,827,662

NOTE 06 LONG TERM BORROWINGS

Secured:

Term Loan from : IDBI Bank Limited	43,800,000	-
: Andhra Bank	44,000,000	-
: Bank of Baroda	30,900,000	-
: State Bank of Hyderabad	30,900,000	-
: UCO Bank	18,000,000	-
: Punjab & Sind Bank	12,900,000	-

Total	180,500,000	-
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- a. The above Loans from IDBI Bank Limited, Andhra Bank, Bank of Baroda, State Bank of Hyderabad, UCO Bank, and Punjab & Sindh Bank are secured by a first charge created in favour of security trustee on the present and future fixed assets and a Second charge on the Currents assets of the company and also pledge of 250,000,000 equity shares held by the Promoter representing 26% of issued and paid up share capital of the company with trustee, ranking pari passu with all the lenders.

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 has agreed in terms of the common loan agreement entered into.

- b. All the above Term Loans carry interest @14% payable monthly. The loans are repayable in 36 quarterly equal installments and the first of such instalment falls due on 30.06.2013.

	31st March 2012	31st March 2011
	₹	₹
NOTE 07 LONG TERM PROVISIONS		
Provision for employee benefits:		
Provision for gratuity	129,229	-
Provision for Leave Salary	14,897	-
Total	144,126	-

NOTES to Financial Statements for the year ended 31st March 2012

NOTE 08 SHORT TERM BORROWINGS		
Secured:		
Andhra Bank-Buyers Credit #	805,610,894	-
Unsecured:		
Loan from Related Parties	839,000,000	-
Deposits from Employees	152,865	12,021
Total	1,644,763,759	12,021
# Secured by a related party by providing 100% cash margin to the lenders. The loan along with the interest is repayable after 177 days but before 334 days at the option of the company, from the respective drawdown.		
NOTE 09 TRADE PAYABLES		
- dues to Micro and Small Enterprises	-	-
- dues to others	279,315,605	9,900,960
Total	279,315,605	9,900,960
NOTE 10 OTHER CURRENT LIABILITIES		
Share Application Money from holding Company	1,499,500,000	290,000,000
Others:		
Interest Accrued but Not Due #	18,127,316	-
Retention Deposits	226,726,646	73,813
with holding Taxes payable	3,260,620	264,798
Other statutory dues	4,527,579	880
Other Payables *	5,038,936	5,002
Total	1,757,181,097	290,344,493
# includes the amount of interest on loan from a related party	11,900,573	
* includes the amount payable to a related party	4,983,605	
NOTE 11 SHORT TERM PROVISIONS		
Provision for employee benefits:		
Provision for gratuity	29,137	-
Provision for Leave Salary	1,208	-
Other Provisions:		
Provision for Income tax (net)	-	72,278
Total	30,345	72,278



NOTES to Financial Statements for the year ended 31st March 2012

NOTE 12 TANGIBLE ASSETS

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at 01.04.2011	Additions	As at 31.03.2012	Upto 01.04.2011	For the year	Upto 31.03.2012
1 Land	37,475,522	19,911,035	57,386,557	-	-	57,386,557
2 Plant and Machinery	-	15,021,145	15,021,145	-	329,743	14,691,402
3 Furniture and Fixtures	13,353	486,487	499,840	166	81,556	418,118
4 Vehicles	62,060	299,975	362,035	3,478	73,246	285,311
5 Office equipment	-	88,649	88,649	-	14,037	74,612
6 Data Processing equipment	-	352,900	352,900	-	119,129	233,771
7 Air conditioners and Coolers	-	122,000	122,000	-	3,815	118,185
8 Other Assets	781,000	1,010,455	1,791,455	258,960	174,224	1,358,271
Total	38,331,935	37,292,646	75,624,581	262,604	795,750	1,058,354
Previous Year	33,689,937	4,641,998	38,331,935	164,442	98,162	38,069,331
						33,525,495

NOTE 13 INTANGIBLE ASSETS

Particulars	GROSS BLOCK		AMORTISATION		NET BLOCK	
	As at 01.04.2011	Additions	As at 31.03.2012	Upto 01.04.2011	For the year	Upto 31.03.2012
1. Computer Software	-	127,244	127,244	32,275	32,275	94,969
Total	-	127,244	127,244	32,275	32,275	94,969
						-

NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011		
	₹	₹		
NOTE 14 CAPITAL WORK IN PROGRESS				
Capital work-in-progress	3,882,454,103	192,213,850		
	3,882,454,103	192,213,850		
Includes: Borrowing Costs	21,876,496	-		
Other attributable revenue costs	37,713,714	79,534,574		
NOTE 15 LONG - TERM LOANS AND ADVANCES				
Considered Good				
Secured				
Advance for Capital goods	58,296,089	-		
Unsecured				
Advance for Capital goods	223,910,380	406,988,126		
Security Deposits	10,000	10,000		
Total	282,216,469	406,998,126		
NOTE 16 OTHER NON- CURRENT ASSETS				
Advance Income Tax (net)	180,798	-		
Total	180,798	-		
NOTE 17 CURRENT INVESTMENTS				
(At cost, non-trade, un-quoted)				
Investments in Mutual Funds				
Particulars	Face Value ₹	No of Units	Cost in ₹	
			31st March 2012	31st March 2011
Birla Sun Life Short Term Opportunities Fund - 1	10	541,680	-	54,143,041
Birla Sun Life Short Term Opportunities Fund - 2	10	10,422,678	-	104,258,101
TOTAL			-	158,401,142
NOTE 18 CASH AND CASH EQUIVALENTS				
Balances with Banks:				
on Current accounts			60,572,418	5,253,230
Cash on Hand			27,404	-
Other Bank Balances:				
Margin Deposits			36,632,746	1,569,740
Total			97,232,568	6,822,970
NOTE 19 SHORT TERM LOANS AND ADVANCES				
(Unsecured , Considered good)				
Prepaid Expenses			272,307	127,500
Total			272,307	127,500
NOTE 20 OTHER CURRENT ASSETS				
Interest Accrued			1,646,131	24,495
Total			1,646,131	24,495



NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 21 OTHER INCOME		
Other Non Operating Income:		
Dividends from current investments	3,170,283	15,026,933
Interest Income from Bank deposits	1,801,818	27,217
Net gain on Sale of Current Investments	-	194,044
Agricultural Income (Net)	472,763	623,000
Miscellaneous receipts	5,000	-
Total	5,449,864	15,871,194
NOTE 22 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	606,741	-
Staff Welfare Expenses	510,555	-
Gratuity expense	158,366	-
Total	1,275,662	-
NOTE 23 FINANCE COSTS		
Bank Charges and commission	1,352,795	60,646
Total	1,352,795	60,646
NOTE 24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	795,750	98,162
Amortisation of Intangible assets	32,275	-
	828,025	98,162
Less: Amount Capitalised	329,743	-
	498,282	98,162
NOTE 25 OTHER EXPENSES		
Professional Charges	911,239	2,842,745
Land Lease	193,128	42,500
Filing Fee	4,006,550	6,004,700
Communication Expenses	255,398	6,149
Travelling and Conveyance Expenses	1,283,681	103,535
Printing and Stationery	237,794	5,810
Rates and Taxes	507,975	705,860
Auditors Remuneration : as Auditors	56,180	55,150
: for Certification	3,860	35,296
Exchange Fluctuations	19,000,430	-
Capital Expenditure written off	1,024,334	-
Miscellaneous expenses	441,578	346,835
Total	27,922,147	10,148,580

NOTES to Financial Statements for the year ended 31st March 2012

- 26 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.
- 27 Advance for land amounting to ₹ 1,05,05,500/- (previous year ₹ 3,01,89,800/-) includes an amount of ₹ 55,05,500/- (previous year ₹ 2,51,89,500/-) which is not covered by any agreement.
- 28 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.
- 29 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	31st March, 2012 ₹	31st March, 2011 ₹
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

30 Calculation of Earnings per share	31st March, 2012	31st March, 2011
a) Net profit available to Equity shareholders (in ₹)	(25,599,022)	5,450,298
b) Weighted average number of Equity shares (Nos.)	25,02,50,000	11,05,23,973
c) Face value as per share (in ₹)	2	2
d) Earnings per share (Basic and Diluted) (in ₹)	(0.10)	0.05

- 31 Disclosure relating to the Gratuity liability (not funded) as per Accounting Standard 15 "Employee Benefits"

Particulars	31st March, 2012 ₹	31st March, 2011 ₹
a) The amounts recognised in the Balance Sheet		NOT APPLICABLE
Present Value of obligation	158,366	
Amount recognised in the Balance sheet	158,366	
b) Changes in the present value of the defined obligation		
Opening defined benefit obligation	--	
Current service Cost	149,788	
Actuarial (gains)/Losses on obligation	8,578	
Closing defined benefit obligation	158,366	

**NOTES** to Financial Statements for the year ended 31st March 2012

Particulars	31st March, 2012	31st March, 2011
c) Principal actuarial assumptions		NOT APPLICABLE
Rate of escalation in Compensation	6%	
Discount Rate	8%	
Attrition Rate	5%	
Retirement Age in years	58	

The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is as certified by an actuary.

32 The Company is primarily in the business of only Power Generation. Hence there are no other reportable segments as per the Accounting Standard (AS 17) "Segment Reporting."

33 In terms of Accounting Standard (AS 28) "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 recognised during the year.

34 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 A Venkata Rao, Managing Director
 - Sri D Ashok, Director
 - Sri P Trivikrama Prasad, Director
 - Sri G R K Prasad, Director
- ii. Relatives of Key Management Personnel: NIL
- 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 Projects 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 Private Limited
 - M/s. Malaxmi Infra Ventures (India) 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 Subbarao Trust

NOTES to Financial Statements for the year ended 31st March 2012

b. Particulars of Transactions during the year:	31st March,2012	31st March, 2011
	₹	₹
Transactions with ultimate Holding Company:		
Nava Bharat Ventures Limited		
Land Lease Rentals (expense)	193,128	42,500
Land Lease Rentals Paid in advance	140,633	127,500
Inter Corporate loan Received	839,000,000	--
Interest paid on Inter Corporate Loan	13,222,859	--
Other payables	4,983,605	--
Transactions with holding company		
Nava Bharat Projects Limited		
Value of Shares allotted	--	500,000,000
Share application money received	1209,500,000	290,000,000
c. Balances due from / (due to) as at the year end		
Nava Bharat Ventures Limited	(855,743,545)	127,500
Nava Bharat Projects Limited	(1,499,500,000)	(290,000,000)

35 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 recognised any Deferred Tax Asset while preparing the accounts for the current year.

36 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 recognised during the year.

37 Contingent liabilities and Commitments	31st March,2012	31st March, 2011
	₹	₹
Contingent liabilities:		
Bank guarantees and Letters of credit ;	1192,334,358	1,569,740
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for;	693,961,410	2047,989,687

38 Value of Imports calculated on CIF basis in respect of		
Capital Items	1366,235,077	--

39 Expenditure incurred in Foreign Currency		
Travelling	513,650	584,555
Interest (accrual basis)	6,740,392	--

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

for and on behalf of the Board

per our Report of even date
for Brahmayya & Co.
Chartered Accountants
Firms' Registration Number: 0005135

A.Venkata Rao
Managing Director

P. Chandramouli
Partner
Membership Number: 025211

P.Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012



NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Friday, the 6th July, 2012 at 10.00 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, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. M. V. G. Rao, who retires by rotation and, being eligible, offered himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. **Power to the Board of Directors to replace the Co-Developer/Technical Associate, seek extension of the timelines for completion of Project, and initiate such other necessary action including surrender of the Project Land pursuant to Section 293 (1) (a) of the Companies Act, 1956:**

To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution.

“RESOLVED THAT the Board of Directors of the Company, subject to such consents/approvals of the authorities as may be required, be and is hereby authorised to terminate the contract with M/s. Mantri Technology Parks Private Limited (MTPL), Co-Developer, on account of its material breach of the covenants in Joint Development Agreement dated 27.02.2008 and Supplementary Agreement dated 28.02.2008 thereto and consequent to the said termination and further to take necessary steps and to explore various alternatives in the interest of the Company and its stakeholders as the Board may deem fit. Alternatively the Board of Directors is further authorised to exercise option to surrender in full or in part, the Project Land pursuant to Clause 30 (b) of Agreement of Sale cum Power of Attorney dated 6.11.2006, in case the Government of Andhra Pradesh/APIIC does not accede to the Company's request for extension of time upto November, 2021 or such other feasible time lines to replace the Co-Developer/ Technical Associate as an alternative to MTPL/M/s. Mantri Developers Private Limited (MDPL) and to execute the Project within the extended timelines or explore any other alternative as may be decided by the Board of Directors and/or shareholders, in the interest of the Company.”

“RESOLVED FURTHER THAT the Board of the Directors of the Company be and is hereby authorised to communicate to the Government of Andhra Pradesh/APIIC about the termination of contract and consequential action to be taken against MTPL and MDPL and further to request

the Government to accord necessary permission to the Company to find out a Co-Developer/Technical Associate for completing the project in the revised time lines as sought for and in case the Government of Andhra Pradesh/APIIC does not grant the time as requested, the Board is further authorised to exercise the option provided in the Agreement of Sale cum Power of Attorney dated 06.11.2006 under Clause No.30 (b) to surrender the Project land and to claim refund of the specified sum in the best interests of the Company and its stakeholders and for that a necessary resolution is hereby passed under section 293 (1) (a) of the Companies Act, 1956.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered and authorised to enter into, sign, execute, seal and deliver such arrangements, assignments, conveyances, agreements, contracts, deeds, writings and any other instrument and to do all such acts, deeds, matters and things in the name and on behalf of the Company, as may be considered, required or necessary.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to agree and accept all such condition(s), modification(s) and alteration(s), if any, as may be stipulated by any relevant authorities while according approval or consent as may be considered necessary, proper or expedient and give effect to such modification(s) and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

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

Hyderabad
23rd May, 2012

G. Chaitanya Reddy
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 fixed for commencement of the meeting.

EXPLANATORY STATEMENT

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

SPECIAL BUSINESS:

Item No. 4

Power to the Board of Directors to replace the Co-Developer/Technical Associate, seek extension of the timelines for completion of Project, and initiate such other necessary action including surrender of the Project Land pursuant to Section 293 (1) (a) of the Companies Act, 1956:

The Company was allotted land of 250 acres by the APIIC/the Government of Andhra Pradesh in 2006 for implementation of IT Park/ SEZ Project (Project) comprising a minimum of 4.5 Million sft built up space in 150 acres of SEZ and amenities and residential and support facilities in 100 acres thereby ensuring creation of 45,000 IT/ITES jobs. The Mandate for the Project was set for completion by the Company in 5 years i.e., by 6th November, 2012 with a possible extension of one year.

The Company entered into a Joint Development Agreement (JDA) with M/s. Mantri Technology Parks Private Limited (MTPL), a subsidiary of M/s. Mantri Developers Private Limited, (MDPL), who had agreed to develop the Project and assumed responsibility to market the built up area of the Project. They could not comply with the obligations and responsibilities envisaged in and undertaken by them in the Joint Development Agreement. As there has been little or no activity on the Project, the Company has repeatedly advised MTPL to at least achieve minimum milestones under the Mandate to enable the Company to seek additional time from the Government of Andhra Pradesh for the Project. While MTPL could not comply with this, excepting to the extent of constructing a small incubation space, it has recently sought to exit from the Project, citing purported impediments and setting untenable conditions, in utter violation of the terms of JDA. Your Company deems this action on the part of MTPL and indirectly by MDPL as giving rise to material breach of the JDA. Your Company intends to invoke its rights under the JDA against MTPL and MDPL and explore the possibilities with M/s. APIIC and the Government of Andhra Pradesh to seek suitable extension of timelines for the Project by inducing a new Technical Associate and in case this proposal is not acceptable to the Government of Andhra Pradesh, to surrender the allocated land in full or in part.

Consequent to the above, the Board of Directors of the Company wishes to initiate such action/s in the best interests of the stakeholders and seek your consent for necessary authority/authorisation/power under Section 293 (1) (a) of the Companies Act, 1956 by way of an Ordinary Resolution.

Your Directors recommend the passing of the proposed Ordinary Resolution.

None of the Directors is deemed to be interested or concerned in the Resolution.

All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

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

Hyderabad
23rd May, 2012

G. Chaitanya Reddy
Managing 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 Thirteenth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2012 together with the Auditors' Report thereon.

REVIEW OF THE SEZ PROJECT:

Members are aware, that the Company was allotted land of 250 acres by the APIIC/the Government of Andhra Pradesh in 2006 for implementation of IT Park/SEZ project (Project) comprising a minimum of 4.5 Million sq.ft. built up space in 150 acres of SEZ and amenities and residential and support facilities in 100 acres thereby ensuring creation of 45,000 IT/ITES jobs. The Mandate for the project was set for completion by the Company in 5 years i.e., by 6th November, 2012 with a possible extension of one year.

The Company entered into a Joint Development Agreement (JDA) with M/s. Mantri Technology Parks Private Limited (MTPL), a subsidiary of M/s. Mantri Developers Private Limited, Bangalore (MDPL), who had agreed to develop the Project and assumed responsibility to market built up area of the Project. They could not comply with the obligations and responsibilities envisaged in and undertaken by them in the Joint Development Agreement. As there has been little or no activity on the Project, the Company has repeatedly advised MTPL to at least achieve minimum milestones under the Mandate to enable the Company to seek additional time from the Government of Andhra Pradesh for the Project.

While MTPL could not comply with this, excepting to the extent of constructing a small incubation space, it has recently sought to exit from the Project, citing purported impediments and setting untenable conditions, in utter violation of the terms of JDA. Your Company deems this action on the part of MTPL and indirectly by MDPL as giving rise to material breach of the JDA. Your Company intends to invoke its rights under the JDA to take suitable action against MTPL and MDPL while engaging the APIIC and the Government of Andhra Pradesh to seek suitable extension of time lines and for induction of new technical associate and in case this proposal is not acceptable to the Government of Andhra Pradesh, to surrender the allocated land, in full or in part. The Company wishes to take due course of action in the best interests of all the stakeholders and is seeking necessary authority from the shareholders for this purpose in the ensuing Annual General Meeting.

REVIEW OF FINANCIAL PERFORMANCE:

During the year under review, the aggregate earnings for the year stood at ₹ 4,18,30,602/- and the total outgoings stood at ₹ 94,89,569/-. The year resulted in a net profit of ₹ 2,34,57,682/- after taxation (before taxation ₹ 3,23,41,033/-).

BACKGROUND INFORMATION ON ENQUIRY / INVESTIGATIONS AGAINST THE COMPANY:

Members are aware that pursuant to the Orders of the Hon'ble High Court of Andhra Pradesh certain investigations, seizure of documents and enquiries have been carried out by the Central Bureau of Investigation and the Enforcement Directorate of the Government of India in the matter of the SEZ Project alleging nexus between Mantri Group and certain other third parties. Your Company is confident that it will be absolved in these issues as there was no substance in the said allegations.

COMPLAINTS FILED AGAINST THE COMPANY BY A SHARE HOLDER:

Members are aware that M/s. Malaxmi Infra Ventures (India) Private Limited, a shareholder and its Chairman Sri Y. Harish Chandra Prasad, filed a Company Petition before the Hon'ble Company Law Board (CLB), Chennai making allegations against the Company and its Directors alleging the allotment of shares as wrong and suppression of minority interests which are totally contrary to the facts. The same have been brought to the notice of the Hon'ble CLB and its adjudication is awaited. Hon'ble CLB passed interim Orders on equity capital of the Company. The said shareholder also sought investigation by the Registrar of Companies separately on similar facts which has been adequately replied by the Company. In both these matters, your Company is hopeful of receiving favourable adjudications.

DIRECTORS:

During the year under review, the Company has received approval of the Central Government for the appointment of Managing Director and for payment of managerial remuneration to Sri G. Chaitanya Reddy, Managing Director, as recommended by the Board of Directors and approved by the members.

Dr. M. V. G. Rao, Director, retires by rotation at the Annual General Meeting and being eligible, offered himself for re-appointment.

DIRECTORS' REPORT

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. Brahmaya & 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 31.03.2012:

- 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
Brahmani infratech private limited

G. Chaitanya Reddy
Managing Director

P. Trivikrama Prasad
Chairman

Hyderabad
23.05.2012

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: 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 2012. 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 26.05.2011, 28.09.2011, 29.12.2011 and 30.03.2012 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 31st March, 2011 was held on 25th July, 2011 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 not made any allotment of shares,
 - 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 appointment of Managing Director has been made in compliance with the provisions of the Act and the approval of the Central Government has been obtained.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has obtained the approval of the Central Government pursuant to provisions of Section 269 & Schedule XIII of the Companies Act, 1956.
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.

COMPLIANCE' CERTIFICATE

19. The Company has not issued any shares 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 2012 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 not 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 not altered its Articles of Association during the year under review and complied with the provisions of the Act.
31. There were 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.

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
23rd May, 2012

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, Regional Director Central Government or other authorities during the financial year ended 31st March, 2012.

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. 32	260 & 303	Appointment of Additional Director	17.06.2011	Yes	N.A
2	Form no. 32	269 & 303	Appointment of Managing Director	24.06.2011	Yes	N.A
3	Form no. 23	269 & 303	Appointment of Managing Director	24.06.2011	Yes	N.A
4	Form no. 66	383A	Compliance Certificate	18.08.2011	Yes	N.A
5	Form no. 23	269 & 303	Appointment of Managing Director	22.08.2011	Yes	N.A
6	Form no. 32	269 & 303	Appointment of Managing Director	22.08.2011	Yes	N.A
7	Form no. 25A	269 & sch XIII	Appointment of Managing Director	23.08.2011	Yes	N.A
8	Form no. 32	269 & 303	Appointment of Managing Director	23.08.2011	Yes	N.A
9	Form no.20B	159	Annual Return for the AGM held on 25.07.2011.	22.09.2011	Yes	N.A
10	Form no. 23AC & ACA	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2011.	12.12.2011	Yes	N.A

Hyderabad
23rd May, 2012

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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 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 notes thereon 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, 2012;
 - b) in the case of the Statement of profit and loss, 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.

per our report of even date
for **Brahmayya & Co.**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli

Place : Hyderabad
Date : 23rd May, 2012

Partner
Membership Number: 025211



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 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) 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, 2012 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 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.

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

P. Chandramouli

Place : Hyderabad
Date : 23rd May, 2012

Partner
Membership Number: 025211

**BALANCE SHEET** as at 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	631,250,000	631,250,000
Reserves and Surplus	05	53,228,325	29,770,643
		684,478,325	661,020,643
Current liabilities			
Trade Payables	06	310,356	128,225
Other Current liabilities	07	70,164,393	70,008,273
Short - term provisions	08	1,780,392	-
		72,255,141	70,136,498
Total		756,733,466	731,157,141
ASSETS			
Non - Current assets			
Fixed assets			
Tangible assets	09	510,653,874	510,823,341
Intangible assets	10	10,875	-
Deferred Tax assets (Net)	11	-	-
Long-term loans and advances	12	177,600	177,600
		510,842,349	511,000,941
Current Assets			
Current investments	13	231,425,194	190,202,334
Cash and cash equivalents	14	6,365,923	18,360,690
Short-term loans and advances	15	-	11,464,203
Other current assets	16	8,100,000	128,973
		245,891,117	220,156,200
Total		756,733,466	731,157,141
SIGNIFICANT ACCOUNTING POLICIES	03		

for and on behalf of the Board

P. Trivikrama Prasad
Chairman

G. Chaitanya Reddy
Managing Director

Place : Hyderabad
Date : 23rd May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

STATEMENT OF PROFIT & LOSS for the year ended 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
INCOME			
Other Income	17	41,830,602	35,199,059
Total Revenue		41,830,602	35,199,059
EXPENSES			
Employee Benefit Expense	18	6,060,071	4,705,127
Depreciation expense	19	324,419	429,293
Other Expenses	20	3,105,079	2,689,492
Total Expenses		9,489,569	7,823,912
PROFIT/(LOSS) BEFORE TAX		32,341,033	27,375,147
Tax Expense			
Current Tax		9,000,000	6,600,000
Deferred Tax		-	57,696
Earlier years Tax		(116,649)	22,105
		8,883,351	6,679,801
Profit for the period from continuing operations		23,457,682	20,695,346
Earnings per equity share			
Basic and diluted (in ₹)		0.37	0.33
Significant accounting policies	03		

for and on behalf of the Board

P. Trivikrama Prasad
Chairman

G.Chaitanya Reddy
Managing Director

Place : Hyderabad
Date : 23rd May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

**CASH FLOW STATEMENT** for the year ended 31st March 2012.

Particulars	31st March 2012	31st March 2011
	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	32,341,033	27,375,147
Adjustments for:		
Depreciation	324,419	429,293
Loss/(Profit) on Sale of Investments (Net)	(278,503)	(1,589,325)
Interest	(27,000,000)	(18,128,973)
Dividends on current investments	(14,552,099)	(15,480,761)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(9,165,150)	(7,394,619)
Adjustments for:		
Other current liabilities	338,251	28,779
Short term loans and advances	10,000,000	(1,103,990)
Direct Taxes Paid (net of refunds)	(5,510,000)	(5,718,562)
NET CASH FROM OPERATING ACTIVITIES (A)	(4,336,899)	(14,188,392)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(165,827)	-
Purchase of Investments	(256,000,000)	(766,364,810)
Sale of Investments	216,892,263	968,395,746
Income from current investments	12,715,696	15,480,761
Interest received	18,900,000	18,000,000
NET CASH USED IN INVESTING ACTIVITIES (B)	(7,657,868)	235,511,697
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Application	-	(215,100,020)
NET CASH GENERATED IN FINANCING ACTIVITIES	-	(215,100,020)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(11,994,767)	6,223,285
Cash and Cash equivalents as at beginning of the year	18,360,690	12,137,405
Cash and Cash equivalents as at the end of the year	6,365,923	18,360,690

for and on behalf of the Board

P. Trivikrama Prasad
Chairman

G. Chaitanya Reddy
Managing Director

Place : Hyderabad
Date : 23rd May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

NOTES to Financial Statements for the year ended 31st March 2012

1 NATURE OF OPERATIONS:

Brahmani Infratech Private Limited (the Company) has been incorporated on 12.08.1999 as a subsidiary to Nava Bharat Ventures Limited. At present the Company is engaged, inter alia in the business of development of special economic zones.

During the year 2006-2007 the Company was allotted 250 Acres of land by APIIC Limited to develop 150 Acres as Special Economic Zone (SEZ) area and 100 Acres as Non SEZ area. 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 the allotted land in case of non-fulfillment or breach of any terms and conditions or obligations set forth while allotting the land.

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.

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 of time 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.

In the mean time the Co – developer Viz. M/s. Mantri Technology Parks Private Limited., Bangalore, by their letter dated 2nd May, 2012 have opted for termination of the Joint Development agreement and the issue is pending for an appropriate action by the Company.

2 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.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policy: Presentation and disclosure of financial statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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 recognised prospectively in the year in which it is revised.

c) Tangible 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.



NOTES to Financial Statements for the year ended 31st March 2012

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 on Tangible Fixed Assets

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) Intangible assets

Costs incurred towards purchases of computer software are amortised over a period of 3 years which is the estimated useful life of such software.

f) 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 recognised 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.

g) 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 recognise a decline, other than temporary in nature.

h) Revenue Recognition

Revenue is recognised 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 when the right to receive the same is established.

i) Government Grants and Subsidies

Grants and subsidies from the government are recognised 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 recognised 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.

NOTES to Financial Statements for the year ended 31st March 2012

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 capitalised. Other Borrowing costs are recognised as an expense in the year in which they are incurred.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**NOTES** to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 04 SHARE CAPITAL		
Authorised		
70,000,000 Equity Shares of ₹10/- each	700,000,000	700,000,000
Total	700,000,000	700,000,000
ISSUED ,SUBSCRIBED AND PAID - UP:		
63,125,000 Equity Shares of ₹ 10/- each Fully paid up:	631,250,000	631,250,000
Total	631,250,000	631,250,000

a. Rights attached to equity Shares:

The Company has only one class of equity shares having a face value of ₹ 10/- per share and with one vote per each Share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Shares held by holding company:

	No of Shares	
	31st March 2012	31st March 2011
Nava Bharat Ventures Limited, the holding Company	41,499,998	41,499,998

c. Details of shareholders holding more than 5% shares in The Company

	31st March 2012		31st March 2011	
	No of Shares	% in the class	No of Shares	% in the class
Equity Shares of ₹ 10/- each fully paid				
Nava Bharat Ventures Limited	41,499,998	65.74%	41,499,998	65.74%
Mr.Sushil Mantri	5,100,000	8.08%	5,100,000	8.08%
Malaxmi Infra Ventures (India) Private Limited	13,125,000	20.79%	13,125,000	20.79%

	31st March 2012	31st March 2011
	₹	₹
NOTE 05 RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	29,770,643	9,075,297
Add: Net profit after tax transferred from Statement of Profit and Loss	23,457,682	20,695,346
Amount available for appropriation	53,228,325	29,770,643
Appropriations:	-	-
Closing Balance	53,228,325	29,770,643
Total	53,228,325	29,770,643

NOTES to Financial Statements for the year ended 31st March 2012

NOTE 06 TRADE PAYABLES		
Dues to other than Micro and Small enterprises	310,356	128,225
Total	310,356	128,225
	31st March 2012	31st March 2011
NOTE 07 OTHER CURRENT LIABILITIES		
Share Application Money	70,000,000	70,000,000
Other liabilities:		
TDS Payable	164,393	8,273
Total	70,164,393	70,008,273
NOTE 08 SHORT TERM BORROWINGS		
Other Provisions:		
Provision for Income Tax (net)	1,780,392	-
Total	1,780,392	-

**NOTES** to Financial Statements for the year ended 31st March 2012**NOTE 09 TANGIBLE ASSETS**

S. Particulars		GROSS BLOCK			DEPRECIATION			NET BLOCK		
S. No.		As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the year deductions	On 31.03.2012	As at 31.03.2012	As at 01.04.2011
1	Land	510,520,957	-	-	510,520,957	-	-	-	510,520,957	510,520,957
2	Office Equipment									
	Digital Meeting Recorder	-	5,990	-	5,990	-	169	-	5,821	-
3	Computers	104,630	146,337	-	250,967	75,490	48,381	-	123,871	29,140
4	Improvements To Leased Premises (Interiors)	1,229,600	-	-	1,229,600	956,356	273,244	-	1,229,600	273,244

NOTE 10 INTANGIBLE ASSETS

		GROSS BLOCK				AMORTIZATION			NET BLOCK		₹
S. No.	Particulars	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the year	On deductions	Upto 31.03.2012	As at 31.03.2012	
1.	Computer Software	-	13,500	-	13,500	-	2,625	-	2,625	10,875	-
	Total	-	13,500	-	13,500	-	2,625	-	2,625	10,875	-
	Previous Year	-	-	-	-	-	-	-	-	-	-

11 DEFERRED TAX ASSETS (NET)

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 recognised any Deferred Tax asset while preparing the accounts for the Current year.

NOTES to Financial Statements for the year ended 31st March 2012

12 LONG TERM LOANS AND ADVANCES

	31st March 2012	31st March 2011
	₹	₹
Security Deposits		
Unsecured ,Considered good	177,600	177,600
TOTAL	177,600	177,600

13 CURRENT INVESTMENTS

(Valued at lower of Cost or Market Value)

UN QUOTED MUTUAL FUNDS

Particulars	Face Value in ₹	31st March 2012		31st March 2011	
		No of Units	Value	No of Units	Value
			₹		₹
DSP Black Rock FMP-Series 42	10	2,500,000	25,000,000	-	-
IDFC Fixed Maturity Plan - Series 74	10	1,000,000	10,000,000	-	-
Kotak Floater Short Term	10	494,530	5,002,764	-	-
Reliance Quarterly Interval Fund Series -III	10	9,587,632	96,000,000	-	-
Taurus Quarterly Interval Fund	10	9,542,243	95,422,430	-	-
Canara Robeco Quarterly Interval Scheme Series-2	10		-	9,500,000	95,000,000
Kotak Floater Long Term	10		-	9,444,863	95,202,334
TOTAL			231,425,194		190,202,334

	31st March 2012	31st March 2011
	₹	₹
NOTE 14 CASH AND CASH EQUIVALENTS		
Balances with Banks:		
on Current accounts	6,357,131	18,350,690
Cash on Hand	8,792	10,000
Total	6,365,923	18,360,690

NOTE 15 SHORT TERM LOANS AND ADVANCES

Advance Recoverable in cash or Kind		
Unsecured, Considered Good	-	10,000,000
	-	10,000,000
Other loans and advances		
Advance Income Tax (net)	-	350,213
Income tax refund receivable	-	1,113,990
	-	1,464,203
Total	-	11,464,203

NOTE 16 OTHER ASSETS

Interest receivable:		
from others	-	128,973
from Holding Company	8,100,000	-
Total	8,100,000	128,973



NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 17 OTHER INCOME		
Other Non Operating Income (net of expenses)		
Interest from security deposits *****	27,000,000	18,000,000
Interest from Income Tax	-	128,973
Dividends on current investments	14,552,099	15,480,761
Net Gain/(loss) on Sale of current investments	278,503	1,589,325
Total	41,830,602	35,199,059
***** refer para 3 of Note : 1		
NOTE 18 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	5,907,874	4,363,220
Staff Welfare expenses	152,197	341,907
Total	6,060,071	4,705,127
NOTE 19 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	321,794	429,293
Amortisation of Intangible Assets	2,625	-
Total	324,419	429,293
NOTE 20 OTHER EXPENSES		
Rent and Service Charges	349,200	349,200
Rates and Taxes	2,500	302,500
Travelling and Conveyance	461,820	268,774
Legal and Professional Charges	1,552,171	386,000
Filing Fees	8,500	1,005,000
Payments to Auditors : as auditors	337,080	82,725
Advertisement and Business Promotion Expenses	148,674	155,477
Miscellaneous expenses	245,134	139,816
Total	3,105,079	2,689,492

21 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.

22 There were no outstanding dues to Micro and Small Enterprises as at the year end which are to be as per Micro, Small and Medium Enterprise Development Act, 2006.

23 Calculation of Earnings per share	31st March 2012	31st March 2011
a Net profit available to Equity shareholders (₹)	23,457,682	20,695,346
b Weighted average number of Equity shares (Nos.)	63,125,000	34,506,699
c Face value as per share (₹)	10	10
d Earnings per share (₹) - Basic and Diluted	0.37	0.33

24 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.

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

NOTES to Financial Statements for the year ended 31st March 2012

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

- | | | |
|-----|--|--|
| i. | Key Management Personnel: | Sri P.Trivikrama Prasad, Chairman
Sri G.Chaitanya Reddy, Managing Director
Sri D Ashok, 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 Private 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:	31st March 2012	31st March 2011
	Enterprises controlling the Reporting enterprise		
	M/s.Nava Bharat Ventures Limited		
	Interest Received	27,000,000	18,000,000
	Refund of Share application Money.	--	215,100,020
c.	Balances due to / (due from) related parties as at the year end.		
	M/s.Nava Bharat Ventures Limited	8,100,000	-
	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

26 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 recognised during the year.

27 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
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

Place: Hyderabad
Date: 23rd May, 2012

for and on behalf of the Board

P.Trivikrama Prasad
Chairman

G.Chaitanya Reddy
Managing Director



NOTICE TO SHAREHOLDERS

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Wednesday, the 25th July, 2012 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, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of 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 J. Ramesh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

for and on behalf of the Board

Hyderabad
28.05.2012

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 Nineteenth Annual Report together with the Audited Balance Sheet of the Company as on 31st March, 2012 and Auditors' Report thereon.

OPERATIONS:

The Company is a subsidiary of Nava Bharat Ventures Limited (NBVL), NBVL holds 50.30% of the small equity capital of ₹ 9.94 Lakhs. The balance equity is held by M/s. Meenakshi Infrastructure Private Limited (MIPL).

The Company, at present is the investment arm of MIPL. MIPL implemented a road project of National Highway Authority of India (NHAI) through Malaxmi Highway Private Limited (MHPL) the Special Purpose Company (SPC), formed for this Project. Meenakshi Group funded the Project, through a combination of redeemable preference shares and their share of equity aside from long term project debt without any contribution from the Company. The road project has since been commercialized. There being no economic interest, NBVL intends to offload its stake in the Company and MHPL eventually to Meenakshi Group as permitted by NHAI in due course and hence the Accounts of the Company are therefore not consolidated with those of NBVL.

DIRECTORS:

Sri P. Trivikrama Prasad and Sri J. Ramesh, 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 Directors as follows:

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

The Audit Committee met twice during the year 2011-12 on 24.05.2011 and 27.10.2011 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 reappointed.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2012:

- 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.

Hyderabad
28.05.2012

for and on behalf of the Board
P. Trivikrama Prasad
Director

B. Srinivas
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: U40100AP1993PLC016204

Paid-up Capital: ₹ 32,19,13,000/-

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, 2012. 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 24.05.2011, 22.08.2011, 28.10.2011, 02.02.2012 and 30.03.2012, 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 31st March, 2011 was held on 25th July, 2011 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 Meetings 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 preference shares and delivered all the shares certificates on allotment of preference 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 issued 2,331 preference shares of ₹ 1,000/- 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.

COMPLIANCE CERTIFICATE

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, 2012 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
28th May, 2012

P. Renuka
C.P. No.3460

**ANNEXURE A**

[Forming part of Compliance Certificate]

Registers as maintained by the Company:

- | | |
|---|--|
| <ol style="list-style-type: none"> 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 | <ol style="list-style-type: none"> 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
28th May, 2012

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, 2012.

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. 23	372A, 293 1 d & 293 1 a	Registration of resolutions	17.05.2011	No	Yes
2	Form no. 8	125	Creation of Charge	16.05.2011	No	Yes
3	Form no. 66	383A	Compliance Certificate	18.08.2011	Yes	N.A
4	Form no. 23ACXBRL & ACA	220	Balance Sheet and P&L A/c for the Financial year ended 31st March, 2011.	29.11.2011	Yes (xbml filings)	N.A
5	Form no. 20B	159	Annual Return for the AGM held on 25th July, 2011.	22.09.2011	Yes	N.A
6	Form no. 2	75	Allotment of shares	04.05.2012	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, 2012.

Hyderabad
28th May, 2012

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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account.

- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we Report that, none of the Directors is disqualified as on 31st March, 2012 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 notes thereon 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, 2012;
 - b) In the case of the Statement of profit and loss , 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.

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

(P. Chandramouli)
Partner

Place: Hyderabad
Membership Number: 025211
Date : 28th May,2012



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, 2012 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.
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.

ANNEXURE TO THE AUDITOR'S REPORT

referred to in paragraph 3 of our Report of even date

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.

per our report of even date
for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

(**P. Chandramouli**)

Partner

Membership Number: 025211

Place: Hyderabad

Date : 28th May,2012



BALANCE SHEET as at 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	321,913,000	319,582,000
Reserves and Surplus	05	(2,700,166)	(2,614,682)
		319,212,834	316,967,318
Non Current liabilities			
Long Term Borrowings	06	-	50,000
		-	50,000
Current liabilities			
Trade Payables	07	151,332	99,270
Other Current liabilities	08	32,618	2,313,515
		183,950	2,412,785
Total		319,396,784	319,430,103
ASSETS			
Non - Current assets			
Non - current investments	09	319,125,000	319,125,000
		319,125,000	319,125,000
Current Assets			
Cash and cash equivalents	10	271,784	305,103
		271,784	305,103
Total		319,396,784	319,430,103
SIGNIFICANT ACCOUNTING POLICIES	03		

for and on behalf of the Board

B. Srinivas
Managing Director

P. Trivikrama Prasad
Director

Place: Hyderabad
Date: 28th May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

STATEMENT OF PROFIT & LOSS for the year ended 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
INCOME			
Other Income		-	-
TOTAL EXPENSES		-	-
EXPENSES	11		
Other Expenses		85,484	73,340
Total Expenses		85,484	73,340
PROFIT/(LOSS) BEFORE TAX		(85,484)	(73,340)
Tax Expense		-	-
Profit for the period from continuing operations		(85,484)	(73,340)
Earnings per equity share			
Basic and diluted (in ₹)		(0.86)	(0.74)
Significant accounting policies	03		

for and on behalf of the Board

B. Srinivas
Managing Director

P. Trivikrama Prasad
Director

Place: Hyderabad
Date: 28th May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner

Membership Number: 025211

**CASH FLOW STATEMENT** for the year ended 31st March 2012.

Particulars	31st March 2012 ₹	31st March 2011 ₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(85,484)	(73,340)
Adjustments	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(85,484)	(73,340)
Adjustments for:		
Increase/decrease in Trade Payables	52,062	-
Increase/decrease in other current liabilities	103	46,635
Direct Taxes Paid	-	-
NET CASH FROM OPERATING ACTIVITIES (A)	(33,319)	(26,705)
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
NET CASH USED IN INVESTING ACTIVITIES (B)	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/decrease in long term borrowings	(50,000)	-
Proceeds from Share Capital	50,000	-
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(33,319)	(26,705)
Cash and Cash equivalents as at beginning of the year	305,103	331,808
Cash and Cash equivalents as at the end of the year	271,784	305,103

for and on behalf of the Board

B. Srinivas
Managing Director

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

NOTES to Financial Statements for the year ended 31st March 2012

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. 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 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.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policy: Presentation and disclosure of financial statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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 recognised 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 recognised 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 recognise a decline, other than temporary in nature.

e) Revenue Recognition

Revenue is recognised 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.



NOTES to Financial Statements for the year ended 31st March 2012

ii. Dividends:

Dividend is recognised when the right to receive the same is established.

f) **Government Grants and Subsidies**

Grants and subsidies from the government are recognised 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 recognised 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) **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.

h) **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.

i) **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.

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.

l) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012 ₹	31st March 2011 ₹
NOTE 04 SHARE CAPITAL		
Authorised		
322,500 - 0.001% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 1,000/- each	322,500,000	322,500,000
250,000 - Equity Shares of ₹ 10/- each	2,500,000	2,500,000
Total	325,000,000	325,000,000
Issued ,subscribed and paid - up:		
320,919-(Previous Year 318,588) 0.001% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 1,000/- each	320,919,000	318,588,000
99,400 - Equity Shares of ₹ 10/- each	994,000	994,000
Total	321,913,000	318,582,000

a. Reconciliation of number of Shares outstanding:

Redeemable Preference Shares at the beginning of the year
Add: Shares issued during the year
Redeemable Preference Shares at the end of the year

Nos	Nos
318,588	318,588
2,331	--
320,919	318,588

b. Shares held by holding Company:

Equity Shares:
Nava Bharat Ventures Limited

Nos	Nos
-	-
50,000	50,000

c Details of Shareholders holding more than 5% Shares:

	31st March 2012		31st March 2011	
	No	% held	No	% held
Equity Shares:				
Nava Bharat Ventures Limited	50,000	50.30	50,000	50.30
Meenakshi Infrastructures Private Limited	48,700	49.00	48,700	49.00
Preference Shares:				
Meenakshi Infrastructures Private Limited	232,414	72.42	230,113	72.23
Meenakshi ventures and holdings Pvt. Limited	88,475	27.57	88,475	27.77

d. Rights of Equity Shareholders:

The Company has only one class of equity shares having a face value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Rights of Preference Shareholders:

The Preference Shares having a par value of ₹ 1,000/- per share shall carry a fixed non cumulative dividend of 0.001% per annum.

**NOTES** to Financial Statements for the year ended 31st March 2012

In the event of liquidation of the Company, the holders of Preference Shares will be entitled to receive in priority to the Equity Shares to the extent of the Capital but shall not confer any further right to participate in the profits or assets.

- e. 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:

S.No.	Number of shares	Date of allotment	S.No.	Number of shares	Date of allotment
01	87,763	23-04-2007	14	6,875	25-03-2009
02	15,000	03-01-2008	15	1,600	29-04-2009
03	23,041	03-03-2008	16	10,250	01-06-2009
04	16,759	26-03-2008	17	1,800	29-06-2009
05	16,700	25-04-2008	18	1,900	31-07-2009
06	16,100	02-06-2008	19	7,800	31-08-2009
07	4,526	30-06-2008	20	23,250	29-09-2009
08	5,792	30-08-2008	21	15,200	22-11-2009
09	750	29-09-2008	22	2,000	21-12-2009
10	9,482	01-11-2008	23	2,250	27-01-2010
11	8,600	29-12-2008	24	18,800	10-03-2010
12	10,600	22-01-2009	25	2,331	30-03-2012
13	11,750	28-02-2009	TOTAL	320,919	

	31st March 2012	31st March 2011
	₹	₹
NOTE 05 RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(2,614,682)	(2,541,342)
Add: Net profit transferred from Statement of Profit and Loss	(85,484)	(73,340)
Amount available for appropriation	(2,700,166)	(2,614,682)
Appropriations:	-	-
Closing Balance	(2,700,166)	(2,614,682)
Total	(2,700,166)	(2,614,682)

NOTE 06 LONG TERM BORROWINGS:		
Inter Corporate Deposit	-	50,000
Total	-	50,000

NOTE 07 TRADE PAYABLES:		
Dues to other than Micro and Small Enterprises	151,332	99,270
Total	151,332	99,270

NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
NOTE 08 OTHER CURRENT LIABILITIES		
Share Application Money	27,000	2,308,000
Others:		
TDS payable	5,618	5,515
Total	32,618	2,313,515
NOTE 09 NON CURRENT INVESTMENTS:		
(Non - Trade, Un-quoted) (at cost net of diminution in value if any)		
31,912,500 Equity Shares of ₹ 10/-each fully paid in		
Malaxmi Highways Private Limited #	319,125,000	319,125,000
Total	319,125,000	319,125,000
# 18,510,000 Shares are pledged with a bank as security for the Term loans of ₹21,192/- lakhs availed by another body corporate.		
NOTE 10 CASH AND CASH EQUIVALENTS		
Balances with Banks:		
On Current accounts	257,265	285,870
Cash on Hand	14,519	19,233
Total	271,784	305,103
NOTE 11 OTHER EXPENSES		
Professional Charges	10,654	9,750
Rates and Taxes	2,500	2,500
Auditors Remuneration: as Auditors	56,180	55,150
Miscellaneous Expenses	16,150	5,940
Total	85,484	73,340
12	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.	
13	Contingent liabilities not provided for on account of guarantees given by the Company on behalf of other amounting to ₹ 140.00 Crores (Previous year ₹ 140.00 crore).	
14	During the year, there were no transactions with Micro and Small Enterprises; hence the disclosures as per Micro, Small and Medium Enterprise Development Act, 2006, are not applicable for the time being.	
	31st March 2012	31st March 2011
NOTE 15 CALCULATION OF EARNINGS PER SHARE		
a) Net profit available to Equity shareholders (in ₹)	(85,484)	(73,340)
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	(0.86)	(0.74)

**NOTES** to Financial Statements for the year ended 31st March 2012

16 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.

17 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 P. Trivikrama Prasad, Director
ii. Enterprises controlling the Reporting Enterprise/ Associates	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 Private 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 Limited M/s. Operation Eyesight Universal Dr. Devineni Subbarao Trust

b. Transactions with related Parties during the year:	31st March 2012	31st March 2011
	₹	₹
Enterprises controlling the Reporting enterprise		
M/s.Meenakshi Infrastructures Private Limited		
Cost of Investments	23,01,000	-
Guarantees given	-	1400,000,000
Balances due to / (due from) related parties as at the year end, as part		
c. of Current Liabilities.		
M/s.Meenakshi Infrastructures Private Limited	-	22,81,000
Outstanding guarantees	1400,000,000	1400,000,000
Sri P.Trivikrama Prasad	27,000	27,000

NOTES to Financial Statements for the year ended 31st March 2012

- 18 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 recognised any Deferred Tax Asset while preparing the accounts for the current year.
- 19 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 recognised during the year.
- 20 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

for and on behalf of the Board

B. Srinivas
Managing Director

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 28th May, 2012

per our report of even date
for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211



NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held on Monday, the 23rd July, 2012 at 12.00 noon 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, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of 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 Auditors and fix their remuneration

SPECIAL BUSINESS:

4. Appointment of Sri T. Hari Babu, 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 Ordinary Resolution:

“RESOLVED THAT Sri T. Hari Babu, 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.”

for and on behalf of the Board
for Nava Bharat Realty Limited

P. Trivikrama Prasad
Director

Hyderabad
28.05.2012

Regd. Office:
Road No. 7, IDA Nacharam
Survey Nos. 617/3 to 617/13
Next to Nacharam Telephone Exchange
Hyderabad – 500 076.

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 T. Hari Babu, Additional Director as Director liable to retire by rotation:

Sri T. Hari Babu was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 22nd August, 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 T. Hari Babu, is deemed to be interested or concerned in the Resolution.

for and on behalf of the Board
for **Nava Bharat Realty Limited**

P. Trivikrama Prasad
Director

Hyderabad
28.05.2012

Regd. Office:
Road No. 7, IDA Nacharam
Survey Nos. 617/3 to 617/13
Next to Nacharam Telephone Exchange
Hyderabad – 500 076.



DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors have pleasure in presenting their Sixth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2012 and the Auditors' Report thereon.

OPERATIONS:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and proposes to be engaged in realty focused investments. There have been no operations in this company during the year under review.

During the year under review, the Registered Office of the Company has been shifted from 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad - 500 082 to Road No. 7, IDA Nacharam, Survey Nos. 617/3 to 617/13, Next to Nacharam Telephone Exchange, Hyderabad - 500 076, with effect from 22nd August, 2011.

DIRECTORS:

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

The Board at its meeting held on 22nd August, 2011 appointed Sri. T. Hari Babu 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. T. Hari Babu, 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. G. R. K. Prasad, Director, expressed his inability to continue as Director of the Company due to his personal pre-occupations and opted for resignation effective from 22nd August, 2011. The Board recorded its appreciation of his valuable association and contribution.

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 31.03.2012:

- 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

T Hari Babu
Director

Hyderabad
28.05.2012

P. Trivikrama Prasad
Director

Regd. Office:
Road No. 7, IDA Nacharam
Survey Nos. 617/3 to 617/13
Next to Nacharam Telephone Exchange
Hyderabad - 500 076.

AUDITORS' REPORT

referred to in paragraph 3 of our Report of even date,

RE: 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, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account.

- iv) In our opinion , the Balance Sheet , Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we Report that, none of the Directors is disqualified as on 31st March, 2012 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 notes thereon 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, 2012;
 - b) in the case of the Statement of profit and loss, 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.

per our report of even date

for **Brahmayya & Co.,**

Chartered Accountants

Firm's Registration Number: 000513S

(P. Chandramouli)

Place : Hyderabad

Partner

Date : 28th May, 2012

Membership Number: 025211



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 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 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, 2012 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 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.

ANNEXURE TO THE AUDITOR'S REPORT

referred to in paragraph 3 of our Report of even date,

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.

per our report of even date

for **Brahmayya & Co.,**

Chartered Accountants

Firm's Registration Number: 000513S

(**P. Chandramouli**)

Partner

Place : Hyderabad

Date : 28th May, 2012

Membership Number: 025211

**BALANCE SHEET** as at 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	500,000	500,000
Reserves and Surplus	05	(1,983,006)	(1,926,744)
		(1,483,006)	(1,426,744)
Current liabilities			
Other Current liabilities	06	1,739,326	1,738,605
Total		1,739,326	1,738,605
ASSETS			
Current assets			
Cash and cash equivalents	07	256,320	311,861
		256,320	311,861
Total		256,320	311,861
SIGNIFICANT ACCOUNTING POLICIES	03		

for and on behalf of the Board

P.Trivikrama Prasad
Director

T Hari Babu
Director

Place: Hyderabad
Date: 28th May, 2012

per our report of even date

for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

STATEMENT OF PROFIT & LOSS ACCOUNT for the year ended 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
INCOME			
TOTAL REVENUE		-	-
EXPENSES			
Other Expenses	08	56,262	52,905
Total Expenses		56,262	52,905
PROFIT BEFORE TAX		(56,262)	(52,905)
Tax Expense			
Deferred Tax		-	(6,124)
PROFIT FOR THE YEAR AFTER TAX		(56,262)	(59,029)
Earnings per equity share			
Basic and diluted (in ₹)		(0.23)	(0.24)
Significant accounting policies	03		

for and on behalf of the Board

P.Trivikrama Prasad
Director

T Hari Babu
Director

Place: Hyderabad
Date: 28th May, 2012

per our report of even date

for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner

Membership Number: 025211

**CASH FLOW STATEMENT** for the year ended 31st March 2012.

Particulars	31st March 2012	31st March 2011
	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(56,262)	(52,905)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(56,262)	(52,905)
Adjustments for:		
Increase/decrease in Trade Payables	721	(14,258)
NET CASH FROM OPERATING ACTIVITIES (A)	(55,541)	(67,163)
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 GENERATED IN FINANCING ACTIVITIES (C)	-	(194,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(55,541)	(67,163)
Cash and Cash equivalents as at beginning of the year	311,861	379,024
Cash and Cash equivalents as at the end of the year	256,320	311,861

for and on behalf of the Board

P.Trivikrama Prasad

Director

T Hari Babu

Director

Place: Hyderabad

Date : 28th May, 2012

per our report of even date

for **Brahmayya & Co.,**

Chartered Accountants

Firms' Registration Number: 0005135

P. Chandramouli

Partner

Membership Number: 025211

NOTES to Financial Statements for the year ended 31st March 2012

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 paid up equity share Capital of ₹ 500,000 is held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. The Company is yet to begin its commercial operations.

2 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.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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 recognised 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.

**NOTES** to Financial Statements for the year ended 31st March 2012**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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

	31st March 2012	31st March 2011
	₹	₹
NOTE 04 SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of ₹ 2/- each -fully paid up	200,000,000	200,000,000
Total	200,000,000	200,000,000
ISSUED ,SUBSCRIBED AND PAID - UP:		
250,000 Equity Shares of ₹ 2/- each -fully paid up	500,000	500,000
Total	500,000	500,000

a. Rights attached to equity Shares:

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	No of Shares	
	31st March 2012	31st March 2011
	No of Shares	No of Shares
b. Shares held by holding company:		
Nava Bharat Ventures Ltd	250,000	250,000

	31st March 2012		31st March 2011	
	No of Shares	% in the class	No of Shares	% in the class
c. Details of shareholders holding more than 5% shares in the Company				
Equity Shares of ₹ 2/- each fully paid				
Nava Bharat Ventures Ltd	250,000	100%	250,000	100%

	31st March 2012	31st March 2011
	₹	₹
NOTE 05 RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(1,926,744)	(1,867,715)
Add: Net profit after tax transferred from Statement of Profit and Loss	(56,262)	(59,029)

NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012	31st March 2011
	₹	₹
Amount available for appropriation	(1,983,006)	(1,926,744)
Less: appropriations	-	-
Closing Balance	(1,983,006)	(1,926,744)
Total	(1,983,006)	(1,926,744)

NOTE 06 OTHER CURRENT LIABILITIES

	31st March 2012	31st March 2011
Share Application Money	1,700,000	1,700,000
Other liabilities:		
TDS Payable	3,933	3,861
Other payables	35,393	34,744
Total	1,739,326	1,738,605

NOTE 07 CASH AND CASH EQUIVALENTS

	31st March 2012	31st March 2011
Balances with Banks:		
on Current account	256,320	311,861
Total	256,320	311,861

NOTE 08 OTHER EXPENSES

Other Provisions:		
Bank Charges	1,420	-
Professional Charges	6,000	6,000
Rates and Taxes	2,500	2,500
Auditors Remuneration: as Auditors	46,342	44,405
Total	56,262	52,905

- 9 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.
- 10 During the year, there were no transactions with Micro and Small Enterprises; hence the disclosures as per Micro, Small and Medium Enterprise Development Act, 2006, are not applicable for the time being.

NOTE 11 CALCULATION OF EARNINGS PER SHARE

	31st March 2012	31st March 2011
a) Net profit available to Equity shareholders (₹)	(56,262)	(59,029)
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 (in ₹) - Basic and Diluted	(0.23)	(0.24)

- 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

**NOTES** to Financial Statements for the year ended 31st March 2012

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 recognised any Deferred Tax Asset while preparing the accounts for the current year.

13 Segment Reporting as per the Accounting Standard (AS 17) is not applicable to the Company for the time being.

14 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 T. Hari Babu, 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. Brahmani Infratech Private 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 Private 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. There were no transactions with related Parties during the year and also in the previous year.

15 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 recognised during the year.

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

for and on behalf of the Board

P.Trivikrama Prasad

Director

T Hari Babu

Director

Place: Hyderabad

Date : 28th May, 2012

per our report of even date

for Brahmayya & Co.,

Chartered Accountants

Firms' Registration Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fourth Annual General Meeting of the Company will be held on Wednesday, the 25th July, 2012 at 4.30 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, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Dr. M. V. G. Rao, 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 T. Hari Babu, 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 Ordinary Resolution:

“RESOLVED THAT Sri T. Hari Babu, 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.”

for and on behalf of the Board

Hyderabad
28.05.2012

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. 4

Appointment of Sri T. Hari Babu, Additional Director as Director liable to retire by rotation:

Sri T. Hari Babu was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 22nd August, 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 T. Hari Babu, is deemed to be interested or concerned in the Resolution.

for and on behalf of the Board

Hyderabad
28.05.2012

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 Fourth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2012 and the Auditors' Report thereon.

OPERATIONS:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and proposes to be engaged in sugar, biofuel and agri based investments. There have been no operations in this company, during the year under review.

DIRECTORS:

Dr. M. V. G. Rao, Director, retires by rotation at the Annual General Meeting and being eligible, offered himself for re-appointment.

The Board at its meeting held on 22nd August, 2011 appointed Sri. T. Hari Babu 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. T. Hari Babu, 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. G. R. K. Prasad, Director, expressed his inability to continue as Director of the Company due to his personal pre-occupations and opted for resignation effective from 22nd August, 2011. The Board recorded its appreciation of his valuable association and contribution.

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 31.03.2012:

- 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

T. Hari Babu
Director

Hyderabad
28.05.2012

P. Trivikrama Prasad
Director

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

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, 2012, the Statement of Profit and Loss 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, the Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we Report that, none of the Directors is disqualified as on 31st March, 2012 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 notes thereon 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, 2012;
 - b) In the case of the Statement of profit and loss, 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.

per our report of even date

for **Brahmayya & Co;**
Chartered Accountants
Firm's Registration Number: 0005135

(**P. Chandramouli**)

Place: Hyderabad
Date: 28th May, 2012

Partner
Membership Number: 025211



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 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, 2012 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.
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.

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.

per our report of even date

for **Brahmayya & Co;**

Chartered Accountants

Firm's Registration Number: 000513S

(P. Chandramouli)

Partner

Place: Hyderabad

Date: 28th May, 2012

Membership Number: 025211

**BALANCE SHEET** as at 31st March, 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
EQUITY AND LIABILITIES			
Share holder funds	04	500,000	500,000
Reserves and Surplus	05	(251,909)	(219,875)
		248,091	280,125
Current liabilities			
Trade payables	06	16,854	16,545
		16,854	16,545
Total		264,945	296,670
ASSETS			
Current Assets			
Cash and cash equivalents	07	264,945	296,670
		264,945	296,670
Total		264,945	296,670
Significant Accounting Policies	03		

for and on behalf of the Board

P.Trivikrama Prasad
Director

T. Hari Babu
Director

Place: Hyderabad
Date: 28th May, 2012

per our report of even date

for Brahmayya & Co.,
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

STATEMENT OF PROFIT & LOSS for the year ended 31st March 2012

Particulars	Notes	31st March 2012 ₹	31st March 2011 ₹
INCOME		NIL	NIL
EXPENSES			
Other Expenses	08	32,034	31,125
TOTAL EXPENSES		32,034	31,125
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		(32,034)	(31,125)
EXCEPTIONAL ITEMS :		-	-
PROFIT BEFORE EXTRA ORDINARY ITEMS AND TAX		(32,034)	(31,125)
TAX EXPENSE		-	-
		-	-
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(32,034)	(31,125)
EARNINGS PER EQUITY SHARE			
Basic and Diluted		(0.13)	(0.12)
SIGNIFICANT ACCOUNTING POLICIES	03		

for and on behalf of the Board

P.Trivikrama Prasad
Director

T. Hari Babu
Director

Place: Hyderabad
Date: 28th May, 2012

per our report of even date

for **Brahmayya & Co.,**
Chartered Accountants
Firms' Registration Number: 0005135

P. Chandramouli
Partner

Membership Number: 025211

**CASH FLOW STATEMENT** for the year ended 31st March, 2012

Particulars	31st March 2012 ₹	31st March 2011 ₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(32,034)	(31,125)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(32,034)	(31,125)
Adjustments for:		
Increase in other Current Liabilities	309	(16,979)
NET CASH FROM OPERATING ACTIVITIES (A)	(31,725)	(48,104)
B CASH FLOW FROM INVESTING ACTIVITIES:		
NET CASH USED IN INVESTING ACTIVITIES (B)	–	–
C CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH GENERATED IN FINANCING ACTIVITIES (C)	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(31,725)	(48,104)
Cash and Cash equivalents as at beginning of the year	296,670	344,774
Cash and Cash equivalents as at the end of the year	264,945	296,670

for and on behalf of the Board

P.Trivikrama Prasad

Director

T. Hari Babu

Director

Place: Hyderabad

Date: 28th May, 2012

per our report of even date

for Brahmayya & Co.,

Chartered Accountants

Firms' Registration Number: 0005135

P. Chandramouli

Partner

Membership Number: 025211

NOTES to Financial Statements for the year ended 31st March 2012

1 NATURE OF OPERATIONS:

Nava Bharat Sugar and Bio Fuels Limited (the Company) has been incorporated on 8th April, 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 are held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. The Company is yet to begin its commercial operations.

2 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.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policy: Presentation and disclosure of financial statements

During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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 recognised 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 recognised 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) 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.



NOTES to Financial Statements for the year ended 31st March 2012

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

	31st March 2012 ₹	31st March 2011 ₹
4 SHARE CAPITAL		
AUTHORISED:		
2,500,000 Equity Shares of ₹ 2/- each -fully paid up	5,000,000	5,000,000
Total	5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID - UP:		
250,000 Equity Shares of ₹ 2/- each -fully paid up	500,000	500,000
Total	500,000	500,000

a. Rights attached to equity Shares:

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Shares held by holding company

	31st March 2012 No of Shares	31st March 2011 No of Shares
Nava Bharat Ventures Ltd	250,000	250,000

c. Details of shareholders holding more than 5% shares in the Company

	31.03.2012		31.03.2011	
	No of Shares	% in the class	No of Shares	% in the class
Equity Shares of ₹ 2/- each fully paid				
Nava Bharat Ventures Ltd	250,000	100%	250,000	100%

NOTES to Financial Statements for the year ended 31st March 2012

	31st March 2012 ₹	31st March 2011 ₹
5 RESERVES AND SURPLUS		
Surplus i.e. balance in Statement of Profit and Loss Account		
Opening balance	(219,875)	(188,750)
Add: Net profit after tax transferred from Statement of Profit and Loss	(32,034)	(31,125)
Amount available for appropriation	(251,909)	(219,875)
Less: appropriations	—	—
Closing Balance	(251,909)	(219,875)
Total	(251,909)	(219,875)

	31st March 2012 ₹	31st March 2011 ₹
6 TRADE PAYABLES		
Dues to other than Micro and small enterprises	16,854	16,545
Total	16,854	16,545

	31st March 2012 ₹	31st March 2011 ₹
7 CASH AND CASH EQUIVALENTS		
Balances with Banks:		
on Current account	264,945	296,670
Total	264,945	296,670

	31st March 2012 ₹	31st March 2011 ₹
8 OTHER EXPENSES		
Professional Charges	6,000	6,000
Rates and Taxes	2,500	2,500
Auditors Remuneration: as Auditors	16,854	16,545
Miscellaneous	6,680	6,080
Total	32,034	31,125

9 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.

10 During the year, there were no transactions with Micro and Small Enterprises; hence the disclosures as per Micro, Small and Medium Enterprise Development Act, 2006, are not applicable for the time being.

	31st March, 2012	31st March, 2011
11 CALCULATION OF EARNINGS PER SHARE		
a) Net profit available to Equity shareholders (₹)	(32,034)	(31,125)
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 (in ₹) - Basic and Diluted	(0.13)	(0.12)

12 Segment Reporting as per the Accounting Standard (AS 17) is not applicable to the Company for the time being.

**NOTES** to Financial Statements for the year ended 31st March 2012

13 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 T. Hari Babu, 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. Brahmani Infratech 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. Malaxmi Highway Private 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. There were no transactions with related Parties during the year and also in the previous year.

14 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 recognised during the year.

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

for and on behalf of the Board

per our report of even date

P.Trivikrama Prasad

Director

for Brahmayya & Co.,

Chartered Accountants

Firms' Registration Number: 0005135

T. Hari Babu

Director

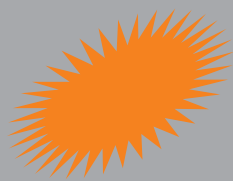
P. Chandramouli

Partner

Place: Hyderabad

Membership Number: 025211

Date: 28th May, 2012



NAVA BHARAT

www.nbventures.com