



NAVA BHARAT

Nava Bharat Ventures Limited

38th Annual Report 2009-10

Excellence in performance is a goal pursued constantly by our Company.

The Company is honoured with the following awards and rankings in 2009 - 2010 for excellence in maintaining *Industrial Relations, Labour Welfare & Productivity, Net Sales, Energy Management, Value Creation, Innovation, Cost Optimization & Intelligent Marketing, Exports and Rural Development.*

Best Management Award

- *Outstanding contribution in maintenance of Industrial Relations, Labour Welfare & Productivity*
from Department of Labour, Govt. of Andhra Pradesh (2009-10)

Super Rank 20 and Rank 297 among 1000 Corporate Giants in India

- *Net Sales*
from Business Standard magazine (2010)

National Award for Excellence in Energy Management

- *Excellent Energy Efficient Unit*
from Confederation of Indian Industry (2009)

Best Value Creator Award in the Small Cap Category

- *Continuous increase in profitability and high growth resulting in spurt in the equity share price on the Stock Exchanges*
from Outlook Money NDTV Profit (2009)

Sixth Rank among Top 500 Indian Manufacturing Companies

- *Innovative thinking, cost optimization strategies, Intelligent marketing, quality products and services and hard work.*
from INDUSTRY 2.0 Magazine (2009)

State Award for Energy Conservation (1st position) under Iron & Steel Sector

from Non-Conventional Energy Development Corporation of A.P. Limited. (2008-09)

Silver Trophy for Outstanding export performance

from The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad (2008-09)

Silver Trophy for Excellence in Rural Development

- *multifarious rural development activities*
from The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad (2008-09)

6th Best Performer in the Top 10 on BSE 500 Index in the decade 2000-2009.

- *stock price in 2009 was 103 times the price in early 2000.*

Silvery Trophy

- *Top Exporter as Large Enterprise*
from EEPC India (2007-08)

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Five years at a glance**(Rs. in lakhs)**

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Sources of Funds					
Share capital	1,526.37	1,523.77	1,558.73	1,355.25	1337.01
Warrants against Share Capital	–	–	–	217.36	–
Share application Money	–	–	6.73	–	–
Reserves	158,094.73	115,616.13	78,768.46	40,442.34	29,375.15
Loans	39,377.27	43,037.29	39,930.36	47,166.18	21,846.92
Deferred Tax Liability	2,023.71	2,113.61	1,498.43	1,953.43	1,983.97
	201,022.08	162,290.80	121,762.71	91,134.56	54,543.05
Application of Funds					
Fixed Assets less Depreciation	79,682.21	71,509.63	64,380.32	41,960.74	34,828.27
Investments	9,631.04	3,716.69	2,103.53	163.77	218.19
Net Current Assets	111,708.83	87,064.48	55,278.86	49,010.05	19,496.59
	201,022.08	162,290.80	121,762.71	91,134.56	54,543.05
Profit after Dividend					
Profit after Taxation	49,868.20	45,510.41	31,484.51	14,045.70	5,801.33
Dividend and Corporate Dividend Tax	7,492.35	6,645.25	5,117.37	2,935.45	1,409.67
Retained Profit	42,375.85	38,865.16	26,367.14	11,110.25	4,391.66
Other data					
Dividend per share:					
Rs. 2/- each (Rs.)	9.00	8.00	6.00	4.00	2.00
Debt Equity Ratio	0.13	0.21	0.27	0.46	0.58

Board of Directors

Mr. D. Ashok
 Mr. P. Trivikrama Prasad
 Mr. C.V. Durga Prasad
 Mr. G.R.K.Prasad
 Dr. E.R.C. Shekar
 Dr. M.V.G. Rao
 Mr. K. Balarama Reddi
 Dr. D. Nageswara Rao
 Mr. S.V. Satyanarayana
 Mr. M. Subrahmanyam

Chairman
Managing Director
Director (Business Development)
Director (Finance & Corporate Affairs)

IDBI Nominee

Company Secretary & Vice President

Auditors

Messrs. Brahmayya & Co.
 Chartered Accountants
 Flat No. 403, Golden Green Apartments
 Irrum Manzil Colony, Somajiguda
 Hyderabad - 500 082

Registered Office

6-3-1109/1
 'Nava Bharat Chambers'
 Raj Bhavan Road
 Hyderabad -500 082

Cost Auditors

Messrs. Narasimha Murthy & Co.
 Cost Accountants
 104, Pavani Estates
 3-6-365, Himayat Nagar
 Hyderabad - 500 029

Works

Ferro Alloy Division
Ferro Alloy Plant (A.P.)
 Paloncha -507 154
 Khammam District
 Andhra Pradesh

Power Division
Power Plant (A.P.)
 Paloncha -507 154
 Khammam District
 Andhra Pradesh

Dharmavaram
 Prathipadu Mandal
 East Godavari Dist.
 Andhra Pradesh

Bankers

State Bank of India
 Andhra Bank
 Bank of India
 State Bank of Hyderabad
 UCO Bank

Ferro Alloy Plant (Orissa)
 Kharagprasad Village-759121
 Dhenkanal District
 Orissa

Power Plant (Orissa)
 Kharagprasad Village-759121
 Dhenkanal District
 Orissa

Registrars and Share Transfer Agents

Messrs. Karvy Computershare Private Limited
 Plot No. 17 to 24, Near Image Hospital
 Vittalrao Nagar, Madhapur,
 Hyderabad - 500 081

Sugar Division
 Samalkot - 533 440
 East Godavari District
 Andhra Pradesh

Machine Building Division
 Nacharam
 Hyderabad - 500 076
 Andhra Pradesh

Report of the Directors and Management Discussion and Analysis for the financial year ended March 31, 2010

Dear members,

Your Directors have pleasure in presenting the Report and the Audited Accounts of the Company for the financial year ended March 31, 2010.

Financial Results

The Company's performance for the year ended March 31, 2010 is summarised below:

(Rs. in lakhs)

	Year ended March 31, 2010	Year ended March 31, 2009
Turnover/Income (Gross)	1,27,091.43	1,42,571.36
Profit before Finance charges, Depreciation and Taxation	58,480.22	56,472.28
Less: Finance charges (excluding amount capitalised)	3,059.13	3,095.15
Profit before Depreciation and Taxation	55,421.09	53,377.13
Depreciation	4,437.79	3,776.54
Profit for the year after Depreciation	50,983.30	49,600.59
Provision for taxation - Current tax	7,325.00	5,700.00
- Deferred tax	(89.90)	615.18
- MAT credit entitlement	(6,120.00)	(2,300.00)
- Fringe benefit tax	---	75.00
Profit after Tax	49,868.20	45,510.41
Balance brought forward from last year	46,802.60	19,939.51
Excess provision for Income Tax written back	---	33.53
Profit available for Appropriation	96,670.80	65,483.45
Appropriations		
Dividend on Equity Share Capital	6,425.20	5,679.94
Corporate Dividend Tax	1,067.15	965.31
Capital Redemption Reserve	3.05	35.60
Contingency Reserve	2,000.00	2,000.00
General Reserve	10,000.00	10,000.00
Surplus carried to Balance Sheet	77,175.40	46,802.60
	96,670.80	65,483.45

Review of Operations

We are pleased to report an impressive performance for the year 2009-10. The Net Revenues of the Company though stood at Rs.1,206 crore from Rs.1,296 crore, the Net Profit was higher at Rs.499 crore as compared to Rs.455 crore for the year 2008-09. The Company's thrust on value addition for power afforded it with resilience to withstand the cyclical pressures of Ferro alloys to a great extent. While India's economy is well on its way to a recovery, spurred on by the stimulus measures initiated by the Government, the core operations of your Company have received a boost together with a revival in global economic sentiment.

Ferro Alloys Division

During the previous year owing to the weak sectoral conditions, a conservative approach was adopted in production of alloys, taking into account the carried forward inventory of finished goods and key raw materials. The Company produced 27,660 M.T., 207 M.T. and 14,555 M.T. of Silico Manganese, Ferro Manganese and Ferro Chrome respectively.

From the second-half onwards the sector sentiment has improved, in line with the marked albeit quiet resurgence in carbon steel though stainless steel is yet to keep pace with such a recovery. Given this background, Manganese alloys appear better placed relative to the Chrome alloys. However, the increase remains far away from the peak-level realizations, attained previously.

Power Division

The Power division demonstrated robust results riding on the demand-supply mismatch facing the country in general and specifically in the prominent industrialized states. The Company had the dual benefit of marginally higher merchant realisations and increased volumes from the new 64 MW unit in Orissa and 20 MW unit in Andhra Pradesh. Additionally, the cutback in the Ferro Alloy production made more power available for sale which further augmented our performance in Power. At the same time,

your Company had to face the vagaries of power sector when for a part of the year, the Company had to schedule entire power to GRIDCO, Orissa, in compliance with the orders issued by the Govt. of Orissa. Furthermore, owing to a transmission line constraint, the Company had to contain the power generation for a part of the year. The merchant power rates in the last quarter of the year receded as the utilities were increasingly reticent to buy power over and above their means, and, for a few days, your Company had to shut down 20 MW power plant owing to un-remunerative prices.

During the year under review, your Company generated 1738.04 M.U. and delivered 1,563.28 M.U. of power of which 178.53 M.U. was used for captive use and 1,384.75 M.U. was sold on merchant basis. The auxiliary consumption and transmission losses accounted for 174.76 M.U. The power plants operated at an average PLF of 87.02%.

Sugar Division

Sugar sector displayed intense volatility during the year. From a deficit, the country now faces a surplus and from peak levels of sale price of Rs.45/Kg at the retail level, sugar now sells for around Rs.28/Kg.

Your Company's command area is situated in the East Godavari district, which is congenial for sugar cane cultivation. However, cane availability this year remained a big constraint as farmers diverted their area to cultivate other crops due to shortage of labour and high cost of cane cultivation. Your Company's operations were, as a result, on a lower level, though realizations of sugar remained relatively high and firm due to the perceived shortages. Your Company paid markedly higher cane price to the farmers to incentivise higher cane cultivation in the ensuing season.

For the full year, the cane crushed stood at 2.60 Lakh tonne as compared to 3.18 Lakh tonne. The associated recovery was at 9.6% this year. The Company for the first time purchased 4000 M.T. of raw sugar and processed it during the year to optimize the sugar operations. Sales of sugar stood at 27,660 M.T. as compared to 31,045 M.T. The corresponding revenues from by-products were higher, given better realization in co-generation and distillery products.

New Projects for Power and Mining

Your Company has identified power as a strategic business driver. Plans are underway to develop a series of power projects both in India and Overseas which will increase the power generation capacity of the Nava Bharat Group in the next few years from the existing 228 MW to about 600 MW in India in addition to Overseas projects.

You will be happy to note that this additional power generation will happen alongside the existing facilities of NBVL whereby certain infrastructure and execution benefits will accrue. It is heartening to note that your Company is one of the few Companies in the merchant power business with existing assets in operation.

Your Company has taken significant strides in its overseas investments by obtaining off-take rights and majority economic interest in a coal mine in South Kalimantan, Indonesia. This venture will support the new merchant power business in India. The extraction and trading of coal is expected to commence shortly.

During the year under review, your Company acquired 65% stake in Maamba Collieries Limited, a Coal mining Company as a Joint Venture with a Government Controlled Investment Holding Company in Zambia. The acquisition entails revival of the coal mining operations and establishment of a 2 X 150 MW, coal-based pit-head power project. The coal mine has reserves of 65 million tonnes of high-grade coal and at least about 65 million tonnes of power-grade coal.

Outlook and future plans

The outlook and future plans of the Company have been mentioned in detail under the "Management Discussion and Analysis" section which forms part of this report.

Dividend on equity share capital

Considering the performance of your Company and keeping in view the ongoing capital works and growth strategy, your Directors are pleased to recommend dividend at Rs.9/- per Equity Share of Rs.2/- each (450%), subject to necessary approvals.

The aggregate dividend payout for the year 2009-10 amounts to Rs.74.92 crores, including corporate dividend tax.

Buy-back of Company's equity shares

The Company bought back 19,32,500 equity shares (19,20,000 equity shares upto March 31, 2009 and 12,500 equity shares during the current financial year) pursuant to Public Announcement dated December 22, 2008. The Company purchased requisite minimum number of equity shares of 7,35,295 as disclosed in the Public Announcement. All the shares, so bought-back, were extinguished and the buy-back offer was closed with effect from August 12, 2009.

FCCBs

The Company's FCCBs are outstanding to an extent of JPY 3520 million at the fixed exchange rate of Rs.0.3976 per Yen for conversion.

Employees' Stock Option Scheme

The Company has granted 6,00,000 options to the specified employees, which were vested. Out of 6,00,000 options, 66,610 options were cancelled. Employees exercised options to an extent of 4,24,180 shares as on March 31, 2010 and 1,09,210 equity shares on May 15, 2010.

The Company received a certificate from the Auditors of the Company that the Scheme was implemented in accordance with the SEBI Guidelines and the resolution passed at the Annual General Meeting held on July 27, 2006. The Certificate would be placed at the Annual General Meeting for inspection by members.

The prescribed details relating to ESOS as per the SEBI Guidelines are set out in the Annexure – II.

Listing of shares

The Securities of the Company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The listing fee for these Stock Exchanges are paid.

Fixed deposits

Your Company has been accepting deposits from the public, shareholders and others. The amount of deposits outstanding as on March 31, 2010 was Rs. 18.12 lakhs.

There were no overdue deposits as on date.

Insurance

All the properties of the Company including buildings, plant and machinery and stocks are adequately insured.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri C V Durga Prasad and Dr.E R C Shekar, Directors, will retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

Subsidiary Companies and consolidated accounts

The Company as at the year end has Indian subsidiary companies Viz, M/s. Nava Bharat Projects Limited; M/s. Nava Bharat Energy India Limited; M/s. Brahmani Infratech Private Limited; M/s. Kinnera Power Company Limited; M/s. Nava Bharat Realty Limited; and M/s. Nava Bharat Sugar and Bio Fuels Limited, and a Subsidiary in Singapore, M/s. Nava Bharat (Singapore) Pte. Limited, which again has two subsidiaries viz., 1. PT Nava Bharat Sungaicuka and 2. PT Nava Bharat Indonesia.

Nava Bharat (Singapore) Pte. Limited

During the year, the earlier loan for an amount of US \$ 11,800,000 (equivalent to INR 60,02,53,700) was converted into equity. Singapore Subsidiary continues to focus on the overseas ventures for acquisition of coal and power assets. The investment initiative for acquisition of majority stake in Maamba Collieries Limited successfully culminated in executing a Share Purchase and Sale Agreement with the Govt. of Republic of Zambia and ZCCM Investments Holdings PLC (the 'Seller'). The Company assumed management control of the Company pursuant to Shareholders' Agreement, entered into between Nava Bharat (Singapore) Pte.Limited, Govt. of Republic of Zambia, ZCCM-Investments Holdings PLC and Maamba Collieries Limited with effect from 26th April, 2010. The Subsidiary earmarked USD 26 Million as Shareholder Loan to Maamba Collieries Limited to enable the latter to address the immediate liabilities.

Kinnera Power Company Limited

During the year under review, the Company continues to hold 50.30% equity stake in Kinnera Power Company Limited (KPCL). Meenakshi Infrastructure Group (MIG) implemented the road project that was awarded to NBV by NHAI on a non recourse basis. MIG has funded the entire equity share capital in KPCL and also in the SPV which had implemented the project. The accounts of KPCL or the SPV are not consolidated with those of the Company as the Company does not have economic interest and as it is intended to off-load the equity stake in KPCL and the SPV in favour of MIG at an appropriate time.

Brahmani Infratech Private Limited

During the year under review, the promoters of the Mantri Group invested in the capital of Brahmani Infratech Private Limited (BIPL) and formal allotment of shares will take place during the current year. The Company, upon such allotment, will hold not less than 51% of the capital in BIPL. Owing to severe recession in the real estate sector especially that connected with IT/ITES operations, Mantri Group has sought extension of timelines for executing the SEZ project and also the attendant residential and commercial amenities. The Company, however, does not expect any capital infusion into the subsidiary as Mantri Group had undertaken to setup the project on a non recourse basis. There have been no operations in BIPL during the year under review.

Nava Bharat Projects Limited

The evolution of Nava Bharat Projects Limited (NBPL) as a power holding company materialized during the year with NBPL acting as promoter of Nava Bharat Energy India Limited (NBEIL) in structuring its project finance. The Company is examining the possibility of bringing the overseas subsidiary also as subsidiary to NBPL to enable the latter to emerge as the holding company of the Group for power and mining assets in India and abroad.

Nava Bharat Energy India Limited

Nava Bharat Energy India Limited (NBEIL) is a subsidiary of Nava Bharat Projects Limited (NBPL) and of Nava Bharat Ventures Limited (NBV). NBEIL achieved financial closure for 2 Units of coal fired power plants of 150 MW each in A.P. IDBI acted as the lead arranger and lender. The project cost for the two Units in the aggregate is estimated to be about Rs.1386 crores. The Units are expected to come up at Paloncha and Dharmavaram. While the Company is in advanced stage of obtaining the environmental clearance for the Paloncha Unit, power evacuation system for both the Units is expected to be cleared by APTRANSCO shortly. NBEIL is to be funded with an equity capital of Rs.416 crores while the balance is tied up as debt. The envisaged equity will be funded to NBEIL by the Company through NBPL.

Nava Bharat Realty Limited

The Company is a Wholly Owned Subsidiary of the Company and is set up to focus on real estate ventures either directly or through SPVs. The Operations in the Company are on slow phase considering the slump in the real estate market.

Nava Bharat Sugar and Bio Fuels Limited

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and is set up to facilitate consolidation of sugar and bio fuel operations being taken up by the Group. The Company is yet to commence its operations.

Auditors

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company, will hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Cost Audit

M/s. Narasimha Murthy & Co, cost auditors, have been engaged by the Company to conduct the cost audit in respect of industrial alcohol, sugar and power generated by the Company for the financial year 2009-10. The approval of the Central Government was received for this appointment.

“Group” for inter-se transfer of shares

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulations, 1997, persons constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure III attached herewith and the said Annexure forms part of this Annual Report.

Management Discussion and Analysis

Management’s Discussion and Analysis for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming a part of this Annual Report.

Directors’ Responsibility Statement

The Directors confirm that in the preparation of Annual Accounts for the year ended March 31, 2010

- All applicable accounting standards were 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 were prepared on an ‘on going’ basis.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, your Company has to mandatorily comply with the requirements of Corporate Governance. A separate section on Corporate Governance and a certificate from the auditors of the Company, regarding compliance of conditions of Corporate Governance, form a part of this Annual Report.

Conservation of energy, technology absorption and foreign exchange

As required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo have been given in the Annexure - I, which forms a part of this Report.

Industrial safety and environment**Safety & Environment**

Your Company continues to give utmost importance to safety of personnel and equipment in all its plants. The safety measures adopted are reviewed thoroughly and several proactive steps taken to avoid accidents. In addition, safety demonstrations are conducted at regular intervals to train the workmen and staff in facing accidents.

Your Company received, from Director of Factories & Boilers, Orissa, an award for Best performance in safety and environment management for the year 2007 for the Ferro Alloy Plant (Orissa) and Power Plant (Orissa).

Particulars of employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure - IV to the Directors’ Report.

Voluntary Guidelines on Corporate Governance and Corporate Social Responsibility

The Ministry of Corporate Affairs, Govt. of India, released Voluntary Guidelines for Corporate Governance and for Corporate Social Responsibility on December 21, 2009. The Voluntary Guidelines for Corporate Governance provide for various measures and your Company may consider the same in due course in a phased manner.

Awards & Accolades

Your Company received the following awards/accolades during the year 2009-10

- i) Silver Trophy for Outstanding Export Performance for the year 2008-09 from The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad.
- ii) Silver Trophy for Excellence in Rural Development for the year 2008-09 from The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad in recognition of the multifarious rural development activities undertaken by the Company.
- iii) Super Rank 20 and Rank 297 among 1000 Corporate Giants in India by Net Sales, accorded by Business Standard magazine – February 2010.
- iv) Ranked sixth among Top 500 Indian Manufacturing Companies for the Batch 2009, based on the performance of the year 2008, by 'INDUSTRY 2.0" magazine for innovative thinking, cost optimization strategies, intelligent marketing, quality products and services, and, hard work.
- v) State Award for Energy Conservation, 2008-09 (First position) under Iron & Steel Sector for Ferro Alloy Plant, Paloncha from Non-Conventional Energy Development Corporation of A.P. Limited.
- vi) Best Value Creator Award in the Small Cap category (Market Capitalization upto Rs.2500 crores) for the year 2009, from Outlook Money NDTV Profit, based on continuous increase in profitability and high growth, resulting in spurt in the equity share price on the Stock Exchanges.
- vii) National Award for Excellence in Energy Management, 2009 for Excellent Energy Efficient Unit for the Sugar Division from Confederation of Indian Industry.
- viii) The Company stood as sixth Best Performer in the Top 10 on BSE 500 Index in the decade 2000-2009. The Company's

stock price in 2009 was 103 times the price in early 2000. This demonstrates that growth has percolated to a larger bouquet of industries than the earlier fancied technology, pharma and fast-moving consumer goods.

- ix) Silver Trophy for Top Exporter as Large Enterprise from EEPICINDIA, Southern Region in recognition of the outstanding contribution made by the Company to Engineering Exports during 2007-08.
- x) Best Management Award for the year 2009-10 from the Department of Labour, Government of Andhra Pradesh, for outstanding contribution in maintenance of Industrial Relations, Labour Welfare & Productivity.

Industrial relations

Industrial relations have been cordial and your Directors appreciate the sincere and efficient services rendered by the employees of the Company at all levels towards successful working of the Company.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co- operation received from the Financial Institutions, Bankers, Insurance companies, the Government of Andhra Pradesh, Government of Orissa, the State utilities and Shareholders.

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

D.Ashok
Chairman

Annexure-I to the Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956 read with companies (disclosure of particulars in the report of the Board of Directors) rules, 1988 and forming part of Directors' Report.

A. Conservation of energy

a) Energy conservation measures taken

I) Sugar Division

- i. Pan cut-over line washing with 1st effect vapor in place of Medium Pressure (MP) Steam
- ii. Modification of liquor feed lines for Pan No.1, 2 & 4
- iii. Installation of Plate type heat exchanger for raw juice heating with hot process condensate
- iv. Replacing existing two nos. of 25 hp boiler transfer pumps with two nos. of 30 hp energy efficient pumps and motors
- v. Variable Frequency Drive (VFD) for boiler Secondary Air (SA) fan
- vi. Installation of energy saver (lighting transformer) for street lighting at officers' colony and workmen's colony

II) Power Division

Power Plant (AP)

- i. Commissioning of VFDs for Induced Draft fan of Boiler - 4
- ii. Installation of new Primary Air (PA) fan for Boiler-1
- iii. Replacing re circulation valve of Boiler Feed Pump- C (BFP-C).

Power Plant (Orissa)

Increasing the height of clarifier reservoir by 300 mm and installation of gravity make up line for cooling towers of Unit -2 & 3

III) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of 70 nos. of Filament lamps with Compact Fluorescent Lamp (CFL) bulbs
- ii. Replacement of 5 nos. of RED 401 welding transformers with Tornado 400 CR welding rectifier
- iii. Use of 125 nos. of 28W T5 lamps instead of 40W ordinary tube lights

Orissa

- i. Replacement of cooling tower fan blades with FRP blades
- ii. Installation of energy saver CFL in place of Metal Halide lamps for plant lighting system
- iii. Automation of Cooling fans at Continuous Casting Machine
- iv. Reduction in usage of lumpy chromite ore for ferro chrome production
- v. Installation of fuel flow-meters at chromite ore drying plant

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Power Division

Power Plant (AP)

Separation of High Pressure and Low Pressure ash handling system for reducing power consumption.

Power Plant (Orissa)

- i. Installation of Vapor Absorption Machine, in the place of A/c machines in Unit-1 and Unit-2 and Control rooms.
- ii. Installation of a single Compressor in Unit-2 for Service Air and Instrument Air.
- iii. Collection of the entire Cooling Tower (CT) blow down water in one Blow Down Tank of 7000 m³ capacity and using the same for sprinkling in coal yard area, dust control, gardening, ash conditioning and for granulation.
- iv. Reduction of the gap between drift eliminators in Unit-2 from 75 mm to 50 mm.
- v. Control of continuous blow down as well as steam & water sampling line flows, without affecting the steam and water quality of both the Units.
- vi. Installation of bed material, lifting hoist in both units up to light-up platform.
- vii. Replacement of Circular Motion (CM) screen bottom mesh of size 7 x 15 mm with 10 x 15 mm during rainy season for Coal Handling Plant of Unit-2.

Other Investment Proposals for 2010-11

I) Sugar Division

- i. Installation of planetary gearboxes for new 40" x 80" mill, rake elevator and bagasse elevator.
- ii. Replacement of existing two nos. of 160 kW boiler feed water pumps with one no. 220 kW energy efficient pump and motor.
- iii. Replacement of 24 nos. of motors of a total rating of 193.5 kW with energy efficient motors of EFF1 rating.
- iv. Replacement of existing 14 nos. of Sodium Vapor (SV) lamps of a total rating of 4550 W at mill house with 6 nos. of induction lamps of 120 W each.
- v. Replacement of existing 10 nos. of SV lamps of 70 W rating for colony street lighting with 10 nos. Light Emitting Diode (LED) lamps of 36 W each with dimming option.
- vi. Installation of VFDs for common condensate pumps.
- vii. Replacement of dynodrives with VFDs for 'C' massecuite and magma pumps.
- viii. Installation of VFD for cooling tower fan of power plant.
- ix. Raw juice heating in No.8 heater using hot condensate from raw juice plate heat exchanger to maximize waste heat recovery.

II) Power Division

Power Plant (AP)

- i. Replacement of Russian make drip pump with higher efficiency indigenous pump.
- ii. Installation of new primary air fan for Boiler-2.
- iii. Up-gradation of Waste Heat Recovery System.
- iv. Installation of VFDs for condensate extraction pumps of Unit -2 and Unit-3 (one in each unit).
- v. Installation of energy saver in main air compressor system.

Power Plant (Orissa)

Replacement of one Vertical Turbine Pump of motor rating 110 kW with 75 kW to 90 kW Motor for same flow.

III) Ferro Alloy Division

Andhra Pradesh

- i. Mechanisation of raw material feeding at Sinter Plant.
- ii. Use of Solar Water Heating System for canteen and bachelors' hostel buildings.

Orissa

- i. Arrangement of coal fired fluidised bed combustor for Dryers.
- ii. Replacement of cooling tower (2 nos.) fan blades with Fibre Reinforced Plastic (FRP) blades.
- iii. Extend installation of energy saver lamps for plant lighting system.
- iv. Replacement of 500 Cubic Feet per Minute (CFM) lub-compressor by non-lub screw compressor of 600 CFM capacity.

c) Impact of the measures at a) and b) above for reduction of energy consumption and consequent impact on the cost of production of goods

I) Sugar Division

- i. Use of 1st effect vapor in place of MP steam for pan cut-over line washing resulted in 11520 kWh of energy saving in the year.
- ii. The modification of liquor feed lines improved pan circulation and resulted in energy savings equivalent to 0.3% steam on cane.
- iii. Use of plate type heat exchanger for raw juice heating with hot process condensate resulted in 66263 kWh of energy saving in the year.
- iv. The energy efficient pumps and motors for boiler transfer pumps resulted in 34013 kWh of energy saving in the year.
- v. Installation of VFD for SA fan resulted in 45612 kWh of energy saving in the year.
- vi. The energy savers have resulted in 7350 kWh of energy saving in the year.

II) Power Division

Power Plant (AP)

- i. Commissioning of VFD for ID fan of Boiler-4 resulted in reduction of energy consumption by 2000 kWh/ day
- ii. Installation of new PA fan for Boiler-1 resulted in reduction of energy consumption by 3500 kWh / day.

- iii. Replacement of BFP-C re-circulation valve resulted in reduction of energy consumption by 1500 kWh / day.
- iv. Major overhaul of Unit-1, resulted in reduction in steam consumption by 4 TPH and coal consumption by 19 MT/day.
- v. Annual overhaul of Unit-3 resulted in reduction in steam consumption by 1 TPH and coal consumption by 4.8 MT/day.

Power Plant (Orissa)

- i. Installation of gravity make up line for cooling tower make up will save 140 kWh/day.
- ii. By providing vapor absorption heat pump in the place of conventional air-conditioning machine, the energy consumption is reduced by 40% approximately.
- iii. Use of single compressor for both the Units, resulted in saving about 400 kWh/day of auxiliary power.
- iv. Collection and recycling of entire CT Blow down water for ash conditioning, dust suppression in Coal Handling Plant (CHP), granulation in Ferro alloy plant and gardening purpose, resulting in zero water discharge.
- v. The drift loss as well as cooling tower make up has been reduced.
- vi. Consumption of De-Mineralised water for both Units reduced by 100 M³/day.
- vii. Installation of hoist for lifting bed material in both units reduced man power cost and time for lifting bed material.

- viii. Replacement of CM screen bottom mesh with oversize mesh during rainy season helped in saving of operating hours of CHP from three shifts to two shifts as well as auxiliary power and dosing cost of coal.

III) Ferro alloy division

Andhra Pradesh

- i. Replacement of 70 nos. of Filament lamps with CFL bulbs resulted in saving 1031 units per month.
- ii. Replacement of 5 nos. of RED 401 welding transformers with Tornado 400 CR welding rectifier resulted in saving 6000 units per month.
- iii. Use of 125 nos. of 28W T5 lamps instead of 40W ordinary tube lights resulted in saving 450 units per month.

Orissa

- i. Replacement of cooling tower (1 no.) fan blades with FRP blades resulted in saving 23760 kWh per annum.
- ii. Installation of energy saver CFL in place of Metal Halide lamps in three areas for plant lighting system resulted in saving 17000 kWh per annum.
- iii. Automation of Cooling fans at CCM resulted in saving 24637 kWh per annum.
- iv. Replacement of lumpy chromite ore by friable chromite ore for production of ferro chrome resulted in saving 1,464,000 kWh during FY 2009-10.
- v. Incorporation of fuel flow-meter at dryer plant resulted in saving 36,600 ltrs of diesel during FY 2009-10.

d) Total energy consumption and energy consumption per unit of production

	Current Year	Previous Year
A. Power and fuel Consumption		
1. Electricity		
a. Electricity Purchased:		
Units (kWh)	868600	8232000
Total amount (Rs. in lakhs)	44.85	50.68
Rate/Unit (Rs.)	5.16	6.15
b. Own Generation:		
i) Through diesel generator (Units)	20132	16622
Units per litre of diesel oil	1.74	1.74
Cost/Unit (Rs.)	20.37	21.48
ii) Through Steam Turbine Generator:		
Units	21053200	23872512
Export	12449000	12076800
Consumption	8604200	11795712
Units per ltr. of fuel oil/gas	---	---
Cost/Unit(Rs.)	3.35	2.91
2. Coal (Distillery)	---	---
3. Furnace Oil (LDO in Lts)	---	---
4. Others/internal generation/Natural Gas	---	---
B. Consumption per unit of production		
1. Sugar from cane (Qtl.)		
Power (kWh)	29.03	32.03
Steam (Tonne)	0.33	0.42
2. Sugar from raw sugar (Qtl.)		
Power (kWh)	3.158	---
Steam (Tonne)	0.036	---
3. Alcohol (kL)		
Power(kWh)	309.41	279.96
Steam (Tonne)	3.37	3.40

As per the prevailing rules, Ferro Alloys and Power Generation are excluded industries for the purpose of this information under d) and hence the above particulars pertain to Sugar Plant only.

B. Technology absorption**e) Efforts made in technology absorption****1. Areas in which efficiency improvement was carried out by the Company****I) Power Division**

Power Plant (Orissa)

- i. Installation of blower type dust catcher system for dry ash unloading at silo-2.
- ii. Installation of drain water collection pit near silo area.
- iii. Installation of one additional vent filter at Unit-1 bed ash silo.
- iv. Installation of chlorine hood and auto operation of blower to neutralize the chlorine gas during leakage from toner.

II) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of old Raw Material Handling System conveyor belt of 800 mm width with a new belt of 1000 mm width.
- ii. Renovation of Sinter Plant-1.
- iii. Installation of De-dusting system for conveying raw materials to day bunkers.
- iv. Arrangement of rotary feeder vent filter gates for unloading ash from Gas Cleaning Plants.
- v. Replacement of Minimum Oil Circuit Breaker (MOCB) with Vacuum Circuit Breaker (VCB) at Furnace-2
- vi. Replacement of Star/Delta isolators of 2nd and 3rd Furnaces with latest version.
- vii. Replacement of controllers for vibro feeders of batch weighing system with latest version.
- viii. Replacement of old sheeting with Galvalume sheeting at Furnace-1 building.

Orissa

- i. Installation of fugitive emission control system for raw material handling.
- ii. Installation of lime handling equipment at chromite ore briquetting plant.
- iii. Installation of temperature sensors at furnace hood.
- iv. Installation of level sensors at material-charging silos of furnace.
- v. Automation of raw material distribution system inside furnace.
- vi. Increased usage of waste water for road wetting and operational processes of metal recovery plant, continuous casting machine, furnace shell cooling and brick manufacturing plant.

2. Benefits derived as a result of above modifications**I) Power Division**

Power Plant (Orissa)

- i. Dust spillage during dry ash unloading minimised.
- ii. Waste water utilised for ash conditioning and sprinkling.
- iii. Frequent failure of bag filters of existing vent filter avoided.
- iv. Improved safety achieved.

II) Ferro Alloy Division

Andhra Pradesh

- i. Raw material spillages are avoided during batching and feeding to furnaces.

- ii. Sinter production increased, facilitating utilisation of more manganese ore fines and reducing the cost of production of Silico Manganese.
- iii. Fugitive dust emission has been reduced during raw material feeding.
- iv. Spreading of dust avoided while unloading the ash from silos.
- v. Enhanced level of protection, easy maintenance and waste oil generation avoided.
- vi. Easy operation and enhanced protection levels achieved.
- vii. Availability increased and operation & maintenance made easy.

Orissa

- i. Environment protection.
- ii. Environment protection, improved reliability of lime handling system and increased productivity of briquetting plant.
- iii. Improved safety to furnace equipment and human beings.
- iv. Improved operational control.
- v. Improved operational control.
- vi. Conservation of water.

3. Future Plan of Action**I) Power Division**

Power Plant (Orissa)

- i. Installation of hoists to lift the bed material up to light-up platform, which will reduce the time for lifting the bed material which in turn will reduce light-up time.
- ii. Installation of new drain oil tanks for turbine outside the Turbine Generator hall.

II) Ferro Alloy Division

Andhra Pradesh

- i. Erection and commissioning of filter bag house for Sinter Plant.
- ii. Installation of 100 Ton weighbridge.

Orissa

- i. Installation of automated raw material handling system.
- ii. Installation of cone/roll crusher for crushing of 25mm size 'slag mixed metal' to 6mm for recovery of metal.
- iii. Air distribution arrangement with receiver tank and pipeline for gas cleaning plants of furnaces, batch weighing system, raw

- material handling system, briquetting plant and dryer.
- iv. Dust suppression system for the Raw Material Handling System & Metal Recovery Plant areas to control fugitive dust emission.
- v. More effective fire hydrant arrangement at furnace building.
- vi. Installation of VFDs at ore briquetting plant.
- vii. Installation of zero speed switches at material handling systems.

4. Expenditure on Efficiency Improvement (Rupees in lakhs)

	Ferro Alloy Plant (AP)	Ferro Alloy Plant (AP)	Power Plant (AP)
a. Capital	66.02	42.29	38.00
b. Recurring	---	---	---
c. Total	66.02	42.29	38.00
d. Total expenditure on efficiency improvement as a percentage of total turnover	0.32	0.34	0.09

b) Technology absorption, adaptation and innovation

No imported technology is in operation.

C. Foreign exchange earnings & outgo

f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

The Company has been exporting Ferro alloys to Europe, USA, Japan, China, Korea, etc. The total quantity exported during 2009-10 stood at 39,335 MT with an FOB value of US\$ 41.16 million.

g) Total Foreign exchange used and earned (Rs. in Lakhs)

	Current Year	Previous Year
1. Foreign Exchange Outgo:		
i. CIF value of Imports	780.68	13,099.95
ii. Interest	219.49	270.98
iii. Consultation Fees	---	15.40
iv. Others	81.37	169.02
2. Foreign Exchange Earnings at FOB Value		
i. Export of goods	20,162.99	39,061.30
ii. Interest earned	---	132.47
iii. Miscellaneous receipts	94.45	---

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

D.Ashok
Chairman

Annexure – II to the Directors' Report

ESOP disclosures made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

1	Number of Options granted	No options granted during the current year. 6,00,000 options granted during the year 2006-07.																		
2	Pricing Formula	80% of the latest available closing price of the equity shares of the company on NSE prior to the date of meeting of the Compensation Committee. (Rs.90.52)																		
3	Number of Options vested	<table> <thead> <tr> <th></th> <th>Options vested</th> </tr> </thead> <tbody> <tr> <td>As on 05.01.2008</td> <td>1,80,000</td> </tr> <tr> <td>05.01.2009</td> <td>1,80,000</td> </tr> <tr> <td>05.01.2010</td> <td>2,40,000</td> </tr> <tr> <td>TOTAL</td> <td>6,00,000</td> </tr> </tbody> </table>		Options vested	As on 05.01.2008	1,80,000	05.01.2009	1,80,000	05.01.2010	2,40,000	TOTAL	6,00,000								
	Options vested																			
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TOTAL	6,00,000																			
4	Number of Options exercised	<table> <thead> <tr> <th></th> <th>Options exercised</th> </tr> </thead> <tbody> <tr> <td>During the year 2007-08</td> <td>1,09,890</td> </tr> <tr> <td>2008-09</td> <td>31,560</td> </tr> <tr> <td>2009-10</td> <td>2,82,730</td> </tr> <tr> <td>TOTAL</td> <td>4,24,180</td> </tr> </tbody> </table>		Options exercised	During the year 2007-08	1,09,890	2008-09	31,560	2009-10	2,82,730	TOTAL	4,24,180								
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During the year 2007-08	1,09,890																			
2008-09	31,560																			
2009-10	2,82,730																			
TOTAL	4,24,180																			
5	Total number of shares arising out of exercise of Options	4,24,180																		
6	Number of Options lapsed	66,610																		
7	Variation in the terms of the Options	No Variations																		
8	Money realized by exercise of Options	<table> <thead> <tr> <th></th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>During the year 2007-08</td> <td>99,47,242.80</td> </tr> <tr> <td>2008-09</td> <td>28,56,811.20</td> </tr> <tr> <td>2009-10</td> <td>2,55,92,719.60</td> </tr> <tr> <td>TOTAL</td> <td>3,83,96,773.60</td> </tr> </tbody> </table>		Amount (Rs.)	During the year 2007-08	99,47,242.80	2008-09	28,56,811.20	2009-10	2,55,92,719.60	TOTAL	3,83,96,773.60								
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2009-10	2,55,92,719.60																			
TOTAL	3,83,96,773.60																			
9	Total number of Options in force	1,09,210																		
10	Employee wise details of Options granted to -	No Options were granted during the current year.																		
	a Senior Management Personnel	<table> <thead> <tr> <th>Name of the employee</th> <th>Number of Options granted in 2006-07</th> </tr> </thead> <tbody> <tr> <td>Sri CV Durga Prasad</td> <td>43,700</td> </tr> <tr> <td>Sri G.R.K.Prasad</td> <td>39,600</td> </tr> <tr> <td>Sri Y Poornachandra Rao</td> <td>32,700</td> </tr> <tr> <td>Sri J Ramesh</td> <td>31,500</td> </tr> <tr> <td>Sri ASN Murthy</td> <td>22,100</td> </tr> <tr> <td>Sri N Prabhakar</td> <td>20,300</td> </tr> <tr> <td>Sri GP Vardhana Rao</td> <td>19,900</td> </tr> <tr> <td>Sri A Venkata Rao</td> <td>24,700</td> </tr> </tbody> </table>	Name of the employee	Number of Options granted in 2006-07	Sri CV Durga Prasad	43,700	Sri G.R.K.Prasad	39,600	Sri Y Poornachandra Rao	32,700	Sri J Ramesh	31,500	Sri ASN Murthy	22,100	Sri N Prabhakar	20,300	Sri GP Vardhana Rao	19,900	Sri A Venkata Rao	24,700
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Sri A Venkata Rao	24,700																			
	b Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during the year	<table> <thead> <tr> <th>Name of the employee</th> <th>Number of Options Granted in 2006-07</th> </tr> </thead> <tbody> <tr> <td>Sri CV Durga Prasad</td> <td>43,700</td> </tr> <tr> <td>Sri G.R.K.Prasad</td> <td>39,600</td> </tr> <tr> <td>Sri Y Poornachandra Rao</td> <td>32,700</td> </tr> <tr> <td>Sri J Ramesh</td> <td>31,500</td> </tr> </tbody> </table>	Name of the employee	Number of Options Granted in 2006-07	Sri CV Durga Prasad	43,700	Sri G.R.K.Prasad	39,600	Sri Y Poornachandra Rao	32,700	Sri J Ramesh	31,500								
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	c Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None of the employees was granted Options equal to or exceeding 1% of the issued capital of the Company at the time of grant.																		

11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share	Rs.60.84																				
12	Where the company has calculated the employee compensation cost using the intrinsic value of the stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	<table> <tr> <td>Net Income(as reported) (Rs.in lakhs)</td> <td>49,868.20</td> </tr> <tr> <td>Add – Intrinsic Value (Rs.in lakhs)</td> <td>12.86</td> </tr> <tr> <td>Less – Fair Value (Rs.in lakhs)</td> <td>27.52</td> </tr> <tr> <td>Adjusted Pro Forma Income (Rs. in lakhs)</td> <td>49,853.54</td> </tr> <tr> <td colspan="2">Basic EPS</td> </tr> <tr> <td>As reported Rs.</td> <td>65.50</td> </tr> <tr> <td>As adjusted Rs.</td> <td>65.48</td> </tr> <tr> <td colspan="2">Diluted EPS</td> </tr> <tr> <td>As reported Rs.</td> <td>60.84</td> </tr> <tr> <td>As adjusted Rs.</td> <td>60.82</td> </tr> </table>	Net Income (as reported) (Rs.in lakhs)	49,868.20	Add – Intrinsic Value (Rs.in lakhs)	12.86	Less – Fair Value (Rs.in lakhs)	27.52	Adjusted Pro Forma Income (Rs. in lakhs)	49,853.54	Basic EPS		As reported Rs.	65.50	As adjusted Rs.	65.48	Diluted EPS		As reported Rs.	60.84	As adjusted Rs.	60.82
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13a	Weighted average exercise prices for Options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	No options granted during the year.																				
13b	Weighted fair values for Options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	No options granted during the year.																				
14	A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information: i. risk free rate ii. expected life iii. expected volatility iv. expected dividends and v. the price of the underlying share in the market at the time of option grant.	No options granted during the year.																				

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

D.Ashok
Chairman

Annexure – III to the Directors’ Report

The following is the list of persons constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulations, 1997 (“the said Regulations”), as provided in Clause 3 (1) (e) of the said Regulations:

S. No	Name	S. No	Name
1	M/s. Nav Finance and Leasing Limited	12	Dr. Devineni Rajasekhar
2	M/s. A.N. Investments Private Limited	13	Smt. Devineni Bhaktapriya
3	M/s. S.R.T. Investments Private Limited	14	Smt. A. Nilima
4	M/s. Nav Energy Private Limited	15	Sri P. Trivikrama Prasad
5	M/s. A9 Homes Private Limited	16	Sri P. Trivikrama Prasad (HUF)
6	M/s. AV Dwellings Private Limited	17	Smt. P Rajashree
7	M/s. V9 Avenues Private Limited	18	Smt. P Shruthi
8	Sri Devineni Ashok	19	Dr. C. Sudha
9	Smt. Devineni Ramaa	20	Smt. Madhu Prasad Kilaru
10	Sri Devineni Ashwin	21	Smt. Gullapalli Pratibha Rao
11	Sri Devineni Nikhil		

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

D. Ashok
Chairman

Annexure – IV to the Directors’ Report

Statement of particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 and forming part of the Directors’ Report for the year ended 31st March, 2010.

Sl. No.	Name of the Employee	Designation/ Nature of duties	Age (Years)	Qualification	Experience (Years)	Remuneration (Rs. in Lakhs)		Date of Commencement of employment	Details of last employment
						Salary & Perks	Commission		
1	Sri D.Ashok	Chairman	53	M.B.A. (U.S.A.)	28	171.85	1076.63	28.08.1981	–
2	Sri P.Trivikrama Prasad	Managing Director	57	M.B.A. (U.S.A.)	28	140.40	1076.63	01.08.1981	–
3	Sri C.V.Durga Prasad	Director (Business Development)	59	B.Com.	37	117.04	–	01.07.1973	–
4	Sri G.R.K.Prasad	Director (Finance & Corporate Affairs)	52	B.Sc., F.C.A.& F.C.S.	29	141.44	–	12.08.1995	General Manager, DCL Polysters Limited
5	Sri J.Ramesh	Executive Vice President (FAP-O)	52	B.Com. M.B.A.	27	97.74	–	01.04.1997	Director, Nav Chrome Limited
6	Sri Y.Poornachandra Rao	Executive Vice President (FAP-AP)	59	M.E. Metallurgy	33	44.64	–	15.05.1982	Metallurgist, Sponge Iron India Limited
7	Sri A.Venkata Rao	Vice President (PP-AP)	63	B.E. Mechanical	36	39.37	–	01.07.1974	–
8	Sri N. Prabhakar	Vice President (Sugar Division)	52	B.Sc., ANSI (Sugar Technology)	29	33.00	–	07.09.1998	Chief Chemist, Andhra Sugars Limited
9	Sri G.P. Vardhana Rao	Vice President (FAP-O)	60	B.E. Metallurgy	34	28.74	–	17.07.2000	Vice President (Operations) Ispat Alloys Limited
10	Sri Dipesh Kumar Dipu	Vice President (Mining Projects)	32	B.Tech., CFA	10	8.12	–	15.01.2010	Principal Consultant, PWC India

- Notes : 1. Remuneration as shown above, includes salary, commission, Company’s contribution to provident & superannuation funds, medical reimbursement and other perquisites.
 2. Sri D.Ashok and Sri P.Trivikrama Prasad are related to each other.
 3. Conditions of employment are contractual/governed by the Company’s rules.
 4. The experience shown above refers to total period in years of career.
 5. Sri Dipesh Kumar Dipu was employed for a part of the year.

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
 May 29, 2010

D.Ashok
Chairman

Management discussion and analysis

The management discussion and analysis is intended to provide a review of the financial, operating and strategic performance of the Company in the reporting period. The said discussion should be read together with the Directors' Report and the audited financial statements that form part of the Annual Report.

1. Industry structure and developments

Ferro Alloys

Ferro Alloys are critical inputs used to impart special characteristics to steel. Manganese alloys impart strength to steel; Chromium Alloys impart resistance to corrosion and heat in stainless steel. There has been a gradual improvement in the domestic market for Ferro Alloys, associated with the resurgence seen in steel. A revival is also underway in China and in the international consumption.

Manganese is the fourth significant component of steel making after Iron ore, Coking coal and Scrap. On an average 7 kg - 9 kg of Manganese is used for producing 1 tonne of steel, usually in the form of Silico Manganese or Ferro Manganese. Asia-Pacific, the largest and fastest growing region for Manganese Alloys is expected to consume 1.6 million metric tonnes of Ferro Manganese and 2.2 million metric tonnes of Silico Manganese in 2010.

The stainless steel industry is the largest user of Ferro Chrome. The huge demand for stainless steel production in recent years has led to a high demand for both Ferro Chrome and Chromite ore. There is a revival in production of stainless steel in Europe, USA, Japan and South Korea. China too has been increasing its production of stainless steel. This will lead to an uptick in world consumption of Ferro Chrome.

The ferro alloy market continues to be sensitive to the Chinese steel industry changes and dominated by a few players from CIS countries, South Africa and Europe and several small players from the rest of the world. Control on the essential inputs affords integration and insulation against market swings and those which are so integrated seem to influence the prices of ores as well as ferro alloys.

Power

India continues structurally to be a power deficit country. The gap between demand and supply currently stands at 12%.

The private sector continued its determined performance and contributed to a record power capacity addition in 2009-10. A total of 9,585 MW capacity was added during the last fiscal, of which 4,287 MW or 45% was by private developers. The Central and State sector utilities cumulatively added 5,298 MW during the period. Thus private players are expected to play a major role in meeting India's power requirement in the next decade.

Your Company is pursuing power generation opportunities vigorously. We have plans under implementation for 364 MW and are continuously evaluating other projects where we can add

value. Your Company is concerned with securing adequate coal-supplies for its plants. Coal is a scarce commodity in India, relative to the quantum of new power projects announced. We are planning to expedite our Indonesian venture to meet our long-term needs and will shortly commercialise the coal from Zambian project. At peak output, your Company would require 4 million tonnes of coal for power generating capacities of about 600 MW through a combination of domestic linkage coal, overseas captive mining, e-auctions of coal and washery rejects.

Sugar

India's per capita sugar consumption stands at 20 kg at present and is expected to grow 3-4% annually due to growth in income and substitution of by-products. The current sugar season that extends from October to April saw a total cane crushing of approx. 70 lakh quintals and a total sugar production of 18 million tonnes. Given domestic consumption of 22-23 million tonnes there was an implicit shortfall. This was met out of ad-hoc imports at a time when erratic weather had driven-up prices of sugar globally. The surge in domestic sugar realisations in the interim has spurred higher crop plantation. The government has also sought to balance both the interests of sugar producer and farmer by way of introducing the Fair & Remunerative Price. Meanwhile, the policy on sugar continues to evolve. The progressively higher prices available for cane have further incentivised plantation of cane vis-a-vis other crops. There are broad expectations of 75 lakh quintals of sugarcane availability and the industry is expected to crush 23 million tonnes for the new season. This will have a sobering affect on the sugar prices with a perceived surplus in the near term.

2. Opportunities and threats

Ferro Alloys

The Company has a reasonably large capacity for the manufacture of Ferro Alloys. Its production facilities are based at Paloncha, Andhra Pradesh (125,000 TPA) which produces Silico Manganese and Ferro Manganese and Kharagprasad, Orissa (75,000 TPA) which manufactures Ferro Chrome. The Plants are located in proximity to a host of steel manufacturing hubs domestically. A bulk of the new projects announced in steel too are in the vicinity of the Company's production facilities.

At the same time, the Company's products are well accepted in the international markets. Given the revival in economic growth underway in the developed countries, product exports from Nava Bharat are expected to show further signs of improvement.

Given that the sector is stabilising, the Company continues to closely monitor its production of Ferro Alloys and is taking a cautious view on the production volumes. Currently there has been some return of interest to Ferro Alloys given the increased demand for steel and steel products. The Company continues to scrutinize the overall position and will adjust its use of power for Ferro Alloy production as and when required.

Power

The Government has laid out an ambitious capacity addition target of 78,577MW (including 52,905 MW based on coal) in the Eleventh five year plan; this is likely to trigger sizable investments in the power sector from public and private players. The Government continues its commitment to develop the sector, a key driver of the country's economic growth.

Total capacity additions in India during FY2011 are projected at 20,360 MW by the Planning Commission. Delays can be expected for projects undertaken by the Central and State sectors, which would lead to lower capacity creation. Meanwhile, Andhra Pradesh experienced a 6% power deficit which is reflective of the deficit situation common to Indian states. The long term market for merchant (private) power is therefore robust.

The Twelfth plan maintains the growth theme with a capacity target of 82,200 MW including 42,200 MW planned in the thermal space.

The Company's plans comprise coal-based generation capacities for 364 MW which comprises 150 MW each at Paloncha (domestic coal-based) and at Dharmavaram (imported coal-based) in Andhra Pradesh and a 64 MW facility at Kharagprasad (domestic coal-based) in Orissa. The Company is under possession of the necessary land and is in receipt of most of the regulatory and other clearances. Going ahead, the strategy of the Company is to increase the power available for short term and long term sales. The new projects will use a combination of washery rejects and imported coal to a considerable extent supplemented by domestic coal, proposed to be sourced through e-auctions and linkages.

3. Segment-wise performance

The Company continues to pursue a power-centric policy to drive future business growth. The table shown below is an illustration of the business-wise performances during the years 2009-10 and 2008-09.

Sl.No.	Particulars	Ferro Alloys		Power		Sugar	
		31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
1.	Production (MT)/(MU)	42,422	79,113	1,563	1,350	28,729	30,266
2.	Sales (MT)/(MU)	64,582	80,440	1,563	1,350	27,660	31,045
3.	Revenue (Gross) (Rs. in Lakhs)	32,690	65,383	83,513	69,175	8,967	7,380
4.	PBIDT (Rs. in Lakhs)	404	12,680	50,660	38,489	984	796

4. Outlook

Ferro Alloys

The Company expects to see a gradual recovery in the steel industry. The Indo-China outlook is robust despite the underlying monetary and credit tightening. There has been a region-wide recovery in Asia which remained on track whole of last year.

The growth in China has remained very positive, driven by fiscal policy measures, private consumption and a distinct pick-up in

Additionally, in synchronisation with the Company's growth pursuit in power and its allied businesses, Nava Bharat's Singapore subsidiary – Nava Bharat (Singapore) Pte Limited has acquired 65% stake in Maamba Collieries Limited (MCL) from ZCCM-IH, the investment holding company of the Zambian government. The total mineable reserves are at 65 million MT of washed high-grade coal and 65 million MT of power grade coal.

The Indonesian coal investment is likely to yield supply of coal from the current year as necessary clearances have been obtained after considerable efforts.

The Company continues with its thrust towards a model with power at the core of its growth strategy. This will give more predictability and sustainability to its earnings model.

Sugar

India, the second largest producer, is also the largest consumer of sugar. Total consumption is expected to stand at about 23 million tonnes which is further growing at a steady pace. Production levels are expected at around 18 million tonnes for the current season. Together with the targeted imports of sugar, the country is just about comfortably placed with the stocks of sugar.

The Company has its facility in the cane rich region within the state of Andhra Pradesh and supplies sugar to the eastern region of the country. With the expected increase in India's production, the Company is expected to increase its production and would look forward to expand its crushing capacity if and when required in the future.

exports. To prevent the economy from overheating, China tightened its monetary policy to some extent in early 2010; also credit supply was tightened. While this may lead to a smaller contribution of investment over the year, strengthening trade activity with the Asian region and the advanced economies will support China's export growth. The Chinese decision to float its currency would lead to short term strengthening of all the commodities while market forces will prevail in due course to bring about stability.

Power

The power sector in the country is typified by a host of utilities as customers which are under various stages of financial stress. Their inability to pay for short term power beyond a certain rate, would have a salutary effect on the power rates. However, your Company sees moderate to stable realisations from merchant sales in the next two years.

Sugar

The Indian Sugar Mills Association has increased the country's production estimates for the current season to around 18 million tonnes. The earlier estimate stood at 16.7 million tonnes. Maharashtra, the biggest producer, will produce 5.1 million tonnes as sucrose recovery improves, and, output in the southern state of Karnataka will be more than 2 million tonnes, instead of 1.7 million tonnes.

The sugar production for the next season is now estimated to stand at 23 million tonnes as against Industry estimates that were in the region of 20-22 million tonnes earlier. The expected higher production will reflect in the Company's production figures as well. Given the expected bumper harvest of cane, sugar prices are expected to remain subdued.

5. Risks and concerns

Ferro Alloys

The Company expects a gradual pick-up in demand for Ferro-Alloys on back of increasing demand for steel and overall economic growth. Prices of the ore are expected to be stable in the medium term. In the event of another slowdown in the global and domestic economy, the steel industry could come under pressure which in turn would adversely affect demand for ferro alloys.

Power

India continues to have a demand – supply mismatch in the power segment. The Government has outlined an ambitious program to scale up generation and has laid down plans for capacity addition of 78,577 MW in the Eleventh five year plan. Going ahead, there will be an increasing participation from the private sector in this capacity addition as public players continue to lag.

Some of the probable barriers in this segment are regulatory tangles with regard to power evacuation, procurement of coal, environmental and land related clearances.

Though there is an immense potential for private players to create power generation capacities, it is obvious that a well rounded free market dispensation is key to realise that potential. Recent moves by CERC, ostensibly to put caps on short term power rates could induce the power utilities to hold on to their purchase

commitments, thus adversely affecting the power rates in the interim.

Sugar

The recent higher than expected sugarcane production estimate, has dampened the forecast for sugar realisations in the near future. Internationally as well, sugar production has increased sharply, with production from Brazil likely to come in at 34 million tonnes.

The outlook for sugar pricing and production remains volatile and unpredictable in the current scenario.

6. Internal control systems and their adequacy

The Company has in place adequate policies and procedures in place to attain its desired plans and objectives. A comprehensive summary of the Company's internal control system is as follows.

- Optimal utilisation and safety of available resources
- Guarding the Company's resources
- Precision in recording
- Accurate records of dealings, through verification and punctual reporting
- Following and practising the latest mandated statutes, policies, procedures, listing requirements, management guidelines and circulars
- Strict compliance of the appropriate accounting standards and policies
- Strong information and technology processes to help assist the above

Every company requires a strong and efficient internal control system. Nava Bharat is committed to maintain the highest standards of corporate ethics and excellence. Efficient internal controls would not only help improve day-to-day operational efficiency but also help bring the Company in line with international peers.

The internal control system is traditionally put in force to formulate management thinking about internal processes, authorisations and approval codes to help day-to-day operations of the Company.

In conjunction with the internal policies, the Company's Audit Committee scrutinized and thoroughly discussed the internal audit reports during the fiscal year 2009-10. The comments that follow the audit procedure are subjected to methodical reviews, compliance and monitoring.

The Audit Committee members make a formal review of the internal audits and the status of the action taken on each one of them and what future action is required.

7. Financial performance with respect to operational performance

	Current Year Rs. crore	Previous Year Rs. crore	% Change
1. Net sales/income from operations	1171.46	1277.80	-8
2. Other income	34.53	18.65	85
3. Total income (1 + 2)	1205.99	1296.45	-7
4. Total expenditure	696.15	800.45	-13
5. Operating profit	588.69	594.34	-1
6. Operating margin %	47.61	42.24	
7. Finance charges	30.59	30.95	-1
8. Gross profit after finance charges but before depreciation and tax	554.21	533.77	4
9. Gross profit after finance charges but before depreciation and tax (%)	45.95	41.17	
10. Depreciation	44.38	37.77	18
11. Profit/(loss) after exceptional items and before tax	509.83	496.00	3
12. Provision for			
- Current tax	73.25	57.00	29
- Deferred tax	-0.90	6.15	-115
- MAT credit entitlement	-61.20	-23.00	166
- Fringe benefit tax	0.00	0.75	-100
13. Profit/(loss) after tax	498.68	455.10	10
14. Return on capital employed %	29.65	36.60	

The fully diluted book value of each equity share stood at Rs. 209.32 as on March 31, 2010. The market prices of the equity shares ranged from Rs. 137.85 per share to Rs. 449.60 per share on the National Stock Exchange of India and from Rs.137.45 per share to Rs. 450.70 per share on Bombay Stock Exchange in the fiscal year 2009-10.

8. Human resources development

Your Company continues to be led by strong and motivated human resources. The Company believes in on-going training and development of its employees which improves their skill sets and keeps them abreast of the latest international technologies.

The total employee strength of the organisation was 990 during the fiscal year 2009-10. The Company benchmarks itself against international organisations and is certified as per important international standards i.e. ISO: 9001 and 14001. The Company also pursues the 5-S concept for work place excellence.

It continues to have warm and healthy relationship at all levels of employees.

9. Cautionary forward-looking statements

The Company makes forward-looking statements that are subject to risks and uncertainties. All statements, that address expectations or projections about the future, including, but not limited to, statements about the Company's strategy for growth, market position and financial results are forward-looking statements.

For these statements, the Company cautions that several important factors could affect the Company's actual results and could cause its results to differ materially from those expressed in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

Report on Corporate Social Responsibility

Nava Bharat Ventures Limited (NBV) is committed to good corporate citizenship and makes constant efforts to build and nurture long lasting relationships with members of the society in general and the communities around its manufacturing facilities in particular.

The core theme of NBV's CSR Policy is giving back to the society from which it draws its resources by extending a helping hand to the needy and the underprivileged. To implement the CSR Policy effectively, NBV makes need based allocation of funds from its earnings.

NBV has chosen Health, Education and Livelihoods as the thrust areas for discharging its Corporate Social Responsibility.

Apart from the above thrust areas, NBV strives to serve the society through various other measures like providing bore wells, laying roads, construction of drains, erection of road traffic signals & bus shelters, construction / improvement of temples, conducting sports & competitions, distribution of clothes and relief materials, etc.

HEALTH

The health initiatives aim at creating awareness and improving health standards of rural poor through providing facilities and reaching quality health care in the areas of general medicine, eye care, dental care, etc.

Measures implemented:

Conducting Medical Camps

Many people in rural areas live in unhygienic conditions and suffer from general ailments as well as chronic diseases due to lack of awareness and necessary medical help. NBV has been organizing mega medical camps to mitigate this problem. Medical experts in ophthalmology, dental care, dermatology, gynecology, pediatrics, etc. and general physicians render free medical services in these camps. More than 2000 patients are given treatment during the camps conducted at Jaggu Thanda and Sekharam Banjara villages near Paloncha.

Extending Support for Establishment of Eye Care Centres

NBV provided financial assistance to Bhubaneswar Eye Institute, a world-class eye care centre set up at Bhubaneswar by the reputed LV Prasad Eye Institute, Hyderabad (LVPEI) to satisfy the long felt need for such a facility in Orissa.

Further, in association with LVPEI, NBV has taken up establishment of an Eye Care Centre at Paloncha which will provide outpatient care, surgical care and nursing care apart from community eye care & rehabilitation programme and serve the needs of a large tribal and other underprivileged population. The quality of services will be the same for all segments of society irrespective of their financial status.

The company is providing land, constructing the hospital building and extending financial support for procurement of all the required medical and general equipment and rendering assistance for initial recruitment of staff and trainees. The design, complete management and development of the Eye Care Centre on a sustainable basis will be the responsibility of LVPEI.

In association with Operation Eyesight Universal, NBV is exploring the modalities for establishing a Comprehensive Eye Care Unit in Zambia at the University Teaching Hospital in Lusaka which will partner with the Zambian Ministry of Health.

Construction of Building for Village Health Centre

Bhatlapenumarru is a village in Krishna district, Andhra Pradesh. To reach good medical treatment to the patients of this village, NBV has constructed Dr. Devineni Subba Rao Arogya Kendram, a full-fledged Village Health Centre named after the founder Chairman of NBV.

Providing Healthy Drinking Water

Access to clean and safe drinking water is essential to contain water borne diseases and their impact on communities. This is still a dream for people living in some rural areas. Responding to this basic need of society, NBV extended financial help for installation of Drinking Water Plant at G. Medapadu village, in East Godavari district, Andhra Pradesh.

EDUCATION

NBV's initiatives in this field aim at promoting education in backward areas and encouraging higher education.

Schemes implemented:

Establishing and Managing Schools near the Company's Manufacturing Units

NBV has been running two full-fledged high schools – Nava Bharat Public School and Nava Bharat High School - at Paloncha in Andhra Pradesh. These schools, established by the company, cater to 1800 students coming from several nearby villages and have become the hub of secondary education in the region.

The company is managing Brahmani Public School at Kharagprasad in Orissa. With an intake of 200 students, this school is providing quality education up to 7th standard to children in surrounding rural areas.

Construction/Extending Financial Assistance for School Buildings

NBV has constructed a school building with three class rooms for Mandal Parishad Upper Primary School at Gandhinagar, opposite its Works at Paloncha. This school conducts classes up to 7th standard for children coming mostly from backward communities and poor families.

The company has constructed one additional class room at Upper Primary School, Erragunta village, serving children from backward classes.

NBV has donated funds to 'Good News Service for the Blind', an NGO, for construction of a building for Green Field Residential School, founded by a blind couple working as teachers, at Thimmapuram, East Godavari district, Andhra Pradesh, which provides education to the visually handicapped.

Khushbow Vidya Niketan run by Huns Educational, Cultural & Welfare Society, at Nandinagar, Hyderabad, is providing co-education to about 200 students from LKG to 10th Class. Classes for these students coming mostly from parents of labour class, are conducted in rented sheds and open space. NBV has donated funds to help the construction of a building for the school.

Financial Assistance for Construction of Hostel Building

Vana Vikasa Kendram at Burgampahad in Khammam district, Andhra Pradesh, run by Seva Bharati of Vijayawada, an NGO, provides food, shelter, schooling and tuitions to tribal children from hilly areas. NBV has donated funds to enable this institution to complete the construction of a hostel building at Burgampahad.

Donation of Vehicle for use by School for Handicapped

Angel School of Handicapped at Jyothinagar, Paloncha is providing education and vocational training to crippled and neglected children of the society in the vicinity of Paloncha and Kothagudem. NBV donated a van to the school for picking up and dropping its students.

Arranging Tuitions to Poor Students

To inculcate the habit of study and avoid school drop-outs among the children of poor and illiterate parents belonging to backward communities in the local area at Paloncha, NBV has arranged free tuitions to such children and introduced rewards and gifts to those who fare well in their studies.

Grant of Scholarships

NBV founded Dr. D. Subba Rao Trust to support education of meritorious students with limited financial resources. The Trust has been sanctioning scholarships to needy and deserving students for pursuing professional courses. About 70 students have so far received these scholarships.

LIVELIHOOD

NBV aims at lending a helping hand to people by providing means of livelihood and empowerment through entrepreneurial development.

Schemes implemented

Sustainable Livelihood of Poor Women through Entrepreneurial Development

NBV embarked on this project in Orissa in association with Nari Chetana Mahila Institute (NAMI), an NGO engaged in various social development activities with special emphasis on women. The project was started in March 2008 and covered 67 women in 5 villages of Kharagprasad Gram Panchayat, identified after a detailed survey. These women set up dairy, goatery and poultry units with the seed capital provided directly by NBV and administrative and other expenses paid by the company to NAMI. These units have helped 314 persons belonging to the families of the women entrepreneurs, including the beneficiaries.

Vocational Training

A large number of youth in the society are constrained by inadequate skills leading to irregular employment / unemployment while there is an increasing demand for skilled and talented manpower from the industries. This opens up the need to provide quality training to talented youth to improve their skills.

To cater to the above need, NBV has set up Nava Bharat Vocational Institute at Paloncha which is presently providing vocational training in Welding trade. Plans are under way to introduce training in other trades like Electrician, Fitter and Mason at this institute.

Donation of Sewing Machines & Computers

The company donated sewing machines and computers to Bhadrachalam Agency for Rural Development Rehabilitation and Educational Society for Handicapped (BRESH), an NGO running a school at Bhadrachalam, Andhra Pradesh, imparting special education and vocational training to disabled and spastic children coming from nearby hamlets.

Report on Corporate Governance for the year ended March 31, 2010 (as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Corporate Governance

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by Securities and Exchange Board of India and Stock Exchanges.

The Company presents its report on compliance of governance conditions specified in Clause 49 of the listing agreement.

1. Company's Philosophy on code of Governance

The Company's philosophy on code of governance is conducting business in a fair and transparent manner, enhancing stakeholders' value. The Company will continue to focus on its resources, strengths and strategies for creation and safeguarding of shareholders wealth and interests.

Corporate Social Responsibility (CSR)

Social Welfare and community development is at the core of the Company's philosophy and this continues to be a priority for the Company. The Managers at the Company's manufacturing divisions interact with the neighbouring community on regular basis. The Company's contributions to the community are in the areas of health, education, infrastructure development, construction of health centres, schools etc., and assistance in the event of natural calamities and contributions to other social development organizations.

2. Board of Directors

The Board of Directors of the Company has a combination of executive, non-executive and independent Directors. The Board comprises nine Directors, of which five are Non-Executive and Independent and more than half of the total strength of the Board comprises of Independent Directors (5 out of 9).

No Director holds membership of more than 10 committees of boards nor any Director is a Chairman of more than 5 committees of boards. The necessary disclosures regarding the Committee positions have been made by all the Directors.

The composition and category of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, the number of other Boards/Committee Memberships/Chairmanships held by them (other than in the Company – Nava Bharat Ventures Limited), number of Board Meetings held, dates on which held are given below:

Name of the Director	Category	Number of Board Meetings during the year		Whether attended last AGM held on 31.07.09	No. of other Boards in which he is a Director		No. of other Board Committees in which he is a Member	No. of other Board Committees in which he is a Chairman
		Held	Attended		Pvt.	Pub		
Sri D. Ashok Chairman	Executive & Promoter	6	5	Yes	6	6	–	–
Sri P. Trivikrama Prasad Managing Director	Executive & Promoter	6	6	Yes	10	7	–	–
Sri S.V.Satyanarayana	Independent IDBIL Nominee	6	6	Yes	–	1	1	–
Dr. E.R.C. Shekar	Independent Non-Executive	6	5	Yes	1	3	–	3
Dr. M.V.G. Rao	Independent Non-Executive	6	5	Yes	1	6	2	–
Sri K. Balarama Reddi	Independent Non-Executive	6	6	Yes	1	6	1	3
Dr. D. Nageswara Rao	Independent Non-Executive	6	5	Yes	2	1	–	–
Sri C. V. Durga Prasad	Executive	6	5	Yes	1	–	–	–
Sri G.R.K. Prasad	Executive	6	6	Yes	1	4	–	–

Dr. G. Sreeramjee, Independent and Non-executive Director retired with effect from 31st July, 2009.

Board Meetings

The Board held six meetings during 2009-10 on 14.04.2009, 14.05.2009, 30.05.2009, 31.07.2009, 31.10.2009 and 30.01.2010.

The Board was composed as prescribed. The Non-Executive Directors' compensation was fixed by the Board of Directors and was approved by the shareholders in General Meeting.

Disclosure of relationships between Directors inter-se

Sri P. Trivikrama Prasad, Managing Director, is related to Chairman (as Chairman's sister's husband) and Sri D. Ashok, Chairman as such is related to Managing Director. In respect of the other Directors, there is no inter-se relation as per Section 6 and Schedule 1A of the Companies Act, 1956.

Review of compliance report

The Board periodically reviewed the compliance reports of all Laws applicable to the Company at its quarterly Board Meetings.

3. Audit Committee

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

i. Brief description of terms of reference

The role of the Audit Committee is as prescribed including the following:

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- b. Recommendation of appointment etc., of the Statutory Auditors and their fee for audit and other services;
- c. Review of Annual Financial Statements with particular reference to Directors' Responsibility Statement, changes in accounting policies, major accounting entries involving estimates, disclosure of related party transactions, qualifications in the draft audit report, etc;
- d. Discussions with Internal Auditors on significant findings and Statutory Auditors of the nature and scope of audit and on areas of concern;
- e. Review of quarterly financial statements, uses and application of funds raised, performance of Statutory and Internal Auditors, adequacy of internal control system and internal audit function; and
- f. Mandatory review of Management Discussion and Analysis of financial condition, results of operations, significant related party transactions, internal control weaknesses reported by the Statutory Auditors and Internal Auditors and the appointment and remuneration of Internal Auditor.

ii. Composition, Name of Members and Chairperson

The Audit Committee consists of two Independent Directors and one Institutional Nominee, who is also Independent Director. All the members of the Committee including the Chairman have adequate financial and accounting knowledge.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are as under:

Name of the Director	Category	Member/ Chairman	Number of Meetings during the year	
			Held	Attended
Sri K. Balarama Reddi	Independent Director	Chairman	5	5
Dr. M. V. G. Rao	Independent Director	Member	5	5
Sri S.V.Satyanarayana	IDBIL Nominee & Independent Director	Member	5	5

iii. Meetings of the Audit Committee held during 2009-10

The Audit Committee held its meetings on 14.04.2009, 30.05.2009, 30.07.2009, 31.10.2009 and 30.01.2010. The necessary quorum was present for all the meetings.

Subsidiary Companies

Independent Directors viz.. Sri K. Balarama Reddi, and Dr. M. V. G. Rao are the Directors on the Boards of the non-listed Indian Subsidiary Companies as detailed below:

Name of the Independent Director	Director on the Board of Subsidiary Companies
Sri K. Balarama Reddi	1. Nava Bharat Realty Limited 2. Nava Bharat Projects Limited
Dr. M. V. G. Rao	1. Nava Bharat Energy India Limited 2. Nava Bharat Sugar and Bio Fuels Limited 3. Brahmani Infratech Private Limited 4. Kinnera Power Company Limited

The financial statements and the minutes of the Board meetings of the subsidiary companies are considered at the meetings of the Board of Directors of the Company.

Related Party Transactions

The Audit Committee and Board considered periodically the statement of related party transactions with details together with basis, at their meetings.

Risk Management

The Board laid down the risk assessment and minimization procedures, which are reviewed periodically at its meetings, to ensure that executive management controls risk through a properly defined framework.

Proceeds from fresh/further issues

The Company issued FCCBs to an extent of JPY 6000 million including Green Shoe Option at a conversion price of Rs.136.50 per Equity Share of Rs.2/- each during the financial year 2006-07. FCCBs to an extent of JPY 2480 million were

converted into 77,76,303 equity shares of Rs.2/- each at a revised conversion price of Rs.132.96 per share as on 31st March, 2008. Further no FCCBs are converted into Equity Shares during the current financial year.

The conversion price of FCCBs was revised to Rs.125.08 at the time of Book Closure for declaration of Dividend for the year 2008-09.

The sources and uses/application of funds are disclosed to and considered by the Audit Committee on a quarterly basis and as a part of the quarterly declaration of financial results.

The Company has not utilized any part of the said funds for the purposes other than those stated in the offer documents or Notices.

4. Remuneration Committee

i. Brief Description of Terms of Reference

The functioning and terms of reference of the Remuneration Committee are as prescribed under the Listing Agreement with the Stock Exchanges and it determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors.

The remuneration of the Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the company.

ii. Composition, names of Members and Chairperson

The Remuneration Committee comprises two Independent Directors and one Nominee Director, who is also independent. The composition of the Remuneration Committee and particulars of meetings attended by the members of the Remuneration Committee are given below:

Name of the Director	Category	Member/ Chairman	Number of Meetings during the year	
			Held	Attended
Sri K. Balarama Reddi	Independent Director	Chairman	4	3
Dr. M. V. G. Rao	Independent Director	Member	4	4
Sri S. V. Satyanarayana	IDBIL Nominee & Independent Director	Member	4	4

iii. Meetings held during the year 2009-10

The Remuneration Committee held its meetings on 14.04.2009, 30.05.2009, 30.11.2009 and 20.03.2010. The necessary quorum was present for all the meetings.

iv. Remuneration Policy

As a policy, the remuneration committee considers the financial position and profitability of the Company, nature and responsibility of the position, remuneration packages prevailing in the industry or other organization comparable in regard to the size and complexity of operations.

v. **Details of Remuneration and other payments to or transactions of all Directors during the Financial Year 2009–10:**

Name of the Director	Sitting Fee (Board & Committee) (Rupees)	Salaries and Perquisites (Rupees)	Commission as approved by General Body (Rupees)	Other Transactions (Rupees)	Stock Options Granted on 05.01.07 at Rs.90.52 each
Sri D.Ashok	–	1,71,84,880	10,76,63,118	–	–
Sri P. Trivikrama Prasad	–	1,40,39,644	10,76,63,118	–	–
Dr.G.Sreeramjee*	–	–	93,270	–	–
Sri S.V.Satyanarayana**	75,000	–	2,81,346	–	–
Dr.E.R.C.Shekar	25,000	–	2,81,346	–	–
Dr.M.V.G.Rao	70,000	–	2,81,346	–	–
Sri K.Balarama Reddi	70,000	–	2,81,346	–	–
Dr.D.Nageswara Rao	25,000	–	2,81,346	–	–
Sri C.V.Durga Prasad	–	1,17,03,557	–	–	43,700
Sri G.R.K.Prasad	–	1,41,44,695	–	–	39,600

* Dr.G.Sreeramjee retired as Director with effect from July 31, 2009.

** Payable to Industrial Development Bank of India Limited.

vi. **Service Contract, Notice period, severance fees**

There are no specific contracts nor any severance fees. Terms of appointment are as decided by the Board and General Body.

Stock Options

The Company granted 6,00,000 stock options to the Employees including Working Directors who are non-promoters i.e. Sri C.V.Durga Prasad, Director (Business Development) and Sri G.R.K.Prasad, Director (Finance & Corporate Affairs) at Rs.90.52 per option on 5.1.2007. The issue price is 80% of the closing price of the scrip on NSE on 4.1.2007 (80% of the latest available closing price on NSE).

The vesting and exercise schedule are as follows:

Schedule of grant of options	Date of Vesting	Exercise period upto
30%	05.01.2008	04.01.2012
30%	05.01.2009	04.01.2013
40%	05.01.2010	04.01.2014

The Company earlier allotted 1,09,890 Equity Shares of Rs.2/-each on 19.03.2008 and 31,560 Equity Shares of Rs.2/-each on 30.07.2008 on exercise of Options granted to the Employees under Employees Stock Options Scheme, 2006 and the same were listed on NSE and BSE.

During the year 2009-10 the ESOS Remuneration (Compensation and Allotment) Committee met twice on 30.11.2009 and 20.03.2010 and allotted 7,140 Equity Shares of Rs.2/-each and 2,75,590 Equity Shares of Rs.2/-each respectively on exercise of equal number of Options granted to the Employees under Employees Stock Option Scheme, 2006 and the same were listed on NSE and BSE.

The ESOS Remuneration Committee further allotted 1,09,210 Equity Shares on 15.05.2010 on exercise of equal number of Options. 66,610 Options got cancelled on cessation of employment.

vii. **Remuneration to the Non-Executive Directors and criteria**

The Board, at its meeting held on 31.05.2006 and Annual General Meeting on 27.07.2006 approved payment of remuneration/commission to the Non-Executive Directors for each year for a period of 5 years commencing from 01.04.2006, as the Board may from time to time determine (to be divided equally amongst the Non-Executive Directors) not exceeding 1% of the net profits of the Company in any financial year subject to an overall ceiling of Rs.15 lakhs per year to be paid and distributed equally among all the Non-Executive Directors of the Company for each year, in addition to the sitting fees for every meeting of the Board or Committee not exceeding Rs.5,000/- per meeting as may be determined by the Board from time to time.

The Board, on 29.05.2010, further approved and recommended to the General Body, to enhance the above aggregate commission to Rs. 20 lakhs per annum for a period of 5 years from 01.04.2011 and the sitting fee to Rs. 7,500/- per each meeting to each Non-Executive Director with immediate effect.

Criteria

Keeping in view the size, scale and complexity of the Company's operations and the level of involvement of the Non-Executive Directors in the supervision and control of the Company and their guidance for the growth of the Company as Members of the Board and also as Chairman or Members of the relevant Committees of the Board, the Board and/or Shareholders decided that such remuneration/ commission would commensurate with their role which has undergone significant qualitative changes.

viii. Details of shares held by Non-Executive Directors as on March 31, 2010

Sl. Name No.	Equity Shares of Rs.2/- each held in their name	
1. Sri K. Balarama Reddi		NIL
2. Dr. E. R. C. Shekar		NIL
3. Dr. M. V. G. Rao		7780
4. Dr. D. Nageswara Rao		NIL
5. Sri S.V.Satyanarayana		NIL

ix. Details of shares held by Chairman, Managing Director and Directors in the whole-time employment of the Company as on March 31, 2010

Sl. Name No.	Equity Shares of Rs.2/-each held in their name	
1. Sri D. Ashok		638100
2. Sri P. Trivikrama Prasad		1527822
3. Sri P. Trivikrama Prasad (HUF)		411315
4. Sri C.V. Durga Prasad		70915
5. Sri G.R.K.Prasad		7866

Management disclosure

The Senior Management personnel disclosed to the Board the transactions for the year under review wherever they have personal interest, such as dealings in the Company's shares.

5. Shareholders/Investors Grievances Committee

i. The Company has Shareholders/Investors Grievances Committee at the Board level, which consists of two Directors namely Sri K. Balarama Reddi, and Sri P Trivikrama Prasad. Sri K. Balarama Reddi, Non-Executive and Independent Director chairs the Shareholders/Investors Grievances Committee. It deals with the complaints of the Shareholders on a regular basis. All the complaints have been solved to the satisfaction of the members concerned.

ii. Name and Designation of Compliance Officer

Sri M. Subrahmanyam,
Company Secretary and Vice President

- iii. Number of Shareholders complaints received during the year ended 31st March, 2010 : 21
- iv. Number not solved to the satisfaction of Shareholders : Nil
- v. Number of pending complaints : Nil

6. General Body Meetings

i. Location and time, where last three Annual General Meetings were held

Details of Meeting	Date of Meeting	Time of Meeting	Venue of Meeting
Annual General Meeting 2008-09	July 31, 2009	10.00 a.m.	Hotel Green Park, Begumpet, Hyderabad-500 016
Annual General Meeting 2007-08	July 25, 2008	10.00 a.m.	Hotel Green Park, Begumpet, Hyderabad-500 016
Annual General Meeting 2006-07	July 27, 2007	10.30 a.m.	Hotel Green Park, Begumpet, Hyderabad-500 016

ii. Special Resolutions passed in previous three Annual General Meetings

Year	Date	Special resolutions considered
2009	July 31, 2009	4
2008	July 25, 2008	6
2007	July 27, 2007	5

iii. No Extra-Ordinary General Meeting of the shareholders was held during the year.

iv. No Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

7. Disclosures

- i. Materially significant related party transactions that may have potential conflict with the interests of the Company at large:

Related party transactions

Besides the summary of transactions forming part of Annual Accounts, the following are reported as part of Corporate Governance Compliance:

The Audit Committee reviewed and considered the transactions with related parties from time to time.

1. Remuneration (including the salaries, commission and perquisites) paid to the Director in whole-time employment as Chairman, Managing Director, Director (Business Development) and Director (Finance & Corporate Affairs) – Rs. 2,723.99 lakhs.
2. Rent: Rs.72.54 lakhs
3. Interest on Fixed Deposits: Rs.1.14 lakhs.
4. Interest: Rs. 120 lakhs
5. Investments including share application money upto March 31, 2010.
 - i. Brahmani Infratech Private Limited: Rs. 6,301.00 lakhs.
 - ii. Kinnera Power Company Limited.: Rs. 5.00 lakhs.
 - iii. Nava Bharat Realty Limited: Rs.1,962.00 lakhs.
 - iv. Nava Bharat Projects Limited: Rs.2,455.40 lakhs
 - v. Nava Bharat (Singapore)Pte. Limited: Rs.9,506.33 lakhs
 - vi. Nava Bharat Sugar and Bio Fuels Limited: Rs.5.00 lakhs
6. Remuneration to Non-Executive Directors put together Rs.15.00 lakhs p.a. Sitting Fee per meeting Rs.5,000/-
7. The Company leased out 1.1 Acres of land with buildings at an estimated cost of about Rs.2.00 crores and one time financial support for procurement of the required medical and general equipment at an estimated cost of about Rs.40.00 lakhs to L.V.Prasad Eye Institute for establishing a Secondary Eye Care Centre at Paloncha. The Company incurred an amount of Rs.43.41 lakhs as on March 31, 2010 on construction of Buildings.
8. M/s.Beardsell Limited on the Board of which Late Sri P.Punnaiah was a Director, was paid Rs.1.15 crores towards compensation in part in 2008-09 and Rs.1.30 crores towards the balance of the total agreed sum of Rs.2.45 crores for vacation and return of the

leasehold property of an area of 1 Acre at Nacharam Industrial Estate over which sheds and office premises were constructed by M/s. Beardsell Limited. The balance compensation was paid on handing over of the said leasehold property to the Company.

- ii. Details of non compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years. - Nil

- iii. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee:

The Company has not yet established a mechanism for Whistle Blower Policy. However, no personnel have been denied access to the Audit Committee.

- iv. Details of compliance with the mandatory requirements and adoption of non-mandatory requirements:

All mandatory requirements are scrupulously complied with and non-Mandatory requirements are partially adopted.

a. Mandatory Requirements

The Company scrupulously complied with all the mandatory requirements enumerated in Clause 49 as prescribed relating to i. Board of Directors; ii. Audit Committee; iii. Subsidiary Companies; iv. Disclosures; v. CEO/CFO Certification; vi. Report on Corporate Governance; and vii. Compliance.

b. Non-mandatory Requirements

- i. The Board

The maximum tenure of Independent Directors is not adopted by the Company.

- ii. Remuneration Committee

The Board has constituted the Remuneration Committee with the role and functions as prescribed, with three Directors, all of whom are Non-Executive and Independent Directors including the Chairman.

- iii. Allotment Committee

The Board has constituted Allotment Committee comprising of the Directors, Sri K. Balarama Reddi, Dr. M. V. G. Rao, Sri C. V. Durga Prasad and Sri G. R. K. Prasad for allotment of equity shares on conversion of Foreign Currency Convertible Bonds. During the current financial year the Company has not converted any FCCBs.

- iv Shareholders' Rights

The Half-yearly financial performance was published in the Newspapers and placed on the Company's

Website, apart from SEBI EDIFAR Website. The same was also sent individually to each Shareholder. All the Quarterly Financial results are also placed on the Company's Website: www.nbventures.com and SEBI's EDIFAR Website: www.sebiedifar.nic.in, apart from publishing the same in the Newspapers.

v. Audit Qualifications

There are no qualifications in the Company's financial statements.

vi. Training of Board Members

The Company has yet to plan for the same.

vii. Mechanism for evaluating Non-Executive Board Members

The aforesaid mechanism is yet to be introduced.

viii. Whistle Blower Policy

The Company has not yet introduced the same.

Accounting Standards and Treatment

The accounting treatment, as prescribed in the Accounting Standards has been followed in the preparation of financial statements.

C.E.O/C.F.O. Certification

The C.E.O. and the C.F.O. (Managing Director and Director (Finance & Corporate Affairs) certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on May 29, 2010.

8. Means of Communication

The Quarterly, Half-yearly and Annual Results are normally published by the Company in the Newspapers in English version circulating in the whole of India including Business Line/ Business Standard and in Newspapers in the language of Region including Andhra Pradesh. The results are also displayed on the Company's website: www.nbventures.com and SEBI's Website: www.sebiedifar.nic.in till EDIFAR Website was discontinued with effect from 1st April, 2010.

Official news items are sent to the Stock Exchanges i.e. National Stock Exchange of India Limited and Bombay Stock Exchange Limited, where shares of the Company are listed and the Exchanges present the same on their Websites. The presentations if any made to Institutional Investors will be covered in the Company's Website.

9. General Shareholder information

i. Annual General Meeting

Date and time

August 16, 2010, Monday, 10.00 a.m. IST

Venue

Hotel Green Park, Begumpet, Hyderabad -500 016

Book closure dates

August 6, 2010 to August 16, 2010 (both days inclusive)

Dividend on Equity Shares and payment date

Rs.9/- per share of Rs.2/-each payable on and from August 23, 2010.

ii. Financial Calendar:

Financial Year 2009-10 (01.04.2009 to 31.03.2010)

1. First Quarter Results	July 31, 2009
2. Second Quarter and Half Year Results	October 31, 2009
3. Third Quarter Results	January 30, 2010
4. Annual Results (Audited)	May 29, 2010

iii. Listing on Stock Exchanges

The Securities of the Company are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Listing fees for these Stock Exchanges have been paid.

iv. Stock Code

Bombay Stock Exchange Scrip Code/Trading Symbol : '513023'/'NBVENTURE'

National Stock Exchange Trading Symbol: 'NBVENTURES'

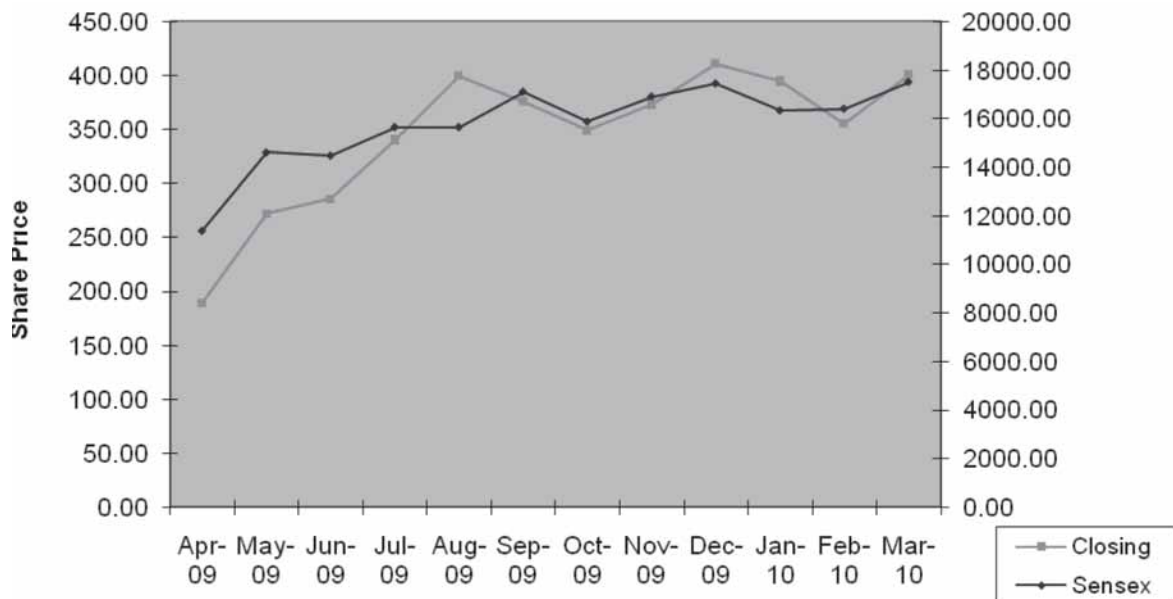
Demat ISIN Number in NSDL & CDSL for Equity Shares: INE 725A01022

v. Market Price Data: High/Low (daily closing prices) during each month in the financial year 2009-10:

Equity Shares of Rs.2/-each									
Month	National Stock Exchange of India Limited				Bombay Stock Exchange Limited				
	High (Rs.)	Low (Rs.)	Closing (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Closing (Rs.)	Volume (No.)	Sensex
2009									
April	198.70	137.85	189.50	2521941	198.65	137.45	189.45	1900153	11403.25
May	285.05	190.60	272.00	1891347	285.70	191.05	272.05	646624	14625.25
June	316.65	267.15	286.05	2666512	316.55	267.00	285.70	1373984	14493.84
July	349.90	266.90	340.90	1848953	350.25	265.90	340.30	970563	15670.31
August	418.55	327.80	400.40	3743883	418.70	329.10	400.10	1783192	15666.64
September	395.65	361.45	375.60	1332396	394.45	363.20	376.05	480546	17126.84
October	408.00	349.50	349.50	1110043	408.55	349.05	349.05	425501	15896.28
November	395.70	331.10	373.50	854597	397.20	331.45	373.15	367048	16926.22
December	421.75	374.40	411.20	1883930	420.70	374.20	410.90	809547	17464.81
2010									
January	449.60	386.85	394.40	1483344	450.70	388.05	394.60	697861	16357.96
February	405.00	355.50	355.50	636723	406.60	355.65	355.65	286658	16429.55
March	402.30	359.80	400.15	1688731	402.25	360.20	400.50	802538	17527.77

vi. The Company is not forming part of BSE Sensex or NIFTY. Overall performance of the scrip of the Company in general is in tandem with BSE Sensex as follows:

Performance of M/s. Nava Bharat Ventures Ltd. closing Share price on BSE in comparison to BSE Sensex



vii. Registrars & Transfer Agents : M/s. Karvy Computershare Private Limited
Plot No.17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081

Telephone Numbers (040) 44655000 Direct (040) 44655152
Fax No. (040) 44655024 Contact Person Sri M. S. Madhusudhan /Sri Mohd. Mohsinuddin
E-mail mailmanager@karvy.com ; mohsin@karvy.com

viii. **Share Transfer System**

M/s. Karvy Computershare Private Limited, Hyderabad, is the Company's Registrars and Share Transfer Agents. Share Transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are in order in all respects. Request for dematerialization of shares are processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrars and Share Transfer Agents were delegated the power of share transfer to expedite the transfer formalities.

ix. a. **Distribution of shareholding as on March 31, 2010**

Range of equity shares held	No. of Shareholders	%	No. of Shares of Rs.2/-each	%
1	360	2.15	360	0.00
2 to 10	1537	9.20	11283	0.01
11 to 50	3912	23.40	133414	0.17
51 to 100	2684	16.06	241783	0.32
101 to 200	1786	10.69	297433	0.39
201 to 500	3187	19.07	1189131	1.56
501 to 1000	1291	7.72	1030883	1.35
1001 to 5000	1364	8.16	3172911	4.16
5001 to 10000	234	1.40	1719726	2.26
10001 and above	360	2.15	68458534	89.78
TOTAL	16715	100.00	76255458	100.00

b. Categories of Shareholding as on March 31, 2010

Category	Number of Shareholders	Number of Shares of Rs.2/-each	Percentage to total shares	Shares pledged or otherwise encumbered	
				No. of Shares	As a percentage
A. Promoter Group:					
i. Individuals	17	13674694	17.93	0	0.00
ii. Bodies Corporate	6	16089316	21.10	0	0.00
iii. Trust	1	4973510	6.52	0	0.00
Total Shareholding of Promoter Group	24	34737520	45.55	0	0.00
B. Public Shareholding:					
i. Mutual Funds	36	4715538	6.18	NA	NA
ii. Financial Institutions/Banks	15	121816	0.16	NA	NA
iii. Foreign Institutional Investors	38	12084631	15.85	NA	NA
iv. Bodies Corporate	562	2711061	3.56	NA	NA
v. Individuals					
a. Shareholders holding nominal share capital upto Rs.1 Lakh	15473	10619392	13.93	NA	NA
b. Shareholders holding nominal share capital in excess of Rs.1 Lakh	68	10273052	13.47	NA	NA
vi. Directors and Relatives	9	261411	0.34	NA	NA
vii. Non Resident Indians	387	693315	0.91	NA	NA
viii. Trusts	5	6055	0.01	NA	NA
ix. Clearing Members	98	31667	0.04	NA	NA
Total Shareholding of Public	16691	41517938	54.45	NA	NA
GRAND TOTAL (A+B)	16715	76255458	100.00	—	—

c. Unclaimed Equity/Preference Dividend

Section 205 A (5) of the Companies Act, 1956, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF in accordance with the following schedule:

Sl. No.	Financial Year	Date of Declaration of Equity/Preference Dividends	% of Dividend (Equity/Preference Dividend)	Date of transfer to Unpaid Dividend A/c	Date of transfer to Central Government's Investor Education & Protection Fund
1	2008-2009	July 31, 2009	400%	August 31, 2009	August 31, 2016
2	2007-2008	July 25, 2008	300%	August 25, 2008	August 25, 2015
3	2006-2007	July 27, 2007	200%	August 27, 2007	August 27, 2014
4	2005-2006	July 27, 2006	100%	August 28, 2006	August 28, 2013
5	2004-2005	July 27, 2005	100%	August 27, 2005	August 27, 2012
6	2003-2004	July 24, 2004	60%	August 24, 2004	August 24, 2011
7	2002-2003	August 30, 2003	30%	September 30, 2003	September 30, 2010
	2002-2003	August 30, 2003	*12%	September 30, 2003	September 30, 2010

Note: *Denotes % of Preference Dividend.

The Company is sending periodic communication to the concerned shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders are informed that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

Direct deposit of dividend (electronic clearing service)

Members desirous of receiving dividend by direct electronic deposit to their bank account may take up with their Depository Participants for doing the needful.

x. Buyback of Equity Shares

Pursuant to Public Announcement dated 22nd December, 2008, the Company bought back 19,32,500 equity shares (19,20,000 equity shares upto 31st March, 2009 and 12,500 equity shares during the current financial year) and utilized Rs.2326.93 lakhs, representing 46.54% of the maximum offer size of Rs.5000 lakhs. The Company purchased requisite minimum number of equity shares of 7,35,295 as disclosed in the Public Announcement. All shares bought back were extinguished and no share is pending extinguishment. The buy-back offer was closed with effect from 12th August, 2009.

xi. Secretarial Audit for reconciliation of capital

The Securities and Exchange Board of India has directed vide Circular No. D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificate, duly certified by the Practising Secretary is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the Certificate is also placed before the Board of Directors of the Company.

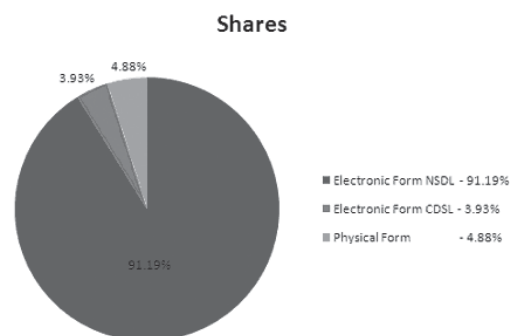
xii. Company's Policy on prevention of insider trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has in place a Code of Conduct for prevention of insider trading.

The code is applicable to all the Heads of the Departments of the Company who are likely or reasonably expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism. The code is extended upto the levels of Chief Manager and Asst.General Manager.

xiii. Dematerialization of shares and liquidity

7,25,32,589 equity shares of Rs.2/-each are under demat form constituting 95.12% of the paid-up equity as on March 31, 2010. The shares are actively traded and liquid at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.



xiv. Outstanding GDRs /ADRs /Warrants or any Convertible instruments, conversion date and likely impact on equity:

FCCB 2011

The Company raised Foreign Currency Convertible Bonds for JPY 6000 million including greenshoe option of JPY 750 million equivalent INR 23352 lakhs. The conversion price for the Bonds was fixed at Rs.136.50, revised to Rs.132.96 per equity share of Rs.2/- each and was further revised to Rs.125.08 per equity share of Rs.2/- each.

During the financial year no FCCBs were converted into equity shares. FCCBs to an extent of JPY 3520 million are outstanding and if these bonds are converted into equity shares there would be an increase in the paid up capital of the Company by about 131 lakh equity shares of Rs.2/- each.

Employees Stock Options

The Company granted 6 lakh options to the employees on 5th January 2007 at Rs.90.52 per option including premium convertible into 6 lakh equity shares of Rs.2/- each. The ESOS Remuneration (Compensation) Committee earlier on 19th March, 2008 allotted 1,09,890 equity shares of Rs.2/- each and 31,560 equity shares of Rs.2/- each on 30th July, 2008 under the Employees Stock Option Scheme 2006 of the Company on exercise of even number of options granted.

Further, during the year 2009-10 the ESOS Remuneration (Compensation) Committee on 30th November, 2009 allotted 7,140 equity shares of Rs.2/- each and 2,75,590 equity shares of Rs.2/- each on 20th March, 2010 under the Employees Stock Option Scheme 2006 of the Company on exercise of even number of options. The Issued and Paid-up Capital of the Company were increased to 76506933 and 76255458 equity shares respectively as on 31st March, 2010.

The Company allotted 1,09,210 equity shares on 15th May, 2010 on exercise of equal number of vested options. 66,610 options got cancelled on cessation of employment.

xv. **Plant Locations**

The Company's plants are located at:

- Paloncha, Khammam District, A. P.,
- Samalkot, East Godavari District, A.P.,
- Kharagprasad Village, Dhenkanal District, Orissa; and
- Dharmavaram, Prathipadu Mandal, East Godavari District, A.P.

xvi. **Address for Correspondence**

Registered Office :

NAVA BHARAT VENTURES LIMITED

6-3-1109/1, 'Nava Bharat Chambers'

Raj Bhavan Road, Hyderabad – 500 082

Tele Nos. : (040) 23402064/23403501/ 23403540

Fax Number : (040) 23403013

Website : www.nbventures.com

E-mail : nbvl@nbv.in; nbvl@sify.com

Grievance redressal division E-mail id : grd@nbv.in

For and on behalf of the Board
For **Nava Bharat Ventures Limited**

P.Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

D.Ashok
Chairman

Declaration on compliance with Code of Conduct

Compliance of Code of Conduct for Directors and Senior Management Personnel pursuant to the provisions of Clause 49 of the Listing Agreement.

The Board laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company at its meeting held on January 29, 2005. The Code of Conduct was also posted on the Website of the Company.

All the Board Members and Senior Management Personnel affirmed that they have complied with the said Code of Conduct on an annual basis in respect of the financial year ended March 31, 2010.

I hereby affirm and declare, to the best of my knowledge and belief, and on behalf of the Board of Directors of the Company and Senior Management Personnel, that the Code of Conduct has been complied with.

On behalf of the Board
For **Nava Bharat Ventures Limited**

Hyderabad
May 29, 2010

P.Trivikrama Prasad
Managing Director

CERTIFICATE

To the Members of
Nava Bharat Ventures Limited
HYDERABAD (A.P).

We have examined the compliance of conditions of Corporate Governance by NAVA BHARAT VENTURES LIMITED, Hyderabad (A.P) for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Brahmayya & Co.,**
Chartered Accountants.

Hyderabad
May 29, 2010

P.Chandramouli
Partner
Membership No. 025211

Financial Section

Auditors' Report

To

The Members of

Nava Bharat Ventures Limited

Hyderabad

1. We have audited the attached Balance Sheet of NAVA BHARAT VENTURES LIMITED, HYDERABAD (A.P) as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the profit and loss account, of the Profit of the Company for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.025211

Hyderabad
May 29, 2010

Annexure to the Auditors' Report: referred to in paragraph 3 of our Report of even date

Re:Nava Bharat Ventures 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 most of 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) The plant and machinery disposed off during the year by the Company is not substantial and hence, it has not affected the going concern status of the Company.
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) 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 3(a) above, (III) (b), (c), (d), (e) and (f) 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 inventory and fixed assets and with regard to sale of goods and services. 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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of sugar, distillery, power and ferro chrome and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any other products of the Company.
9. a) According to the records, the Company is generally 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, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable except the following:

Annexure to the Auditors' Report: referred to in paragraph 3 of our Report of even date

Name of the Statute	Nature of the dues	Amount(Rs.)	Period to which the amount relates	Due Date	Date of payment
The A.P. Electricity Duty Act, 1939 (as amended)	Electricity Duty	72,60,282	2003-04 to 2007-08	15-04-2008	Not yet paid
-do-	-do-	4,07,520	April 2008	30-04-2008	Not yet paid
Orissa Electricity Duty Act, 1961	-do-	10,91,227	2008-09	30-04-2009	Not yet paid
Customs Act, 1962	Customs Duty	17,61,860	1985 to 1987		Not yet paid

c) According to the records of the Company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Various Sales Tax Acts	Central Sales Tax	2,20,135 14,30,850	2004-05 2005-06	Asst. Commissioner of Sales Tax, Range-II, Cuttack
	Central Sales Tax	44,53,693 70,16,426	2000-01 2000-01	STAT, Hyderabad
	APGST	16,15,252	2002-03	Asst. Commissioner of Commercial Taxes, Warangal
	Central Sales Tax	14,40,936	1998-99	Sales Tax Appellate Tribunal, Hyderabad
AP Value Added Tax Act, 2005	VAT	23,86,997	2005-06	Hon'ble High Court of A.P.
Income Tax Act, 1961	Income Tax	4,68,50,844 3,31,62,882	Asst. Year 2005-06 Asst. Year 2006-07	ITAT, Hyderabad
AP (Agriculture Produce & Live Stock) Marketing Act, 1966	Agricultural Market Cess	28,15,396	1980-81 to 1989-90	The Secretary, Agricultural Marketing Committee, Visakhapatnam
Central Excise Act, 1944	Excise Duty	55,29,064	1997-98	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
AP State Excise & Prohibition Act, 1972	Service Tax	32,04,729	2000-01 to 2009-10	Hon'ble High Court of A.P.
		91,25,862	1996-97 to 2009-10	Hon'ble High Court of A.P.
		3,07,018	2006-07 and 2007-08	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
	Establishment charges under State Excise	28,56,867	1968-69 to 1987-88	Commissioner of State Excise & Prohibition, Hyderabad
The AP Non-Agricultural Land Assessment Act, 1963	NALA TAX	12,25,116	1993-94 to 1998-99	Hon'ble High Court of A.P.
AP Municipalities Act, 1965	Property Tax	1,49,952	1995-96 to 2000-01	Hon'ble High Court of A.P.
		2,00,798	1995-96 to 2000-01	Hon'ble High Court of A.P.
The A.P. Electricity Duty Act 1939., (as amended)	Electricity Duty	2,19,48,070	2003-04 to 2009-10	Hon'ble High Court of A.P.

Annexure to the Auditors' Report: referred to in paragraph 3 of our Report of even date

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.
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 loans taken by others from bank 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. 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. 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. During the year, the Company has not issued any debentures, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmaya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 29, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

				(Rs. in lakhs)	
Particulars	Schedule reference	As at 31.3.2010	As at 31.3.2009		
I. SOURCES OF FUNDS:					
1. Shareholders Funds:					
a) Share Capital	1	1,526.37	1,523.77		
b) Reserves and Surplus	2	158,094.73	115,616.13		
		159,621.10	117,139.90		
2. Loan Funds:					
a) Secured Loans	3	25,298.25	28,866.28		
b) Unsecured Loans	4	14,079.02	14,171.01		
		39,377.27	43,037.29		
3. Deferred tax liability					
		2,023.71	2,113.61		
Total		201,022.08	162,290.80		
II. APPLICATION OF FUNDS:					
1. Fixed Assets:					
a) Gross Block	5	91,954.61	90,168.13		
b) Depreciation		24,167.92	20,215.90		
c) Net Block		67,786.69	69,952.23		
d) Capital Work-in-progress		11,895.52	1,557.40		
		79,682.21	71,509.63		
2. Investments					
	6	9,631.04	3,716.69		
3. Current Assets, Loans and Advances:					
a) Inventories	7	28,061.28	39,328.99		
b) Sundry Debtors	8	14,524.57	9,435.04		
c) Cash and Bank balances	9	62,224.57	33,308.46		
d) Other Current Assets	10	2,294.21	2,794.76		
e) Loans and Advances	11	30,366.69	25,339.45		
		137,471.32	110,206.70		
Less: Current Liabilities and Provisions					
a) Current Liabilities	12	16,853.71	15,698.05		
b) Provisions	13	8,908.78	7,444.17		
		25,762.49	23,142.22		
Net Current Assets		111,708.83	87,064.48		
Total		201,022.08	162,290.80		
Notes on Accounts	21				

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

for and on behalf of the Board

G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Chandramouli
Partner
Membership No.: 025211

P. Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

M.Subrahmanyam
*Company Secretary &
Vice President*

D. Ashok
Chairman

Profit and Loss Account for the year ended 31st March, 2010

				(Rs. in lakhs)	
Particulars	Schedule reference	Current year	Previous year		
I. EARNINGS:					
Sales (Gross)		123,275.67	139,777.77		
Less: Inter-divisional transfers		5,330.27	9,808.47		
		117,945.40	129,969.30		
Less: Excise Duty		1,162.43	3,117.60		
Sales (Net)		116,782.97	126,851.70		
Export Incentives		363.24	928.45		
Other Revenue	14	3,452.52	1,865.14		
Total		120,598.73	129,645.29		
II. OUTGOINGS:					
Raw Materials	15	22,358.99	32,133.12		
Purchased Power and Fuel for Power generation		19,814.98	19,251.80		
Stores Consumed		377.33	889.66		
Other Manufacturing Expenses		1,227.01	1,391.41		
Payments and Benefits to Employees	16	6,702.26	5,490.00		
Finance Charges	17	3,158.39	3,302.85		
Other Expenses	18	4,597.34	19,533.63		
Depreciation	5	4,437.79	3,780.79		
Diminution in value of investments		(17.43)	6.45		
		62,656.66	85,779.71		
(Increase)/Decrease in Stocks	19	7,249.36	(3,727.09)		
		69,906.02	82,052.62		
Less: Amount transferred to Capital work-in-progress	20	290.59	2,007.92		
Total		69,615.43	80,044.70		
III. PROFIT FOR THE YEAR BEFORE TAXATION		50,983.30	49,600.59		
IV. PROVISION FOR TAXATION					
		7,325.00	5,700.00		
		(89.90)	615.18		
		(6,120.00)	(2,300.00)		
		-	75.00		
		1,115.10	4,090.18		
V. PROFIT FOR THE YEAR AFTER TAXATION		49,868.20	45,510.41		
Balance brought forward from last year		46,802.60	19,939.51		
Excess Provision for Income Tax written back		-	33.53		
VI. AMOUNT AVAILABLE FOR APPROPRIATIONS		96,670.80	65,483.45		

Profit and Loss Account for the year ended 31st March, 2010

(Rs. in lakhs)			
Particulars	Schedule reference	Current year	Previous year
VII. APPROPRIATIONS:			
Proposed Dividend on Equity		6,425.20	5,679.94
Corporate Dividend Tax		1,067.15	965.31
Capital Redemption Reserve		3.05	35.60
Contingency Reserve		2,000.00	2,000.00
General Reserve		10,000.00	10,000.00
Surplus carried to Balance Sheet		77,175.40	46,802.60
	Total	96,670.80	65,483.45
Earnings per share (Rupees) - Basic		65.50	59.68
- Diluted		60.84	57.03
Nominal value of the Share (Rupees)		2.00	2.00
Notes on Accounts	21		

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 29, 2010

M.Subrahmanyam
*Company Secretary &
Vice President*

for and on behalf of the Board
G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Trivikrama Prasad
Managing Director

D. Ashok
Chairman

Cash Flow Statement for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	Year ended 31.3.2010	Year ended 31.3.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	50,983.30	49,600.59
Adjustments for:		
Interest earned	(195.14)	(546.38)
Excess Provisions written back	(186.75)	(2.17)
Input tax Credit written off	---	80.70
Bad debts and Advances written off	0.60	1.70
Investments written off	---	4.60
Diminution in the value of Inventories	(6,306.27)	6,306.27
Loss on sale of materials	694.67	---
Depreciation	4,437.79	3,780.79
Assets discarded	196.19	2.29
Profit on sale of Assets	(0.96)	(35.11)
Profit on sale of Investments (Net)	(89.58)	(11.00)
Diminution in value of Investments	(17.43)	6.45
Dividends received from Investments	(1,921.83)	(764.47)
Interest (excluding the amount capitalised)	1,287.66	1,507.28
Operating Profit before Working Capital Changes	48,882.25	59,931.54
Adjustments for:		
Trade and Other receivables	(8,254.85)	(2,177.42)
Inventories	16,879.31	(16,537.83)
Trade and Other payables	1,959.96	300.33
Cash generated from Operations	59,466.67	41,516.62
Direct Taxes paid	(7,652.15)	(6,381.31)
Net Cash from Operating Activities (A)	51,814.52	35,135.31
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Loans/Advances to Bodies Corporate	6,060.84	(6,061.08)
Purchase of Fixed Assets (excluding interest capitalised)	(12,907.95)	(10,836.33)
Sale of Fixed Assets	115.76	46.36
Fixed Deposits	(5,500.00)	(9,914.88)
Purchase of Investments (including advances)	(175,151.40)	(126,192.52)
Sale of Investments	175,341.60	128,088.73
Purchase of Investments in subsidiaries (including advances)	(7,124.54)	(3,926.43)
Sale of Investments in subsidiary	5.00	---
Interest received	337.10	385.29
Dividend received on Investments	1,921.83	764.47
Net Cash used in Investing Activities (B)	(16,901.76)	(27,646.39)

Cash Flow Statement for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	Year ended 31.3.2010	Year ended 31.3.2009
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Shares	319.90	28.99
Buyback of Equity Shares	(214.55)	(2,121.70)
Proceeds from short term borrowings	666.66	682.50
Proceeds from long term borrowings	2,058.13	6,058.55
Repayment of long term borrowings	(6,384.81)	(3,634.12)
Interest paid (including interest capitalised)	(1,330.29)	(1,646.50)
Dividend paid	(6,611.69)	(5,087.15)
Net Cash generated in Financing Activities (C)	(11,496.65)	(5,719.43)
Net increase in Cash and Cash equivalents (A+B+C)	23,416.11	1,769.49
Cash and Cash equivalents at the beginning of the year	3,608.46	1,838.97
Cash and Cash equivalents at the end of the year	27,024.57	3,608.46
Notes:		
Cash and Cash equivalents include:		
Cash and Cheques on hand	4.66	27.78
Balance with bank in Current Accounts	6,504.37	3,069.44
Balance with bank in Cash Credit Accounts	98.74	58.56
Balance with bank in Deposit Accounts	55,616.80	30,152.68
	62,224.57	33,308.46
Less: Fixed Deposits considered as Investments	35,200.00	29,700.00
Cash and Cash equivalents considered for cash flow	27,024.57	3,608.46

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 29, 2010

M.Subrahmanyam
Company Secretary &
Vice President

for and on behalf of the Board
G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Trivikrama Prasad
Managing Director

D. Ashok
Chairman

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
1. SHARE CAPITAL:		
Authorised:		
25,00,00,000 - Equity Shares of Rs.2/- each	5,000.00	5,000.00
	5,000.00	5,000.00
Issued and subscribed:		
7,65,06,933 (Previous year 7,81,56,703) - Equity Shares of Rs.2/- each	1,530.14	1,563.13
	1,530.14	1,563.13
Paid-up:		
7,62,55,458 (Previous year 7,61,25,324) - Equity Shares of Rs.2/- each fully paid up	1,525.11	1,522.51
Add: Forfeited Shares (amount originally paid up)	1.26	1.26
Total	1,526.37	1,523.77
2. RESERVES AND SURPLUS:		
a) Subsidies:		
Cash Subsidy from Central/State Governments Balance as per last Balance Sheet	33.60	33.60
b) Capital Reserve		
Balance as per last Balance Sheet	60.20	60.20
c) Capital Redemption Reserve		
Balance as per last Balance Sheet	823.34	787.74
Add: Transferred during the year on buyback of Equity Shares	3.05	35.60
	826.39	823.34
d) Securities Premium Account		
Balance as per last Balance Sheet	13,732.49	13,697.41
Add: Received during the year	314.25	35.08
	14,046.74	13,732.49
e) Contingency Reserve		
Balance as per last Balance Sheet	6,100.00	4,100.00
Add: Transferred during the year	2,000.00	2,000.00
	8,100.00	6,100.00
f) General Reserve		
Balance as per last Balance Sheet	48,063.90	40,150.00
Less: Premium on buyback of Equity Shares	211.50	2,086.10
	47,852.40	38,063.90
Add: Transferred during the year	10,000.00	10,000.00
	57,852.40	48,063.90
g) Surplus: balance in profit and loss account	77,175.40	46,802.60
Total	158,094.73	115,616.13

**Schedules annexed to and forming part of the accounts
for the year ended 31st March, 2010**

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
3. SECURED LOANS:		
i) Rupee Term Loans from:		
IDBI Bank Limited	3,250.00	3,000.00
Infrastructure Development Finance Company Limited	483.33	966.67
Andhra Bank	6,500.00	7,458.55
State Bank of India	1,504.13	2,054.05
HDFC Bank Limited	---	187.50
ii) Foreign Currency Term Loans from:		
Bank of India	7,612.06	10,449.40
IDBI Bank Limited (Buyers Credit)	558.13	---
iii) Medium Term Loans from Banks	688.01	714.18
iv) Working Capital Loans from Banks	4,702.59	4,035.93
Total	25,298.25	28,866.28
4. UNSECURED LOANS:		
Fixed Deposits	18.12	88.41
From : Other Bodies Corporate	30.01	30.00
: A P State Government (deferred sales tax liability)	35.37	35.37
: Orissa State Government (deferred sales tax liability)	-	21.71
Foreign currency convertible bonds	13,995.52	13,995.52
Total	14,079.02	14,171.01

**Schedules annexed to and forming part of the accounts
for the year ended 31st March, 2010**

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.3.2009	Additions	Deductions	As at 31.3.2010	Upto 31.3.2009	For the year	On deductions	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
		(Rs. in lakhs)									
A. TANGIBLE ASSETS											
1.	Land - Freehold - Leasehold	2,333.63 130.64	72.63 9.69	0.97 -	2,405.29 140.33	- 3.14	- 1.50	- -	- 4.64	2,405.29 135.69	2,333.63 127.50
2.	Buildings - Factory - Township - Others	7,757.78 811.98 1,278.48	746.71 513.51 3.34	47.07 -	8,457.42 1,325.49 1,281.82	1,365.84 155.25 138.95	260.45 14.75 21.54	19.08 -	1,607.21 170.00 160.49	6,850.21 1,155.49 1,121.33	6,391.94 656.73 1,139.53
3.	Plant and Machinery	74,296.92	1,041.36	623.55	74,714.73	17,477.44	3,823.37	426.84	20,873.97	53,840.76	56,819.48
4.	Railway Siding	355.71	-	-	355.71	33.82	18.78	-	52.60	303.11	321.89
5.	Water Works	125.04	-	-	125.04	40.35	6.34	-	46.69	78.35	84.69
6.	Furniture and Fixtures	289.26	21.59	-	310.85	187.54	23.29	-	210.83	100.02	101.72
7.	Motor Vehicles	455.93	46.85	114.45	388.33	188.80	51.68	29.79	210.69	177.64	267.13
8.	Office Equipment	598.86	55.82	9.10	645.58	338.95	84.01	8.65	414.31	231.27	259.91
9.	Air Conditioners	131.39	8.09	1.62	137.86	61.10	10.10	1.41	69.79	68.07	70.29
10.	Workshop Machinery	115.73	-	-	115.73	110.05	1.56	-	111.61	4.12	5.68
11.	Other Assets	127.70	14.39	-	142.09	55.19	10.45	-	65.64	76.45	72.51
12.	Power Lines ***	423.19	-	-	423.19	1.22	14.39	-	15.61	407.58	421.97
	Total (A)	89,232.24	2,533.98	796.76	90,969.46	20,157.64	4,342.21	485.77	24,014.08	66,955.38	69,074.60
B. INTANGIBLE ASSETS											
1.	Computer Software (Other than internally generated)	37.19	49.26	-	86.45	4.30	23.11	-	27.41	59.04	32.89
2.	Water Drawing Rights	898.70	-	-	898.70	53.96	72.47	-	126.43	772.27	844.74
	Total (B)	935.89	49.26	-	985.15	58.26	95.58	-	153.84	831.31	877.63
	Total (A + B)	90,168.13	2,583.24	796.76	91,954.61	20,215.90	4,437.79	485.77	24,167.92	67,786.69	69,952.23
	Add: Capital Work-in-Progress	-	-	-	-	-	-	-	-	11,895.52	1,557.40
	Total	90,168.13	2,583.24	796.76	91,954.61	20,215.90	4,437.79	485.77	24,167.92	79,682.21	71,509.63
	Previous year	58,461.04	31,854.26	147.17	90,168.13	16,568.74	3,780.79	133.63	20,215.90	69,952.23	41,892.30

Note: Additions to fixed assets during the year include borrowing costs capitalised aggregating to Rs.nil (previous year Rs.433.58 lakhs)

Capital work-in-progress includes borrowing costs aggregating to Rs.99.26 lakhs (upto previous year Rs.nil)

*** Cost incurred by the Company, ownership of which vests with a State Owned Power Distribution Company.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

(Rs. in lakhs)

Particulars	Face value Rs.	Number of Shares			As at 31.3.2010	As at 31.3.2009
		As at 31.3.2009	Additions/ (Deletions)	As at 31.3.2010		
6. INVESTMENTS: (At Cost, Long-term)						
a) Government Securities - Un-quoted: 6 year National Savings Certificates					2.91	3.01
Total (a)					2.91	3.01
b) Other Investments:						
i) In Subsidiaries - Equity Shares fully paid up, Un-Quoted (Trade):						
Kinnera Power Company Limited	10	50,000		50,000	5.00	5.00
Brahmani Infratech Private Limited	10	10,000		10,000	1.00	1.00
Nava Bharat Realty Limited	2	250,000		250,000	5.00	5.00
Nava Bharat Projects Limited	2	250,000		250,000	5.00	5.00
Nava Bharat Energy India Limited	2	250,000	(250,000)	---	---	5.00
Nava Bharat Sugar and Bio Fuels Limited	2	250,000		250,000	5.00	5.00
Nava Bharat (Singapore) Pte Limited	S\$ 1	16,870		16,870	4.36	4.36
	USD 1	7,290,000	11,800,000	19,090,000	9,501.97	3,499.43
Total (b) (i)					9,527.33	3,529.79
ii) In Other Companies - Equity Shares fully paid up, Un-Quoted (Trade):						
A P Gas Power Corporation Limited	10	17		17	0.00	0.00
Malaxmi Highway Private Limited	10	606,600	40,000	646,600	64.66	60.66
Total (b) (ii)					64.66	60.66
iii) In Other Companies - Equity Shares fully paid up, Un-Quoted (Non-Trade):						
Nava Bharat Envirotech Private Limited	10	1,000		1,000	0.05	0.05
Srinivasa Cystine Limited	10	75,000		75,000	5.00	5.00
Gunnam Subba Rao Investments Private Limited	10	8,000		8,000	0.56	0.56
Total (b) (iii)					5.61	5.61
iv) In Other Companies - Equity Shares fully paid up, Quoted (Trade):						
Kothari Sugars and Chemicals Limited	10	200		200	10.00	10.00
The Jeypore Sugar Company Limited	10	2,857		2,857	1.16	1.16
Total (b) (iv)					11.16	11.16

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

6. INVESTMENTS: (At Cost, Long-term)(contd.)

(Rs. in lakhs)

Particulars	Face value Rs.	Number of Shares			As at 31.3.2010	As at 31.3.2009
		As at 31.3.2009	Additions/ (Deletions)	As at 31.3.2010		
v) In Other Companies - Equity Shares fully paid up, Quoted (Non-Trade):						
Avanthi Leathers Limited	10	63,300		63,300	6.33	6.33
Beardsell Limited	10	548,250	(548,250)	---	---	73.39
NB Footwear Limited	10	76,830		76,830	7.68	7.68
Supreme Petrochem Limited	10	51,877	(51,877)	---	---	31.13
Avanti Feeds Limited	10	1,500		1,500	0.15	0.15
IDBI Bank Limited	10	8,000		8,000	6.50	6.50
Andhra Bank	10	22,800		22,800	2.28	2.28
Tata Consultancy Services Limited	1	6,142	* 6,142	12,284	26.10	26.10
Total (b) (v)					49.04	153.56
Total (b) (i to v)					9,657.80	3,760.78
Total (a+b)					9,660.71	3,763.79
Less: Diminution in value of Investments					29.67	47.10
Total					9,631.04	3,716.69

* Received as bonus.

Particulars	As at 31.3.2010	As at 31.3.2009
7. INVENTORIES:		
At Cost:		
Stores and Spares	2,591.15	2,622.19
Fuel for power generation	3,610.25	3,688.98
Raw Materials	11,202.24	1,593.44
Finished Goods	6,850.86	3,633.33
Work-in-progress	462.30	234.82
Others	30.90	60.56
Goods-in-transit	---	323.03
At realisable value:		
Raw Materials	---	13,164.69
Work-in-progress	---	1,023.30
Finished Goods	3,313.58	12,982.82
Scrap	---	1.83
Total	28,061.28	39,328.99
8. SUNDRY DEBTORS:		
(Unsecured, considered good)		
Debts due over six months	22.05	42.70
Other debts	14,502.52	9,392.34
Total	14,524.57	9,435.04

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
9. CASH AND BANK BALANCES:		
Cash in hand	4.66	2.81
Cash with Scheduled Banks	6,504.37	3,069.44
: In Current Accounts	98.74	58.56
: In Cash Credit Accounts	55,616.80	30,152.68
: In Deposit Accounts	---	24.97
Cheques/Demand Drafts on hand	---	24.97
Total	62,224.57	33,308.46
10. OTHER CURRENT ASSETS:		
Prepaid Expenses	455.19	291.64
Deposits recoverable	134.77	117.41
Other receivables	1,214.87	1,675.34
Assets held for disposal at realisable value	80.11	---
Interest accrued	70.34	212.30
Balance with Central Excise Dept.	338.93	498.07
Total	2,294.21	2,794.76
11. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Dues from Subsidiary Companies		
: Loan	0.25	6,061.08
: Advance for Investments	10,707.40	9,585.40
: Other Advances	653.78	65.49
Advances to Other Bodies Corporate	---	0.01
Security Deposits with Power Supply Companies	378.53	364.45
Advances for : Capital goods	2,339.16	608.55
: Purchases and expenses	6,823.46	5,659.09
Staff Advances	83.87	57.91
Advance Tax and Tax Deducted at Source (Net of provision)	949.75	632.26
MAT Credit entitlement	8,425.21	2,305.21
Advance Fringe Benefit Tax (Net of provision)	5.28	---
Total	30,366.69	25,339.45
12. CURRENT LIABILITIES:		
Sundry Creditors:		
Total outstanding dues of Micro and Small Enterprises	773.61	425.69
Total outstanding dues of other than Micro and Small Enterprises	12,084.82	11,673.78
Investor Education and Protection Fund :		
(Appropriate amount shall be transferred to the Fund as and when due)		
Unpaid Dividend	128.86	95.30
Security Deposits	35.98	56.77
Advances received against supplies	99.31	217.92
Retention Deposits	966.50	412.70
Pre-received Income	3.35	---
Interest accrued but not due	593.02	622.24
Due to directors	2,168.26	2,100.51
Bills discounted with Bankers	---	93.14
Total	16,853.71	15,698.05

**Schedules annexed to and forming part of the accounts
for the year ended 31st March, 2010**

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
13. PROVISIONS:		
For : Dividend	6,425.20	5,679.94
: Corporate Dividend Tax	1,067.15	965.31
: Fringe Benefit Tax (Net of Advance Tax)	---	4.38
: Gratuity	791.73	465.57
: Leave Encashment	624.70	328.97
Total	8,908.78	7,444.17
14. OTHER REVENUE:	Current year	Previous year
Interest (gross) earned from: Bank Deposits	90.36	362.59
: Others	104.78	166.08
: Income Tax	---	17.71
(T.D.S. Current year Rs.21.29 lakhs, Previous year Rs.81.22 lakhs)		
Miscellaneous receipts	795.47	432.99
Excess provisions/Credit Balances written back	186.75	2.17
Income from Investments - Dividends	1,921.83	764.47
Profit on sale of Long Term Investments	101.98	---
Profit on sale of Short Term Investments	5.85	11.00
Rents earned	44.85	41.40
Claims received/receivable	3.36	31.62
Profit on sale of Assets	0.96	35.11
Foreign exchange fluctuations	196.33	---
Total	3,452.52	1,865.14
15. RAW MATERIALS:		
Opening Stock	14,758.13	9,655.80
Reversal of Diminution in value of materials	6,306.27	---
Add : Purchases	14,355.50	43,541.72
	35,419.90	53,197.52
Less : Cost of Sales	1,858.67	---
: Closing Stock	11,202.24	14,758.13
: Diminution in value of materials	---	6,306.27
Total	22,358.99	32,133.12
16. PAYMENTS AND BENEFITS TO EMPLOYEES:		
Salaries, Wages and Bonus	5,589.17	4,821.31
Contribution to Provident and Other Funds	251.77	205.15
Workmen and Staff Welfare Expenses	295.54	257.92
Retirement benefits	565.78	205.62
Total	6,702.26	5,490.00

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	Current year	Previous year
17. FINANCE CHARGES:		
Interest on : Term Loans	1,144.70	1,284.88
: Other Loans	156.37	309.71
Bank Charges and Commission	345.28	479.74
Prompt Payment Rebate allowed	1,512.04	1,228.52
Total	3,158.39	3,302.85
18. OTHER EXPENSES:		
Rent	135.70	138.70
Rates and Taxes	439.05	267.21
Freight and Transportation	1,355.12	1,642.38
Cane Development Expenses	445.33	138.93
Insurance	410.71	360.59
Advertisement	26.30	51.06
Printing and Stationery	43.28	42.13
Communications	64.29	59.14
Travelling and Conveyance	307.66	339.28
Vehicle Maintenance	50.90	48.28
Legal and Professional charges	997.97	1,292.36
Directors Sitting fee	2.65	1.75
Payments to Auditors : As Auditors	15.44	11.03
: For Tax Audit	4.41	3.31
: For Tax Representation	2.25	8.34
: For Certification	2.65	5.19
: For Expenses	0.25	0.25
Fees to Cost Auditor	4.19	3.75
Repairs and Maintenance: Machinery	3,409.74	3,402.75
: Buildings	549.00	494.92
: Others	58.85	27.99
Commission on Sales	28.67	27.17
General Charges	1,523.94	1,091.20
Input tax Credit written off	---	80.70
Bad Debts and Advances written off	0.60	1.70
Investments written off	---	4.60
Foreign exchange fluctuations	---	2,921.75
Diminution in value of Inventories	(6,306.27)	6,306.27
Loss on Sale of materials	694.67	---
Assets discarded	196.19	2.29
Loss on sale of Long Term Investments	18.25	---
Donations and Charities	108.65	532.13
Expenditure relating to earlier years	6.90	226.48
Total	4,597.34	19,533.63

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

		(Rs. in lakhs)	
Particulars	Current year	Previous year	
19. (INCREASE)/DECREASE IN STOCKS:			
a) Opening Stocks:			
Work-in-progress		1,258.12	567.28
Finished goods		16,616.15	13,576.41
Scrap		1.83	5.32
		17,876.10	14,149.01
b) Closing Stocks:			
Work-in-progress		462.30	1,258.12
Finished goods		10,164.44	16,616.15
Scrap		---	1.83
		10,626.74	17,876.10
(Increase)/decrease in Stocks (a-b)		7,249.36	(3,727.09)
20. AMOUNT TRANSFERRED TO CAPITAL WORK-IN-PROGRESS:			
Purchased Power and Fuel for Power generation		3.51	1,430.67
Manufacturing Expenses		---	48.28
Salaries, Wages and Bonus		18.28	58.22
Contribution to Provident and Other Funds		1.82	2.74
Workmen and Staff Welfare Expenses		5.71	22.48
Interest on Term Loans		13.41	87.31
Bank Charges and Commission		85.85	76.36
Prompt Payment Rebate allowed		---	44.03
Rent		---	3.89
Rates and Taxes		106.91	41.27
Insurance		35.22	26.51
Advertisement		---	1.19
Printing and Stationery		---	0.83
Communications		---	1.22
Travelling and Conveyance		4.50	30.95
Vehicle Maintenance		---	0.37
Legal and Professional charges		15.21	44.90
Repairs and Maintenance - Machinery		---	28.36
General Charges		0.17	4.25
Foreign exchange fluctuations		---	49.64
Donations		---	0.20
Depreciation		---	4.25
	Total	290.59	2,007.92
Less: Income during trial run		---	2,201.41
Interest earned (Others) (Gross) (TDS: Nil)		---	0.50
Miscellaneous Receipts		27.03	117.28
	Net Total	263.56	(311.27)

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

21. NOTES ON ACCOUNTS:

1. Nava Bharat Ventures Limited (the Company) has been incorporated on 7th November, 1972. At present the Company is engaged in the business of manufacture of ferro alloys, sugar and generation of power.
2. The following are the significant Accounting Policies adopted by the Company in preparation and presentation of financial statements.

a) Basis of Accounting

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

b) Use of estimates

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

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 other attributable costs to bring the asset to its working condition for its intended use.

Direct overhead expenditure incurred on projects under implementation is treated as unallocated capital expenditure pending allocation to the assets and are included under Capital work-in-progress.

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. The cost of leasehold Land is amortised over the lease period.
- iv. Improvements to premises taken on lease are amortised over the Primary lease period of three years.
- v. Expenditure on power lines, ownership of which belongs to a state owned power Distribution Company is amortised over the period as permitted in the erstwhile "The Electricity Supply Act, 1948".

e) Intangible Assets

- i. Costs incurred towards purchase of computer software is amortised over the useful lives of such software as estimated by the management which is of three years.
- ii. Expenditure incurred to acquire water drawing rights from Government/Local authorities or other parties is amortised over the primary period of right to use the facilities which is ten years for the time being.

f) Impairment

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

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

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

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) Inventories

- i. Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined at weighted average basis.
- ii. Goods in transit and standing crops are valued at Cost.
- iii. Finished goods, Work in progress, Scrap, by-products, loose tools and other stock in trade are valued at lower of cost and net realisable value.
- iv. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis and Cost of finished goods includes excise duty. Cost of traded goods includes purchase and allied costs incurred to bring the inventory to its present condition and location, determined on weighted average basis.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

i) 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. Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Sales are inclusive of excise duty and value added tax/sales tax and is net of sales returns and discounts. Revenue from export sales is recognised on the date of bill of lading.

ii. Interest:

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

iii. Dividends:

Dividend is recognised when the right to receive payment is established by the balance sheet date.

iv. Export Benefits:

Export Entitlements in the form of Duty Drawback and Duty Entitlement Pass Book (DEPB) Schemes are recognised in the Profit and Loss account on realisation.

v. Other Sundry incomes:

Insurance claims, conversion escalations and income from sale of VERs (Variable Emission Reduction) are accounted for on realisation.

j) Foreign Currency Transactions

i. Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion:

Foreign currency liability/assets not covered by forward contracts are restated at the exchange rates prevailing at the year end.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

iii. Exchange differences:

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

iv. Forward Exchange Contracts (Derivative Instruments) not intended for trading or speculation purposes.

The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

k) 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.

l) 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.

m) Segment Reporting Policies

i. Identification of Segments:

The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- * Sales within India include sales to customers located within India.
- * Sales outside India include sales to customers located outside India.

ii. Allocation of Common Costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

iii. Unallocated Items:

Includes general corporate income and expense items which are not allocated to any business segment.

n) Retirement and Other Employee Benefits

- i. 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.
- ii. The Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- iii. 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.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. In respect of employees stock options, the excess of fair price on the date of grant, over the exercise price, is recognised as deferred compensation cost and amortised over the vesting period.
- vi. Compensation paid under the company's voluntary retirement scheme is charged to the profit and loss account in the year of payment.

o) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases.

Where the Company is the lessee:

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Where the Company is the lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the profit and loss account. Costs, including depreciation are recognised as an expense in the profit and loss account.

p) 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.

q) 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.

r) 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.

s) 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.

t) Others

- i. The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation
- ii. Dividend as recommended by the board of directors is provided for in the accounts pending shareholders/lending institutions approval.
- iii. Foreign currency convertible bonds issue expenses incurred and premium payable on redemption of such bonds are adjusted against securities premium account as permitted by section 78(2) of the companies act, 1956.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

3. i. 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. During the year the Company has paid no interest in terms of Section 16 of the said Act.
- ii. Details of total outstanding dues to Micro and Small Enterprises as per "Micro, Small and Medium Enterprises Development Act, 2006".

Particulars	(Rs. in lakhs)	
	Current year	Previous year
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	773.61	425.69
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

4. Deferred sales tax liability to Andhra Pradesh State Government is repayable as under:

Due date of repayment	Amount (Rs. in lakhs)
01.04.2013	26.48
01.04.2014	8.89
Total	35.37

5. In terms of Accounting Standard 22 "Accounting for Taxes on Income" (AS 22) issued by The Institute of Chartered Accountants of India, the Company has accounted for the deferred taxes during the year. The following are the major components of deferred tax (asset)/liability.

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
Difference between book and tax depreciation	2,783.42	2,735.65
Provision for gratuity and other expenses	(759.71)	(622.04)
Total	2,023.71	2,113.61

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

6. a) During the year the Company has bought back 1,52,596 (Previous year 17,79,904) Equity Shares of Rs.2/- each at an average price of Rs.140.60 (Previous year Rs.119.20) per share and accordingly
- The face value of shares has been reduced from the paid up Equity Share Capital.
 - The balance of Rs.138.60 (Previous year Rs.117.20) paid on these shares aggregating to Rs.211.50 lakhs (Previous year Rs.2,086.10 lakhs) has been adjusted against General Reserve.
 - As required under the provisions of the Companies Act 1956, Rs.3.05 lakhs (Previous year Rs.35.60 lakhs) has been transferred to Capital Redemption Reserve from current year Surplus.
- b) Out of 7,62,55,458 (previous year 7,61,25,324) Equity Shares of Rs.2/- each fully paid-up of the Company:
- 1,41,67,095 shares were allotted as fully paid-up pursuant to schemes of amalgamation without receiving the payment in cash.
 - 1,21,37,095 shares are allotted as fully paid-up by way of bonus shares by capitalising Reserves.
 - Pursuant to the order of Hon'ble High Court of Andhra Pradesh dated 30.12.1996 in the Scheme of amalgamation of Nav Chrome Limited with the Company, 49,73,510 equity shares of Rs.2/- each fully paid up owned by the company are vested in a Trustee for the benefit of the Company which are to be sold and net sale proceeds are to be paid to the Company and such shares are not considered for dividend.
 - During the year, the Company has allotted 2,82,730 (Previous Year 31,560) Equity Shares of Rs.2/- each at a premium of Rs.111.15 (including the difference between the fair value and the exercise price) per share on exercise of 2,82,730 (Previous Year 31,560) Employees Stock options.

Consequent to the above allotment and buy back of Shares during the year, the paid up Equity Share Capital of the Company stands increased from Rs.1,522.51 lakhs to Rs.1,525.11 lakhs and the Securities Premium stands increased from Rs.13,732.49 lakhs to Rs.14,046.74 lakhs.

- c) The Company has granted 6,00,000 stock options under the Company's Employees Stock Option Scheme 2006 (ESOS) during the year ended 31st March, 2007 to be converted into 6,00,000 Equity Shares at a premium of Rs.88.52 per share and stock options outstanding as at 31 March, 2010 are 1,09,210. During the year 2,82,730 (Previous Year 31,560) options were exercised and 4,560 (Previous Year 53,750) options were cancelled.
7. a) During the year 2006-07, the Company has issued Zero Coupon Foreign Currency Convertible Bonds for an amount of JPY 6.00 billion at par. These bonds are convertible into Equity Shares with a fixed rate of exchange of Rs.0.3976 per 1 JPY at an initial conversion price of Rs.136.50 per Share at the option of bondholders at any time on or after 14th October, 2006 and on or before the close of business hours (i.e. 5.00 P.M.) on 31st August, 2011. The Company also has an option to convert all these bonds on or after 29th September, 2009 and prior to 30th September, 2011 at the then prevailing conversion price as per the terms of issue. Out of the above, 2.48 billion Bonds were converted during the year 2007-08 and if all the remaining bonds are converted into Equity Shares, the paid up Equity Share Capital of the Company will increase by 97,00,620 Equity Shares of Rs.2/- each. If no such conversion takes place, the Bonds are redeemable on 30th September, 2011 at a redemption premium of 25.96% so as to give the bondholders gross yield to maturity of 4.67% per annum compounded semi-annually.
- b) The proceeds of the above issue have been utilised as follows:

Particulars	Rs. In lakhs
1. Issue expenditure	954.87
2. 32 MW Power Plant in A.P.	4,474.54
3. 64 MW Power Plant (Unit-II) in Orissa	7,045.42
4. 20 MW Power Plant in A.P.	9,732.99
5. 64 MW Power Plant (Unit-III) in Orissa	1,144.18
Total	23,352.00

- c) As the variables are indeterminate at present, the premium on actual redemption is not computable and hence will be recognised, as and when the redemption option is exercised, as a charge to the Securities Premium Account in terms of Section 78(2)(d) of the Companies Act, 1956.
8. Fixed Deposit Receipts for Rs.391.81 lakhs (Previous year Rs.429.34 lakhs) are in lien with Bankers towards Margin Money for Bank Guarantees and Letters of Credit issued by them.
9. a) The Company's land of about 5.08 acres was given possession to M/s. Hyderabad Vanaspathi Limited. The sale price of the same is yet to be adjusted pending permission from the Government of Andhra Pradesh.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

- b) Land costing Rs.1.23 lakhs (previous year Rs.1.23 lakhs) admeasuring 6 acres and 23 guntas (previous year 6 acres 23 guntas) is not in the name of the Company.
- c) Land costing Rs.26.06 lakhs admeasuring 5.05 acres allotted by APIIC Ltd during the year, is not yet transferred in the name of the Company.
- d) Cost of leasehold land amounting to Rs.140.33 lakhs shown under the head Fixed Assets represents the premium paid to the State Government of Orissa for alienation of 56.36 acres in favour of the Company by virtue of lease deeds for 90/99 years and the said land can be resumed by the said Government by giving 6 months notice in writing during the tenure of lease.
- e) Motor Vehicles costing Rs.1.09 lakhs shown under the head Fixed Assets are not in the name of the Company.
10. 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 other than the assets discarded/dismantled and written off to Profit and Loss Account.
11. a) The aggregate market value of the quoted Investments is Rs.142.34 lakhs (Previous Year Rs.176.76 lakhs).
- b) Investments bought and sold during the year (units in Mutual Funds):

Name of the Fund	Face Value Rs.	No. of units	Purchase cost Rs. in lakhs
AIG India Treasury Fund	10	9,989,012	1,000.00
Baroda Pioneer Treasury Advantage Fund	10	17,983,635	1,800.00
Birla Sunlife Dynamic Bond Fund	10	24,077,073	2,512.03
Birla Sunlife Savings Fund	10	82,656,171	8,646.29
Canara Robeco Short Term Fund	10	19,734,823	2,001.39
Canara Robeco Treasury Advantage Fund	10	24,317,049	3,017.04
DBS Chola Freedom Income Fund	10	29,541,516	3,000.00
DSP Black Rock Money Manager Fund	1,000	399,525	4,001.13
DWS Short Maturity Fund	10	9,934,006	1,007.45
DWS Ultra Short Term Fund	10	35,071,521	3,513.43
Fidelity Ultra Short Term Fund	10	28,992,752	2,900.00
Fortis Money Plus Fund	10	42,328,847	4,500.00
HDFC Arbitrage Fund	10	2,970,003	300.00
HDFC Cash Management Fund	10	80,196,863	8,044.95
HDFC Floating Rate Income Fund	10	10,144,205	1,022.63
HDFC High Interest Fund	10	9,426,976	1,000.00
HDFC Short Term Fund	10	24,296,334	2,511.74
HSBC Floating Rate Long Term Fund	10	13,341,674	1,500.00
HSBC Income Fund	10	2,936,789	303.79
HSBC Ultra Short Term Bond fund	10	12,995,481	1,304.96
ICICI Prudential Flexible Income Fund	10	16,077,931	1,700.00
ICICI Prudential Flexible Income Fund	100	1,632,141	1,726.16
ICICI Prudential Ultra Short Term Fund	10	44,905,698	4,500.00
ICICI Prudential Flexible Income Fund	10	47,410,258	5,012.92
ICICI Prudential Flexible Income Fund	100	2,856,396	3,020.94
ICICI Prudential Institutional Short Term Fund	10	16,520,441	2,007.91
ICICI Prudential Liquid Fund	10	16,875,643	2,000.00
IDFC - SSIF - Short Term - Fund	10	20,029,105	2,011.94
IDFC Arbitrage Fund	10	4,834,246	503.00
IDFC Money Manager Fund -TP	10	60,166,194	6,017.52

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

Name of the Fund	Face Value Rs.	No. of units	Purchase cost Rs. in lakhs
IDFC Money Manager Fund -IP	10	53,810,170	5,503.47
JM Money Manager Fund	10	58,968,747	5,900.00
J P Morgan India Treasury Fund	10	24,231,784	2,500.00
Kotak Bond Short Term Fund	10	19,829,591	2,007.49
Kotak Equity Arbitrage Fund	10	1,874,397	200.00
Kotak Flexi Debt Fund	10	16,901,555	1,698.18
Kotak Floater Long Term Fund	10	82,534,020	9,173.75
LIC Floating Rate Income Fund	10	37,000,000	3,700.00
LICMF Savings Plus Fund	10	77,617,475	8,519.19
LICMF Income Plus Fund	10	81,373,277	8,400.00
Mirae Asset Short Term Bond Fund	10	5,000,000	500.00
Morgan Stanley Active Bond Fund	10	5,000,000	500.00
Principal Cash Management Fund	10	16,998,810	1,700.00
Principal Floating Rate Fund	10	16,980,747	1,700.16
Principal Ultra Short Term Fund	10	4,990,020	500.00
Reliance Money Manager Fund	1,000	450,740	4,512.52
Reliance Short Term Fund	10	18,679,892	2,000.00
Religare Arbitrage Fund	10	4,924,937	502.21
Religare Short Term Fund	10	19,682,095	2,007.57
Religare Ultra Short Term Fund	10	55,171,666	5,525.83
SBI-SHF-Ultra Short Term Fund	10	39,979,411	4,000.00
SBNPP Ultra ST Fund	10	29,889,409	3,000.00
Tata Floater Fund	10	47,829,731	4,800.00
Tata Treasury Manager Fund	1,000	178,784	1,806.28
Templeton Floating Rate Income Fund	10	29,977,937	3,000.00
Templeton India Ultra Short Bond Fund	10	42,950,327	4,300.00
UTI Treasury Advantage Fund	1,000	459,135	4,803.53

- c) 6 year National Savings Certificates of the face value of Rs.2.91 lakhs (Previous year Rs.3.01 lakhs) shown under the investments are in the names of employees of the Company and the certificates in respect of face value of Rs.2.86 lakhs (Previous year Rs.2.79 lakhs) were pledged with various Government Departments as security.
12. a) 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.
- b) Sundry Debtors due for less than six months amounting to Rs.14,502.52 lakhs (Previous year Rs.9,392.34 lakhs) include Rs.8,731.82 lakhs (Previous year Rs.2,292.76 lakhs) due from a foreign subsidiary Company viz., M/s.Nava Bharat (Singapore) Pte. Ltd, Singapore.
13. Employee defined benefits as per AS-15 (Revised): Gratuity
- a) The amounts recognised in the Balance Sheet are as under:

Particulars	(Rs. in lakhs)	
	Current year	Previous year
Present value of obligation	1,129.71	786.07
Fair value of Plan Assets	337.98	320.50
Net Assets/(liability) recognised in Balance Sheet as provision	(791.73)	(465.57)

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

- b) Changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as under:

Particulars	(Rs. in lakhs)	
	Current year	Previous year
Present value of obligation as at the beginning of the year	786.07	772.07
Interest cost	67.86	61.77
Past Service Cost	206.49	-
Current Service Cost	62.18	27.52
Benefits paid	(75.86)	(78.36)
Actuarial (gain)/loss on obligation	82.97	3.07
Present value of obligation as at the end of the year	1,129.71	786.07
Fair value of plan assets as at the beginning of the year	320.50	300.75
Return on plan assets	25.64	26.93
Actuarial gain/(loss)	2.75	-
Contributions	32.61	32.84
Benefits paid	(43.52)	(40.02)
Fair value of plan assets as at the end of the year	337.98	320.50

- c) The amounts recognised in the Profit and Loss Account are as under:

Current Service Cost	62.18	27.52
Past Service Cost	206.49	74.69
Interest cost	67.86	61.77
Expected return on Plan Assets	(25.64)	-
Actuarial (gain)/loss on benefits paid	80.22	(24.62)
Expenses recognised in the Profit and Loss Account	391.11	139.36

- d) Principal actuarial assumptions at the Balance Sheet date are as follows:

Mortality Table (LIC)	1994-96	1994-96
Discount rate per annum	8.00%	8.00%
Rate of escalation in Salary (per annum)	6.00%	4.00%
Attrition Rate	1.00%	1.00%
Retirement age	58 years	58 years

The rate of escalation in salary considered in actuarial valuation is estimated taking into account inflation, seniority, promotion and other relevant factors.

The Company has determined the liability for employee benefits as at 31st March, 2008 in accordance with the revised Accounting Standard 15 - Employee benefits issued by ICAI and the transitional liability in respect of gratuity is recognised as an expense on straight line basis over a period of 3 years commencing from the year 2007-08 in terms of the said Standard

The above information is certified by an actuary.

14. The Company uses derivative financial instruments such as forward contracts and currency swap to hedge currency exposures, present and anticipated, denominated mostly in US Dollars and Japanese Yen and all financial and derivative contracts entered into by the Company are for hedging purpose only.

The information on derivative instruments are as follows:

- a) Derivative instruments outstandings: (Millions)

Particulars	Bought/ Sold	Amount in foreign currency	
		As at 31.3.2010	As at 31.3.2009
Foreign currency contracts			
- USD/INR	Sold	---	0.55
- JPY/INR	Bought	70.00	---

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

- b) Foreign currency exposure not hedged by derivative instruments:

Particulars	Currency	(Millions)	
		Amount in foreign currency	
		As at 31.3.2010	As at 31.3.2009
Receivable on account of sale of goods	USD	19.45	3.96
Term Loans payments	JPY	1,504.92	2,029.12
	USD	1.24	---
Payables on account of import of goods	EURO	0.07	0.01
	USD	5.82	---

15. a) Working Capital Loans from Banks are secured by hypothecation of raw materials, work-in-progress, finished goods, stores and spares and book debts to the extent of Rs.20,000 lakhs and a second charge on fixed assets of the Company.
- b) The Term Loans from IDBI Bank Limited, Infrastructure Development Finance Company Limited, Andhra Bank, State Bank of India, HDFC Bank Limited, Bank of India, State Bank of Hyderabad, UCO Bank are secured by First Charge by way of equitable mortgage by deposit of title deeds to cover all immovable properties of the Company and hypothecation of all movable properties including movable Plant and Machinery, spares, tools and accessories, both present and future and a second charge by way of hypothecation of all movable properties both present and future (except book debts) subject to prior charges created/to be created in favour of Company's bankers on its stocks of raw materials, semi-finished and finished goods, consumable stores for securing borrowings for working capital requirements. The mortgage/charges created above shall rank pari-passu with the charges created/to be created in favour of other Financial Institutions/Banks.
- c) The Term Loan availed from Andhra Bank amounting to Rs.6,000.00 lakhs out of the sanction of Rs.20,000 lakhs for funding a foreign subsidiary Company, i.e. Nava Bharat (Singapore) Pte Ltd is also secured by pledge of 6,300,000 equity shares of US\$1/- each held by Company in the said subsidiary and hypothecation of mineral and mining rights of subsidiary.
- d) All the above said loans are also guaranteed by some of the directors of the Company in their personal capacity.

16. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

Particulars	(Rs. in lakhs)	
	Current year	Previous year
Profit as per Profit and Loss Account	50,983.30	49,600.59
Add: Assets discarded	196.19	2.29
Loss on sale of Investments	18.25	---
Managerial Remuneration	2,738.99	2,551.84
Directors' Sitting fee	2.65	1.75
	53,939.38	52,156.47
Less: Capital profit on sale of Fixed Assets	---	7.79
Profit on sale of Investments	107.83	11.00
	107.83	18.79
Net Profit in accordance with Section 349	53,831.55	52,137.68

17. Commission to Managerial personnel

Chairman @ 2% of Net Profit	1,076.63	1,042.75
Managing Director @ 2% of Net Profit	1,076.63	1,042.75
Non-Executive Directors (maximum)	15.00	15.00

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

18. Remuneration to Directors included in other heads of account

(Rs. in lakhs)		
Particulars	Current year	Previous year
i) Chairman		
Salary	60.00	60.00
Perquisites and Contributions	111.85	80.03
Commission	1,076.63	1,042.75
ii) Managing Director		
Salary	60.00	60.00
Perquisites and Contributions	80.40	81.99
Commission	1,076.63	1,042.75
iii) Director (Business Development)		
Salary	48.00	36.00
Perquisites and Contributions	69.04	49.07
iv) Director (Finance & Corporate Affairs)		
Salary	48.00	36.00
Perquisites and Contributions	93.44	48.25
v) Non-executive Directors		
Commission	15.00	15.00
Total	2,738.99	2,551.84

19. Contingent liabilities not provided for on account of:

(Rs. in lakhs)		
Particulars	As at 31.3.2010	As at 31.3.2009
a) Guarantees given by the Bankers	543.37	1,007.09
b) Guarantees given by the Company on behalf of others	10.40	10.40
c) Claims against the Company not acknowledged as debts	883.92	727.59
d) Demand raised by A. P. State Electricity Board (reconstituted as Transmission Corporation of Andhra Pradesh Ltd) towards additional charges on power tariff difference between HT I and HT III categories and surcharge on belated payments disputed by the Company, pending in appeal with High Court of A.P.	136.45	136.45
e) Interest on dues to A. P. State Electricity Board (reconstituted as Transmission Corporation of Andhra Pradesh Ltd).	62.35	62.35
f) Demand from Income-tax department disputed	684.41	1,377.71

20. The Company has imported certain goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rates of duty on an undertaking to fulfill quantified exports against which the remaining future obligations aggregate to Rs.1362.27 lakhs and Rs.1734.95 lakhs which is to be fulfilled within next 3 years and 6 years respectively. Non-fulfillment of the balance obligation within the said period render the Company liable to pay the balance duty of Rs.387.15 lakhs and other penalties under the above referred Scheme.

21. Showcause notices received from Central Excise Department to issue demand notices for an amount of Rs.9064.91 lakhs (Previous year Rs.5374.89 lakhs) are pending for final consideration and the Company has already submitted its objections in writing against the said demands.

22. The amount of contracts remaining to be executed on capital account and not provided for are estimated at Rs.29366.91lakhs (previous year Rs.385.75 lakhs).

23. Excise Duty included in Rates and Taxes and debited to Profit and Loss Account represents the aggregate of Excise Duty borne by the Company and the difference between Excise Duty on opening and closing stock of finished/saleable goods.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

24. Additional information as required under part II of Schedule VI to the Companies Act, 1956.

(Rs. in lakhs)

	As at 31.3.2010	As at 31.3.2009
i. Licensed Capacity:		
Power : Captive generation (MW)	272	208
: Co-generation (MW)	29	29
Ferro Alloys (MT)	N.A.	N.A.
Sugar : Cane/day (MT)	6,500	6,500
Spirit/Extra Neutral Alcohol (Bulk Ltrs)	6,000,000	6,000,000
CO 2 - MT/day	7.2	7.2
ii. Installed Capacity:*		
Power : Captive generation (MW)	208	208
: Co-generation (MW)	29	29
Ferro Alloys (MT) #	82500 to 190000	82500 to 190000
Sugar : Cane/day (MT)	3,500	3,500
Spirit/Extra Neutral Alcohol (Bulk Ltrs)	6,000,000	6,000,000
# Subject to product mix.		
* The figures are as certified by the management and not verified by the Auditors, being a technical matter.		
	Current year	Previous year
iii. Actual Production:		
Power (KWH) #	1,435,718,455	1,394,275,529
Power (KWH) out of Co-generation #	140,007,905	36,329,600
Silico Manganese (MT)	27,660	58,063
Ferro Manganese (MT)	207	2,161
Ferro Chrome (MT)	14,555	18,889
Bagged Sugar (MT)	28,729	30,266
Spirit (Bulk Ltrs)	733,300	1,970,200
# Includes production during trial run:		
Power	---	55,979,174
Power out of Co-Generation	---	12,091,450
	As at 31.3.2010	As at 31.3.2009
iv. Opening Stock of Finished Goods:		
Ferro Silicon (MT)	---	21
Silico Manganese (MT)	13,065	14,536
Ferro Manganese (MT)	1,760	611
Ferro Chrome (MT)	14,538	15,565
Bagged Sugar (MT)	21,033	21,817
Spirit (Bulk Ltrs)	818,008	527,830
v. Closing Stock of Finished Goods:*		
Silico Manganese (MT)	3,638	13,065
Ferro Manganese (MT)	---	1,760
Ferro Chrome (MT)	3,564	14,538
Bagged Sugar (MT)	22,102	21,033
Spirit (Bulk Ltrs)	680,274	818,008
* After adjustment of wastages, shortages/reprocess loss of		
Ferro Silicon (MT)	---	21
Silico Manganese (MT)	---	6
Ferro Chrome (MT)	1	16
Sugar (MT)	---	5
Spirit (Bulk Ltrs)	---	5

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

	Current year		Previous year	
	Qty	Rupees in lakhs	Qty	Rupees in lakhs
vi. Turnover (Net of Excise Duty):				
Power (KWH)	1,435,718,455	74,457.54	1,394,275,529	69,419.27
Steam (MT)	226,114	593.99	18,974	49.79
Power (KWH) out of Co-generation	140,007,905	7,564.37	36,329,600	1,865.26
Silico Manganese (MT)	37,087	18,649.01	59,528	44,300.70
Ferro Manganese (MT)	1,967	908.55	1,012	996.54
Ferro Chrome (MT)	25,528	11,926.39	19,900	15,781.61
Sugar (MT)	27,660	7,143.66	31,045	5,301.40
Spirit (Bulk Ltrs)	871,034	268.09	1,680,017	384.42
Molasses (MT)	5,476	343.87	11,329	524.64
Trading Goods		257.77		202.61
		122,113.24		138,826.24
Less: Sale to others (Capitalised)		---		2,201.41
		122,113.24		136,624.83
Less: Inter Division sales:				
Power (KWH)	178,526,665	4,736.28	335,870,788	9,569.95
Molasses (MT)	---	---	4,574	153.39
Steam (MT)	226,114	593.99	18,974	49.79
		5,330.27		9,773.13
Total		116,782.97		126,851.70
vii. Consumption of Raw Materials:				
Coal (MT)	74,571	2,049.72	82,900	2,630.63
Quartz (MT)	7,496	45.95	13,390	73.29
Dolomite (MT)	5,200	27.93	13,964	74.30
Charcoal (MT)	70	0.74	219	2.10
Chrome Ore (MT)	26,958	2,527.44	51,033	7,754.41
Manganese Ore (MT)	54,015	8,752.33	119,241	14,452.39
Ferro Manganese Slag (MT)	5,277	450.53	493	43.07
Coke (MT)	6,777	1,310.18	8,497	1,349.00
Anthracite Coal (MT)	2,967	465.51	5,041	597.19
Cane (MT)	259,956	4,938.39	317,575	4,688.54
Raw Sugar (MT)	4,000	1,360.99	---	---
Others	---	184.10	---	274.49
Trading Goods		245.18		193.71
Total		22,358.99		32,133.12
viii. Trading Goods:				
Opening Stocks				
Fertilizers (MT)	590	30.40	18	18.14
PVC Pipes (Nos.)	3,990	12.80	920	4.41
Others		3.41		2.11
Total		46.61		24.66
Purchases				
Fertilizers (MT)	3,560	187.72	3,927	189.62
PVC Pipes (Nos.)	2,624	40.71	6,420	24.74
Others		---		1.30
Total		228.43		215.66

**Schedules annexed to and forming part of the accounts
for the year ended 31st March, 2010**

	Current year		Previous year	
	Qty	Rupees in lakhs	Qty	Rupees in lakhs
Sales				
Fertilizers (MT)	3,666	203.35	3,355	184.83
PVC Pipes (Nos.)	6,202	53.06	3,350	17.78
Others		1.36		---
Total		257.77		202.61
Closing Stocks				
Fertilizers (MT)	484	23.46	590	30.40
PVC Pipes (Nos.)	412	4.29	3,990	12.80
Others		2.11		3.41
Total		29.86		46.61
	Percentage	Value Rs.in lakhs	Percentage	Value Rs.in lakhs
ix. Value of material consumed:				
Indigenous	84.63	38,241.66	89.78	48,668.27
Imported	15.37	6,946.48	10.22	5,539.04
	100.00	45,188.14	100.00	54,207.31

(Rs. in lakhs)

	Current year	Previous year
x. Value of imports calculated on C.I.F. basis by the Company during the financial year in respect of		
i) Raw Materials	---	12,402.32
ii) Components and spare parts	31.04	507.49
iii) Capital goods	749.64	190.14
xi. Expenditure in foreign currency during the year on account of		
i) Consultation fees	---	15.40
ii) Interest	219.49	270.98
iii) Others	81.37	169.02
xii. Earnings in foreign exchange on account of		
i) Export of goods calculated on F.O.B. basis (including foreign currency fluctuations)	20,162.99	39,061.30
ii) Interest earned	---	132.47
iii) Miscellaneous Receipts	94.45	---

25. Segment reporting as per AS 17 issued by the Institute of Chartered Accountants of India.

A. Primary disclosures:

The company has identified the reportable primary business segments considering:

- i) the nature of products and services;
- ii) the differing risks and returns;
- iii) the organisation structure; and
- iv) the internal financial reporting system.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

(Rs. in lakhs)

Particulars	Current year					Previous year				
	Ferro Alloys	Power	Sugar	Others	Total	Ferro Alloys	Power	Sugar	Others	Total
1. Segment Revenue (gross)	32,689.88	83,512.86	8,967.47	---	125,170.21	65,382.87	69,175.02	7,379.74	8.15	141,945.78
Less:										
Inter segment revenue	---	5,330.27	---	---	5,330.27	---	9,619.75	338.62	---	9,958.37
Segment Revenue (net)	32,689.88	78,182.59	8,967.47	---	119,839.94	65,382.87	59,555.27	7,041.12	8.15	131,987.41
2. Segment Result	403.69	50,660.01	983.58	(33.69)	52,013.59	12,679.62	38,488.89	795.96	(33.14)	51,931.33
3. Segment Result excluding inter segment margin	4,166.60	46,916.42	964.26	(33.69)	52,013.59	18,993.44	32,228.89	742.14	(33.14)	51,931.33
Add:										
Other unallocable Income					2,029.66					775.47
Less:										
a) Finance Charges					3,059.13					3,095.15
b) Other unallocable expenditure					0.82					11.06
Profit before tax					50,983.30					49,600.59
Taxation for the year					1,115.10					4,090.18
Net Profit					49,868.20					45,510.41
4. Segment Assets	39,624.67	79,512.45	13,490.55	33.61	132,661.28	56,262.77	89,898.00	10,431.56	37.74	156,630.07
Unallocated					94,123.29					28,802.94
Total Assets					226,784.57					185,433.01
5. Segment Liabilities	5,312.81	4,456.45	1,769.43	14.21	11,552.90	4,664.95	4,609.38	1,127.66	16.93	10,418.92
Unallocated					215,231.67					175,014.09
Total liabilities					226,784.57					185,433.01
6. Capital expenditure	307.13	11,635.15	651.78	327.31	12,921.37	630.94	9,750.64	133.62	408.43	10,923.63
Depreciation	732.02	3,325.26	376.90	3.61	4,437.79	720.39	2,668.66	388.48	3.26	3,780.79
Non-cash expenses other than depreciation	695.31	175.54	21.54	0.17	892.56	6,322.82	66.11	2.58	6.40	6,397.91

B. Secondary disclosures:

Total Carrying amount of Segment Assets by geographical location of Assets, for each geographical Segment whose Segment Assets are 10 per cent or more of the total Assets of all geographical Segments.

(Rs. in lakhs)

Geographical Segment	Current year			Previous year		
	Cost incurred to acquire Assets (Tangible and Intangible)		Carrying amount of	Cost incurred to acquire Assets (Tangible and Intangible)		Carrying amount of
	Put to use	Capital Work-in-progress	Segment Assets	Put to use	Capital Work-in-progress	Segment Assets
Ferro Alloy Plant Paloncha, Khammam Dist., A.P.	229.73	215.47	25,922.63	1,015.16	388.99	38,573.80
Ferro Alloy Plant Kharagprasad, Dhenkanal Dist. Orissa	155.13	16.55	13,702.05	15.26	94.96	17,688.97
Power Plant Paloncha, Khammam Dist., A.P.	1,491.10	2,197.67	30,144.58	542.78	825.34	48,475.74
Power Plant Kharagprasad, Dhenkanal Dist. Orissa	197.36	7,947.77	36,831.33	20,290.00	2,660.04	28,655.43
Power Plant Dharmavaram, East Godavari Dist. A.P.	303.51	134.65	12,536.54	9,583.81	5,767.82	12,766.84

Note: As it is not practicable to identify the expenditure relating to export turnover, the revenue from sales to customers located outside India is not considered as a reportable geographical segment.

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

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

a) Names of related parties and description of relationship:

Name of the related party	Nature of relationship
i) Key Management Personnel:	
Sri D Ashok	Chairman
Sri P.Trivikrama Prasad	Managing Director
Sri C.V. Durga Prasad	Director (Business Development)
Sri G.R.K.Prasad	Director (Finance & Corporate Affairs)
ii) Relatives of key management personnel:	
Smt D Bhakta Priya	Mother of Sri D Ashok
Dr D Rajasekhar	Brother of Sri D Ashok
Smt C Umamaheswari	Wife of Sri C V Durga Prasad
Smt G S P Kumari	Wife of Sri G.R.K.Prasad
Mr G Raghu Chaitanya	Son of Sri G.R.K.Prasad
Kum G Ramya Sudha	Daughter of Sri G.R.K.Prasad
iii) Subsidiaries:	
M/s.Nava Bharat (Singapore) Pte Ltd	
M/s.Brahmani Infratech 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.PT Nava Bharat Sungaicuka, Indonesia	
M/s.PT Nava Bharat Indonesia	
iv) Associates/Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence:	
Dr. Devineni Subbarao Trust	Promoter Group Entity
M/s.Navabharat Power Private Limited	Associate Company

b) Particulars of transactions during the year:

(Rs. in lakhs)

Nature of transactions	Current year	Previous year
i) Transactions with Key Management personnel:		
Sri D Ashok		
Remuneration	1,248.48	1,182.78
Sri P Trivikrama Prasad		
Remuneration	1,217.03	1,184.74
Sri C V Durga Prasad		
Remuneration	117.04	85.07
Sri G.R.K.Prasad		
Remuneration	141.44	84.25
ii) Transactions with relatives of Key Management personnel:		
Dr D Rajasekhar		
Rent	14.94	14.48
Smt C Umamaheswari		
Rent	28.80	21.60

**Schedules annexed to and forming part of the accounts
for the year ended 31st March, 2010**

Nature of transactions	(Rs. in lakhs)	
	Current year	Previous year
Smt G S P Kumari		
Rent	28.80	21.60
Interest	---	0.13
Deposits received/(repaid)	---	(2.89)
Smt D Bhakta Priya		
Interest	1.14	1.60
Deposits received/(repaid)	(20.00)	---
Mr G Raghu Chaitanya		
Interest	---	0.17
Deposits received/(repaid)	---	(2.17)
Kum G Ramya Sudha		
Interest	---	0.17
Deposits received/(repaid)	---	(2.17)
iii) Transactions with Subsidiaries:		
M/s.Nava Bharat (Singapore) Pte Limited		
Sale of finished goods	19,643.00	39,615.48
Advances/Loans given/(received back)	(5,472.79)	6,126.57
Finance provided (Equity Contributions in Cash)	6,002.54	3,499.43
M/s.Nava Bharat Projects Limited		
Services received	555.00	555.00
Advances/Loans given/(received back)	0.25	(0.04)
Finance provided (Equity Contributions in Cash)	1,122.00	---
Sale of Investments	5.00	---
M/s.Nava Bharat Realty Limited		
Advances/Loans given/(received back)	---	(0.02)
Finance provided (Equity Contributions in Cash)	---	417.00
M/s.Brahmani Infratech Private Limited		
Interest	120.00	180.00
M/s. Kinnera Power Company Limited		
Advances/Loans given/(received back)	---	(1.29)
M/s.Nava Bharat Energy India Limited		
Finance provided (Equity Contributions in Cash)	---	5.00
M/s.Nava Bharat Sugar and Bio Fuels Limited		
Finance provided (Equity Contributions in Cash)	---	5.00
iv) Transactions with Associates/Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence:		
Dr. Devineni Subbarao Trust		
Donation given	---	500.00

Schedules annexed to and forming part of the accounts for the year ended 31st March, 2010

c) Amount due from/to related parties as at the year end:

(Rs. in lakhs)

Sl. No.	Name of the party	Current year		Previous year	
		due to	due from	due to	due from
1.	Key Management personnel:				
	Sri D Ashok	1,076.63		1,042.75	
	Sri P Trivikrama Prasad	1,076.63		1,042.75	
2.	Relatives of Key Management personnel:				
	Smt D Bhakta Priya	---		20.00	
3.	Subsidiaries:				
	M/s.Brahmani Infratech Private Limited		6,300.00		6,300.00
	M/s.Nava Bharat (Singapore) Pte Limited		9,385.60		8,419.33
	M/s.Nava Bharat Realty Limited		1,957.00		1,957.00
	M/s.Nava Bharat Projects Limited		2,450.65		1,328.40

27. Earnings per share (E.P.S.)

	Current year	Previous year
i) Net Profit as per Profit and Loss Account available for Equity Shareholders (Rs. in lakhs)	49,868.20	45,543.94
ii) Weighted average number of Equity Shares for Basic EPS	76,136,413	76,308,592
Add: Adjustment for : Employees stock options granted	79,671	257,699
: Foreign Currency Convertible Bonds issued	5,744,082	3,293,310
Weighted average number of Equity Shares for diluted EPS	81,960,166	79,859,601
iii) Nominal value of the share (Rupees)	2.00	2.00
iv) Basic earnings per share (Rupees)	65.50	59.68
v) Diluted earnings per share (Rupees)	60.84	57.03

28. Previous year figures have been re-grouped wherever necessary to make them comparable with those of current year.

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 29, 2010

M.Subrahmanyam
Company Secretary &
Vice President

for and on behalf of the Board

G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Trivikrama Prasad
Managing Director

D. Ashok
Chairman

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue
 Bonus Shares Private placement (ESOS)

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Deferred tax liability

Application of Funds:

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure
 +/- Profit or Loss before Tax +/- Profit or Loss after Tax
 Earnings per share in Rs.
 - Basic
 - Diluted

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

Item Code No. (ITC Code)	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Item Code No. (ITC Code)	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product description	Silico Manganese		Ferro Manganese
Item Code No. (ITC Code)	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>	Item Code No. (ITC Code)	<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product description	Ferro Chrome		Ferro Silicon
Item Code No. (ITC Code)	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/>		
Product description	Cane Sugar		
Product description	Generation and Supply of power		

for and on behalf of the Board

G.R.K. Prasad
 Director (Finance & Corporate Affairs)

P. Trivikrama Prasad
 Managing Director

Hyderabad
 May 29, 2010

M.Subrahmanyam
 Company Secretary &
 Vice President

D. Ashok
 Chairman

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

1. Name of the subsidiary	Nava Bharat (Singapore) Pte. Limited	PT Nava Bharat Sungai Cuka	PT Nava Bharat Indonesia	Brahmani Infratech Private Limited	Kimnera Power Company Limited	Nava Bharat Realty Limited	Nava Bharat Projects Limited	Nava Bharat Energy India Limited	Nava Bharat Sugar and Bio Fuels Limited
2. Financial year of the subsidiary ended on March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3. Shares of the subsidiary held by the Company on the above date:									
a) Number of Shares	19,106,870	4,75,000	4,75,000	10,000	50,000	2,50,000	2,50,000	2,50,000	2,50,000
Face value	Equity Shares of S\$ 1/- each and 19,090,000 Equity Shares of US \$ 1/- each	Equity Shares of US\$ 1/- each	Equity Shares of US\$ 1/- each	Equity Shares of Rs. 10/- each	Equity Shares of Rs. 10/- each	Equity Shares of Rs. 2/- each	Equity Shares of Rs. 2/- each	Equity Shares of Rs. 2/- each	Equity Shares of Rs. 2/- each
b) Extent of holding	100.00%	95.00%	95.00%	99.98%5	50.30%	100.00%	100.00%	100.00%	100.00%
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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) dealt with in the accounts of the Company for the year ended March 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended March 31, 2010 (Rs. in lakhs)	USD 566,774 (Rs. 254.42 lakhs)	Nil	Nil	23.80	(1.39)	(0.58)	209.68	(27.57)	(0.29)
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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) dealt with in the accounts of the Company for the year ended March 31, 2010 (Rs. in lakhs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended March 31, 2010 (Rs. in lakhs)	USD 2,362,641 (Rs. 1,060.59 lakhs)	Nil	Nil	90.75	(12.78)	(18.68)	292.65	(36.23)	(1.89)
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	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
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	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
8. Remarks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

for and on behalf of the Board

G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Trivikrama Prasad
Managing Director

D.Ashok
Chairman

M.Subrahmanyam
Company Secretary &
Vice President

Hyderabad
May 29, 2010

Annual Reports of Subsidiary Companies

Nava Bharat (Singapore) Pte. Limited

PT Nava Bharat Sungaicuka

PT Nava Bharat Indonesia

Brahmani Infratech Private Limited

Kinnera Power Company Limited

Nava Bharat Realty Limited

Nava Bharat Projects Limited

Nava Bharat Energy India Limited

Nava Bharat Sugar and Bio Fuels Limited

Directors' Report

The directors present their report to the members together with the audited financial statements of the Group & the Company for the year ended 31 March 2010.

Directors

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

Ashok Devineni

Pinnamaneni Trivikrama Prasad

Chalasanani Venu Durga Prasad

Ashwin Devineni

Directors' Interests in Shares and Debentures

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

Name of Directors & Corporation in which interests are held	At beginning of year Equity shares of Rs.2/- each	At end of year Equity shares of Rs.2/-each
Nava Bharat Ventures Ltd		
Ashok Devineni	6,38,100	6,38,100
Pinnamaneni Trivikrama Prasad	14,79,922	15,27,822
Pinnamaneni Trivikrama Prasad(HUF)	2,70,565	4,11,315
Chalasanani Venu Durga Prasad	40,325	70,915
Ashwin Devineni	14,36,735	14,36,735

Arrangements to enable Directors to acquire benefits by means of the acquisition of Shares and Debentures

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

Directors' Receipt of and entitlement to contractual benefits

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

Share Options

During the year, there were:

- (i) no options granted by the Group and the Company to any person to take up unissued shares in the Group and the Company; and
- (ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Group and the Company.

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

Auditors

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

On behalf of the Board of Directors,

Ashok Devineni
Director

Singapore
18 May 2010

Pinnamaneni Trivikrama Prasad
Director

Directors' Report

Statement by Directors

In the opinion of the directors,

- (a) the financial statements set out on pages 6 to 27 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2010 and of the results, changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date;and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Ashok Devineni
Director

Singapore
18 May 2010

Pinnamaneni Trivikrama Prasad
Director

Note : Page Nos. 6 to 27 stated in the above statement may be referred as 81 to 96 in this Annual Report

Independent Auditors' Report

To

The Members of

Nava Bharat (Singapore) Pte Limited and its Subsidiaries

Co. Reg. No. 2004-09999-D

(Incorporated in the Republic of Singapore)

We have audited the accompanying financial statements of Nava Bharat (Singapore) Pte Limited, set out on pages 6 to 27, which comprise the statement of financial position as at 31 March 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of comprehensive income and financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

We have considered the unaudited financial statements of the two subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in the note 7 to the financial statements.

We are unable to satisfy ourselves that the unaudited financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have not received satisfactory information and explanations as required by us for those purposes.

Hence, we are unable to express an opinion as to whether the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Standards so as to give a true and fair view of the state of affairs of the Group as at 31 March 2010, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

However, in our opinion,

- (a) the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010, and of the results, and changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Sashi Kala Devi Associates

Public Accountants and
Certified Public Accountants
Singapore

18 May 2010

Consolidated Statement of Financial position as at 31 March,2010

ASSETS	NOTE	2010 USD	2010 INR
Non-Current assets			
Property, Plant & Equipment	4	557,306	2,50,17,466
Investment in Quoted shares	5	21,438	9,62,352
Investments in Un-Quoted shares	6	99	4,444
Investment in progress	8	6,850,160	30,75,03,682
		<u>7,429,003</u>	<u>3,33,487,944</u>
Current Assets			
Capital work-in-progress	9	673,229	3,02,21,250
Trade and other receivables	10	7,523,247	33,77,18,558
Amount due from related party	12	18,149	8,14,709
Cash & Cash equivalents	13	16,495,865	74,04,99,380
Short Term Investments	14	10,334,107	46,38,98,063
		<u>35,044,597</u>	<u>157,31,51,960</u>
Total Assets		<u>42,473,600</u>	<u>190,66,39,904</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	15	19,100,000	85,73,99,000
Retained earnings		2,362,641	10,60,58,954
Minority Interest		50,000	22,44,500
Exchange Equalisation Account		13,824	6,20,559
		<u>21,526,465</u>	<u>96,63,23,013</u>
Current Liabilities			
Trade and other payables	16	20,899,854	93,81,94,446
Accruals		9,824	4,41,000
Taxation	17	37,457	16,81,445
		<u>20,947,135</u>	<u>94,03,16,891</u>
Total equity and liabilities		<u>42,473,600</u>	<u>190,66,39,904</u>

See accompanying notes to the financial statements

Consolidated Statement of comprehensive Income for the Year ended 31 March, 2010

	Note	2010 USD	2010 INR
Revenue	20	42,508,478	190,82,05,578
Purchases		(42,014,748)	(188,60,42,038)
Other income		510,480	2,29,15,448
Depreciation		(49,508)	(22,22,414)
Employee benefits expense	21	(146,913)	(65,94,926)
Other operating expenses		(193,394)	(86,81,457)
Profit before taxation	22	614,395	2,75,80,191
Taxation	17	(47,621)	(21,37,707)
Profit after taxation		566,774	2,54,42,484

See accompanying notes to the financial statements

Consolidated Statement of Changes in Equity for the Year ended 31 March, 2010

	Share capital USD	Retained earnings USD	Translation reserve USD	Total USD	Minority interest USD	Total equity	
						USD	INR
Balance at 31.03.2008	10,000	1,541,472	---	1,551,472	---	1,551,472	6,96,45,578
Issue of share capital	7,290,000	---	---	7,290,000	---	7,290,000	32,72,48,100
Net profit/ total comprehensive income for the year	---	254,395	---	254,395	---	254,395	1,14,19,792
Balance at 31.03.2009	7,300,000	1,795,867	---	9,095,867	---	9,095,867	40,83,13,470
Issue of share capital	11,800,000	---	---	11,800,000	---	11,800,000	52,97,02,000
Exchange differences on translating foreign subsidiaries	---	---	13,824	13,824	---	13,824	6,20,559
Net profit/total comprehensive income for the year	---	566,774	---	566,774	50,000	616,774	2,76,86,984
Balance at 31.03.2010	19,100,000	2,362,641	13,824	21,476,465	50,000	21,526,465	96,63,23,013

See accompanying notes to the financial statements

Consolidated Statement of Cash Flows for the Year ended 31 March, 2010

	Note	2010 USD	2010 INR
Cash flows from operating activities			
Profit before taxation		614,395	2,75,80,191
Adjustments for:			
Depreciation		51,134	22,95,406
Exchange differences in translation		13,824	6,20,559
Minority interest		50,000	22,44,500
Operating profit before working capital changes		729,353	3,27,40,656
Changes in working capital			
Trade and other receivables		(2,924,840)	(13,12,96,068)
Trade and other payables		16,146,177	72,48,01,886
Amount due from related party		(18,149)	(8,14,709)
Accruals		4,739	2,12,734
Cash generated from operations		13,937,280	62,56,44,499
Income tax paid		(67,924)	(30,49,108)
Net cash from operating activities		13,869,356	62,25,95,391
Cash flows from investing activities			
Capital work in progress		(673,229)	(3,02,21,250)
Investment in Quoted shares		78,562	35,26,648
Purchase of Property, Plant and Equipment		(13,293)	(5,96,723)
Investment in Un-Quoted shares		(99)	(4,444)
Investment in progress		(2,254,683)	(10,12,12,720)
Short term investments		(8,496,449)	(38,14,05,596)
Net cash (used in) investing activities		(11,359,191)	(50,99,14,085)
Cash flows from financing activities			
Amount due to a Director		(44,460)	(19,95,809)
Loan from holding Company		(11,800,000)	(52,97,02,000)
Issue of shares		11,800,000	52,97,02,000
Net cash (used in) financing activities		(44,460)	(19,95,809)
Net change in cash & cash equivalents		2,465,705	11,06,85,497
Cash & cash equivalents at beginning of year		14,030,160	62,98,13,883
Cash & cash equivalents at end of year	13	16,495,865	74,04,99,380

See accompanying notes to the financial statements

Statement of Financial Position as at 31 March, 2010

	NOTE	2010 USD	2010 INR	2009 USD	2009 INR
ASSETS					
Non-Current assets					
Property, Plant & Equipment	4	547,577	2,45,80,732	595,147	3,01,85,856
Investment in quoted shares	5	21,438	9,62,352	100,000	50,72,000
Investments in Un-Quoted shares	6	99	4,444	---	---
Investments in subsidiary companies	7	950,000	4,26,45,500	---	---
Investment in progress	8	6,850,160	30,75,03,682	4,595,477	23,30,82,593
		8,369,274	37,56,96,710	5,290,624	26,83,40,449
Current Assets					
Trade and Other receivables	10	7,449,198	33,43,94,498	4,598,407	23,32,31,203
Amount due from subsidiary	11	11,993	5,38,366	---	---
Amount due from related party	12	18,149	8,14,709	---	---
Cash & Cash equivalents	13	16,470,273	73,93,50,555	14,030,160	71,16,09,715
Short Term Investments	14	10,334,107	46,38,98,063	1,837,658	9,32,06,014
		34,283,720	1,53,89,96,191	20,466,225	1,03,80,46,932
Total Assets		42,652,994	1,91,46,92,901	25,756,849	1,30,63,87,381
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	15	19,100,000	85,73,99,000	7,300,000	37,02,56,000
Retained earnings		2,362,641	10,60,58,954	1,795,867	9,10,86,375
		21,462,641	96,34,57,954	9,095,867	46,13,42,375
Current Liabilities					
Trade and other payables	16	20,875,636	93,71,07,300	4,753,677	24,11,06,497
Accruals		9,824	4,41,000	5,085	2,57,911
Taxation	17	37,457	16,81,445	57,760	29,29,587
Amount due to a Director	18	---	---	44,460	22,55,011
Amount due to subsidiary	11	267,436	1,20,05,202	---	---
Loan from Holding Company	19	---	---	11,800,000	59,84,96,000
		21,190,353	95,12,34,947	16,660,982	84,50,45,006
Total equity and liabilities		42,652,994	1,91,46,92,901	25,756,849	1,30,63,87,381

See accompanying notes to the financial statements

Statement of Comprehensive Income for the Year ended 31 March, 2010

	Note	2010 USD	2010 INR	2009 USD	2009 INR
Revenue	20	42,508,478	190,82,05,578	91,486,651	464,02,02,939
Purchases		(42,014,748)	(188,60,42,038)	(90,221,845)	(457,60,51,978)
Other income		510,480	2,29,15,448	45,503	23,07,912
Depreciation		(49,508)	(22,22,414)	(48,682)	(24,69,151)
Employee benefits expense	21	(146,913)	(65,94,926)	(302,276)	(1,53,31,439)
Other operating expenses		(193,394)	(86,81,457)	(648,386)	(3,28,86,138)
Profit before taxation	22	614,395	2,75,80,191	310,965	1,57,72,145
Taxation	17	(47,621)	(21,37,707)	(56,570)	(28,69,230)
Profit after taxation		566,774	2,54,42,484	254,395	1,29,02,915

See accompanying notes to the financial statements

Statement of Changes in Equity for the Year ended 31 March, 2010

	Share capital USD	Retained earnings USD	Total equity	
			USD	INR
Balance at 31.03.2008	10,000	1,541,472	1,551,472	6,96,45,578
Issue of share capital	7,290,000	---	7,290,000	32,72,48,100
Net profit/ total comprehensive income for the year	---	254,395	254,395	1,14,19,792
Balance at 31.03.2009	7,300,000	1,795,867	9,095,867	40,83,13,470
Issue of share capital	11,800,000	---	11,800,000	52,97,02,000
Net profit/total comprehensive income for the year	---	566,774	566,774	2,54,42,484
Balance at 31.03.2010	19,100,000	2,362,641	21,462,641	96,34,57,954

See accompanying notes to the financial statements

Notes to the Financial Statements for the year ended 31 March, 2010

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

1. GENERAL

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

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

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

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

These financial statements of the Company for the financial year ended 31 March 2010 were authorised for issue by the Board of Directors on 18 May 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgements in the process of applying the Group and the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and involve a higher degree of judgement or complexity are separately disclosed when necessary.

b) Financial instruments

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

(i) Financial assets

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

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

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

Notes to the Financial Statements for the year ended 31 March, 2010

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

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

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

(ii) Financial liabilities and equity instruments

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

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

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

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

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

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

(c) Impairment of non-financial assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been

Notes to the Financial Statements for the year ended 31 March, 2010

determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

(d) Property, plant and equipment

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

Leasehold building	60 years
Motor vehicle	10 years
Office equipment	5 years
Furniture	5 years
Renovation	3 years
Computer	1 Year

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

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

(e) Subsidiaries

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

(f) Basis of consolidation

The Group's financial statements include the financial statements of the Company and its Subsidiaries detailed in Note 7 to the financial statements. The financial statements of the Company and its subsidiary are made upto 31 March 2010.

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

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

(g) Cash and cash equivalents

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

(h) Related party

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

(i) Provisions:

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

(j) Revenue recognition

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

Sale of goods:

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

- (i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and

Notes to the Financial Statements for the year ended 31 March, 2010

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

Rendering of services:

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

Interest income:

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

(k) Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported in the statement of comprehensive income because it excludes income or expense items that are taxable or deductible in other years and items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computing taxable profit, and is accounted for using the balance sheet liability method.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets

against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

(l) Functional and foreign currency

Functional currency

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

Foreign currency transactions

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

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

Notes to the Financial Statements for the year ended 31 March, 2010

(m) Employee benefits

Defined contribution Plans

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

Employee leave entitlement

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

3. FINANCIAL RISKS AND MANAGEMENT

a. CAPITAL MANAGEMENT

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

- (i) To safeguard the entity's ability to continue as a going concern so that it can provide returns for the shareholders and benefits for other stakeholders.
- (ii) To provide an adequate return to the shareholders by pricing its services to commensurate with the level of risk.

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

b. FINANCIAL RISKS AND MANAGEMENT

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

Foreign currency risk

Foreign currency risk occurs on transactions that are denominated in currencies other than the functional currency of the Group and the Company. Transactions and balances of the Group and the Company are mainly

denominated in United States dollars. Hence, the Group and the Company do not face any significant exposure to foreign currency risk. The Group and Company do not use any derivative financial instruments to hedge this risk.

Credit risk

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

The Group and the Company place its cash and cash equivalents with creditworthy financial institutions.

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

Interest rate risk

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

Liquidity risk

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

Fair value of financial assets and financial liabilities

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

Notes to the Financial Statements for the year ended 31 March, 2010

4. PROPERTY, PLANT & EQUIPMENT

The Group

	Leasehold Buildings		Office Equipment		Computer		Motor Vehicle		Renovation		Furniture		Geological Equipment		Total	
	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR
Cost:																
As at 1.4.2008	463,528	2,08,07,772	-	-	-	-	-	-	-	-	-	-	-	-	463,528	2,08,07,772
Additions during the year	-	-	-	-	1,113	49,963	118,331	53,11,879	84,033	37,72,241	-	-	-	-	203,477	91,34,083
As at 31.3.2009	463,528	2,08,07,772	-	-	1,113	49,963	118,331	53,11,879	84,033	37,72,241	-	-	-	-	667,005	2,99,41,855
Additions during the year	-	-	3,201	1,43,693	1,300	58,357	-	-	4,021	1,80,503	3,901	1,75,116	870	39,054	13,293	596,723
As at 31.3.2010	463,528	2,08,07,772	3,201	1,43,693	2,413	1,08,320	118,331	53,11,879	88,054	39,52,744	3,901	1,75,116	870	39,054	680,298	3,05,38,578
Accumulated depreciation:																
As at 1.4.2008	23,176	10,40,371	-	-	-	-	-	-	-	-	-	-	-	-	23,176	10,40,371
Additions during the year	7,725	3,46,775	-	-	1,113	49,963	11,833	5,31,183	28,011	12,57,414	-	-	-	-	48,682	21,85,335
As at 31.3.2009	30,901	13,87,146	-	-	1,113	49,963	11,833	5,31,183	28,011	12,57,414	-	-	-	-	71,858	32,25,706
Additions during the year	7,726	3,46,820	715	32,097	1,300	58,357	11,833	5,31,183	28,414	12,75,505	946	42,466	200	8,978	51,134	22,95,406
As at 31.3.2010	38,627	17,33,966	715	32,097	2,413	1,08,320	23,666	10,62,366	56,425	25,32,919	946	42,466	200	8,978	122,992	55,21,112
Net Book Value																
As at 31.3.2010	424,901	1,90,73,806	2,486	1,11,596	-	-	94,665	42,49,513	31,629	14,19,825	2,955	1,32,650	670	30,076	557,306	2,50,17,466

Notes to the Financial Statements for the year ended 31 March, 2010

4. PROPERTY, PLANT & EQUIPMENT

The Company

	Leasehold Buildings		Office Equipment		Computer		Motor Vehicle		Renovation		Total	
	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR
Cost:												
As at 1.4.2008	463,528	2,08,07,772	-	-	-	-	-	-	-	-	4,63,528	2,08,07,772
Additions during the year			-	-	1,113	49,963	118,331	53,11,879	84,033	37,72,241	2,03,477	91,34,083
As at 31.3.2009	463,528	2,08,07,772	-	-	1,113	49,963	118,331	53,11,879	84,033	37,72,241	667,005	2,99,41,855
Additions during the year	-	-	638	28,640	1,300	58,357	-	-	-	-	1,938	86,997
As at 31.3.2010	463,528	2,08,07,772	638	28,640	2,413	1,08,320	118,331	53,11,879	84,033	37,72,241	668,943	3,00,28,852
Accumulated Depreciation:												
As at 1.4.2008	23,176	10,40,371	-	-	-	-	-	-	-	-	23,176	10,40,371
Additions during the year	7,725	3,46,775	-	-	1,113	49,963	11,833	5,31,183	28,011	12,57,414	48,682	21,85,335
As at 31.3.2009	30,901	13,87,146	-	-	1,113	49,963	11,833	5,31,183	28,011	12,57,414	71,858	32,25,706
Additions during the year	7,726	3,46,820	638	28,640	1,300	58,357	11,833	5,31,183	28,011	12,57,414	49,508	22,22,414
As at 31.3.2010	38,627	17,33,966	638	28,640	2,413	1,08,320	23,666	10,62,366	56,022	25,14,828	121,366	54,48,120
Net Book Value												
As at 31.3.2010	424,901	1,90,73,806	-	-	-	-	94,665	42,49,513	28,011	12,57,413	547,577	2,45,80,732
As at 31.3.2009	432,627	2,19,42,841	-	-	-	-	106,498	54,01,579	56,022	28,41,436	595,147	3,01,85,856

5. INVESTMENT IN QUOTED SHARES

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Quoted Shares	21,438	9,62,352	21,438	9,62,352	100,000	50,72,000

6. INVESTMENT IN UN-QUOTED SHARES

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
150 unquoted ordinary shares in Indo Coal Ventures Pte Ltd (at cost)	99	4,444	99	4,444	---	---

7. INVESTMENT IN SUBSIDIARIES

Name of Company (Country of Incorporation/place of business)	Principal Activities	Percentage of Equity held		Cost of Investment			
		2010	2009	2010	2010	2009	2009
		%	%	USD	INR	USD	INR
PT Nava Bharat Sungai Cuka, Indonesia	Mining Activities	95	---	475,000	2,13,22,750	---	---
PT Nava Bharat Indonesia Indonesia	Mining Activities	95	---	475,000	2,13,22,750	---	---
				950,000	4,26,45,500	---	---

Notes to the Financial Statements for the year ended 31 March, 2010

8. INVESTMENT IN PROGRESS

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Down payment and incidental expenses (Legal and professional expenses)	6,850,160	30,75,03,682	6,850,160	30,75,03,682	4,595,477	23,30,82,593

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

9. CAPITAL WORK IN PROGRESS

	Group	
	2010	
	USD	INR
Expenses in progress	673,229	3,02,21,250

10. TRADE AND OTHER RECEIVABLES

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Trade	7,436,667	33,38,31,982	7,436,667	33,38,31,982	4,585,320	23,25,67,430
Deposit	17,082	7,66,811	10,000	4,48,900	---	---
GST	2,531	1,13,616	2,531	1,13,616	13,087	6,63,773
Prepaid Expenses	66,967	30,06,149	---	---	---	---
	7,523,247	33,77,18,558	7,449,198	33,43,94,498	4,598,407	23,32,31,203

11. AMOUNT DUE FROM/DUE TO SUBSIDIARY

Amount due from/to its subsidiary is non-trade, unsecured, interest free and convertible into investments at future date.

12. AMOUNT DUE FROM RELATED PARTY

Amount due from related party is non-trade, unsecured, interest free and convertible into investments at future date.

13. CASH & CASH EQUIVALENTS

The Group

	2010					
	Total USD	AUD	USD	SGD	IDR	INR
	Cash at bank	16,494,664	24,690	16,364,979	79,601	25,394
Cash in hand	1,201	---	1,003	---	198	53,913
	16,495,865	24,690	16,365,982	79,601	25,592	74,04,99,380

Notes to the Financial Statements for the year ended 31 March, 2010

CASH & CASH EQUIVALENTS

The Company

	2010					2009			
	Total USD	AUD	USD	SGD	INR	Total USD	USD	SGD	INR
Cash at bank	16,469,270	24,690	16,364,979	79,601	73,93,05,530	14,030,159	13,795,539	234,620	71,16,09,664
Cash in hand	1,003	---	1,003	---	45,025	1	---	1	51
	16,470,273	24,690	16,365,982	79,601	73,93,50,555	14,030,160	13,795,539	234,621	71,16,09,715

A sum of USD 2,610,000 is placed in an escrow account with Standard Chartered Bank Lusaka towards acquisition of 65% stake in Maamba Collieries, Zambia.

14. SHORT TERM INVESTMENTS

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Bonds	10,334,107	46,38,98,063	10,334,107	46,38,98,063	1,531,061	7,76,55,414
Fixed Deposit	---	---	---	---	306,597	1,55,50,600
	10,334,107	46,38,98,063	10,334,107	46,38,98,063	1,837,658	9,32,06,014

15. SHARE CAPITAL

	2010		2009	
	USD	INR	USD	INR
Issued and Fully paid up with no par value 19,100,000 (2009:7,300,000) ordinary shares	19,100,000	85,73,99,000	7,300,000	37,02,56,000

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.

16. TRADE AND OTHER PAYABLES

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Third Party	24,300	10,90,827	82	3,681	71	3,601
Expenses payable to holding company	1,423,964	6,39,21,744	1,423,964	6,39,21,744	243,874	1,23,69,289
Trade payables to holding company	19,451,590	87,31,81,875	19,451,590	87,31,81,875	4,509,732	22,87,33,607
	20,899,854	93,81,94,446	20,875,636	937,107,300	4,753,677	24,11,06,497

17. TAXATION

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Current Year	47,621	2,137,707	47,621	2,137,707	57,760	2,929,587
Prior year over paid					(1,190)	(60,357)
	47,621	2,137,707	47,621	2,137,707	56,570	2,869,230
Profit before tax	614,395	27,580,191	614,395	27,580,191	310,965	15,772,145
Tax at 17%	104,447	4,688,626	104,447	4,688,626	52,864	2,681,262
Less : Effect of tax on non taxable income	(43,051)	(1,932,559)	(43,051)	(1,932,559)	---	---
Less: Effect of tax on tax exempt income	(18,220)	(817,896)	(18,220)	(817,896)	(18,213)	(923,763)
Add : Effect of tax on non deductible expenses	4,445	199,536	4,445	199,536	23,109	1,172,088
Tax on current year income	47,621	2,137,707	47,621	2,137,707	57,760	2,929,587
Provision for taxation						
Balance at the begining of the year	57,760	2,592,846	57,760	2,592,846	197,069	9,995,340
Current year charge	47,621	2,137,707	47,621	2,137,707	57,760	2,929,587
Payment during the year	(67,924)	(3,049,108)	(67,924)	(3,049,108)	(197,069)	(9,995,340)
Balance at the end of the year	37,457	1,681,445	37,457	1,681,445	57,760	2,929,587

18. AMOUNT DUE TO A DIRECTOR

The amount due to a director is non-trade, unsecured, interest free and repayable on demand.

19. LOAN FROM HOLDING COMPANY

The loan from holding company is unsecured, interest bearing which is payable quarterly and repayable in 60 monthly instalments commencing 12 months after the date of first disbursement.

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

20. REVENUE

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

21. EMPLOYEE BENEFITS EXPENSE

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Directors' salary	35,568	15,96,648	35,568	15,96,648	95,759	48,56,897
Staff salary	92,011	41,30,374	92,011	41,30,374	204,704	1,03,82,587
CPF	15,667	7,03,292	15,667	7,03,292	1,464	74,254
Skills development levy	217	9,741	217	9,741	46	2,333
Medical expenses	3,450	1,54,871	3,450	1,54,871	303	15,368
	146,913	65,94,926	146,913	65,94,926	302,276	1,53,31,439

22. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Charging/(crediting)						
Interest Income	(20,456)	(9,18,270)	(20,456)	(9,18,270)	(44,272)	(22,45,476)
Exchange (gain)/loss	(4,318)	(1,93,835)	(4,318)	(1,93,835)	87,712	44,48,753
Loss on sale of vehicle	---	---	---	---	28,660	14,53,635
Rent	---	---	---	---	92,571	46,95,201
Fair value gain-Investment	(245,878)	(1,10,37,463)	(245,878)	(1,10,37,463)	---	---

23. RELATED PARTY DISCLOSURES

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

Compensation of key management personnel

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Short-term employee benefits	269,850	1,21,13,567	269,850	1,21,13,567	300,463	1,52,39,483
Provident fund contributions	15,667	7,03,292	15,667	7,03,292	1,464	74,254
Total compensation paid/payable to key management personnel	285,517	1,28,16,859	285,517	1,28,16,859	301,927	1,53,13,737
Comprising amounts paid/payable to: - Directors of the Company	177,839	79,83,193	177,839	79,83,193	95,759	48,56,896

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

	Group		Company			
	2010		2010		2009	
	USD	INR	USD	INR	USD	INR
Purchases from holding company	42,014,748	188,60,42,038	42,014,748	188,60,42,038	90,221,845	457,60,51,978
Expenses reimbursed	11,485	5,15,562	11,485	5,15,562	243,874	1,23,69,289

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate USD = Rs. 44.89 (previous year Rs. 50.72) and do not form part of the Reports of Nava Bharat (Singapore) Pte Limited as made out in accordance with the laws of the country of incorporation.

Balance Sheet as at March 31, 2010

ASSETS	USD	INR	LIABILITIES	USD	INR
Current Assets :			Current Liabilities :		
Cash	198	8,888	Tax payable	5,702	2,55,963
Bank	25,394	11,39,937	Jamsostek Payable	1,806	81,071
Advance for Expenses	8,002	3,59,210	Other Payables	2,249	1,00,958
Prepaid Tax	2,704	1,21,383	Total Current Liabilities	9,757	4,37,992
Capital-Work-In-Progress, Sungaicuka	232,571	1,04,40,112	Non-Current Liabilities:		
Other Receivables	282	12,659	Long term Liabilities	13,725	6,16,115
Total Current Assets	269,151	1,20,82,189	Related Parties Payable	---	---
Non-Current Assets :			Total Non-Current Liabilities	13,725	6,16,115
Deposits Recoverable	3,252	1,45,982	Total Liabilities	23,482	10,54,107
Related Parties Receivable			Equity :		
- Nava Bharat(Singapore) Pte. Limited	17,152	7,69,953	Authorized Capital 2,000,000		
- PT Nava Bharat Indonesia	276,416	1,24,08,314	issued 500,000 with par value 9.963	500,000	2,24,45,000
Fixed Assets	7,644	3,43,139	Authorized Capital Exchange	49,168	22,07,151
Accumulated Depreciation	(965)	(43,319)	Retained Earnings Previous Year	---	---
Total Non-Current Assets	303,499	1,36,24,069	Total Equity	549,168	2,46,52,151
Total Assets	572,650	2,57,06,258	Total Liabilities & Equity	572,650	2,57,06,258

May 18, 2010
Jakarta

Mohana Sundaram Paranjothy
Director

Ashwin Devineni
Director

Note: Indian Rupee equivalent of figures have been arrived at by applying the interbank exchange rate USD = Rs. 44.89 and do not form part of PT Nava Bharat Sungaicuka as made out in accordance with the laws of the country of incorporation.

PT Nava Bharat Indonesia

Balance Sheet as at March 31, 2010

ASSETS	USD	INR	LIABILITIES	USD	INR
Current Assets :			Current Liabilities :		
Advance for Expenses	441	19,796	Tax payable	613	27,518
Prepaid Expense - Rent	5,290	2,37,468	Jamsostek Payable	124	5,566
Capital - Work-In-Progress Antam	220,329	98,90,569	Total Current Liabilities	737	33,084
Capital - Work-In-Progress Sungaicuka	220,329	98,90,569	Non-Current Liabilities:		
Prepaid Tax	11,233	5,04,249	Related Parties Liabilities		
Total Current Assets	457,622	2,05,42,651	- PT Nava Bharat Sungaicuka	276,416	1,24,08,314
Non-Current Assets :			Total Liabilities	277,153	1,24,41,398
Deposits Recoverable	3,830	1,71,929	Equity :		
Related Parties Receivable	322,804	1,44,90,672	Authorized Capital 2,000,000		
Long term Receivable	39,015	17,51,383	issued 500,000 with par value 9.963	500,000	2,24,45,000
Fixed Assets	3,711	1,66,587	Authorized Capital Exchange	49,168	22,07,152
Accumulated Depreciation	(661)	(29,672)	Retained Earnings Previous Year	---	---
Total Non-Current Assets	368,699	1,65,50,899	Total Equity	549,168	2,46,52,152
Total Assets	826,321	3,70,93,550	Total Liabilities and Equity	826,321	3,70,93,550

May 18, 2010
Jakarta

Mohana Sundaram Paranjothy
Director

Ashwin Devineni
Director

Note: Indian Rupee equivalent of figures have been arrived at by applying the interbank exchange rate USD = Rs. Rs. 44.89 and do not form part of PT Nava Bharat Indonesia as made out in accordance with the laws of the country of incorporation.

Notice to Shareholders

Notice is hereby given that the 11th Annual General Meeting of the Company will be held on Thursday, the 24th day of June, 2010 at 11.00 a.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Y.Harish Chandra Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Special Business:

4. Appointment of Sri G.R.K.Prasad as Director, liable to retire by rotation:

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

“RESOLVED THAT Sri G.R.K.Prasad, 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 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation.”

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

Hyderabad
May 28, 2010

P. Trivikrama Prasad
Director

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

Notes :

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

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

Item No. 4

Appointment of Sri G. R. K. Prasad, as Director, liable to retire by rotation

Sri G. R. K. Prasad was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 30th March, 2010 and he would hold office upto the date of Annual General Meeting.

A notice in writing from Nava Bharat Ventures Limited (Holding Company) has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- proposing his appointment as a Director, liable to retire by rotation.

Accordingly, the Board commends the resolution for your approval.

None of the Directors, except Sri G. R. K. Prasad, is deemed to be interested or concerned in the Resolution.

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

Hyderabad
May 28, 2010

P. Trivikrama Prasad
Director

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their 11th Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2010 together with the Auditors' Report thereon.

Operations:

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

The development plan envisages compliance with the conditions stipulated by the Government of Andhra Pradesh / APIIC within the permissible time frame, as amended from time to time.

MTPL was inducted as a co-developer and technical associate of the SEZ project and was approved as such by the Board of Approvals, Ministry of Commerce, GOI. MTPL will implement the scheme in a period of 5 years or in such period as approved by the Government. APIIC executed the Sale Deed for 150 acres (SEZ Area) in favour of the Company on 2nd February, 2009. NoC from Airports Authority for construction was also received during March 2009.

The global economic slowdown severely impacted the IT/ITES industry in India with several companies retrenching staff and stalling expansion plans. Reports in 2009 indicated that there will be an estimated 70-80% surplus IT/ITES office space by 2012 in Hyderabad, as a result of the projects, already in development.

In view of this, relaxation of specific terms of the MoU and Agreement of Sale cum Power of Attorney was put forward by the Company to the Government of AP and APIIC. MTPL has commenced construction of incubation space in the SEZ area. MTPL has also sought for revision of the terms of the JDA and the Company would consider entering into a Supplementary Agreement suitably, subject to prior approvals as are necessary.

Directors:

Sri Y. Harish Chandra Prasad, Director retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board at its meeting held on March 30, 2010 appointed Sri G.R.K.Prasad as Additional Director, whose term of office as an Additional Director of the Company expires at the date of the Annual General Meeting. The Company has received a notice from Nava Bharat Ventures Limited with necessary deposit proposing the appointment of Sri G.R.K.Prasad, as Director of the Company, liable to retire by rotation at the ensuing Annual General Meeting, pursuant to the provisions of Section 257 of the Companies Act, 1956.

Fixed Deposits:

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

Auditors:

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

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2010:

- 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:

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies Particulars of Employees Rules, 1975 as amended, the particulars of the employee is as follows :

Sl. No.	Name of the Employee	Designation/ Nature of duties	Age (Years)	Qualification	Experience [Total period in career] (Years)	Remuneration (Rs. in lakhs)	Date of Commencement of employment	Details of last employment
1	Sri G.Chaitanya Reddy	Vice President	34	BBM.,MIB.	12	33.60	01.03.2007	Vice President (Infrastructure) Malaxmi NBFA Ventures Private Ltd.

Acknowledgement:

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

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

P. Trivikrama Prasad
Director

Hyderabad
May 28, 2010

D. Ashok
Director

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

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, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the profit and loss account, of the Profit of the Company for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for Brahmaya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Annexure to the Auditors' 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. 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) 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 inventory and fixed assets and with regard to sale of goods and services. 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, 2010 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.

Annexure to the Auditors' Report
(referred to in paragraph 3 of our report of even date)

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.
16. During the year the Company has not obtained any term loans.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmayya & C0.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

Particulars	Schedule reference	(Amount in Rupees)	
		As at 31.03.2010	As at 31.3.2009
I. SOURCES OF FUNDS:			
1. Shareholders Funds:			
a) Share Capital	01	100,020	100,020
b) Surplus: Profit and Loss account balance		9,075,297	6,695,268
Total		9,175,317	6,795,288
II. APPLICATION OF FUNDS:			
1. Fixed Assets:	02		
a) Gross Block		511,855,187	1,330,600
b) Less: Depreciation		602,553	160,309
c) Net Block		511,252,634	1,170,291
2. Investments	03	390,643,945	---
3. Deferred Tax Asset		57,696	---
4. Current Assets, Loans and Advances:			
a) Inventories	04	---	521,977,160
b) Cash and Bank balances	05	12,137,405	297,255,013
c) Other Current Assets	06	177,600	8,782,636
d) Loans and Advances	07	11,263,756	10,090,507
		23,578,761	838,105,316
Less: Current Liabilities and Provisions	08		
a) Current Liabilities		916,357,719	831,960,083
b) Provisions		---	520,236
		916,357,719	832,480,319
Net Current Assets		(892,778,958)	5,624,997
Total		9,175,317	6,795,288
NOTES ON ACCOUNTS	12		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

Profit and Loss Account for the Year ended 31st March, 2010

(Amount in Rupees)			
Particulars	Schedule reference	Current Year	Previous Year
I. INCOME:			
Interest earned (Others) (Gross)		12,575,874	28,240,136
Tax Deducted at Source : Previous Year: Rs 53,74,669/- : Current Year : Rs 12,59,310/-			
Profit from sale of Short Term Investments		75,122	124,894
Dividends		11,555,921	9,016,403
Staff Supporting Charges		---	13,812
Closing Work-in-progress		---	521,977,160
Total		24,206,917	559,372,405
II. OUTGOINGS:			
Opening Work-in-progress		---	500,022,105
Land Transfer Registration Fees		---	9,000,000
Payments and benefits to Employees	09	4,673,138	4,312,986
Other Expenses	10	1,412,999	4,925,903
Depreciation	02	442,244	160,309
Provision for Fringe Benefit Tax		---	84,530
Preliminary Expenses written off		---	181,269
Expenditure relating to earlier years	11	11,275,449	6,876,633
		17,803,830	525,563,735
Less: Amount reimbursed by the Co-developer		---	186,720
Total		17,803,830	525,377,015
III. PROFIT FOR THE YEAR BEFORE TAXATION		6,403,087	33,995,390
IV. PROVISION FOR TAXATION			
: Income Tax		3,900,000	10,000,000
: Fringe Benefit Tax of earlier years		180,754	---
: Income Tax of earlier years		---	1,122,279
: Deferred Tax		(57,696)	---
V. PROFIT FOR THE YEAR AFTER TAXATION		2,380,029	22,873,111
Add : Balance brought forward from last Year		6,695,268	(16,177,843)
VI. SURPLUS CARRIED TO BALANCE SHEET		9,075,297	6,695,268
Earnings per share - (Basic and Diluted)		256	2,399
Face Value per Share		10	10
NOTES ON ACCOUNTS	12		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

Cash Flow Statement for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	6,403,087	34,079,920
Adjustments for:		
Interest earned	(12,575,874)	(28,240,136)
Dividends	(11,555,921)	(9,016,403)
Profit from sale of Short Term Investments	(75,122)	(124,894)
Depreciation	442,244	160,309
Preliminary Expenses written off	---	181,269
Operating Profit before Working Capital Changes	(17,361,586)	(2,959,935)
Adjustments for:		
Decrease in Trade and Other receivables	8,685,543	47,166,307
Decrease in Inventories	521,977,160	(21,955,055)
Increase in Trade and Other payables	(602,364)	200,076
Cash generated from Operations	512,698,753	22,451,393
Direct Taxes paid	(5,854,746)	(9,870,450)
Net Cash from Operating Activities (A)	506,844,007	12,580,943
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed Assets (conversion of Inventory)	(510,524,587)	(1,330,600)
Purchase of Investments (including advances)	(2,113,750,083)	(942,946,671)
Sale of Investments	1,723,181,260	943,071,565
Interest received	12,575,874	20,221,820
Dividends	11,555,921	9,016,403
Net Cash used in Investing Activities (B)	(876,961,615)	28,032,517
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Applications	85,000,000	---
Net Cash generated in Financing Activities (C)	85,000,000	---
Net increase in Cash and Cash Equivalents (A+B+C)	(285,117,608)	40,613,460
Cash and Cash equivalents as at the beginning of the year	297,255,013	256,641,553
Cash and Cash equivalents as at the end of the year	12,137,405	297,255,013

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P'Trividhara Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
1. SHARE CAPITAL:		
Authorised:		
50,000,000 - Equity Shares of Rs.10/- each	500,000,000	500,000,000
	500,000,000	500,000,000
Issued, subscribed and paid-up:		
10,002 - Equity Shares of Rs.10/- each fully paid	100,020	100,020
Total	100,020	100,020

2. FIXED ASSETS:

S. No	Particulars	GROSS BLOCK			DEPRECIATION			Net Block	
		As at 31.03.09	Additions	As at 31.03.10	Upto 31.03.09	For the year	Up to 31.03.10	As at 31.03.10	As at 31.03.09
1	Land	---	510,520,957	510,520,957	---	---	---	510,520,957	---
2	Computers	101,000	3,630	104,630	23,687	32,377	56,064	48,566	77,313
3	Improvements to Leased Premises (Interiors)	1,229,600	---	1,229,600	136,622	409,867	546,489	683,111	1,092,978
Total		1,330,600	510,524,587	511,855,187	160,309	442,244	602,553	511,252,634	1,170,291

3. INVESTMENTS

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

S. No	Particulars	Face Value Rs.	Number of Units			As at 31.03.2010	As at 31.3.2009
			As at 31.3.2009	Additions/ (Deletions)	As at 31.03.2010		
1	Templeton Floating Rate Income Fund	10.00	---	8,614,100	8,614,100	86,196,491	---
2	Kotak Quarterly Income Fund	10.00	---	20,444,745	20,444,745	204,447,454	---
3	Tata Fixed Income Fund	10.00	---	4,999,300	4,999,300	50,000,000	---
4	HDFC Quarterly Income Fund	10.00	---	4,999,850	4,999,850	50,000,000	---
Total						390,643,945	---

Particulars	As at 31.03.2010	As at 31.3.2009
4. INVENTORIES (at cost)		
Project work-in-progress	---	521,977,160
Total	---	521,977,160
5. CASH AND BANK BALANCES:		
Cash with Scheduled Banks : In Current Account	12,137,405	107,255,013
Cash with Scheduled Bank : In Deposit Account	-	190,000,000
Total	12,137,405	297,255,013

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	As at 31.03.2010	As at 31.3.2009
6. OTHER CURRENT ASSETS:		
Accrued Interest	---	8,018,316
Other receivables	---	586,720
Deposits Recoverable	177,600	177,600
Total	177,600	8,782,636
7. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Advance for Expenses and others	10,010,000	10,090,507
Advance Tax and Tax Deducted at Source (net of provision)	1,253,756	---
Total	11,263,756	10,090,507
8. CURRENT LIABILITIES AND PROVISIONS:		
a) Current liabilities:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	---	422,531
- total outstanding amount due to other than Micro and Small Enterprises	101,604	---
Creditors for Other Finance	6,115	287,552
Share Application Money pending allotment	916,250,000	831,250,000
Total (a)	916,357,719	831,960,083
b) Provisions:		
- for Income Tax (net of advance tax)	---	359,236
- for Fringe Benefit Tax (net of advance tax)	---	161,000
Total (b)	---	520,236
Total (a+b)	916,357,719	832,480,319
9. PAYMENTS AND BENEFITS TO EMPLOYEES:	Current Year	Previous Year
Salaries, Wages and Bonus	4,333,204	3,405,341
Workmen and Staff Welfare Expenses	339,934	907,645
Total	4,673,138	4,312,986
10. OTHER EXPENSES:		
Rent	349,200	935,004
Electricity Charges	---	135,087
Office Maintenance Expenses	6,945	18,579
Rates and Taxes	2,500	502,892
Printing and Stationery	10,970	24,702
Communications	81,452	154,726
Travelling and Conveyance	81,332	198,258
Professional charges	493,450	313,000
Security Charges	---	52,133
Auditors remuneration : as Auditors	55,150	55,150
: for Certification	---	1,102
Filing Fees	1,500	2,001,500
General Charges	19,167	264,374
Advertisement and Business Promotion	310,434	212,638
Subscriptions and Membership Fees	---	54,000
Repairs and Maintenance to other Assets	899	2,758
Total	1,412,999	4,925,903

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

(Amount in Rupees)

Particulars	Current Year	Previous Year
11. EXPENDITURE RELATING TO EARLIER YEARS:		
Site Development Charges	7,677,832	4,065,331
Compound Wall Construction	28,075,482	2,811,302
Salaries and Wages	9,571,010	---
Staff Welfare Expenses	1,638,342	---
Rent	3,237,372	---
Electricity Charges	---	---
Office Maintenance Expenses	---	---
Rates and Taxes	---	---
Printing and Stationery	114,163	---
Communications	344,521	---
Travelling and Conveyance	695,677	---
Professional charges	1,041,468	---
Security Charges	673,875	---
Administration Expenses	4,426,937	---
Other Expenses	---	---
Advertisement and Business Promotion	1,929,624	---
Subscriptions and Membership Fees	54,000	---
	59,480,303	6,876,633
Less: Amount reimbursement by the co-developer	48,204,854	---
Total	11,275,449	6,876,633

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

D. Ashok

Director

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

12. NOTES ON ACCOUNTS

- 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. Out of 10,002 Equity Shares of Rs.10/- each fully paid up 10,000 shares are held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is engaged, inter alia in the business of development of special economic zones.
- 2 The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.
 - a) **Basis of Accounting**

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

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

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred on projects under implementation is treated as pre operative expenditure pending allocation to the assets and are included under Capital work in progress. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.
 - d) **Depreciation**

Depreciation on Fixed Assets is provided on Written Down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.
Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.
Improvements to premises taken on lease are amortised over the Primary lease period.
 - e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses, recognised for the asset no longer exist or have decreased.
 - f) **Investments**

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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:
 - i. **Interest:** Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - ii. **Dividends:** Dividend is recognised on receipt basis.
 - h) **Government Grants and Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all applicable conditions will be complied with.
When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

- i) **Borrowing Costs**
Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.
 - j) **Retirement and Other Employee Benefits**
Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method, carried out by an actuary as at the end of the year.
 - k) **Leases**
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term and vice versa.
 - l) **Taxes on Income**
Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.
 - m) **Provisions**
A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
 - n) **Earnings per Share (Basic and Diluted)**
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
 - o) **Cash Flow Statement**
Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques on hand and Fixed Deposits with Banks.
 - p) **Others**
The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.
- 3 Share application money includes an amount of Rs.63,00,00,000/- (Previous year Rs.63,00,00,000/-) received from Nava Bharat Ventures Limited., the holding company.
 - 4
 - a. During the year 2006-2007 the Company has started development of 150 Acres of Special Economic Zone (SEZ) area and 100 Acres of Non SEZ area in land allotted by APIIC Limited and the expenditure incurred for development of said land was treated as project work-in-progress till 2008-09. Sale deed in respect of 150 Acres has been executed in favour of the company and in respect of balance 100 Acres of land, will be executed as per the terms of allotment. However APIIC Limited is entitled to cancel the allotment of this land in case of non-fulfillment or breach of any terms and conditions or obligations set forth while allotting the land.
 - b. The Company has entered into a development Agreement with M/s. Mantri Technology Parks Pvt Ltd., Bangalore (appointed as Co-developer) for the development of 238 Acres (including IT/ITES SEZ in 150 Acres) of the land allotted as above. The Co-developer has, pursuant to this agreement, undertaken compliance of the conditions stipulated by the GoAP/APIIC Limited including construction, development and marketing of the developed space covering IT/ITES, commercial and residential accommodation. The Co-developer has, at the behest of the company, paid security deposit pursuant to this agreement to the holding company, Nava Bharat Ventures Limited, and appropriate interest compensation thereof has been provided in the books of the Company.
 - c. During the year, Pursuant to the Terms of Development agreement the cost of land, included in project work-in-progress, has been taken to fixed assets (Land) and other overheads, incurred up to 31st March 2009 and included in project work-in-progress as reduced by the reimbursement received in terms development agreement, are written off to revenue as expenditure relating to earlier years.

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

5 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.

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

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

Particulars	Current Year Rs.	Previous Year Rs.
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	Nil	422,531
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

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

Calculation of Earnings per share	Current year	Previous year
a) Net profit available to Equity shareholders (in Rs.)	2,560,783	23,995,390
b) Weighted average number of Equity shares (Nos.)	10,002	10,002
c) Face value as per share (in Rs.)	10	10
d) Earnings per share (in Rs.)- Basic and Diluted	256	2,399

10 In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India., the Company has accounted for the deferred taxes during the year and recognized an amount of Rs.57,696/- as Deferred Tax Asset on account of Preliminary expenses.

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

Name of the Fund	Face value Rs.	No. of units	Purchase cost Rs.
Fidelity Ultra Short Term Debt Fund	10	9,997,500	100,000,000
SBNPP Ultra Short Term Fund	10	8,966,823	90,000,000
Fortis Money Plus Fund	10	10,996,591	110,000,000
DSP BlackRock Money Manager Fund	1000	14,988	15,000,000
Kotak Bond Short Term Fund	10	19,727,173	200,000,000
Reliance Short Term Fund	10	9,330,795	100,000,000
Reliance Medium Term Fund	10	11,257,461	201,139,005
Kotak Floater Long Term Fund	10	54,060,170	604,777,752
Reliance Money Manager Fund	1000	182,960	202,185,536
Templeton Treasury Management Account Fund	1000	49,966	50,000,000
Templeton Floating Rate Income Fund	10	4,037,680	50,003,845
TOTAL			1,723,106,138

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

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

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 D Ashok, Director

Sri P Trivikrama Prasad, Director

Sri G R K Prasad, Director

Sri Y Harish Chandra 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

b. Transactions with related Parties during the year:	2009-10 Rs.	2008-09 Rs.
Enterprises controlling the reporting enterprise		
M/s.Nava Bharat Ventures Limited		
Interest Received	12,000,000	18,000,000
c. Balances due to / (due from) related parties as at the year end, as part of Current Liabilities.		
Nava Bharat Ventures Limited	630,000,000	630,000,000
M/s.Brahmani Skyline Constructions Private Limited	20,000,000	20,000,000
M/s.Brahmani Infrastructure Projects Private Limited	25,000,000	25,000,000
M/s.Brahmani Infotech Private Limited	25,000,000	25,000,000
M/s.Malaxmi Infra Ventures (India) Private Limited	131,250,000	131,250,000

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 recognized during the year.

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

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

for and on behalf of the Board

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue

Bonus Shares Private placement

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Share Application Money

Reserves & Surplus Secured Loans

Unsecured Loans Deferred tax liability

Application of Funds:

Net Fixed Assets Investments

Deferred Tax Asset Net Current Assets

Accumulated Losses Miscellaneous Expenditure

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure

+/- Profit or Loss before Tax +/- Profit or Loss after Tax

Earnings per share in Rs. Dividend Rate %

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

Product description Development of Special Economic Zones (SEZs) and Infrastructure

For and on behalf of the Board

P Trivikrama Prasad
Director

Hyderabad
May 28, 2010

D. Ashok
Director

Notice to Shareholders

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Wednesday, the 28th July, 2010 at 12.30 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 and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri K. S. Rao, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri D. Suresh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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

Hyderabad
May 28, 2010

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 17th Annual Report together with the Audited Balance Sheet of the Company as on 31st March, 2010 and Auditors' Report thereon.

Operations:

The Company is a subsidiary of Nava Bharat Ventures Limited (NBVL) which holds 51% equity stake. The balance equity is held by M/s. Meenakshi Infrastructure Private Limited (MIPL).

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

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

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

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

During the year under review the Authorised Share Capital was enhanced to Rs.32.50 Crores.

Directors:

Sri K. S. Rao and Sri D. Suresh, Directors retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Audit Committee:

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

The Audit Committee comprises three Independent Directors as follows:

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

The Committee met twice during the year 2009-10 on 02.11.2009 and 27.05.2010 respectively and reviewed, inter alia, half yearly and annual financial statements.

Fixed Deposits:

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

Auditors:

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

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2010:

- 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 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.

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

Hyderabad
May 28, 2010

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: Rs. 31,95,82,000/-

To

The Members

M/s. Kinnera Power Company Limited

Hyderabad

I have examined the registers, records, books and papers of **M/s. Kinnera Power Company Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. 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:

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 thereunder 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 thereunder.
3. The Company, being closely held limited company, has the minimum prescribed paid-up Capital.
4. The Board of Directors duly met 13 times during the year on 29.04.2009, 28.05.2009, 01.06.2009, 29.06.2009, 31.07.2009, 31.08.2009, 29.09.2009, 02.11.2009, 21.12.2009, 02.01.2010, 27.01.2010, 10.03.2010 and 31.03.2010 and in respect of 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 31.03.2009 was held on 30.07.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. Two Extra-ordinary General Meetings were held during the financial year to increase the Authorized Share Capital of the Company and the necessary resolutions passed thereat were duly recorded in the Minutes Book maintained for that purpose.
8. The Company has not advanced any loan to its Directors and/or Persons or Firms or Companies referred to in 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 delivered all the shares certificates on allotment of securities and transfer of shares in accordance with the provisions of the Act;
 - the Company has not posted warrants to any member of the Company as no dividend was declared during the financial year; and
 - 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 an appointment of Director during the year and complied with the provisions of the Act.
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 of Companies or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Companies/ Firms to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

Compliance Certificate

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

19. The Company has issued 84,850 Preference Shares of Rs. 1,000/- each during the financial year 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, 2010 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 altered the provisions of the Memorandum with respect to Authjorised share capital of the Company during the year and complied with the provisions of the Act.
30. The Company has altered its Articles of Association during the year relating to alteration of Authorised Share Capital and complied with the provisions of the Act.
31. There were no prosecutions initiated against or show cause notices received by the Company during the financial year, under the Act.
32. The Company has not received any amount as security from its employees during the year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year as there are no salaries /wages.

Hyderabad
May 28, 2010

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; and
12. Register of application and allotment of shares

Hyderabad
May 28, 2010

P. RENUKA
C.P. No.3460

Compliance Certificate**(Pursuant to the provisions of Section 383A of the Companies Act, 1956)****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, 2010.

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 2	75	Return of allotment relating to the allotment made on 25 th March 2009	15.04.2009	Yes	N.A.
2	Form 2	75	Return of allotment	18.05.2009	Yes	N.A
3	Form 2	75	Return of allotment	25.06.2009	Yes	N.A
4	Form 2	75	Return of allotment	20.07.2009	Yes	N.A
5	Form 66	383A	Compliance Certificate	13.08.2009	Yes	N.A.
6	Form 32	255	Appt. of Director	13.08.2009	Yes	N.A
7	Form 23AC & ACA	220	Balance Sheet and P& L Account	27.08.2009	Yes	N.A
8	Form 20B	159	Annual Return	15.09.2009	Yes	N.A
9	Form 2	75	Return of allotment	21.08.2009	Yes	N.A
10	Form 2	75	Return of allotment	18.09.2009	Yes	N.A
11	Form 2	75	Return of allotment	21.10.2009	Yes	N.A
12	Form 2	75	Return of allotment	01.12.2009	Yes	N.A
13	Form 23	94	Increase of authorised Share Capital	05.12.2009	Yes	N.A
14	Form 5	94	Increase of authorised Share Capital	17.12.2009	Yes	N.A
15	Form 2	75	Return of allotment of preference shares	11.01.2010	Yes	N.A
16	Form 2	75	Return of allotment of preference shares	04.02.2010	Yes	N.A
17	Form 23	94	Increase of authorised Share Capital	05.02.2010	Yes	N.A
18	Form 5	94	Increase of authorised Share Capital	05.02.2010	Yes	N.A

No Forms and Returns were filed by the Company with the Regional Director, Central Government or other authorities during the financial year ended 31st March, 2010.Hyderabad
May 28, 2010P. 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, 2010 , the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the profit and loss account, of the loss of the Company for the year ended on that date, and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for Brahmayya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Annexure to the Auditors' Report (referred to in paragraph 3 of our report of even date)

Re:Kinnera Power Company Limited, Hyderabad.

1. a. 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 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. 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 , 2010 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. 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 Auditors' Report
(referred to in paragraph 3 of our report of even date)

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmaya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

				(Amount in Rupees)	
Particulars	Schedule reference	As at 31.03.2010	As at 31.3.2009		
I. SOURCES OF FUNDS:					
1. Shareholders Funds:					
Share Capital	1	319,582,000	234,732,000		
2. Loan Funds	2	50,000	50,000		
Total		319,632,000	234,782,000		
II. APPLICATION OF FUNDS:					
1. Investments					
	3	319,125,000	234,275,000		
2. Current Assets, Loans and Advances:					
a) Cash and Bank balances	4	331,808	368,227		
b) Other Current Assets	5	19,342	15,289		
		351,150	383,516		
Less: Current Liabilities and Provisions	6	2,385,492	2,141,125		
		2,385,492	2,141,125		
Net Current Assets		(2,034,342)	(1,757,609)		
3. Profit and Loss account					
		2,541,342	2,264,609		
		2,541,342	2,264,609		
Total		319,632,000	234,782,000		
NOTES ON ACCOUNTS	7				

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

B.Srinivas

Managing Director

Profit and Loss Account for the Year ended 31st March, 2010

(Amount in Rupees)			
Particulars	Schedule reference	Current Year	Previous Year
I. INCOME:			
Consultancy Charges		---	20,000
Interest on Deposit (Gross) (Others)		---	17,166
Tax Deducted at Source : Previous Year : Rs.3,892/-			
Total		---	37,166
II. EXPENDITURE:			
Filing Fee		133,500	760,000
General Charges		7,298	1,254
Bank Charges		2,193	8,962
Auditors Remuneration : as Auditors		55,150	55,150
: for Certification		---	2,806
Professional Charges		19,250	19,200
Rates and Taxes		40,000	227,655
Total		257,391	1,075,027
III. LOSS FOR THE YEAR			
		257,391	1,037,861
Add: Income tax of earlier years		19,342	4,385
		276,733	1,042,246
Add: Loss brought forward from last year		2,264,609	1,222,363
IV. TOTAL LOSS CARRIED TO BALANCE SHEET			
		2,541,342	2,264,609
Earnings per share - (Basic and Diluted)		(2.78)	(10.49)
Face Value of the Share		10.00	10.00
NOTES ON ACCOUNTS	7		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

B.Srinivas

Managing Director

Cash Flow Statement for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(257,391)	(1,037,861)
Adjustments for:		
Interest earned	---	(17,166)
Operating Profit before Working Capital Changes	(257,391)	(1,055,027)
Adjustments for:		
Increase in Trade and Other payables	229,410	950,180
Cash generated from Operations	(27,981)	(104,847)
Direct Taxes paid	(8,438)	(5,451)
Net Cash from Operating Activities (A)	(36,419)	(110,298)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Increase in Investments	(84,850,000)	(91,175,000)
Interest received	---	20,971
Net Cash used in Investing Activities (B)	(84,850,000)	(91,154,029)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	84,850,000	91,175,000
Net Cash generated in Financing Activities (C)	84,850,000	91,175,000
Net increase in Cash and Cash Equivalents (A+B+C)	(36,419)	(89,327)
Cash and Cash equivalents as at the beginning of the Year	368,227	457,554
Cash and Cash equivalents as at the end of the Year	331,808	368,227

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

B.Srinivas

Managing Director

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
1. SHARE CAPITAL:		
Authorised:		
3,22,500 -(Previous Year 2,97,500) Non-Convertible, Non-Cumulative, Redeemable Preference Shares of Rs.1,000/- each	322,500,000	297,500,000
2,50,000 - Equity Shares of Rs.10/- each	2,500,000	2,500,000
Total	325,000,000	300,000,000
Issued, subscribed and paid-up:		
3,18,588 (Previous Year-2,33,738) - 0.001% Non-Convertible, Non-Cumulative, Redeemable Preference Shares of Rs.1,000/- each fully paid up	318,588,000	233,738,000
99,400 Equity Shares of Rs.10/- each -fully paid up	994,000	994,000
Total	319,582,000	234,732,000
2. LOAN FUNDS:		
Unsecured Loan from another body Corporate	50,000	50,000
Total	50,000	50,000
3. INVESTMENTS:		
(At Cost, Non-trade, Long-term, Un-quoted)	319,125,000	234,275,000
3,19,12,500 (Previous year 2,34,27,500) Equity Shares of Rs.10/- each fully paid in Malaxmi Highway Private Limited	319,125,000	234,275,000
4. CASH AND BANK BALANCES:		
Cash in hand	20,033	12,283
Cash with Scheduled Banks in Current Accounts	311,775	355,944
Total	331,808	368,227
5. OTHER CURRENT ASSETS:		
Advance Tax and Tax deducted at Source	19,342	15,289
Total	19,342	15,289
6. CURRENT LIABILITIES AND PROVISIONS:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	58,150	130,740
Other Liabilities	19,342	4,385
Due to Directors	-	30,000
Share Application Money	2,308,000	1,976,000
Total	2,385,492	2,141,125

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

7. NOTES ON ACCOUNTS

1 Nature of Operations:

Kinnera Power Company Limited (the Company) has been incorporated on 26.08.1993 with an objective to business of generation and supply of power. Out of 99,400 (Previous year 99,400) Equity Shares of Rs.10/- each fully paid up, 50,000 (Previous Year 50,000) shares held by the holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is acting as an investment vehicle for the holding company, for the National Highway Project which is being implemented by a Special Purpose Vehicle, viz. M/s. Malaxmi Highway Private Limited which is an indirect subsidiary of the holding Company, viz. Nava Bharat Ventures Limited.

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

- a) **Basis of Accounting:** The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on an accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.
- b) **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the 'results of operations' during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- c) **Impairment:** The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses, recognised for the asset no longer exist or have decreased.
- d) **Investments:** Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline, other than temporary in nature.
- e) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:
 - i. **Interest:** Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - ii. **Dividends:** Dividend is recognised when the right to receive the payment is established.
- f) **Government Grants and Subsidies:** Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all applicable conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.
- g) **Provisions:** A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- h) **Prior period items:** All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

- i) **Contingent Liabilities:** The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.
- 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.
- 3 318,588-0.001% Non-convertible non-cumulative preference shares of Rs.1000/- each fully paid up, are redeemable at par at the option of the board but in any case, within a period, not exceeding 20 years. Whose allotment dates are as follows:

Sl.No.	Number of Shares	Date of allotment
01	87,763	23.04.2007
02	15,000	03.01.2008
03	23,041	03.03.2008
04	16,759	26.03.2008
05	16,700	25.04.2008
06	16,100	02.06.2008
07	4,526	30.06.2008
08	5,792	30.08.2008
09	750	29.09.2008
10	9,482	01.11.2008
11	8,600	29.12.2008
12	10,600	22.01.2009
13	11,750	28.02.2009
14	6,875	25.03.2009
15	1,600	29.04.2009
16	10,250	01.06.2009
17	1,800	29.06.2009
18	1,900	31.07.2009
19	7,800	31.08.2009
20	23,250	29.09.2009
21	15,200	22.11.2009
22	2,000	21.12.2009
23	2,250	27.01.2010
24	18,800	10.03.2010
Total	3,18,588	

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

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

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

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

- 6 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.

- 7 Out of 3,19,12,500 (Previous year 2,34,27,500) Equity Shares of Rs.10/- each fully paid up held by the Company in M/s.Malaxmi Highway Private Limited, 18,510,000 Equity Shares are pledged with the banks as security for Term Loans of Rs. 21,192 (previous year Rs. 21,192) lakhs raised by M/s. Malaxmi Highway Private Limited.

- 8 Calculation of Earnings per share

	Current year	Previous year
a) Net profit available to Equity shareholders (in Rs.)	(276,733)	(1,042,246)
b) Weighted average number of Equity shares (Nos.)	99,400	99,400
c) Face value as per share (in Rs.)	10	10
d) Earnings per share (in Rs.) - Basic and Diluted	(2.78)	(10.49)

- 9 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.

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

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

- i. Key Management Personnel:

Sri B.Srinivas, Managing Director

Sri C.S. Prasad, Director

Sri K.S. Rao, Director

Sri P. Trivikrama Prasad, Director

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

ii. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:

M/s.Nava Bharat Ventures Limited
M/s.Nava Bharat Projects Limited
M/s.Nava Bharat Energy India Limited
M/s.Nava Bharat (Singapore) Pte 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.PT Nava Bharat Sungaicuka
M/s.PT Nava Bharat Indonesia
M/s.Navabharat Power Private Limited
M/s.Meenakshi Infrastructure Private Limited
Dr.Devineni Subbarao Trust

b. Transactions with related Parties during the year:	2009-10 Rs.	2008-09 Rs.
Enterprises controlling the reporting enterprise		
Meenakshi Infrastructure Pvt Ltd		
- Cost of Investments	1,50,00,000	---
- Expenses	3,02,000	---
c. Balances due to/(due from) related parties as at the year end, as part of Current Liabilities.		
M/s. Meenakshi Infrastructure Private Ltd	22,81,000	19,19,000
Key Management Personnel	27,000	57,000

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

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

13 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 and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

B.Srinivas

Managing Director

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue
 Bonus Shares Private placement

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Share Application Money
 Reserves & Surplus Secured Loans
 Unsecured Loans Deferred tax liability

Application of Funds:

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure
 +/- Profit or Loss before Tax +/- Profit or Loss after Tax
 Earnings per share in Rs. Dividend Rate %

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

Product description Generation and Supply of power

For and on behalf of the Board

P Trivikrama Prasad
Director

Hyderabad
May 28, 2010

B.Srinivas
Managing Director

Notice to Shareholders

Notice is hereby given that the Fourth Annual General Meeting of the Company will be held on Wednesday, the 24th June, 2010 at 10.00 a.m. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration.

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

Hyderabad
May 28, 2010

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 Fourth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2010 and the Auditors' Report thereon.

Operations:

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

Directors:

Sri D. Ashok, Director, is due for retirement by rotation at the ensuing Annual General Meeting.

Sri D. Ashok, vide letter dated 6th May, 2010 expressed that he will discontinue as Director due to his personal preoccupations and opted for retirement from the Directorship of the Company effective from the forthcoming Annual General Meeting. The Board therefore did not move the proposal for his re-appointment at the ensuing Annual General Meeting.

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.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2010:

- 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 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.

By Order of the Board
for Nava Bharat Realty Limited

G.R.K.Prasad
Director

Hyderabad
May 28, 2010

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 Realty Limited
Hyderabad

1. We have audited the attached Balance Sheet of NAVA BHARAT REALTY LIMITED, HYDERABAD. (A.P) as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the profit and loss account, of the loss of the Company for the year ended on that date, and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for Brahmayya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Annexure to the Auditors' 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 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. The provisions of Clause 4 (iv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being, as there were no transactions of purchase of inventory and fixed assets and sale of goods.
5. a. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
b. In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.
7. Since the paid-up capital and reserves of the company is less than Rs.50.00 Lakhs and the average annual turnover does not exceed Rs.5.00 crores for a period of three consecutive financial years immediately preceding the financial year concerned, the question of internal audit system does not arise.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.
9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2010 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 Auditors' Report
(referred to in paragraph 3 of our report of even date)

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmaya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

				(Amount in Rupees)	
Particulars	Schedule reference	As at 31.03.2010	As at 31.3.2009		
I. SOURCES OF FUNDS:					
1. Shareholders Funds:					
Share Capital	1	500,000	500,000		
Total		500,000	500,000		
II. APPLICATION OF FUNDS:					
1. Deferred Tax Asset					
		6,124	---		
2. Current Assets, Loans and Advances:					
a) Cash and Bank balances	2	379,024	409,926		
b) Loans and Advances	3	194,000,000	194,000,000		
		194,379,024	194,409,926		
Less: Current Liabilities	4	195,752,863	195,739,355		
Net Current Assets		(1,373,839)	(1,329,429)		
3. a. Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses		---	19,820		
b. Profit and Loss account					
		1,867,715	1,809,609		
		1,867,715	1,829,429		
Total		500,000	500,000		
NOTES ON ACCOUNTS	5				

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

G.R.K.Prasad

Director

P Trivikrama Prasad

Director

Profit and Loss Account for the Year ended 31st March, 2010

		(Amount in Rupees)	
Particulars	Schedule reference	Current Year	Previous Year
I. INCOME:		---	---
Total		---	---
II. EXPENDITURE:			
Salaries		---	299,194
Filing Fee		5,000	2,400
General Charges		280	57,447
Professional Charges		6,000	6,000
Rates and Taxes		2,500	2,800
Bank Charges		55	500
Directors Sitting Fees		3,000	---
Payment to Auditors: As Auditors		27,575	22,060
Prior Period Expenditure - Preliminary Expenses		19,820	---
Total		64,230	390,401
III. LOSS FOR THE YEAR BEFORE TAXATION		64,230	390,401
Less: Provision for Taxation			
Current Tax		---	---
Deferred Tax		(6,124)	---
		58,106	390,401
Add: Loss brought forward from last year		1,809,609	1,419,208
VI. TOTAL LOSS CARRIED TO BALANCE SHEET		1,867,715	1,809,609
Earnings per Share - (Basic and Diluted)		(0.23)	(1.56)
Face Value per share		2.00	2.00

NOTES ON ACCOUNTS

5

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.***Chartered Accountants*

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

G.R.K.Prasad*Director*

Hyderabad

May 28, 2010

P Trivikrama Prasad*Director*

Cash Flow Statement for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(64,230)	(390,401)
Adjustment for		
Preliminary Expenses	19,820	---
Operating Profit before Working Capital Changes	(44,410)	(390,401)
Adjustments for:		
Decrease in Trade and Other payables	13,508	40,333,188
Net Cash from Operating Activities (A)	(30,902)	39,942,787
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Advance for Investments	---	(40,000,000)
Net Cash used in Investing Activities (B)	---	(40,000,000)
Net increase in Cash and Cash Equivalents (A+B)	(30,902)	(57,213)
Cash and Cash equivalents as at the beginning of the year	409,926	467,139
Cash and Cash equivalents as at the end of the year	379,024	409,926

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

G.R.K.Prasad

Director

P Trivikrama Prasad

Director

**Schedules annexed to and forming part of the Accounts
for the year ended 31st March, 2010**

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
1. SHARE CAPITAL:		
Authorised:		
10,00,00,000 - Equity Shares of Rs.2/- each	200,000,000	200,000,000
	200,000,000	200,000,000
Issued, subscribed and paid-up:		
2,50,000 - Equity Shares of Rs.2/- each fully paid	500,000	500,000
Total	500,000	500,000
2. CASH AND BANK BALANCES:		
Cash with a Scheduled Bank in Current Account	379,024	409,926
Total	379,024	409,926
3. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Advances for Investments	194,000,000	194,000,000
Total	194,000,000	194,000,000
4. CURRENT LIABILITIES		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	52,863	39,355
Share Application money pending allotment	195,700,000	195,700,000
Total	195,752,863	195,739,355

per our report of even date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 28, 2010

for and on behalf of the Board

G. R. K. Prasad
Director

P Trivikrama Prasad
Director

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

5. NOTES ON ACCOUNTS

1 Nature of Operations:

Nava Bharat Realty Limited (the Company) has been incorporated on 18.04.2006 as a subsidiary to Nava Bharat Ventures Limited, to do the business of Real Estate. The total equity share Capital of Rs. 5,00,000 is held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad.

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

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

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

c) **Taxes on Income:** Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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

e) **Earnings per Share (Basic and Diluted):** Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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

g) **Contingent Liabilities:** The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.

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

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

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

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

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

- 6 Calculation of Earnings per share

a) Net profit available to Equity shareholders (in Rs.)	(58,106)	(390,401)
b) Weighted average number of Equity shares (Nos.)	250,000	250,000
c) Face value as per share (in Rs.)	2	2
d) Earnings per share (in Rs.)- Basic and Diluted	(0.23)	(1.56)

- 7 In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company has accounted for the deferred taxes during the year and recognized an amount of Rs.6,124/- as Deferred Tax Asset on account of Preliminary expenses.

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

- 9 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. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:

M/s.Nava Bharat Ventures Limited

M/s.Nava Bharat Projects Limited

M/s.Nava Bharat (Singapore) Pte Limited

M/s.Brahmani Infratech Private Limited

M/s.Nava Bharat Energy India Limited

M/s.Nava Bharat Sugar and Bio Fuels Limited

M/s.Kinnera Power Company Limited

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

M/s. Malaxmi Highway Private Limited

M/s. PT Nava Bharat Sungaicuka

M/s. PT Nava Bharat Indonesia

Dr. Devineni Subbarao Trust

M/s. Navabharat Power Private Limited

b. Transactions with related Parties		NIL
c. Balances due to / (due from) related parties as at the year end.	Current year	Previous year
Nava Bharat Ventures Limited	195,700,000	195,700,000
10 The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.		
11 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.		

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

G.R.K.Prasad

Director

P Trivikrama Prasad

Director

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue
 Bonus Shares Private placement

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Share Application Money
 Reserves & Surplus Secured Loans
 Unsecured Loans Deferred tax liability

Application of Funds:

Net Fixed Assets Investments
 Deferred Tax Asset Net Current Assets
 Accumulated Losses Miscellaneous Expenditure

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure
 +/- Profit or Loss before Tax +/- Profit or Loss after Tax
 Earnings per share in Rs. Dividend Rate %

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

Product description Construction and development

For and on behalf of the Board

G.R.K.Prasad
Director

Hyderabad
May 28, 2010

P Trivikrama Prasad
Director

Notice to Shareholders

Notice is hereby given that the 4th Annual General Meeting of the Company will be held on Thursday, the 24th June, 2010 at 12.30 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 and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri D. Ashok, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri G.R.K.Prasad, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Special Business :

5. Increase of Authorised Share Capital :

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

“RESOLVED THAT pursuant to Section 94 (1) (a), 97 and other applicable provisions of the Companies Act 1956, the Authorised Share Capital of the Company be increased from Rs.20,00,00,000/- (10,00,00,000 Equity Shares of Rs.2/- each) to Rs.100,00,00,000/- (One Hundred Crores only) (50,00,00,000 equity shares of Rs. 2/- each) by creation of 40,00,00,000 equity shares of Rs.2/- each, ranking pari passu with the existing equity shares of the Company.”

6. Alteration of Capital Clauses of the Memorandum and Articles of Association :

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

“RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:”

“The Authorised Share Capital of the Company is Rs.100,00,00,000/- (Rupees One Hundred crores) divided into 50,00,00,000 (Fifty crore) Equity Shares of Rs.2/- (Rupees Two) each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

“RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the existing Article 3A of the Articles of Association of the Company be and is hereby substituted by the following:

3A. “The Authorised Share Capital of the Company is Rs.100,00,00,000/- (Rupees One Hundred crore) divided into 50,00,00,000 (Fifty crore) Equity Shares of Rs.2/- (Rupees Two) each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

7. Issue of Equity Shares :

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

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other provisions, if any, of the Companies Act 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, Memorandum and Articles of Association of the Company and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company, approval of the members be and is hereby accorded to the Board of Directors to issue and allot such number of equity shares of Rs.2/- each in one or more tranches to such persons, corporate bodies, entities, whether or not they are the existing members of the Company, at par or at such premium, in such manner, and at such times, as the Board of Directors, in its absolute discretion, may determine or deem fit.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, or any committee thereof which the Board may constitute for this purpose, be and are hereby authorized to do all acts, deeds and things and to take all steps and give such directions as may be necessary and to settle all questions or difficulties that may arise in such manner as the Board or the said Committee in its absolute discretion may deem fit”.

By Order of the Board
for Nava Bharat Projects Limited

Hyderabad
May 28, 2010

P Trivikrama Prasad
Director

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

Notice to Shareholders

Notes :

1. 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.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

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

Item Nos.5 and 6

Increase of Authorised Share Capital and Alteration of Capital Clauses of the Memorandum and Articles of Association :

The Authorised Share Capital of the Company is Rs.20,00,00,000/- divided into 10,00,00,000 equity shares of Rs.2/- each.

In view of the current business plans of the Company, it is proposed to enhance the Authorised Share Capital from Rs.20,00,00,000/- to Rs.100,00,00,000/- and also amend the Capital **Clause V** of the Memorandum of Association and **Article 3A** of the Articles of Association accordingly.

Accordingly, the Board at its meeting held on 28th May, 2010 approved the above proposals and commended the same for your approval by way of Special Resolution.

None of the Directors is interested or concerned in the above proposed special resolutions except to the extent of the shares that may be subscribed by the Directors, their relatives and associates.

Item No.7

Issue of Equity Shares:

The Company is a wholly owned subsidiary of Nava Bharat Ventures Limited and is the designated power holding company and will drive the investments into specific SPVs (Operating Companies) which is implementing power projects on a project finance and non recourse basis in India.

Nava Bharat Energy India Limited is one such project company, implementing the two 150 MW coal fired power plants at Paloncha and Dharmavaram in Andhra Pradesh with a Capital outlay of about Rs.1400 crores. In order to streamline the Power vertical,

the relevant capital and holding structure is to be in place. This is also in line with the stipulations of the lenders which advance debt funding to the projects.

IDBI while sanctioning/syndicating the Rupee Term Loan of Rs.970 crores for the two 150 MW power units, being implemented by Nava Bharat Energy India Limited, stipulated that the promoters/holding Company should bring in Rs.416 crores towards equity.

Nava Bharat Ventures Limited transferred its entire holding in Nava Bharat Energy India Limited to Nava Bharat Projects Limited and Nava Bharat Energy India Limited is the Wholly Owned Subsidiary of Nava Bharat Projects Limited. Nava Bharat Ventures Limited decided to invest into Nava Bharat Projects Limited upto Rs.500 crores from time to time so that Nava Bharat Projects Limited in turn will invest into Nava Bharat Energy India Limited.

The Board thought it would be expedient to issue and allot equity shares of Rs.2/- each in one or more tranches to Nava Bharat Ventures Limited, at par, in such manner, and at such times, as the Board of Directors, in its absolute discretion, may determine or deem fit to strengthen the capital base and mobilize long term funds for the implementation of the aforesaid Projects, in part. The allotment would be made within a period of 12 months from the date of this Annual General Meeting and the entire holding will be held by Nava Bharat Ventures Limited only post allotment also. There would be no change in control of the Management.

The Board at its meeting held on 28th May, 2010 approved the above proposal and commended the same for your approval by way of Special Resolution.

None of the Directors may be deemed interested/concerned in the above Special Resolution except to the extent of the shares already held by the Directors and that may be allotted to any one or all the Directors or to their relatives and associates either directly or indirectly.

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

Hyderabad
May 28, 2010

P. Trivikrama Prasad
Director

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, 2010 and the Auditors' Report thereon.

Operations:

During the year under review, the Company acquired 2,50,000 equity shares (being 100% holding) of Nava Bharat Energy India Limited from Nava Bharat Ventures Limited. Consequently Nava Bharat Energy India Limited has become the Wholly Owned Subsidiary of the Company.

Nava Bharat Energy India Limited is planning to implement two 150 MW coal based Power Plants at Paloncha and Dharmavaram in Andhra Pradesh with a Capital outlay of about Rs.1400 crores. The means of finance would be through investment into equity and term loans from banks & financial institutions.

The Company holds 88,08,500 equity shares (49.97%) in Navabharat Power Private Limited and a further sum of about Rs. 1 crore as advance. Most of the Project related approvals are in various stages for implementation of 1050 MW coal fired Power Project.

Directors:

Sri D. Ashok and Sri. G.R.K.Prasad, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Fixed Deposits:

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

Auditors:

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

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2010:

- 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 travelling expenditure is Rs. 3,30,393/-

Directors' Report

Particulars of Employees:

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies Particulars of Employees Rules, 1975 as amended, the particulars of the employee is as follows :

Sl. No.	Name of the Employee	Designation/ Nature of duties	Age (Years)	Qualification	Experience [Total period in career] (Years)	Remuneration (Rs. in lakhs) [for part of the year]	Date of Commencement of employment	Details of last employment
1	Sri K. Bruhaspathy Rao	Sr. Vice President (Power Projects)	47	BE (Mech.)	26	23.44	24.08.2009	Sr. Vice President Navabharat Power Private Ltd.

Acknowledgement:

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

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

P Trivikrama Prasad
Director

Hyderabad
May 28, 2010

D. Ashok
Director

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

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, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the profit and loss account, of the Profit of the Company for the year ended on that date, and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for Brahmaya & Co.

Chartered Accountants

Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Annexure to the Auditors' Report **(referred to in paragraph 3 of our report of even date)**

Re:Nava Bharat Projects Limited, Hyderabad.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
c. During the year the Company has not disposed off any of its fixed assets.
2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii)(a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a. In our opinion and according to the information and explanations given to us, 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 explanation 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. 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 , 2010 for a period of more than six months from the day they became payable.
c. According to the information and explanation given to us, there are no dues of sale tax, income tax , custom duty , wealth tax ,excise duty and cess which have not been deposited on account of any dispute .
10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Annexure to the Auditors' Report
(referred to in paragraph 3 of our report of even date)

13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial Institutions.
16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmaya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

		(Amount in Rupees)	
Particulars	Schedule reference	As at 31.03.2010	As at 31.3.2009
I. SOURCES OF FUNDS:			
1. Shareholders Funds:			
a) Share Capital	1	500,000	500,000
b) Surplus: Profit and Loss account balance		29,264,536	8,296,489
Total		29,764,536	8,796,489
II. APPLICATION OF FUNDS:			
1. Fixed Assets:			
a) Gross Block	2	1,296,200	1,267,700
b) Less: Depreciation		565,150	140,856
c) Net Block		731,050	1,126,844
2. Investments			
	3	108,814,260	13,202,636
3. Deferred Tax Asset			
		118,613	---
4. Current Assets, Loans and Advances:			
a) Cash and Bank balances	4	942,276	5,580,217
b) Loans and Advances	5	168,487,687	146,039,795
		169,429,963	151,620,012
Less: Current Liabilities and Provisions	6		
a) Current Liabilities		249,326,481	153,818,231
b) Provisions		2,870	3,346,376
Total		249,329,351	157,164,607
Net Current Assets		(79,899,388)	(5,544,595)
5. Miscellaneous Expenditure			
(to the extent not written off or adjusted)			
Preliminary Expenses		---	11,604
Total		29,764,536	8,796,489
NOTES ON ACCOUNTS	9		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.***Chartered Accountants*

Firm's Registration Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

P Trivikrama Prasad*Director*

Hyderabad

May 28, 2010

D. Ashok*Director*

Profit and Loss Account for the Year ended 31st March, 2010

(Amount in Rupees)			
Particulars	Schedule reference	Current Year	Previous Year
I. INCOME:			
Service Contract Receipts		61,216,500	61,216,500
Less: Service Tax		5,716,500	5,716,500
		55,500,000	55,500,000
Commission Received		2,855,000	415,711
Dividends from non trade investments		248,616	---
Total		58,603,616	55,915,711
II. EXPENDITURE:			
Sub-contract Payments		32,445,340	18,500,000
Staff Cost	7	5,949,716	4,251,570
Professional Charges		460,174	1,162,940
Other Expenses	8	1,210,076	837,644
Auditors remuneration : as Auditors		82,725	55,150
: for Certification		---	2,806
Depreciation	2	424,294	140,856
Diminution in value of investments		(15,642,190)	15,661,546
Loss from Sale of Investments		5,826,071	---
Preliminary Expenses written off		---	3,868
Prior period expenses- preliminary expenses		11,604	---
Total		30,767,810	40,616,380
III. PROFIT FOR THE YEAR BEFORE TAXATION		27,835,806	15,299,331
IV. PROVISION FOR TAXATION			
: Fringe Benefit Tax		---	40,000
: Income Tax		6,550,000	10,500,000
: Deferred Tax		(118,613)	---
: Income Tax of earlier years		436,373	---
V. PROFIT FOR THE YEAR AFTER TAXATION		20,968,047	4,759,331
Add : Profit brought forward from last Year		8,296,489	3,537,158
VI. TOTAL PROFIT CARRIED TO BALANCE SHEET		29,264,536	8,296,489
Earnings per share - (Basic and Diluted)		83.87	19.04
Face Value per Share		2.00	2.00
NOTES ON ACCOUNTS	9		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

Cash Flow Statement for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	27,835,806	15,299,331
Adjustments for:		
Preliminary Expenses written off	11,604	3,868
Income from Investments	(248,616)	---
Depreciation	424,294	140,856
Diminution in value of Investments	(15,642,190)	15,661,546
Loss from Sale of units	5,826,071	---
Operating Profit before Working Capital Change	18,206,969	31,105,601
Adjustments for:		
Increase in Trade and Other receivables	(8,971,801)	(2,429,012)
Increase/(Decrease) in Trade and Other payables	(17,128,123)	18,644,330
Cash generated from Operations	(7,892,954)	47,320,919
Direct Taxes Paid	(10,429,597)	(7,096,416)
Net Cash from Operating Activities (A)	(18,322,551)	40,224,503
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments (including advances)	(121,748,616)	(53,550,000)
Sale of Investments	23,261,727	---
Purchase of Fixed Assets	(28,500)	(1,267,700)
Net Cash used in Investing Activities (B)	(98,515,390)	(54,817,700)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Applications	112,200,000	---
	112,200,000	---
Net increase in Cash and Cash Equivalents (A+B+C)	(4,637,941)	(14,593,197)
Cash and Cash equivalents as at the beginning of the year	5,580,217	20,173,414
Cash and Cash equivalents as at the end of the year	942,276	5,580,217

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

D. Ashok

Director

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
1. SHARE CAPITAL:		
Authorised:		
10,00,00,000 - Equity Shares of Rs.2/- each	200,000,000	200,000,000
	200,000,000	200,000,000
Issued, subscribed and paid-up:		
2,50,000 - Equity Shares of Rs.2/- each fully paid	500,000	500,000
Total	500,000	500,000

2. FIXED ASSETS:

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			Net Block	
		As at 31.03.09	Additions	As at 31.03.10	Upto 31.03.09	For the year	Up to 31.03.10	As at 31.03.10	As at 31.03.09
1	Furnitures and Fixtures (Interiors)	1,267,700	---	1,267,700	140856	422,567	563,423	704,277	1,126,844
2	Office Equipment	-	28,500	28,500	---	1,727	1,727	26,773	---
	Total	1,267,700	28,500	1,296,200	140,856	424,294	565,150	731,050	1,126,844

3. INVESTMENTS:

(At Cost, Long-term, Un-quoted)

Sl. No	Particulars	Number of Shares				As at 31.3.2009
		As at 31.3.2009	Additions/ (Deletions)	As at 31.03.2010	As at 31.03.2010	
i)	Investments in subsidiary Company (Trade) Equity shares of Rs.2/- each fully paid up Nava Bharat Energy India Limited	---	250,000	250,000	500,000	---
				Total (i)	500,000	---
ii)	Investments in other Companies (Trade) Equity shares of Rs.10/- each fully paid up Navabharat Power Private Limited	2,500	8,806,000	8,808,500	88,085,000	25,000
				Total (ii)	88,085,000	25,000
iii)	Investments in Mutual Fund Units (Non Trade)					
	ICICI Prudential Infrastructure Fund	321,022	(321,022)	---	---	11,393,058
	Kotak Opportunity Fund	158,535	(158,535)	---	---	8,618,413
	Sundaram BNP Paribas Select Focus Fund	78,930	(78,930)	---	---	8,321,876
	Reliance Diversified Power Fund	6,018	(6,018)	---	---	505,835
	HDFC MF Monthly Income Plan- ST-Monthly Dividend	---	1,797,022	1,797,022	20,248,616	---
				Total (iii)	20,248,616	28,839,182
				Total (i+ii+iii)	108,833,616	28,864,182
	Less: Diminution in value of Investments				19,356	15,661,546
				Total	108,814,260	13,202,636

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
4. CASH AND BANK BALANCES:		
Cash with Scheduled Bank In Current Account	942,276	5,580,217
Total	942,276	5,580,217
5. LOANS AND ADVANCES: (Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Dues from Subsidiary Company:		
- Advance for Investments	130,000,000	29,000,000
- Other Advances	22,951	---
Advances for Investments:		
- Navabharat Power Private Limited	---	88,060,000
- Rio Realty Private Limited	13,550,000	13,550,000
- Juventas Infrastructure Private Limited	13,000,000	13,000,000
Other Advances	9,908,000	783
Advance Income Tax and Tax Deducted at Source (net)	536,091	-
Other Receivables	1,284,645	2,249,012
Deposits Recoverable	186,000	180,000
Total	168,487,687	146,039,795
6. CURRENT LIABILITIES AND PROVISIONS:		
a) Current liabilities:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	1,807,099	163,862
- total outstanding amount due to other than Micro and Small Enterprises	680,617	18,398,149
Creditors for other finance	739,340	2,416,220
Creditors for Expenses	87,639	
Retention Deposits	947,066	---
Due to Holding Company	24,720	---
Share Application Money pending allotment	245,040,000	132,840,000
Total (a)	249,326,481	153,818,231
b) Provisions:		
: Fringe Benefit Tax (net of advance tax)	2,870	20,000
: Income Tax (net of advance tax)	---	3,326,376
Total (b)	2,870	3,346,376
Total (a+b)	249,329,351	157,164,607
7. STAFF COST:		
Salaries, Wages and Bonus	5,756,097	4,251,570
Workmen and Staff Welfare Expenses	193,619	---
Total	5,949,716	4,251,570
8. OTHER EXPENSES:		
Filing Fees	9,500	3,300
Rent	360,000	120,000
Rates and Taxes	2,500	2,875
General Charges	24,538	21,915
Bank Charges	650	225
Communications	36,509	18,790
Travelling and Conveyance	764,379	670,539
Directors Sitting Fee	12,000	---
Total	1,210,076	837,644

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

9. NOTES ON ACCOUNTS

1. Nature of Operations

Nava Bharat Projects Limited (the Company) has been incorporated on 12.01.2007 as a subsidiary to Nava Bharat Ventures Limited. The entire equity share capital is held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is engaged in the business of rendering services to power plants as operation and maintenance contractors and Investment Consultancy Services.

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

- a) **Basis of Accounting :** The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on an accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.
- b) **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- c) **Fixed Assets:** Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- d) **Depreciation:**
 - i. Depreciation on Fixed Assets is provided on Written Down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.
 - ii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.
 - iii. Improvements to premises taken on lease are amortised over the Primary lease period.
- e) **Prior period items:** All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.
- f) **Contingent Liabilities:** The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.
- g) **Impairment :**
 - i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
 - ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.
- h) **Investments:** Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline other than temporary in nature.
- i) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:
 - i. **Income from Services:** Revenue is recognized as and the Services rendered as per the terms of individual Service Contract. Income from Services is accounted inclusive of service tax.
 - ii. **Commission:** Revenue from Investment Consultancy Services is recognised as and when services are rendered.
 - iii. **Dividends:** Dividend is recognised when the right to receive the payment is established.

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

- j) **Retirement and Other Employee Benefits:** Short term compensated absences are provided on an estimated basis and the amount incurred during the year is charged to Profit and Loss account. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.
- k) **Leases:** Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term and vice versa.
- l) **Taxes on Income:** Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.
- m) **Provisions:** A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- n) **Earnings per Share (Basic and Diluted):** Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- o) **Cash Flow Statement:** Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.
- 3 Share application money amounting to Rs.24,50,40,000/- (Previous Year Rs.13,28,40,000/-) has been received from Nava Bharat Ventures Limited., the holding company.
- 4 Depreciation on the assets is provided on written down value method as per schedule XIV of the Companies Act; however depreciation on the partitions and interiors carried out to leased premises which are amortised over the primary lease period.
- 5 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.
- 6 Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. During the year the Company has paid no interest in terms of section 16 of the said Act.
- 7 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	Current Year Rs.	Previous Year Rs.
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	1,807,100	163,862
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

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

Name of the Fund	Face value Rs.	No. of units	Purchase cost Rs.
HDFC MF Monthly Income Fund	10	1,797,022	20,248,616
TOTAL			20,248,616

9 Calculation of Earnings per share	Current year	Previous year
a) Net profit available to Equity shareholders (in Rs.)	209,68,047	47,59,331
b) Weighted average number of Equity shares (Nos.)	2,50,000	2,50,000
c) Face value as per share (in Rs.)	2	2
d) Earnings per share (Basic) (in Rs.)	83.87	19.04

10 In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income", as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company has accounted for the deferred taxes during the year and recognized an amount of Rs.3,944/- and Rs.114,669/- as Deferred Tax Asset on account of Preliminary expenses and Depreciation respectively.

11 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.

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

13 Loans and Advances includes the following amounts due from Private Limited Companies in which the Director is interested as a Director.

S.No	Name of the Company	Amount due in Rupees		Max Amount due in Rupees	
		As at 31.03.2010	As at 31.03.2009	Current Year	Previous Year
1	Navabharat Power Private Limited	99,08,000	880,60,783	99,08,000	880,60,783
2	Rio Realty Private Limited	135,50,000	135,50,000	135,50,000	135,50,000

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 D Ashok, Director

Sri P Trivikrama Prasad, Director

Sri G.R.K.Prasad, Director

ii. Relatives of Key Management Personnel:

Smt P.Sruthi – Daughter of Sri P Trivikrama Prasad

iii Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:

M/s.Nava Bharat Ventures Limited

M/s.Nava Bharat (Singapore) Pte Limited

M/s.Brahmani Infratech Private Limited

M/s.Nava Bharat Realty Limited

M/s.Nava Bharat Energy India Limited

M/s.Kinnera Power Company Limited

M/s.Nava Bharat Sugar and Bio Fuels Limited

M/s.Malaxmi Highway Private Limited

M/s.PT Nava Bharat Sungaicuka

M/s.PT Nava Bharat Indonesia

Dr.Devineni Subbarao Trust

M/s.Navabharat Power Private Limited

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

b. Transactions with related Parties during the year:

(Amount in Rupees)		
	2009-10	2008-09
Enterprises controlling the reporting Enterprise.		
Nava Bharat Ventures Limited		
Contract Receipts	55,500,000	55,500,000
Share Application Money	112,200,000	---
Cost of Investments paid	500,000	---
Enterprises controlled by the reporting enterprise		
1 M/s. Navabharat Power Private Limited		
Advance for Investments	---	4,500,000
Advances	9,908,000	---
2 M/s. Nava Bharat Energy India Limited		
Share Application paid	130,000,000	29,000,000
Advances given	22,951	---
Transactions with relatives to key management personnel:		
Smt.P.Sruthi - Rent	360,000	120,000

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

(Amount in Rupees)		
S.No.Name of the Party	Current Year	Previous Year
1 M/s. Nava Bharat Ventures Limited	(24,720)	---
2 M/s. Navabharat Power Private Limited	9,908,000	783
3 M/s. Rio Realty Private Limited	13,550,000	13,550,000
4 M/s.Nava Bharat Energy India Limited	130,022,951	29,000,000

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 recognized during the year.

16 Expenditure in foreign currency during the year on account of travelling expenditure amounting to Rs.330,393/-.

17 Unexecuted capital commitments towards capital contribution to a subsidiary amounted to Rs. 19916 lakhs (Previous year Rs. Nil.)

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

19 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 and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue
 Bonus Shares Private placement

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Share Application Money
 Reserves & Surplus Secured Loans
 Unsecured Loans Deferred tax liability

Application of Funds:

Net Fixed Assets Investments
 Deferred Tax Asset Net Current Assets
 Accumulated Losses Miscellaneous Expenditure

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure
 +/- Profit or Loss before Tax +/- Profit or Loss after Tax
 Earnings per share in Rs. Dividend Rate %

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

Product description Construction and development
 Generation and Distribution of Power

For and on behalf of the Board

P Trivikrama Prasad
 Director

Hyderabad
 May 28, 2010

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	31 st March, 2010
3	Shares of the subsidiary held by the Company:	
	a) Number of shares	2,50,000
	Face value	Rs.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 31 st March, 2010	N.A.
	b) not dealt within the accounts of the Company for the year ended 31 st March, 2010	(Rs.8,65,881/-)
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 31 st March, 2010	N.A.
	b) not dealt within the accounts of the Company for the year ended 31 st March, 2010	(Rs.8,65,881/-)
6	Change in the interest of the Company in the subsidiary between the end of the financial year of the subsidiary and that of the Company	NIL
7	Material changes between the end of the financial year of the subsidiary and end of the financial year of the Company in respect of the subsidiary's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities.	NIL
8	Remarks	NIL

for and on behalf of the Board

P Trivikrama Prasad
Director

Hyderabad
May 28, 2010

D. Ashok
Director

Notice to Shareholders

Notice is hereby given that the Second Annual General Meeting of the Company will be held on Thursday, the 24th June, 2010 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 and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri D. Ashok, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

Special Business :

4. Increase of Authorised Share Capital :

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

“RESOLVED THAT pursuant to Section 94 (1) (a), 97 and other applicable provisions of the Companies Act 1956, the Authorised Share Capital of the Company be increased from Rs.50,00,000/- (25,00,000 Equity Shares of Rs.2/- each) to Rs.120,00,00,000/- (Rupees One Hundred and Twenty Crores only) (60,00,00,000 equity shares of Rs. 2/- each) by creation of 59,75,00,000 equity shares of Rs.2/- each, ranking pari passu with the existing equity shares of the Company.”

5. Alteration of Capital Clauses of the Memorandum and Articles of Association :

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Special Resolutions.

“RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:”

“The Authorised Share Capital of the Company is Rs.120,00,00,000/- (Rupees One hundred and twenty crores) divided into 60,00,00,000 (Sixty crores) Equity Shares of Rs.2/- (Rupees Two) each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

“RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby substituted by the following:

3. “The Authorised Share Capital of the Company is Rs.120,00,00,000/- (Rupees One hundred and twenty crores) divided into 60,00,00,000 (Sixty crores) Equity Shares of Rs.2/- (Rupees Two) each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

6. Amendment to Articles of Association :

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Special Resolutions.

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the existing Articles 102 and 102A of the Articles of Association of the Company in respect of Debenture Director and Special Directors be and are hereby deleted and the following new Article no. 102 shall be added.

“102. Composition of Directors

The Board of Directors shall have the power from time to time to appoint such number of non-executive/Independent Directors as the Board may determine from time to time in its own discretion or to comply with the provisions of Law as may be in force and applicable to the Company”

7. Issue of Equity Shares :

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

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other provisions, if any, of the Companies Act 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, Memorandum and Articles of Association of the Company and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company, approval of the members be and is hereby accorded to the Board of Directors to issue and allot such number of equity shares of Rs.2/- each in one or more tranches to such persons, corporate bodies, entities, whether or not they are the existing members of the Company, at par or at such premium, in such manner, and at such times, as the Board of Directors, in its absolute discretion, may determine or deem fit.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, or any committee thereof which the Board may constitute for this purpose, be and are hereby authorized to

do all acts, deeds and things and to take all steps and give such directions as may be necessary and to settle all questions or difficulties that may arise in such manner as the Board or the said Committee in its absolute discretion may deem fit”.

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

Hyderabad
May 28, 2010

P Trivikrama Prasad
Director

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

Notes :

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

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

Item Nos.4 and 5

Increase of Authorised Share Capital and alteration of Capital Clauses of the Memorandum and Articles of Association:

The Authorised Share Capital of the Company is Rs.50,00,000/- divided into 25,00,000 equity shares of Rs.2/- each.

In view of the current business plans of the Company, it is proposed to enhance the Authorised Share Capital from Rs.50,00,000/- to Rs.120,00,00,000/- and also amend the Capital Clause V of the Memorandum of Association and Article 3 of the Articles of Association accordingly.

Accordingly, the Board at its meeting held on 28th May, 2010 approved the above proposals and commended the same for your approval by way of Special Resolution.

None of the Directors is interested or concerned in the above proposed special resolutions except to the extent of the shares that may be subscribed by the Directors, their relatives and associates.

Item No.6

Amendment to Articles of Association :

It is proposed to delete Article 102 and 102A from the Articles of Association of the Company in respect of Debenture Director and Special Directors and to incorporate the following new Article No. 102 in the Articles of Association of the Company.

“102. Composition of Directors

The Board of Directors shall have the power from time to time to appoint such number of non-executive/Independent Directors as the Board may determine from time to time in its own discretion or to comply with the provisions of Law as may be in force and applicable to the Company”

The Company has not issued any Debentures and also not availed any substantial term loans from the Financial Institutions. The Board thought that, it would be expedient to consider the same as and when exigencies arise.

The incorporation of new Article in only to enable the appointment of non-executive/Independent Directors by the Board as it may think fit.

The Board at its meeting held on 28th May, 2010 approved the above proposal and commended the same for your approval by way of Special Resolution.

None of the Directors is concerned or interested in the above resolution.

Item No.7

Issue of Equity Shares:

The Company is a Wholly Owned Subsidiary of Nava Bharat Projects Limited and has drawn up plans to implement two 150 MW thermal Power Plants Paloncha and Dharmavaram in Andhra Pradesh with a Capital outlay of about Rs.1400 crores. The means of finance would be through equity and term loans from banks & financial institutions.

The Board thought it would be expedient to issue and allot equity shares of Rs.2/- each in one or more tranches to Nava Bharat Projects Limited, at par, in such manner, and at such times, as the Board of Directors, in its absolute discretion, may determine or deem fit to strengthen the capital base and mobilize long term funds for the implementation of the aforesaid Projects, in part. The allotment would be made within a period of 12 months from the date of this Annual General Meeting and the entire holding will be held by Nava Bharat Projects Limited only post allotment also. There would be no change in control of the Management.

The Board at its meeting held on 28th May, 2010 approved the above proposal and commended the same for your approval by way of Special Resolution.

None of the Directors may be deemed interested/concerned in the above Special Resolution except to the extent of the shares already held by the Directors and that may be allotted to any one or all the Directors or to their relatives and associates either directly or indirectly.

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

Hyderabad
May 28, 2010

P Trivikrama Prasad
Director

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Second Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2010 and the Auditors' Report thereon.

Operations:

During the year under review, the Company has become a Wholly Owned Subsidiary of Nava Bharat Projects Limited and is designated as a power operating Company of the Group.

The Company has drawn up plans to implement two 150 MW thermal Power Plants in Andhra Pradesh. The projects are at the initial stage of implementation with project land having been acquired and other approvals under process.

The Company achieved Financial Closure for both the above Projects on March 29, 2010 and implementing the Projects. The Projects are in the stage of Ordering BTG and other Plant and Machinery required.

Directors:

Sri D. Ashok, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Fixed Deposits:

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

Auditors:

M/s 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 reappointed.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2010:

- 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 regarding particulars of employees drawing remuneration of the prescribed sums, are not applicable as there were no employees in that category.

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

By Order of the Board
for Nava Bharat Energy India Limited

P Trivikrama Prasad
Director

Hyderabad
May 28, 2010

D. Ashok
Director

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

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, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the profit and loss account, of the loss of the Company for the year ended on that date, and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for Brahmayya & Co.

Chartered Accountants

Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Annexure to the Auditors' Report (referred to in paragraph 3 of our report of even date)

Re: Nava Bharat Energy India Limited, Hyderabad.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
c. During the year the Company has not disposed off any of its fixed assets.
2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii) (a), (b) and (c) of paragraph 4 of the 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 inventory and 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. 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.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.
7. Since the paid-up capital and reserves of the company is less than Rs.50.00 Lakhs and the average annual turnover does not exceed Rs.5.00 crores for a period of three consecutive financial years immediately proceeding the financial year concerned, the question of internal audit system does not arise.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.
9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax , wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March , 2010 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.

Annexure to the Auditors' Report
(referred to in paragraph 3 of our report of even date)

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial Institutions.
16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmayya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

				(Amount in Rupees)	
Particulars	Schedule reference	As at 31.03.2010	As at 31.3.2009		
I. SOURCES OF FUNDS:					
1. Shareholders Funds:					
Share Capital	1	500,000	500,000		
Total		500,000	500,000		
II. APPLICATION OF FUNDS:					
1. Fixed Assets:					
a) Gross Block	2	33,689,937	26,511,417		
b) Depreciation		164,442	52,811		
c) Net Block		33,525,495	26,458,606		
d) Unallocated Capital Expenditure	6	72,301,650	364,991		
		105,827,145	26,823,597		
2. Deferred Tax Asset					
		38,508	---		
3. Current Assets, Loans and Advances:					
a) Cash and Bank balances	3	1,402,104	1,823,758		
b) Loans and Advances	4	24,326,500	---		
		25,728,604	1,823,758		
Less: Current Liabilities	5	134,716,893	29,013,236		
Net Current Assets					
		(108,988,289)	(27,189,478)		
4. Profit and Loss account					
		3,622,636	865,881		
		3,622,636	865,881		
Total		500,000	500,000		
NOTES ON ACCOUNTS	8				

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

D. Ashok

Director

Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)			
Particulars	Schedule reference	Current Year	Previous Year
I. INCOME:			
Agricultural Income		592,658	45,915
Total		592,658	45,915
II. EXPENDITURE:			
Professional Charges		1,009,549	919,130
Filing Fee		4,000	2,000
Bank Charges		72,306,335	955
General Charges		1,027,864	7,183
Advertisement Charges		312,598	-
Travelling and Conveyance Expenses		39,622	-
Printing and Stationery Charges		320	13,350
Rates and Taxes		2,500	4,620
Auditors Remuneration : as Auditors		27,575	13,236
: for Certification		3,861	2,809
Directors Sitting Fees		6,000	-
Agricultural Expenses		472,725	136,073
Depreciation	2	111,631	52,811
Preliminary Expenses written off		-	124,620
Expenditure relating to earlier years	7	364,991	-
		75,689,571	1,276,787
Less: Amount transferred to Capital Work-in-Progress	6	72,301,650	364,991
Total		3,387,921	911,796
III. LOSS FOR THE YEAR BEFORE TAXATION			
Provision for Taxation:		2,795,263	865,881
: Current Tax		---	---
: Deferred Tax		38,508	---
IV. LOSS FOR THE YEAR AFTER TAXATION			
Add : Loss brought forward from last Year		2,756,755	865,881
		865,881	---
V. TOTAL LOSS CARRIED TO BALANCE SHEET			
		3,622,636	865,881
Earnings per Share - (Basic and Diluted)		(11.03)	(3.56)
Face Value per share		2.00	2.00
NOTES ON ACCOUNTS	8		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

Cash Flow Statement for the year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax	2,795,263	865,881
Depreciation	111,631	52,811
Operating Profit before Working Capital Changes	(2,683,632)	(813,070)
Adjustments for:		
Trade and Other receivables	(24,326,500)	-
Increase in Trade and Other payables	4,703,657	29,013,236
Cash generated from Operations	(22,306,475)	28,200,166
Net Cash from Operating Activities (A)	(22,306,475)	28,200,166
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(79,115,179)	(26,876,408)
Net Cash used in Investing Activities (B)	(79,115,179)	(26,876,408)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Applications	101,000,000	500,000
Net Cash generated in Financing Activities (C)	101,000,000	500,000
Net increase in Cash and Cash Equivalents (A+B+C)	(421,654)	1,823,758
Cash and Cash equivalents as at the beginning of the year	1,823,758	-
Cash and Cash equivalents as at the end of the year	1,402,104	1,823,758

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

D. Ashok

Director

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
1. SHARE CAPITAL:		
Authorised:		
25,00,000 - Equity Shares of Rs.2/- each	5,000,000	5,000,000
	5,000,000	5,000,000
Issued, subscribed and paid-up:		
2,50,000 - Equity Shares of Rs.2/- each fully paid	500,000	500,000
Total	500,000	500,000

2. FIXED ASSETS:

S. No	Particulars	GROSS BLOCK			DEPRECIATION			Net Block	
		As at 31.03.09	Additions	As at 31.03.10	Upto 31.03.09	For the year	Up to 31.03.10	As at 31.03.10	As at 31.03.09
1	Land	25,730,417	7,178,520	32,908,937	---	---	---	32,908,937	25,730,417
2	Plant and Machinery	781,000	---	781,000	52,811	111,631	164,442	616,558	728,189
		26,511,417	7,178,520	33,689,937	52,811	111,631	164,442	33,525,495	26,458,606
3	Capital Work-in-Progress	---	---	---	---	---	---	72,301,650	364,991
	Grand Total	26,511,417	7,178,520	33,689,937	52,811	111,631	164,442	105,827,145	26,823,597

Note: Capital Work-in-Progress represents borrowing costs aggregating to Rs.72,301,650/- (Previous Year Rs. Nil)

(Amount in Rupees)

Particulars	As at 31.03.2010	As at 31.3.2009
3. CASH AND BANK BALANCES:		
Cash with a Scheduled Banks in Current Accounts	1,402,104	1,823,758
Total	1,402,104	1,823,758
4. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Advance for Land	24,316,500	-
Deposits Recoverable	10,000	-
Total	24,326,500	-
5. CURRENT LIABILITIES AND PROVISIONS:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	-	-
- total outstanding amount due to other than Micro and Small Enterprises	51,414	13,236
Creditors for other Finance	4,642,528	-
Due to Holding Company	22,951	-
Share Application money pending allotment	130,000,000	29,000,000
Total	134,716,893	29,013,236

**Schedules annexed to and forming part of the Accounts
for the year ended 31st March, 2010**

(Amount in Rupees)		
	Current Year	Previous Year
6. AMOUNT TRANSFERRED TO PROJECT-IN-PROGRESS:		
Professional Charges	---	357,330
General Charges	---	5,661
Rates and Taxes	---	2,000
Bank Charges	72,301,650	---
Total	72,301,650	364,991
7. EXPENDITURE RELATING TO EARLIER YEARS:		
Professional Charges	357,330	---
General Charges	5,661	---
Rates and Taxes	2,000	---
Total	364,991	---

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

P Trivikrama Prasad

Director

D. Ashok

Director

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

8. NOTES ON ACCOUNTS

1. Nature of Operations

Nava Bharat Energy India Limited (the Company) has been incorporated on 08.04.2008. The entire 250,000 Equity Shares of Rs.2/- each fully paid up shares are held by the Holding Company viz., Nava Bharat Projects Limited, Hyderabad. At present the Company is in the process of setting up 2(Two) 150MW coal based thermal power generating units.

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

- a) **Basis of Accounting:** The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on an accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.
- b) **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the 'results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- c) **Fixed Assets:** Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred on projects under implementation is treated as Capital Work-in-progress pending allocation to the assets. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.
- d) **Depreciation :** Depreciation on Fixed Assets is provided on Written Down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.ii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.
- e) **Prior period items:** All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.
- f) **Contingent Liabilities:** The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.
- g) **Impairment:** The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.
- h) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- i) **Government Grants and Subsidies:** Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.
- j) **Borrowing Costs:** Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.
- k) **Taxes on Income:** Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

- l) **Provisions:** A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- m) **Earnings per Share (Basic and Diluted):** Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- n) **Cash Flow Statement:** Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.
- 3 Share application money amounting to Rs.130,000,000 (Previous Year Rs.29,000,000/-) has been received from Nava Bharat Projects Limited., the holding company.
- 4 a. The Term Loans from IDBI Bank Limited, Andhra Bank, Punjab National Bank, Bank of Baroda, State Bank of Hyderabad, Uco Bank, Bank of India, State Bank of Mysore and Punjab & Sindh Bank are secured by a first charge to be created in favour of security trustee on the present and future fixed assets of the Company ranking pari passu with all the lenders.
- b. The lenders have an option to demand for conversion of their loans together with interest into equity in the event of default, for which the Company has agreed in terms of the common loan agreement entered into.
- 5 Depreciation on the assets of the Company is provided on written down value method as per Schedule XIV to the Companies Act, 1956.
- 6 Advance for land amounting to Rs.24,316,500/- includes an amount of Rs.19,316,500/- which is not covered by any agreement.
- 7 In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
- 8 Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. During the year the Company has paid no interest in terms of section 16 of the said Act.
- 9 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006.

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

- 10 The Company is primarily in the business of generation of power only, hence there are no other reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.

Schedules annexed to and forming part of the Accounts for the year ended 31st March, 2010

11 Calculation of Earnings per share

	Current Year	Previous Year
a) Net loss as per Profit and Loss Account (in Rs.)	2,756,755	865,881
b) Weighted average number of Equity shares (Nos.)	2,50,000	243,150
c) Face value as per share (in Rs.)	2	2
d) Earnings per share (Basic and Diluted) (in Rs.)	(11.03)	(3.56)

12 In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules,2006 (as amended) the Company has accounted for the deferred taxes during the year and recognized an amount of Rs.38,508/- as Deferred Tax Asset on account of Preliminary expenses.

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 D Ashok, Director
Sri P Trivikrama Prasad, Director
Sri G.R.K.Prasad, Director

ii. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:

M/s.Nava Bharat Ventures Limited
M/s.Nava Bharat Projects Limited
M/s.Nava Bharat (Singapore) Pte Limited
M/s.Brahmani Infratech Private Limited
M/s.Nava Bharat Realty Limited
M/s.Kinnera Power Company Limited
M/s.Nava Bharat Sugar and Bio Fuels Limited
M/s.Malaxmi Highway Private Limited
M/s.PT Nava Bharat Sungaicuka
M/s.PT Nava Bharat Indonesia
Dr.Devineni Subbarao Trust
M/s.Navabharat Power Private Limited

b. Transactions with related Parties during the year:	2009-10	2008-09
Enterprises controlling the reporting Enterprise.	Amount Rs.	Amount Rs.
Nava Bharat Projects Limited		
Share Application Money Received	130,000,000	29,000,000
c. Balances due to related parties as at the year end.		
Nava Bharat Projects Limited	22,951	—

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

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

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

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

P Trivikrama Prasad

Director

Hyderabad

May 28, 2010

D. Ashok

Director

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue

Bonus Shares Private placement

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Share Application Money

Reserves & Surplus Secured Loans

Unsecured Loans Deferred tax liability

Application of Funds:

Net Fixed Assets Investments

Deferred Tax Asset Net Current Assets

Accumulated Losses Miscellaneous Expenditure

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure

+/- Profit or Loss before Tax +/- Profit or Loss after Tax

Earnings per share in Rs. Dividend Rate %

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

Product description Generation and Supply of Power

For and on behalf of the Board

P Trivikrama Prasad
Director

Hyderabad
May 28, 2010

D. Ashok
Director

Notice to Shareholders

Notice is hereby given that the Second Annual General Meeting of the Company will be held on Wednesday, the 24th June, 2010 at 10.30 A.M. at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration.

By Order of the Board
for **Nava Bharat Sugar and Bio Fuels Limited**

Hyderabad
May 28, 2010

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 Second Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2010 and the Auditors' Report thereon.

Operations:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and is set up to facilitate sugar operations being taken up by the Group. The Company has yet to commence its operations.

Directors:

Sri D. Ashok, Director, is due for retirement by rotation at the ensuing Annual General Meeting.

Sri D. Ashok, vide letter dated 6th May, 2010 expressed that he will discontinue as Director due to his personal preoccupations and opted for retirement from the Directorship of the Company effective from the forthcoming Annual General Meeting. The Board therefore did not move the proposal for his re-appointment at the ensuing Annual General Meeting.

Fixed Deposits:

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

Auditors:

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

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31.03.2010:

- 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 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.

By Order of the Board
for Nava Bharat Sugar and Bio Fuels Limited

G.R.K.Prasad
Director

Hyderabad
May 28, 2010

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, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956:
 - v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of the profit and loss account, of the loss of the Company for the year ended on that date, and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for BRAHMAYYA & CO.

Chartered Accountants

Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Annexure to the Auditors' 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 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 Companies (Auditor's Report) Order 2003 are not applicable to the Company.
3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.
4. The provisions of Clause 4 (iv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being, as there were no transactions of purchase of inventory and fixed assets and sale of goods.
5. a. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
b. In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.
7. Since the paid-up capital and reserves of the company is less than Rs.50.00 Lakhs and the average annual turnover does not exceed Rs.5.00 crores for a period of three consecutive financial years immediately preceding the financial year concerned, the question of internal audit system does not arise.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.
9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax , wealth tax , Sales tax , Custom Duty , Excise Duty and Cess were in arrears , as at 31st March , 2010 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 Auditors' Report
(referred to in paragraph 3 of our report of even date)

16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmaya & Co.
Chartered Accountants
Firm's Registration No.: 000513S

Hyderabad
May 28, 2010

P. Chandramouli
Partner
Membership No.: 025211

Balance Sheet as at 31st March, 2010

Particulars	(Amount in Rupees)	
	As at 31.03.2010	As at 31.3.2009
I. SOURCES OF FUNDS:		
Shareholders Funds:		
Share Capital		
Authorised :		
25,00,000 Equity Shares of Rs.2/- each	5,000,000	5,000,000
Issued, Subscribed and paid-up :		
2,50,000 Equity Shares of Rs.2/- each fully paid-up	500,000	500,000
Total	500,000	500,000
II. APPLICATION OF FUNDS:		
1) Current Assets		
Cash and Bank balances:		
Balances with Scheduled Banks in Current account	344,774	353,344
	344,774	353,344
Less : Current liabilities:		
Sundry Creditors:		
- total outstanding amount due to Micro and Small Enterprises	---	---
- total outstanding amount due to other than Micro and Small Enterprises	33,524	13,236
Net Current Assets	311,250	340,108
2) Profit and Loss account	188,750	159,892
	188,750	159,892
Total	500,000	500,000

NOTES ON ACCOUNTS-Annexed

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

G.R.K.Prasad

Director

P Trivikrama Prasad

Director

Profit and Loss Account for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Current Year	Previous Year
I. INCOME:	---	---
Total	---	---
II. EXPENDITURE:		
Filing Fee	2,000	2,000
Bank Charges	550	750
Professional Charges	6,000	---
Printing and Stationery Charges	---	13,750
General Charges	20	107
Rates and Taxes	2,500	2,620
Auditors remuneration: as Auditors	13,788	13,236
: for Certification	---	2,809
Directors Sitting Fee	4,000	---
Preliminary Expenses	---	124,620
Total	28,858	159,892
III. LOSS FOR THE YEAR	28,858	159,892
Add: Loss brought forward from last year	159,892	---
VI. TOTAL LOSS CARRIED TO BALANCE SHEET	188,750	159,892
Earnings per Share - (Basic and Diluted)	(0.12)	(0.66)
Face Value per share	2.00	2.00

NOTES ON ACCOUNTS-Annexed

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

G.R.K.Prasad

Director

P Trivikrama Prasad

Director

Cash Flow Statement for the Year ended 31st March, 2010

Particulars	(Amount in Rupees)	
	Year ended 31.03.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(28,858)	(159,892)
Operating Profit before Working Capital Changes	(28,858)	(159,892)
Adjustments for:		
Trade and Other payables	20,288	13,236
Net Cash from Operating Activities (A)	(8,570)	(146,656)
B. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	---	500,000
Net Cash generated in Financing Activities (B)	---	500,000
Net increase in Cash and Cash Equivalents (A+B)	(8,570)	353,344
Cash and Cash equivalents as at the beginning of the year	353,344	---
Cash and Cash equivalents as at the end of the year	344,774	353,344

per our report of even date.

for **Brahmayya & Co.***Chartered Accountants*

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

Hyderabad

May 28, 2010

for and on behalf of the Board

G.R.K.Prasad*Director***P Trivikrama Prasad***Director*

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

NOTES ON ACCOUNTS:

- 1 **Nature of Operations:** Nava Bharat Sugar and Bio Fuels Limited (the Company) has been incorporated on 08.04.2008 as a subsidiary to Nava Bharat Ventures Limited, to do the business of manufacture of sugar and allied products. The entire equity shares 250,000 of Rs.2/- each are held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad.
- 2 The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.
 - a) **Basis of Accounting:** The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on an accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.
 - b) **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the 'results of operations' during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
 - c) **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.
 - d) **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.
 - e) **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.
 - f) **Contingent Liabilities:** The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.
- 3 Sundry Creditors include an amount of Rs.4,000/- (Previous year Rs. Nil) due to a Director. Maximum amount due at any time during the year is Rs.4,000/- (Previous year Rs. Nil)
- 4 Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. During the year the Company has paid no interest in terms of section 16 of the said Act.
- 5 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006.

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

Schedules annexed to and forming part of the Accounts for the Year ended 31st March, 2010

6	Calculation of Earnings per share	Current year	Previous year
a)	Net profit available to Equity shareholders (in Rs.)	(28,858)	(159,892)
b)	Weighted average number of Equity shares (Nos.)	250,000	243,150
c)	Face value as per share (in Rs.)	2	2
d)	Earnings per share (in Rs.)- Basic and Diluted	(0.12)	(0.66)
7	There are no reportable segments as per the Accounting Standard (AS 17) on Segment Reporting.		
8	The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:		
	a. Names of related parties and relation with the company:		
	i. Key Management Personnel:		
	Sri D Ashok, Director		
	Sri P Trivikrama Prasad, Director		
	Sri G R K Prasad, Director		
	ii. Associates / Enterprises over which shareholders and key management personnel exercise control or significant influence:		
	M/s.Nava Bharat Ventures Limited		
	M/s.Nava Bharat Projects Limited		
	M/s.Nava Bharat (Singapore) Pte Limited		
	M/s.Brahmani Infratech Private Limited		
	M/s.Nava Bharat Realty Limited		
	M/s.Nava Bharat Energy India Limited		
	M/s.Kinnera Power Company Limited		
	M/s.Malaxmi Highway Private Limited		
	M/s.PT Nava Bharat Sungaicuka		
	M/s.PT Nava Bharat Indonesia		
	Dr.Devineni Subbarao Trust		
	M/s.Navabharat Power Private Limited		
	b. Transactions with related Parties		NIL
	c. Year end balances		NIL
9	The other particulars as required under part II, Schedule VI to the Companies Act, 1956 are not given as they are not applicable to the Company for the time being.		
10	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 and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration No.: 000513S

P. Chandramouli

Partner

Membership No.: 025211

G. R. K. Prasad

Director

Hyderabad

May 28, 2010

P Trivikrama Prasad

Director

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

Balance Sheet abstract and Company's general business profile

I. Registration details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Rupees in thousands)

Public issue Rights issue
 Bonus Shares Private placement

III. Position of mobilisation and deployment of funds (Rupees in thousands)

Total Liabilities Total Assets

Sources of Funds:

Paid-up Capital Share Application Money
 Reserves & Surplus Secured Loans
 Unsecured Loans Deferred tax liability

Application of Funds:

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses

IV. Performance of Company (Rupees in thousands)

Turnover (Gross Revenue) Total Expenditure
 +/- Profit or Loss before Tax +/- Profit or Loss after Tax
 Earnings per share in Rs. Dividend Rate %

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

Product description

For and on behalf of the Board

G.R.K.Prasad
Director

Hyderabad
May 28, 2010

P Trivikrama Prasad
Director

Auditors' Report on the Consolidated Financial Statement of Nava Bharat Ventures Limited and its Subsidiaries

To
The Board of Directors of
Nava Bharat Ventures Limited

1. We have audited the attached consolidated Balance Sheet of NAVABHARAT VENTURES LIMITED and its subsidiaries (collectively "the Group") as at March 31, 2010, the consolidated Profit and Loss Account and also the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of Nava Bharat Ventures Limited'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. We did not audit the financial statements of one of the subsidiaries viz., Nava Bharat (Singapore) Pte. Ltd. Singapore, whose financial statements reflect total assets of US\$ 42,473,600 equivalent to Rs.19,066.40 lakhs, total revenue of US\$ 43,018,958 equivalent to Rs.19,311.21 lakhs and net cash flows amounting to US\$ 2,465,705 equivalent to Rs. 1,106.85 lakhs. The consolidated financial statements of the said subsidiary for the year ended March 31,2010 were audited by other auditors, whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included in respect of such subsidiary is solely based on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Nava Bharat Ventures Limited's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", as notified by the Companies (Accounting Standards) Rules, 2006.
5. In our opinion and to the best of our information and according to the explanations given to us and subject to our observation vide Para 3 above, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - b) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 29, 2010

Consolidated Balance Sheet as at 31st March, 2010

		(Rs. in lakhs)	
Particulars	Schedule reference	As at 31.3.2010	As at 31.3.2009
I. SOURCES OF FUNDS:			
1. Shareholders Funds:			
a) Share Capital	1	1,526.37	1,523.77
b) Reserves and Surplus	2	158,541.25	116,823.97
		160,067.62	118,347.74
2. Minority Interest		22.47	0.01
3. Loan Funds:			
a) Secured Loans	3	25,298.25	28,866.28
b) Unsecured Loans	4	14,079.02	14,171.01
		39,377.27	43,037.29
4. Deferred tax liability		2,021.45	2,113.61
Total		201,488.81	163,498.65
II. APPLICATION OF FUNDS:			
1. Fixed Assets:			
a) Gross Block	5	97,728.42	90,797.51
b) Depreciation		24,236.46	20,255.87
c) Net Block		73,491.96	70,541.64
d) Capital Work-in-progress		12,920.74	1,561.05
		86,412.70	72,102.69
2. Investments			
	6	9,746.95	323.93
3. Current Assets, Loans and Advances:			
a) Inventories	7	28,061.28	44,548.76
b) Sundry Debtors	8	9,131.07	9,474.59
c) Cash and Bank balances	9	69,781.61	44,461.55
d) Other Current Assets	10	2,349.67	2,906.87
e) Loans and Advances	11	24,737.35	15,079.37
		134,060.98	116,471.14
Less: Current Liabilities and Provisions			
a) Current Liabilities	12	19,823.04	17,953.24
b) Provisions	13	8,908.78	7,446.18
		28,731.82	25,399.42
Net Current Assets		105,329.16	91,071.72
4. Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses		---	0.31
Total		201,488.81	163,498.65
Notes on Accounts	21		

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

for and on behalf of the Board

G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Chandramouli
Partner
Membership No.: 025211

P Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

M.Subrahmanyam
Company Secretary &
Vice President

D. Ashok
Chairman

Consolidated Profit and Loss Account for the year ended 31st March, 2010

				(Rs. in lakhs)	
Particulars	Schedule reference	Current Year	Previous Year		
I. EARNINGS:					
Sales (Gross)		122,714.73	146,564.32		
Less: Inter-divisional transfers		5,330.27	9,808.47		
		117,384.46	136,755.85		
Less: Excise Duty		1,162.43	3,117.60		
Sales (Net)		116,222.03	133,638.25		
Export Incentives		363.24	928.45		
Other Revenue	14	3,735.17	2,266.78		
Closing work-in-progress		---	5,219.77		
	Total	120,320.44	142,053.25		
II. OUTGOINGS:					
Raw Materials	15	22,358.99	32,133.12		
Purchased Power and Fuel for Power generation		19,814.98	19,251.80		
Stores Consumed		377.33	889.66		
Other Manufacturing Expenses		1,227.01	1,391.41		
Opening Work-in-Progress		---	5,000.22		
Land Transfer Registration fee		---	90.00		
Payments and benefits to Employees	16	6,874.58	5,732.98		
Finance Charges	17	3,779.06	3,317.63		
Other Expenses	18	4,677.14	19,631.89		
Depreciation	5	4,470.52	3,809.02		
Diminution in value of investments		(284.22)	163.07		
		63,295.39	91,410.80		
(Increase)/Decrease in Stocks	19	7,249.36	(3,727.09)		
		70,544.75	87,683.71		
Less: Amount transferred to Capital work-in-progress	20	1,014.34	2,011.57		
Amount reimbursed by Developer		---	1.87		
	Total	69,530.41	85,670.27		
III. PROFIT FOR THE YEAR BEFORE TAXATION		50,790.03	56,382.98		
IV. PROVISION FOR TAXATION					
: Current Tax		7,450.88	5,933.69		
: Deferred Tax		(92.16)	615.18		
: MAT Credit entitlement		(6,120.00)	(2,300.00)		
: Fringe Benefit Tax		---	76.25		
		1,238.72	4,325.12		

Consolidated Profit and Loss Account for the year ended 31st March, 2010

		(Rs. in lakhs)	
Particulars	Schedule reference	Current Year	Previous Year
V. PROFIT FOR THE YEAR AFTER TAXATION		49,551.31	52,057.86
Minority share		(0.02)	(0.01)
Balance brought forward from last year		53,363.28	19,963.97
Excess Provision for Income Tax written back		---	22.31
Income Tax of earlier years		(6.17)	---
VI. AMOUNT AVAILABLE FOR APPROPRIATIONS		102,908.40	72,044.13
VII. APPROPRIATIONS:			
Proposed Dividend on Equity		6,425.20	5,679.94
Corporate Dividend Tax		1,067.15	965.31
Capital Redemption Reserve		3.05	35.60
Contingency Reserve		2,000.00	2,000.00
General Reserve		10,000.00	10,000.00
Surplus carried to Balance Sheet		83,413.00	53,363.28
Total		102,908.40	72,044.13
Earnings per share (Rupees)			
- Basic		65.08	68.25
- Diluted		60.46	65.21
Nominal value of the Share (Rupees)		2.00	2.00
Notes on Accounts	21		

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 29, 2010

M.Subrahmanyam
Company Secretary &
Vice President

for and on behalf of the Board
G.R.K.Prasad
Director (Finance & Corporate Affairs)

P Trivikrama Prasad
Managing Director

D. Ashok
Chairman

Consolidated Cash Flow Statement for the year ended 31st March, 2010

Particulars	Schedule reference	(Rs. in lakhs)	
		Year ended 31.3.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit after Minority Share and before Tax		50,790.01	56,382.97
Adjustments for:			
Interest earned		(210.08)	(851.23)
Miscellaneous Expenditure written off		0.31	4.35
Excess Provisions written back		(186.75)	(2.17)
Input tax Credit written off		---	80.70
Bad debts and Advances written off		0.60	1.70
Investments written off		---	4.60
Diminution in the value of Inventories		(6,306.27)	6,306.27
Loss on sale of materials		694.67	---
Depreciation		4,470.52	3,809.02
Assets discarded		196.19	2.29
Profit on sale of Assets		(0.96)	(35.11)
Profit on sale of Investments (Net)		(32.07)	(12.25)
Diminution in value of Investments		(284.22)	163.07
Dividends received from Investments		(2,145.58)	(854.63)
Interest (excluding the amount capitalised)		1,169.85	1,507.28
Effect of Exchange Rate Change		(403.52)	(5,818.51)
Operating Profit before Working Capital Changes		47,752.70	60,688.35
Adjustments for:			
Trade and Other receivables		(2,606.62)	(3,439.84)
Inventories		22,099.08	(16,757.38)
Trade and Other payables		2,696.56	498.47
Cash generated from Operations		69,941.72	40,989.60
Direct Taxes paid		(7,853.22)	(6,629.42)
Net Cash from Operating Activities (A)		62,088.50	34,360.18
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Loans/Advances to Bodies Corporate		0.01	1.30
Purchase of Fixed Assets (excluding interest capitalised)		(19,112.83)	(11,283.42)
Sale of Fixed Assets		115.76	48.80
Fixed Deposits		(4,672.73)	(10,742.16)
Purchase of Investments (including advances)		(186,264.86)	(129,168.86)
Sale of Investments		177,294.52	128,090.00
Interest received		432.22	609.96
Dividend received on Investments		2,145.58	854.63
Miscellaneous Expenditure		---	(2.50)
Net Cash used in Investing Activities (B)		(30,062.33)	(21,592.25)

Consolidated Cash Flow Statement for the year ended 31st March, 2010

Particulars	Schedule reference	(Rs. in lakhs)	
		Year ended 31.3.2010	Year ended 31.03.2009
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Shares		319.90	28.99
Buyback of Equity Shares		(214.55)	(2,121.70)
Proceeds from short term borrowings		666.66	682.50
Proceeds from long term borrowings		2,058.13	6,058.55
Repayment of long term borrowings		(6,384.81)	(3,634.12)
Interest paid (including interest capitalised)		(1,212.48)	(1,646.50)
Dividend paid		(6,611.69)	(5,087.15)
Net Cash generated in Financing Activities (C)		(11,378.84)	(5,719.43)
Net increase in Cash and Cash Equivalents (A+B+C)		20,647.33	7,048.50
Cash and Cash equivalents at the beginning of the year		13,934.28	6,885.78
Cash and Cash equivalents at the end of the year		34,581.61	13,934.28
Notes:			
Cash and Cash equivalents include:			
Cash and Cheques on hand		5.20	27.78
Balance with bank in Current Accounts		14,060.87	11,495.26
Balance with bank in Cash Credit Accounts		98.74	58.56
Balance with bank in Deposit Accounts		55,616.80	32,879.95
		69,781.61	44,461.55
Less: Fixed Deposits considered as Investments		35,200.00	30,527.27
Cash and Cash equivalents considered for cash flow		34,581.61	13,934.28

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

P. Chandramouli
Partner
Membership No.: 025211

Hyderabad
May 29, 2010

M.Subrahmanyam
*Company Secretary &
Vice President*

for and on behalf of the Board
G.R.K.Prasad
Director (Finance & Corporate Affairs)

P Trivikrama Prasad
Managing Director

D. Ashok
Chairman

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

		(Rs. in lakhs)	
Particulars	As at 31.3.2010	As at 31.3.2009	
1. SHARE CAPITAL:			
Authorised:			
25,00,00,000 - Equity Shares of Rs.2/- each	5,000.00	5,000.00	
	5,000.00	5,000.00	
Issued and subscribed:			
7,65,06,933 (Previous year 7,81,56,703)			
- Equity Shares of Rs.2/- each	1,530.14	1,563.13	
	1,530.14	1,563.13	
Paid-up:			
7,62,55,458 (Previous year 7,61,25,324)			
- Equity Shares of Rs.2/- each fully paid up	1,525.11	1,522.51	
Add: Forfeited Shares (amount originally paid up)	1.26	1.26	
Total	1,526.37	1,523.77	
2. RESERVES AND SURPLUS:			
a) Subsidies:			
Cash Subsidy from Central/State Governments			
Balance as per last Balance Sheet	33.60	33.60	
b) Capital Reserve			
Balance as per last Balance Sheet	60.20	60.20	
c) Capital Redemption Reserve			
Balance as per last Balance Sheet	823.34	787.74	
Add: Transferred during the year on buyback of Equity Shares	3.05	35.60	
	826.39	823.34	
d) Securities Premium Account			
Balance as per last Balance Sheet	13,732.49	13,697.41	
Add: Received during the year	314.25	35.08	
	14,046.74	13,732.49	
e) Foreign Currency Translation Reserve (arising on consolidation)			
Balance as per last Balance Sheet	(5,352.84)	465.67	
Add: Addition during the year	6.21	---	
	(5,346.63)	465.67	
Less: Deletion during the year	444.45	5,818.51	
	(5,791.08)	(5,352.84)	
f) Contingency Reserve			
Balance as per last Balance Sheet	6,100.00	4,100.00	
Add: Transferred during the year	2,000.00	2,000.00	
	8,100.00	6,100.00	
g) General Reserve			
Balance as per last Balance Sheet	48,063.90	40,150.00	
Less: Premium on buyback of Equity Shares	211.50	2,086.10	
	47,852.40	38,063.90	
Add: Transferred during the year	10,000.00	10,000.00	
	57,852.40	48,063.90	
h) Surplus: balance in profit and loss account	83,413.00	53,363.28	
Total	158,541.25	116,823.97	

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
3. SECURED LOANS:		
i) Rupee Term Loans from:		
IDBI Bank Limited	3,250.00	3,000.00
Infrastructure Development Finance Company Limited	483.33	966.67
Andhra Bank	6,500.00	7,458.55
State Bank of India	1,504.13	2,054.05
HDFC Bank Limited	---	187.50
ii) Foreign Currency Term Loans from:		
Bank of India	7,612.06	10,449.40
IDBI Bank Limited (Buyers Credit)	558.13	---
iii) Medium Term Loans from Banks	688.01	714.18
iv) Working Capital Loans from Banks	4,702.59	4,035.93
Total	25,298.25	28,866.28
4. UNSECURED LOANS:		
Fixed Deposits	18.12	88.41
From : Other Bodies Corporate	30.01	30.00
: A P State Government (deferred sales tax liability)	35.37	35.37
: Orissa State Government (deferred sales tax liability)	---	21.71
Foreign currency convertible bonds	13,995.52	13,995.52
Total	14,079.02	14,171.01

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.3.2009	Additions	Deductions*	As at 31.3.2010	Upto 31.3.2009	For the year	On deductions**	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
		(Rs. in lakhs)									
A.	TANGIBLE ASSETS										
1.	Land - Freehold	2,590.93	5,249.63	0.97	7,839.59	-	-	-	-	7,839.59	2,590.93
	- Leasehold	130.64	9.69	---	140.33	3.14	1.50	-	4.64	135.69	127.50
2.	Buildings - Factory	7,757.78	746.71	47.07	8,457.42	1,365.84	260.45	19.08	1,607.21	6,850.21	6,391.94
	- Township	811.98	513.51	---	1,325.49	155.25	14.75	-	170.00	1,155.49	656.73
	- Others (Freehold)	1,278.48	3.34	---	1,281.82	138.95	21.54	-	160.49	1,121.33	1,139.53
	- Others (Leasehold)	235.10	---	27.02	208.08	15.66	3.47	1.79	17.34	190.74	219.44
3.	Plant and Machinery	74,304.73	1,041.75	623.55	74,722.93	17,477.97	3,824.58	426.84	20,875.71	53,847.22	56,826.76
4.	Railway Siding	355.71	---	---	355.71	33.82	18.78	-	52.60	303.11	321.89
5.	Water Works	125.04	---	---	125.04	40.35	6.34	-	46.69	78.35	84.69
6.	Furniture and Fixtures	356.84	25.16	4.90	377.10	204.52	44.79	1.63	247.68	129.42	152.32
7.	Motor Vehicles	515.95	46.85	121.35	441.45	194.80	56.99	30.48	221.31	220.14	321.15
8.	Office Equipment	600.43	58.17	9.16	649.44	339.75	85.25	8.70	416.30	233.14	260.68
9.	Air Conditioners	131.39	8.09	1.62	137.86	61.10	10.10	1.41	69.79	68.07	70.29
10.	Workshop Machinery	115.73	---	---	115.73	110.05	1.56	-	111.61	4.12	5.68
11.	Other Assets	127.70	14.39	---	142.09	55.19	10.45	-	65.64	76.45	72.51
12.	Power Lines ***	423.19	---	---	423.19	1.22	14.39	-	15.61	407.58	421.97
	Total (A)	89,861.62	7,717.29	835.64	96,743.27	20,197.61	4,374.94	489.93	24,082.62	72,660.65	69,664.01
B.	INTANGIBLE ASSETS										
1.	Computer Software (Other than internally generated)	37.19	49.26	---	86.45	4.30	23.11	-	27.41	59.04	32.89
2.	Water Drawing Rights	898.70	---	---	898.70	53.96	72.47	-	126.43	772.27	844.74
	Total (B)	935.89	49.26	---	985.15	58.26	95.58	-	153.84	831.31	877.63
	Total (A + B)	90,797.51	7,766.55	835.64	97,728.42	20,255.87	4,470.52	489.93	24,236.46	73,491.96	70,541.64
	Add: Capital Work-in-Progress	---	---	-	-	-	-	-	-	12,920.74	1,561.05
	Total	90,797.51	7,766.55	835.64	97,728.42	20,255.87	4,470.52	489.93	24,236.46	86,412.70	72,102.69
	Previous year	81,135.00	11,370.73	147.17	92,358.56	16,578.04	3,809.02	131.19	20,255.87	72,102.69	64,556.96

Note: Additions to fixed assets during the year include borrowing costs capitalised aggregating to Rs. nil (previous year Rs.433.58 lakhs)

* Capital work-in-progress includes borrowing costs aggregating to Rs.822.28 lakhs (upto previous year Rs.nil)

** Includes the foreign currency translation difference between the year beginning and ending rates amounting to Rs.38.88 lakhs (Previous year Rs.49.16 lakhs) which is adjusted against Foreign Currency Translation Reserve.

*** Includes the foreign currency translation difference between the year beginning and ending rates amounting to Rs.4.16 lakhs (Previous year 2.44 lakhs) which is adjusted against Foreign Currency Translation Reserve.

**** Cost incurred by the Company, ownership of which vests with a State Owned Power Distribution Company.

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

6. INVESTMENTS:

(At Cost, Long-term)

Particulars	Face Value Rs.	Number of Units		As at	As at	
		As at 31.3.2009	Additions/ (Deletions)	As at 31.3.2010	31.3.2010	31.3.2009
a) Government Securities - Un-quoted: 6 year National Savings Certificates					2.91	3.01
Total (a)					2.91	3.01
b) Other Investments:						
i) In Other Companies -						
Equity Shares fully paid-up, Un-Quoted (Trade):						
A P Gas Power Corporation Limited	10	17		17	0.00	0.00
Malaxmi Highway Private Limited	10	606,600	40,000	646,600	64.66	60.66
Navabharat Power Private Limited	10	2,500	8,806,000	8,808,500	880.85	0.25
Total (b) (i)					945.51	60.91
ii) In Other Companies -						
Equity Shares fully paid up, Un-Quoted (Non-Trade):						
Indo Coal Ventures Pte Limited	US\$ 1		150	150	0.05	---
Kinnera Power Company Limited	10	50,000		50,000	5.00	5.00
Nava Bharat Envirotech Private Limited	10	1,000		1,000	0.05	0.05
Srinivasa Cystine Limited	10	75,000		75,000	5.00	5.00
Gunnam Subba Rao Investments Private Limited	10	8,000		8,000	0.56	0.56
Total (b) (ii)					10.66	10.61
iii) In Mutual Funds - Units, Quoted (Non-Trade):						
Templeton Floating Rate Income Fund	10	---	8,614,100	8,614,100	861.97	---
Kotak Quarterly Income Fund	10	---	20,444,745	20,444,745	2,044.47	---
Tata Fixed Income Fund	10	---	4,999,300	4,999,300	500.00	---
HDFC Quarterly Income Fund	10	---	4,999,850	4,999,850	500.00	---
ICICI Prudential Infrastructure Fund	10	321,022	(321,022)	---	---	113.93
Kotak Opportunity Fund	10	158,535	(158,535)	---	---	86.18
Reliance Diversified Power Fund	10	78,930	(78,930)	---	---	5.06
Sundaram BNP Paribas Select Focus Fund	10	6,018	(6,018)	---	---	83.22
HDFC MF Monthly Income Plan-ST	10	---	1,797,022	1,797,022	202.49	---
Total (b) (iii)					4,108.93	288.39
iv) Fixed Income Bonds - Quoted (Non-Trade)						
Export Import Bank of India	USD 100	---	20,000	20,000	906.11	---
Indian Oil Corporation	USD 100	---	10,000	10,000	451.92	---
State Bank of India PERP FRN	USD 100	---	33,000	33,000	1,405.56	---
ICICI Bank UK FRN	USD 100	---	41,000	41,000	1,752.89	---
Total (b) (iv)					4516.48	---
v) In Other Companies -						
Equity Shares fully paid-up, Quoted (Trade)						
Kothari Sugars and Chemicals Limited	10	200		200	10.00	10.00
The Jeypore Sugar Company Limited	10	2,857		2,857	1.16	1.16
Rusiana Mining Company Limited	AUD\$1		268,762	268,762	21.75	---
Total (b) (v)					32.91	11.16
vi) In Other Companies -						
Equity Shares fully paid-up, Quoted (Non-Trade):						
Avanthi Leathers Limited	10	63,300		63,300	6.33	6.33
Beardsell Limited	10	548,250	(548,250)	---	---	73.39
NB Footwear Limited	10	76,830		76,830	7.68	7.68
Supreme Petrochem Limited	10	51,877	(51,877)	---	---	31.13
Avanti Feeds Limited	10	1,500		1,500	0.15	0.15
IDBI Bank Limited	10	8,000		8,000	6.50	6.50
Andhra Bank	10	22,800		22,800	2.28	2.28
Tata Consultancy Services Limited	1	6,142	*6,142	12,284	26.10	26.10
Total (b) (vi)					49.04	153.56
Total (b) (i to vi)					9,663.53	524.63
Total (a+b)					9,666.44	527.64
Less: Diminution in value of Investments					29.86	203.71
					9,636.58	323.93
Add: Fair value adjustment in respect of investments held by foreign subsidiary					110.37	---
Total					9,746.95	323.93

* Received as bonus

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	As at 31.3.2010	As at 31.3.2009
12. CURRENT LIABILITIES:		
Sundry Creditors:		
Total outstanding dues of Micro and Small Enterprises	793.27	432.21
Total outstanding dues of creditors other than Micro and Small Enterprises	12,162.52	11,887.40
Share Application Money pending allotment	2,862.50	2,012.50
Investor Education and Protection Fund : (Appropriate amount shall be transferred to the Fund as and when due)		
Unpaid Dividend	128.86	95.30
Security Deposits	35.98	56.77
Advances received against supplies	99.31	217.92
Retention Deposits	975.97	412.70
Pre-received Income	3.35	---
Interest accrued but not due	593.02	622.24
Due to directors	2,168.26	2,123.06
Bills discounted with Bankers	---	93.14
Total	19,823.04	17,953.24
13. PROVISIONS:		
For: Dividend	6,425.20	5,679.94
: Corporate Dividend Tax	1,067.15	965.31
: Fringe Benefit Tax (Net of Advance Tax)	-	6.39
: Gratuity	791.73	465.57
: Leave Encashment	624.70	328.97
Total	8,908.78	7,446.18
14. OTHER REVENUE:	Current Year	Previous Year
Interest (gross) earned from		
: Bank Deposits	96.12	487.44
: Others	113.96	346.08
: Income Tax	---	17.71
(T.D.S. Current year Rs.21.88 lakhs, Previous year Rs.134.97 lakhs)		
Miscellaneous receipts	836.74	438.37
Excess provisions/Credit Balances written back	186.75	2.17
Income from Investments - Dividends	2,145.58	854.63
Profit on sale of Long Term Investments	101.98	---
Profit on sale of Short Term Investments	6.60	12.25
Rents earned	44.85	41.40
Claims received/receivable	3.36	31.62
Profit on sale of Assets	0.96	35.11
Foreign exchange fluctuations	198.27	---
Total	3,735.17	2,266.78
15. RAW MATERIALS:		
Opening Stock	14,758.13	9,655.80
Reversal of Diminution in value of materials	6,306.27	---
Add: Purchases	14,355.50	43,541.72
	35,419.90	53,197.52
Less : Cost of Sales	1,858.67	---
: Closing Stock	11,202.24	14,758.13
: Diminution in value of materials	---	6,306.27
Total	22,358.99	32,133.12

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	Current Year	Previous Year
16. PAYMENTS AND BENEFITS TO EMPLOYEES:		
Salaries, Wages and Bonus	5,747.33	5,053.29
Contribution to Provident and Other Funds	258.80	205.89
Workmen and Staff Welfare Expenses	302.67	268.18
Retirement benefits	565.78	205.62
Total	6,874.58	5,732.98
17. FINANCE CHARGES:		
Interest on : Term Loans	1,144.70	1,284.88
: Other Loans	38.56	309.71
Bank Charges and Commission	1,083.76	494.52
Prompt Payment Rebate allowed	1,512.04	1,228.52
Total	3,779.06	3,317.63
18. OTHER EXPENSES:		
Rent	142.79	196.20
Rates and Taxes	439.71	276.78
Freight and Transportation	1,355.12	1,677.19
Cane Development Expenses	445.33	138.93
Insurance	412.60	362.71
Advertisement	30.88	53.19
Printing and Stationery	43.99	44.55
Communications	78.12	67.18
Travelling and Conveyance	351.90	403.45
Vehicle Maintenance	52.95	49.00
Legal and Professional charges	1,020.43	1,319.03
Directors Sitting fee	2.90	1.75
Payments to Auditors : As Auditors	19.95	13.30
: For Tax Audit	4.41	3.31
: For Tax Representation	2.73	8.51
: For Certification	2.69	5.29
: For Expenses	0.25	0.25
Fees to Cost Auditor	4.19	3.75
Repairs and Maintenance : Machinery	2,854.74	2,847.75
: Buildings	549.00	494.92
: Others	58.86	28.02
Commission on Sales	36.88	96.16
General Charges	1,872.75	1,347.14
Input tax Credit written off	---	80.70
Bad Debts and Advances written off	0.60	1.70
Investments written off	---	4.60
Foreign exchange fluctuations	---	2,966.24
Diminution in value of Inventories	(6,306.27)	6,306.27
Loss on Sale of materials	694.67	---
Assets discarded	196.19	2.29
Loss on sale of Long Term Investments	76.51	---
Donations and Charities	108.65	532.13
Expenditure relating to earlier years	123.31	295.25
Miscellaneous Expenditure written off	0.31	4.35
Total	4,677.14	19,631.89

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

Particulars	(Rs. in lakhs)	
	Current Year	Previous Year
19. (INCREASE)/DECREASE IN STOCKS:		
a) Opening Stocks:		
Work-in-progress	1,258.12	567.28
Finished goods	16,616.15	13,576.41
Scrap	1.83	5.32
	17,876.10	14,149.01
b) Closing Stocks:		
Work-in-progress	462.30	1,258.12
Finished goods	10,164.44	16,616.15
Scrap	---	1.83
	10,626.74	17,876.10
(Increase)/decrease in Stocks (a-b)	7,249.36	(3,727.09)
20. AMOUNT TRANSFERRED TO CAPITAL WORK-IN-PROGRESS:		
Purchased Power and Fuel for Power generation	3.51	1,430.67
Manufacturing Expenses	---	48.28
Salaries, Wages and Bonus	18.28	58.22
Contribution to Provident and Other Funds	1.82	2.74
Workmen and Staff Welfare Expenses	5.71	22.48
Interest on Term Loans	13.41	87.31
Bank Charges and Commission	808.87	76.36
Prompt Payment Rebate allowed	---	44.03
Rent	---	3.89
Rates and Taxes	106.91	41.29
Insurance	35.22	26.51
Advertisement	---	1.19
Printing and Stationery	---	0.83
Communications	---	1.22
Travelling and Conveyance	4.50	30.95
Vehicle Maintenance	---	0.37
Legal and Professional charges	15.21	48.47
Repairs and Maintenance - Machinery	---	28.36
General Charges	0.17	4.31
Foreign exchange fluctuations	---	49.64
Donations	---	0.20
Depreciation	0.73	4.25
Total	1,014.34	2,011.57
Less : Income during trial run	---	2,201.41
Interest earned (Others) (Gross) (TDS: Nil)	---	0.50
Miscellaneous Receipts	27.03	117.28
Net Total	987.31	(307.62)

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

21. NOTES ON ACCOUNTS:

1. Consolidated financial statements have been prepared to meet the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

a) Basis of consolidation:

The consolidation of accounts is done in accordance with the requirements of Accounting Standard(AS21) "Consolidation of Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006. Financial statements of subsidiaries were prepared for the year ended 31st March 2010 and the same have been adopted for consolidation.

- b) The subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Place of incorporation	Percentage of shareholding
Nava Bharat (Singapore) Pte Limited	Singapore	100.00
PT Nava Bharat Sungaicuka	Indonesia	95.00
PT Nava Bharat Indonesia	Indonesia	95.00
Brahmani Infratech Private Limited	India	99.98
Nava Bharat Realty Limited	India	100.00
Nava Bharat Projects Limited	India	100.00
Nava Bharat Energy India Limited	India	100.00
Nava Bharat Sugar and Bio-Fuels Limited	India	100.00

In accordance with para 11 of AS 21 on "Consolidated Financial Statements" the financial Statements of Kinnera Power Company Limited and Malaxmi Highway Private Limited were not considered for consolidation.

- c) Principles of consolidation:

The consolidated financial statements have been prepared based on a line-by-line consolidation of Profit and Loss Account and Balance Sheet. All inter-company balances and transactions are eliminated on consolidation.

2. Minority Interest:

	Rs. in lakhs	
	As at 31.3.2010	As at 31.3.2009
25,000 shares in the Share Capital of PT Nava Bharat Sungaicuka	11.23	---
25,000 shares in the Share Capital of PT Nava Bharat Indonesia	11.22	---
2 Equity shares in the Share Capital of Brahmani Infratech Private Limited	0.00	0.00
Share in Reserves	0.02	0.01
Total	22.47	0.01

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

a) **Basis of Accounting**

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

b) **Use of estimates**

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

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 other attributable costs to bring the asset to its working condition for its intended use.

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

Direct overhead expenditure incurred on projects under implementation is treated as unallocated capital expenditure pending allocation to the assets and are included under Capital work-in-progress.

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. The cost of leasehold Land is amortised over the lease period.
- iv. Improvements to premises taken on lease are amortised over the Primary lease period of three years.
- v. Expenditure on power lines, ownership of which belongs to a state owned power Distribution Company is amortised over the period as permitted in the erstwhile "The Electricity Supply Act, 1948".

e) Intangible Assets

- i. Costs incurred towards purchase of computer software is amortised over the useful lives of such software as estimated by the management which is of three years.
- ii. Expenditure incurred to acquire water drawing rights from Government/Local authorities or other parties is amortised over the primary period of right to use the facilities which is ten years for the time being.

f) Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.

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) Inventories

- i. Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined at weighted average basis.
- ii. Goods in transit and standing crops are valued at Cost
- iii. Finished goods, Work in progress, Scrap, by-products, loose tools and other stock in trade are valued at lower of cost and net realisable value.
- iv. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis and Cost of finished goods includes excise duty. Cost of traded goods includes purchase and allied costs incurred to bring the inventory to its present condition and location, determined on weighted average basis.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

i) 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. Sale of Goods:
Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Sales are inclusive of excise duty and value added tax/sales tax and is net of sales returns and discounts. Revenue from export sales is recognised on the date of bill of lading.
- ii. Interest:
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

iii. Dividends:

Dividend is recognised when the right to receive payment is established by the balance sheet date.

iv. Export Benefits:

Export Entitlements in the form of Duty Drawback and Duty Entitlement Pass Book (DEPB) Schemes are recognised in the Profit and Loss account on realisation.

v. Other Sundry incomes:

Insurance claims, conversion escalations and income from sale of VERs (Variable Emission Reduction) are accounted for on realisation.

j) Foreign Currency Transactions

i. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency liability/assets not covered by forward contracts are restated at the exchange rates prevailing at the year end.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

iv. Forward Exchange Contracts (Derivative Instruments) not intended for trading or speculation purposes.

The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

k) 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.

l) 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 recognized as an expense in the year in which they are incurred.

m) Segment Reporting Policies

i. Identification of Segments:

The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

* Sales within India include sales to customers located within India.

* Sales outside India include sales to customers located outside India.

ii. Allocation of Common Costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

iii. Unallocated Items:

Includes general corporate income and expense items which are not allocated to any business segment.

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

n) Retirement and Other Employee Benefits

- i. 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.
- ii. The Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- iii. 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.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. In respect of employees stock options, the excess of fair price on the date of grant, over the exercise price, is recognised as deferred compensation cost and amortised over the vesting period.
- vi. Compensation paid under the company's voluntary retirement scheme is charged to the profit and loss account in the year of payment.

o) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases.

Where the Company is the lessee

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the profit and loss account. Costs, including depreciation are recognised as an expense in the profit and loss account.

p) 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.

q) 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.

r) 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.

s) 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.

t) Others

- i. The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation
- ii. Dividend as recommended by the board of directors is provided for in the accounts pending shareholders/lending institutions approval.
- iii. Foreign currency convertible bonds issue expenses incurred and premium payable on redemption of such bonds are adjusted against securities premium account as permitted by section 78(2) of the companies act, 1956.

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

4. The audited financial statements of foreign subsidiaries have been prepared in accordance with the generally accepted Accounting Principles of the Country of incorporation. The differences in accounting policies of the Company and its subsidiaries are not material except that the investments held by foreign subsidiaries are accounted for at "Fair Value". Consequent to that the profit is overstated by Rs.110.37 lakhs when compared to the accounting policies of the Company.
5. i) 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. During the year the Company has paid no interest in terms of Section 16 of the said Act.
- ii) Details of total outstanding dues to Micro and Small Enterprises as per "Micro, Small and Medium Enterprises Development Act, 2006".

(Rs. in lakhs)		
Particulars	Current year	Previous year
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	793.27	432.21
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

6. Fixed Deposit Receipts for Rs.391.81 lakhs (Previous year Rs.429.34 lakhs) are in lien with Bankers towards Margin Money for Bank Guarantees and Letters of Credit issued by them.
7. a) The Company's land of about 5.08 acres was given possession to M/s. Hyderabad Vanaspathi Limited. The sale price of the same is yet to be adjusted pending permission from the Government of Andhra Pradesh.
- b) Land costing Rs.1.23 lakhs (previous year Rs.1.23 lakhs) admeasuring 6 acres and 23 guntas (previous year 6 acres 23 guntas) is not in the name of the Company.
- c) Land costing Rs.26.06 lakhs admeasuring 5.05 acres allotted by APIIC Ltd during the year, is not yet transferred in the name of the Company.
- d) Cost of leasehold land amounting to Rs.140.33 lakhs shown under the head Fixed Assets represents the premium paid to the State Government of Orissa for alienation of 56.36 acres in favour of the Company by virtue of lease deeds for 90/99 years and the said land can be resumed by the said Government by giving 6 months notice in writing during the tenure of lease.
- e) Motor Vehicles costing Rs.1.09 lakhs shown under the head Fixed Assets are not in the name of the Company.
8. 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 other than the assets discarded/dismantled and written off to Profit and Loss Account.
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.

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

10. Employee defined benefits as per AS-15 (Revised): Gratuity

a) The amounts recognised in the Balance Sheet are as under:

Particulars	(Rs. in lakhs)	
	Current year	Previous year
Present value of obligation	1,129.71	786.07
Fair value of Plan Assets	337.98	320.50
Net Assets/(liability) recognised in Balance Sheet as provision	(791.73)	(465.57)
b) Changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as under:		
Present value of obligation as at the beginning of the year	786.07	772.07
Interest cost	67.86	61.77
Past Service Cost	206.49	-
Current Service Cost	62.18	27.52
Benefits paid	(75.86)	(78.36)
Actuarial (gain)/loss on obligation	82.97	3.07
Present value of obligation as at the end of the year	1,129.71	786.07
Fair value of plan assets as at the beginning of the year	400.54	300.75
Return on plan assets	25.64	26.93
Contributions	32.61	32.84
Benefits paid	(43.52)	(40.02)
Fair value of plan assets as at the end of the year	337.98	320.50
c) The amounts recognised in the Profit and Loss Account are as under:		
Current Service Cost	62.18	27.52
Past Service Cost	206.49	74.69
Interest cost	67.86	61.77
Expected return on Plan Assets	(25.64)	-
Actuarial (gain)/loss recognised during the year	80.22	(24.62)
Expenses recognised in the Profit and Loss Account	391.11	139.36
d) Principal actuarial assumptions at the Balance Sheet date are as follows:		
Mortality Table (LIC)	1994-96	1994-96
Discount rate per annum	8.00%	8.00%
Rate of escalation in Salary (per annum)	6.00%	4.00%
Attrition Rate	1.00%	1.00%
Retirement age	58 years	58 years

The rate of escalation in salary considered in actuarial valuation is estimated taking into account inflation, seniority, promotion and other relevant factors.

The Company has determined the liability for employee benefits as at 31st March, 2008 in accordance with the revised Accounting Standard 15 - Employee benefits issued by ICAI and the transitional liability in respect of gratuity is recognised as an expense on straight line basis over a period of 3 years commencing from the year 2007-08 in terms of the said Standard.

The above information is certified by an actuary.

11. The Company uses derivative financial instruments such as forward contracts and currency swap to hedge currency exposures, present and anticipated, denominated mostly in US Dollars and Japanese Yen and all financial and derivative contracts entered into by the Company are for hedging purpose only.

The information on derivative instruments are as follows:

a) Derivative instruments outstandings:

Particulars	Bought/ Sold	(Millions)	
		Amount in foreign currency	
		As at 31.3.2010	As at 31.3.2009
Foreign currency contracts			
-USD/INR	Sold	-	0.55
-JPY/INR	Bought	70.00	-

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

b) Foreign currency exposure not hedged by derivative instruments:

(Millions)

Particulars	Currency	Amount in foreign currency	
		As at 31.3.2010	As at 31.3.2009
Term Loans payments	JPY	1,504.92	2,029.12
	USD	1.24	-
Payables on account of import of goods	EURO	0.07	0.01
	USD	5.82	-

12. a) Working Capital Loans from Banks are secured by hypothecation of raw materials, work-in-progress, finished goods, stores and spares and book debts to the extent of Rs.20,000 lakhs and a second charge on fixed assets of the Company.
- b) The Term Loans from IDBI Bank Limited, Infrastructure Development Finance Company Limited, Andhra Bank, State Bank of India, HDFC Bank Limited, Bank of India, State Bank of Hyderabad,UCO Bank are secured by First Charge by way of equitable mortgage by deposit of title deeds to cover all immovable properties of the Company and hypothecation of all movable properties including movable Plant and Machinery, spares, tools and accessories, both present and future and a second charge by way of hypothecation of all movable properties both present and future (except book debts) subject to prior charges created/to be created in favour of Company's bankers on its stocks of raw materials, semi-finished and finished goods, consumable stores for securing borrowings for working capital requirements. The mortgage/charges created above shall rank pari-passu with the charges created/to be created in favour of other Financial Institutions/Banks.
- c) The Term Loan availed from Andhra Bank amounting to Rs.6,000.00 lakhs out of the sanction of Rs.20,000 lakhs for funding a foreign subsidiary Company, i.e. Nava Bharat (Singapore) Pte Limited is also secured by pledge of 6,300,000 equity shares of US\$1/- each held by Company in the said subsidiary and hypothecation of mineral and mining rights of subsidiary.
- d) All the above said loans are also guaranteed by some of the directors of the Company in their personal capacity.

(Rs. in lakhs)

	As at 31.3.2010	As at 31.3.2009
13. Contingent liabilities not provided for on account of:		
a) Guarantees given by the Bankers	543.37	1,007.09
b) Guarantees given by the Company on behalf of others	10.40	10.40
c) Claims against the Company not acknowledged as debts	883.92	727.59
d) Demand raised by A. P. State Electricity Board (reconstituted as Transmission Corporation of Andhra Pradesh Ltd) towards additional charges on power tariff difference between HT I and HT III categories and surcharge on belated payments disputed by the Company, pending in appeal with High Court of A.P.	136.45	136.45
e) Interest on dues to A. P. State Electricity Board (reconstituted as Transmission Corporation of Andhra Pradesh Ltd).	62.35	62.35
f) Demand from Income-tax department disputed	684.41	1,377.71

14. The Company has imported certain goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rates of duty on an undertaking to fulfill quantified exports against which the remaining future obligations aggregate to Rs.1362.27 lakhs and Rs.1734.95 lakhs which is to be fulfilled within next 3 years and 6 years respectively. Non-fulfillment of the balance obligation within the said period render the Company liable to pay the balance duty of Rs.387.15 lakhs and other penalties under the above referred Scheme.
15. Showcause notices received from Central Excise Department to issue demand notices for an amount Rs.9064.91 lakhs (Previous year Rs.5374.89 lakhs) are pending for final consideration and the Company has already submitted its objections in writing against the said demands.
16. The amount of contracts remaining to be executed on capital account and not provided for are estimated at Rs.29,366.91 lakhs (previous year Rs.385.75 lakhs).

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

17. Segment reporting as per AS 17 issued by the Institute of Chartered Accountants of India.

A. Primary disclosures:

The company has identified the reportable primary business segments considering:

- i) the nature of products and services;
- ii) the differing risks and returns;
- iii) the organisation structure; and
- iv) the internal financial reporting system.

(Rs. in lakhs)

Particulars	Current year					Previous year				
	Ferro Alloys	Power	Sugar	Others	Total	Ferro Alloys	Power	Sugar	Others	Total
1. Segment Revenue (gross)	32,252.55	83,518.79	8,967.47	153.11	124,891.92	72,192.49	69,175.48	7,379.74	386.26	149,133.97
Less: Inter segment revenue	-	5,330.27	-	-	5,330.27	-	9,619.74	338.62	-	9,958.36
Segment Revenue (net)	32,252.55	78,188.52	8,967.47	153.11	119,561.65	72,192.49	59,555.74	7,041.12	386.26	139,175.61
2. Segment Result	(301.59)	50,632.10	983.58	(29.15)	51,284.94	18,997.11	38,480.24	795.96	455.19	58,728.50
3. Segment Result excluding inter segment margin	3,461.32	46,888.51	964.26	(29.15)	51,284.94	25,310.93	32,220.24	742.14	455.19	58,728.50
Add:										
Other unallocable Income					2,461.87					775.47
Less:										
a) Finance Charges					2,956.78					3,109.93
b) Other unallocable expenditure					---					11.06
Profit before tax					50,790.03					56,382.98
Taxation for the year					1,238.72					4,325.12
Net Profit					49,551.31					52,057.86
4. Segment Assets	45,310.60	80,828.01	13,490.55	9,012.88	148,642.04	67,033.88	90,184.47	10,431.56	12,037.93	179,687.84
Unallocated					81,578.59					9,276.18
Total Assets					230,220.63					188,964.02
5. Segment Liabilities	14,715.98	5,803.62	1,769.43	13,611.07	35,900.10	4,843.10	4,899.51	1,127.66	11,870.90	22,741.17
Unallocated					194,320.53					166,222.85
Total liabilities					230,220.63					188,964.02
6. Capital expenditure	615.31	12,426.31	651.78	5,432.85	19,126.65	783.30	10,019.40	133.62	434.41	11,370.73
Depreciation	754.97	3,326.38	376.90	12.27	4,470.52	745.08	2,668.66	388.48	6.80	3,809.02
Non-cash expenses other than depreciation	695.31	175.54	21.54	0.28	892.67	6,322.82	67.36	2.58	8.25	6,401.01

B. Secondary disclosures:

Total Carrying amount of Segment Assets by geographical location of Assets, for each geographical Segment whose Segment Assets are 10 per cent or more of the total Assets of all geographical Segments.

(Rs. in lakhs)

Geographical Segment	Current year			Previous year		
	Cost incurred to acquire Assets (Tangible and Intangible)		Carrying amount of Segment Assets	Cost incurred to acquire Assets (Tangible and Intangible)		Carrying amount of Segment Assets
	Put to use	Capital Work-in-progress		Put to use	Capital Work-in-progress	
Ferro Alloy Plant Paloncha, Khammam Dist., A.P.	229.73	215.47	25,922.62	1,015.16	388.99	38,573.80
Ferro Alloy Plant Kharagprasad, Dhenkanal Dist. Orissa	155.13	16.55	13,702.05	15.26	94.96	17,688.97
Power Plant Paloncha, Khammam Dist., A.P.	1,491.10	2,197.67	30,144.58	542.78	825.34	48,475.73
Power Plant Kharagprasad, Dhenkanal Dist. Orissa	197.36	7,947.77	36,831.33	20,290.00	2,660.04	28,655.43
Power Plant Dharmavaram, East Godavari Dist. A.P.	303.51	134.65	12,536.54	9,583.81	5,767.82	12,766.84

Schedules Annexed to and forming part of the Consolidated Accounts for the year ended 31st March, 2010

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

a) Names of related parties and description of relationship:

Name of the related party	Nature of relationship
i) Key Management Personnel	
Sri D Ashok	Chairman
Sri P.Trivikrama Prasad	Managing Director
Sri C. V. Durga Prasad	Director (Business Development)
Sri G.R.K.Prasad	Director (Finance & Corporate Affairs)
ii) Relatives of key management personnel:	
Smt D Bhakta Priya	Mother of Sri D Ashok
Dr D Rajasekhar	Brother of Sri D Ashok
Smt C Umamaheswari	Wife of Sri C V Durga Prasad
Smt G S P Kumari	Wife of Sri G.R.K.Prasad
Mr G Raghu Chaitanya	Son of Sri G.R.K.Prasad
Kum G Ramya Sudha	Daughter of Sri G.R.K.Prasad
iii) Subsidiaries:	
M/s.Kinnera Power Company Limited	
M/s. Malaxmi Highway Private Limited	
iv) Associates/Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence.	
Dr. Devineni Subbarao Trust	Promoter Group Entity
M/s.Navabharat Power Private Limited	Associate Company

b) Particulars of transactions during the year:

(Rs. in lakhs)

Nature of transactions	Current year	Previous year
i) Transactions with Key Management personnel:		
Sri D Ashok		
Remuneration	1,248.48	1,182.78
Sri P Trivikrama Prasad		
Remuneration	1,217.03	1,184.74
Sri C V Durga Prasad		
Remuneration	117.04	85.07
Sri G.R.K.Prasad		
Remuneration	141.44	84.25
ii) Transactions with relatives of Key Management personnel:		
Dr D Rajasekhar		
Rent	14.94	14.48
Smt C Umamaheswari		
Rent	28.80	21.60
Smt G S P Kumari		
Rent	28.80	21.60
Interest	-	0.13
Deposits received/(repaid)	-	(2.89)
Smt D Bhakta Priya		
Interest	1.14	1.60
Deposits received/(repaid)	(20.00)	---
Mr. G. Raghu Chaitanya		
Interest	---	0.17
Deposits received/(repaid)	---	(2.17)
Kum G Ramya Sudha		
Interest	---	0.17
Deposits received/(repaid)	---	(2.17)

**Schedules Annexed to and forming part of the Consolidated Accounts
for the year ended 31st March, 2010**

Nature of transactions	(Rs. in lakhs)	
	Current year	Previous year
iii) Transactions with Subsidiaries: M/s. Kinnera Power Company Limited Advances/Loans given/(received back)	---	(1.29)
iv) Transactions with Associates/Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence. Dr. Devineni Subbarao Trust Donation given	---	500.00

c) Amount due from/to related parties as at the year end: (Rs. in lakhs)

Sl. No. Name of the party	Current year		Previous year	
	due to	due from	due to	due from
1. Key Management personnel: Sri D Ashok	1,076.63		1,042.75	
Sri P Trivikrama Prasad	1,076.63		1,042.75	
2. Relatives of Key Management personnel: Smt D Bhakta Priya	---		20.00	

19. Earnings per share (E.P.S.)

	Current year	Previous year
i) Net Profit as per Profit and Loss Account available for Equity Shareholders (Rs. in lakhs)	49,551.29	52,080.16
ii) Weighted average number of Equity Shares for Basic EPS	76,136,413	76,308,592
Add: Adjustment for :Employees stock options granted	79,671	257,699
: Foreign Currency Convertible Bonds issued	5,744,082	3,293,310
Weighted average number of Equity Shares for diluted EPS	81,960,166	79,859,601
iii) Nominal value of the share (Rupees)	2.00	2.00
iv) Basic earnings per share (Rupees)	65.08	68.25
v) Diluted earnings per share (Rupees)	60.46	65.21

20. Previous year figures have been re-grouped wherever necessary to make them comparable with those of current year.

Per our report of even date.
for **Brahmayya & Co.**
Chartered Accountants
Firm's Registration No.: 000513S

for and on behalf of the Board

G.R.K.Prasad
Director (Finance & Corporate Affairs)

P. Chandramouli
Partner
Membership No.: 025211

P Trivikrama Prasad
Managing Director

Hyderabad
May 29, 2010

M.Subrahmanyam
Company Secretary &
Vice President

D. Ashok
Chairman

Highlights

Profit After Tax : Rs. 498.68 Crs Up by 9.58%

EPS (FV:Rs. 2/-) : Rs. 60.84 Up by 6.68%

Book Value : Rs. 209.32 Up by 36.03%

Equity Dividend : 450% (400% Previous Year)



NAVA BHARAT

Nava Bharat Ventures Limited

6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082, Andhra Pradesh, India

Website: www.nbventures.com

Nava Bharat Ventures Limited

Registered Office : 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad - 500 082

Notice to Shareholders

NOTICE is hereby given that the 38th Annual General Meeting of the Members of Nava Bharat Ventures Limited will be held on Monday, the 16th August, 2010 at 10.00 A.M. at Hotel Green Park, 7-1-26, Greenlands, Begumpet, Hyderabad- 500 016 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares.
3. To appoint a Director in place of Sri. C.V.Durga Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. E.R.C.Shekar, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Special Business

6. Remuneration payable to Non-Executive Directors by way of commission

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

“Resolved that pursuant to Section 309 of the Companies Act, 1956 and Articles 99 & 100 of the Articles of Association of the Company and within the limits stipulated in Section 309 of the Companies Act, the Company be and is hereby authorised to pay to its Directors (other than Chairman, Managing Director, and Directors in the whole time employment of the Company) for each year for a period of five years commencing from 1st April, 2011 such commission as the Board may from time to time determine (to be divided equally amongst all the Non-Executive Directors) not exceeding 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 198(1) of the Companies Act, 1956) subject to an overall ceiling of Rs. 20 lakhs per year to be paid and distributed equally amongst all the Non-Executive Directors of the Company for each year for a period of five financial years commencing from 1st April, 2011.”

“RESOLVED FURTHER THAT each Non-Executive Director, in addition to the commission payable in the above manner, shall also be paid sitting fee for every meeting of the Board or Committee not exceeding the limits specified by the Act without the requirement of approval of the Central Government, with immediate effect, as may be determined by the Board of Directors of the Company from time to time.”

By order of the Board
For **NAVA BHARAT VENTURES LIMITED**

Hyderabad
May 29, 2010

M. Subrahmanyam
Company Secretary & Vice President

Registered Office:
6-3-1109/1,
'Nava Bharat Chambers',
Raj Bhavan Road,
HYDERABAD-500 082

NOTES

1. The Explanatory Statement in respect of the 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 on a poll only, on his/her behalf and such Proxy need not be a Member of the Company. The Proxy Form duly completed and signed must be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
3. The Share Transfer Register and the Register of Members of the Company will remain closed from 06.08.2010 to 16.08.2010 (both days inclusive) in connection with the Annual General Meeting and Dividend.
4. The dividend for the year ended 31st March, 2010 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the Company's Register of Members after effecting valid transfers received upto the close of business hours on 5th August, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details provided as at the close of business hours on 5th August, 2010 by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. The unclaimed dividends, both preference and equity for the year ended 31st March, 2003 will be transferred on 30.09.2010 to the 'Investor Education and Protection Fund' on expiry of 7 years from the date of transfer to the Unpaid Dividend Account, pursuant to Section 205C of the Companies Act, 1956. It may be noted that after the expiry of the said period of 7 years on 30.09.2010, no claim shall lie in respect of unclaimed dividend. Members who have not encashed their Dividend Warrants for the said financial year or subsequent year(s) are requested to send the same for revalidation to the Company.
The unpaid dividend upto and including for the year 1994-95 has already been transferred to the General Revenue Account of the Central Government and to the Investor Education & Protection Fund as per the provisions of the Companies Act, 1956 read with the relevant rules framed thereunder.
6. Members are requested to furnish change of address, details of their bank accounts viz., name of bank, full address of the branch, account number and folio number for incorporation on the dividend warrant, to the Company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited, Plot No.17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
7. Members seeking any information or clarification on the accounts are requested to send in writing queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries, at the meeting.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrars and Transfer Agents enclosing their share certificates to enable consolidation of their shareholdings in one folio.
9. Pursuant to the directions/notifications of SEBI and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated.
Securities and Exchange Board of India, vide Circular ref.no.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the current circular, all share transfer requests received after 20th May, 2009 should therefore be accompanied with PAN details.
10. Retirement of Directors by Rotation:
Sri.C.V.Durga Prasad, Director (Business Development) of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. His term as a Wholtime Director lasts upto 27.06.2013 as approved by the General Body earlier and the proposed re-appointment, if made, does not constitute any break in service.
Sri C. V. Durga Prasad is a Commerce Graduate and has been in various positions in the Company for the past 36 years covering a wide spectrum of commercial functions such as material procurement, sales, logistics and marketing of ferro alloys in India and abroad and sale of sugar and its by-products like Rectified Spirit, ENA etc. He is also responsible for development and nurturing lucrative markets by interacting with leading customers in India and abroad.
Directors commend the re-appointment of Sri C.V.Durga Prasad, as a Director liable to retire by rotation.
Dr. E.R.C. Shekar, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Dr. E.R.C. Shekar is Doctorate in Metallurgy with about 50 years of experience in Iron and Steel industry. He was the Managing Director of Bhilai Steel Plant and later Vice Chairman of Steel Authority of India Ltd.
Directors commend the re-appointment of Dr. E.R.C. Shekar as a Director liable to retire by rotation.

11. Details of Directors seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors, Sri C.V.Durga Prasad and Dr.E.R.C.Shekar, who are proposed to be appointed/re-appointed are given below:

a	Name	Sri C.V.Durga Prasad	Dr.E.R.C. Shekar
b	Brief Resume:		
	i) Age	59 Years	78 Years
	ii) Qualification	B.Com	B.Sc (Hons) PG Diploma in Metallurgy PhD from Moscow Institute of Metallurgy, RUSSIA
	iii) Experience in Specific Functional area	37 Years	53 Years
	iv) Date of appointment on the Board of the Company (Nava Bharat Ventures Ltd.)	28.06.2003	25.09.1997
c	Nature of expertise in specific functional areas	Commercial functions like raw material procurement, sales, marketing and business development.	Specialized skill in iron and steel industry.
d	Name(s) of other Companies in which Directorships held (as per Sections 275 and 278 of the Companies Act, 1956)	M/s.Nava Bharat (Singapore) Pte.Limited.	M/s. Sunflag Iron & Steel Company Limited M/s. SPA Computers (P) Limited M/s. Hazira Plate Mill Limited M/s. Jaiprakash Power Ventures Limited
e	Name(s) of companies in which Committee Membership(s)/ Chairmanship(s) held	Allotment Committee of Nava Bharat Ventures Limited	Chairman of Remuneration Committee, Audit Committee and Shareholders/ Investors Grievance Committee of M/s. Sunflag Iron & Steel Company Limited
f	No. of shares of Rs.2/- each held by :		
	the Director	70,915	Nil
	his relatives	61,350	Nil
	Total	1,32,265	Nil
g	No. of ESOPs granted on 05.01.2007 and exercised as on date	43,700	—
h	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Nil	Nil

12. Members are requested to bring their copies of the Annual Report to the Meeting.

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

Item No.6

Remuneration to Non-Executive Directors by way of commission

The Members at their AGM held on 27th July, 2006, by way of a Special Resolution, approved to pay the Non-Executive Directors' remuneration for each financial year from 1st April, 2006 to 31st March, 2011, an amount not exceeding 1% of the net profits of the Company subject to an aggregate sum of Rs.15 lakhs (Rupees fifteen lakhs only) for each financial year to be divided amongst the Non-Executive Directors in such manner, as the Board may from time to time determine which shall be in addition to the sitting fee for each meeting of the Board/Committee.

The Company, at present, is paying sitting fee @ Rs.5,000/- per meeting of the Board/Committee to each Non-Executive Director. Section 309 of the Companies Act, 1956 permits the payment of remuneration to the Non-Executive Directors by way of commission not exceeding 1% of the net profits of the Company, if the Company authorises such payment by a Special Resolution at the General Meeting of the Company. The payment of remuneration under Section 309 to Non-Executive Directors includes commission and sitting fee payable for attending each meeting of Board/Committee.

With the growth in the size, scale and complexity of the Company's operations and the level of involvement of the Non-Executive Directors in the supervision and control of the Company and their guidance for the growth of the Company as Members of the Board and also as Chairman/Members of the relevant Committees of the Board, the role of Non-Executive/ Independent Directors on the Board has undergone significant qualitative changes.

Your Board approved and recommended to the members to sanction the remuneration payable to the Non-Executive Directors for every year for a period of five years commencing from 01.04.2011 as proposed in the Special Resolution apart from the sitting fee for attending Board / Committee Meetings not exceeding the limits specified by the Act without the requirement of approval of the Central Government, with immediate effect, as may be decided by the Board from time to time, so that it is commensurate with their enhanced role and involvement in the Corporate Governance of the Company.

Pursuant to proviso to Section 310 in case of Companies of similar size of capital and free reserves, the sitting fee is not to exceed the sum of Rs. 20,000/- without the requirement of the approval of the Central Government. The Board of Directors approved to enhance the sitting fee payable to the Non-Executive Directors from Rs.5,000/- to Rs. 7,500/- each per meeting of the Board/Committee with immediate effect.

Dr. E.R.C. Shekar, Dr. M.V.G. Rao, Sri K Balarama Reddi, Sri S.V.Satyanarayana and Dr. D.Nageswara Rao, being Non-Executive Directors of the Company, are deemed to be concerned or interested in this resolution.

The resolution set out at Item No.6 together with this Explanatory Statement constitute the Memorandum of Interest of each Non-Executive Director under the provisions of the Companies Act, 1956.

The Board commends passing of the resolution as set out in the Notice convening the meeting.

By Order of the Board
For **Nava Bharat Ventures Limited**

Hyderabad
May 29, 2010

M. Subrahmanyam
Company Secretary & Vice President

Registered Office:
6-3-1109/1
'Nava Bharat Chambers'
Raj Bhavan Road
HYDERABAD-500 082

Nava Bharat Ventures Limited

Registered Office: 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082
Telephone Nos.: (040) 23402064, 23403501, 23403540; Fax No. (040) 23403013E-mail: nbvl@nbv.in; nbvl@sify.com • Website: www.nbventures.com

ATTENDANCE SLIP

Annual General Meeting on 16th August, 2010 at 10.00 a.m. at Hotel Green Park, 7-1-26, Greenlands, Begumpet, Hyderabad -500 016

Name of the Shareholder	Folio No./Client I.D.No.:
	No. of Shares :

- A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
- If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the proxy brings this Attendance Slip for the meeting.

I hereby record my presence at the 38th Annual General Meeting of the Company, on 16th August, 2010.

Name of the Proxy (if any) in Block Letters	Signature of the Member/Proxy:
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Nava Bharat Ventures Limited

Registered Office: 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082
Telephone Nos.: (040) 23402064, 23403501, 23403540; Fax No. (040) 23403013
E-mail: nbvl@nbv.in; nbvl@sify.com • Website: www.nbventures.com

PROXY FORM

Folio No./Client I.D.No.
No. of Shares

I/We.....of.....
in the district of
being a member/members of NAVA BHARAT VENTURES LIMITED, hereby appoint..... of
..... in the district of or
failing him,.....of
in the district of as my/our proxy to attend and vote for me/us
on my/our behalf at the 38th Annual General Meeting of the Company to be held on the 16th day of August, 2010 and at
any adjournment thereof.

Signed this day of 2010

Signature:.....

Affix Re. 1/- Revenue Stamp

Note: The Proxy Form duly completed, must be deposited at the Regd. Office of the Company at 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad – 500 082 not less than 48 hours before the time for holding the Meeting.