



NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

39th Annual Report 2010-11

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Corporate Information

BOARD OF DIRECTORS

Mr. D. Ashok

Chairman

Mr. P. Trivikrama Prasad

Managing Director

Mr. G.R.K.Prasad

Executive Director

Mr. C.V. Durga Prasad

Director (Business Development)

Dr. E.R.C. Shekar

Dr. M.V.G. Rao

Mr. K. Balarama Reddi

Dr. D. Nageswara Rao

Mr. S.V. Satyanarayana

IDBI Nominee

Mr. M. Subrahmanyam

Company Secretary & Vice President

AUDITORS

Messrs. Brahmaya & Co.

Chartered Accountants

Flat No. 403, Golden Green Apartments

Irrum Manzil Colony

Hyderabad - 500 082

COST AUDITORS

Messrs. Narasimha Murthy & Co

Cost Accountants

104, Pavani Estates

3-6-365, Himayat Nagar

Hyderabad - 500 029

BANKERS

State Bank of India

Andhra Bank

Bank of India

State Bank of Hyderabad

UCO Bank

REGISTRARS AND SHARE TRANSFER AGENTS

Messrs. Karvy Computershare Private Limited

Plot No. 17 to 24, Near Image Hospital

Vittalrao Nagar, Madhapur

Hyderabad - 500 081

REGISTERED OFFICE

6-3-1109/1

Nava Bharat Chambers

Raj Bhavan Road

Hyderabad -500 082

WORKS

Ferro Alloy Division

Ferro Alloy Plant (A.P.)

Paloncha -507 154

Khammam District

Andhra Pradesh

Ferro Alloy Plant (Odisha)

Kharagprasad Village-759 121

Dhenkanal District

Odisha

Power Division

Power Plant (A.P.)

Paloncha -507 154

Khammam District

Andhra Pradesh

Dharmavaram-533 430

Prathipadu Mandal

East Godavari District

Andhra Pradesh

Power Plant (Odisha)

Kharagprasad Village-759 121

Dhenkanal District

Odisha

Sugar Division

Samalkot - 533 440

East Godavari District

Andhra Pradesh

Machine Building Division

Nacharam

Hyderabad - 500 076

Andhra Pradesh



Nava Bharat Ventures Limited (NBVL) - profile in brief

NBVL is a leading industrial conglomerate with global interests across power generation, mining, ferro alloys and agri-business.



The Company leverages its core strengths in design, engineering, project execution and operation & maintenance, for efficient execution of domestic and overseas projects for expansion as well as diversification and subsequent operations.

NBVL has a strong value system built on efficient utilization and conservation of natural resources and protection of environment in all its operations.

The global headquarters of Nava Bharat group, of which NBVL is the flagship company, is located in Hyderabad, India, while the production facilities are spread over India, Africa and South-East Asia.

Vision

- We will be a dependable source of products and services exceeding our customer's expectations
- We will add best value to our inputs and strive to protect the environment in all our endeavours

Mission

- We will continue to manufacture products at less cost, fulfill stricter quality demands and find solutions to the limitations of energy and raw materials as well as environmental constraints
- We will improve our competencies through innovation and continuous learning

Business Operations

Domestic

POWER

Fuel	Capacity (MW)	Location
Coal	114	Paloncha, Andhra Pradesh
	94	Kharagprasad, Odisha
Bagasse/coal	20	Dharmavaram, Andhra Pradesh
Total generating capacity	228	

The Company is also implementing merchant power plants in Odisha and Andhra Pradesh (through a Special Purpose Vehicle).

FERRO ALLOYS

Product	Capacity (tpa)	Location
Manganese Alloys	1,15,000	Paloncha, Andhra Pradesh
Chromium Alloys	75,000	Kharagprasad, Odisha
Total production capacity	1,90,000	

SUGAR

Produces white crystal sugar, rectified spirit and extra neutral alcohol:

Plant	Capacity	Location
Sugar Plant	3,500 tcd	Samalkot, Andhra Pradesh
Distillery	20 klpd	Samalkot, Andhra Pradesh
Co-gen Plant	9MW	Samalkot, Andhra Pradesh

International

■ Power ■ Mining ■ Agri-business

INTERNATIONAL PROJECT SNAPSHOT

Country	Activity	Status
Zambia	Mining and power generation	65% stake acquired in Maamba Collieries Limited. Revamping coal mine and setting up a power plant in progress
Zimbabwe	Identifying opportunities for mining	Exploratory stage
Laos	Development of hydro-electric power project	Entered into a joint venture with Kobe Green Power Co. Limited
South Africa	Exploring opportunity for coal and power	Exploratory stage



Awards and Recognitions

Award	Awarding authority
Silver Trophy for Outstanding Export Performance for the year 2008-09	The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad
Silver Trophy for Excellence in Rural Development for the year 2008-09	The Federation of Andhra Pradesh Chambers of Commerce & Industry
Best Management Award for outstanding contribution to maintenance of Industrial Relations, Labour Welfare and Productivity for the year 2009-10	The Labour Department of Government of Andhra Pradesh
Best Technical Efficiency Award (1st Prize) for the season 2009-10 in Andhra Pradesh, bagged by the Sugar Plant, Samalkot	The South Indian Sugarcane & Sugar Technologists' Association
National Award for Excellence in Energy Management, 2010 as Excellent Energy Efficient Unit, bagged by the Sugar Division for the 4th consecutive year	Confederation of Indian Industry



Award	Awarding authority
Rank No.1 in 500 of India's best-performing midsize enterprises	Inc. India magazine in a survey published in its September-October 2010 issue
National Award for Water Management 2010 as Water Efficient Unit, bagged by the Ferro Alloy and Power Plants at Paloncha	The Confederation of Indian Industry
Silver Shield for Star Performer as Large Enterprise for outstanding contribution to Engineering Exports during 2008-09	EEPC INDIA
CII Environmental Best Practices Award 2011 for Most Innovative Environmental Project, , bagged by Ferro Alloy Plant, Paloncha	Confederation of Indian Industry
CII Environmental Best Practices Award 2011 for Most Innovative Environmental Project, bagged by Sugar Division, Samalkot	Confederation of Indian Industry

Three Decades of Excellence

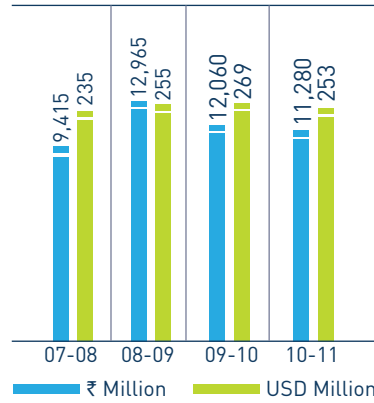
- **1975** - Commenced production of Ferro silicon at Paloncha, AP
- **1980** - Ventured into production of sugar and its by-products
- **1989** - Commenced production of manganese and chrome alloys
- **1997** - Diversified into power generation by catering to captive requirements and selling surplus power
- **2004** - Spread its global footprints through Nava Bharat (Singapore) Pte Limited, a wholly owned subsidiary of NBVL
- **2006** - Renamed as Nava Bharat Ventures Limited to reflect its varied business portfolio
- **2010** - Acquired a large coal mining company in Zambia (Maamba Collieries Limited)



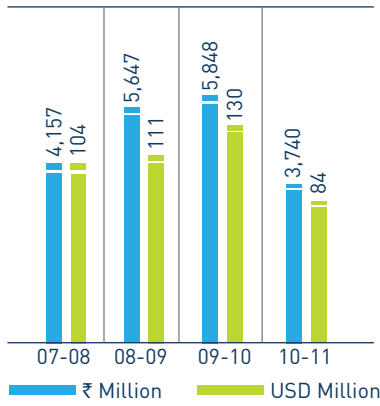


Financial performance

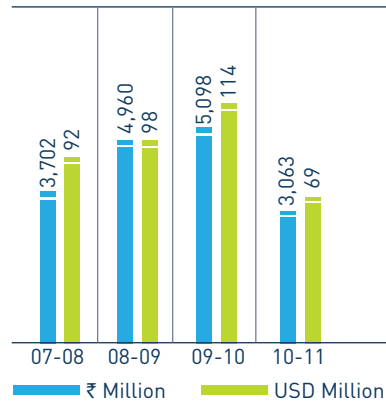
REVENUE



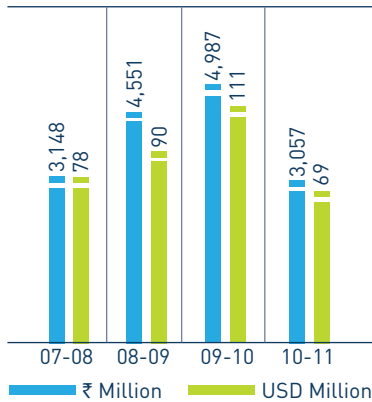
EBIDTA



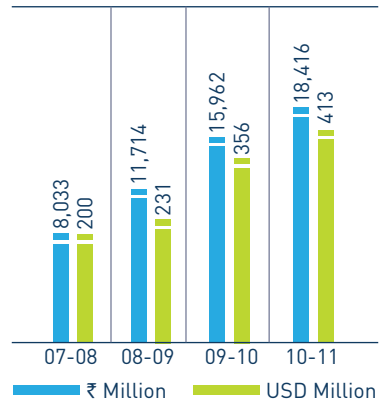
PBT



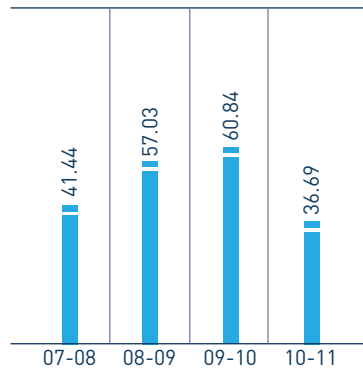
PAT



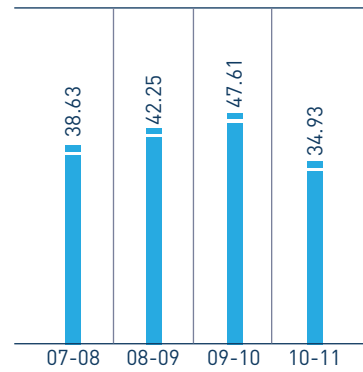
NET WORTH



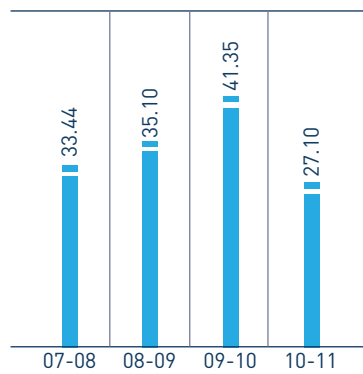
EPS (DILUTED) ₹



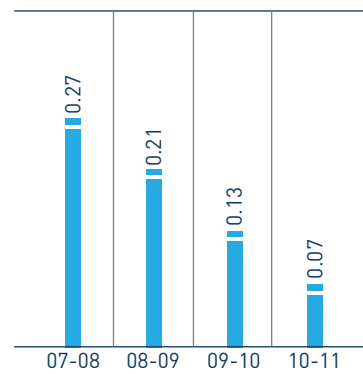
OPERATING MARGINS (%)



NET PROFIT MARGINS (%)



DEBT-EQUITY



USD rate/INR

2007-08	2008-09	2009-10	2010-11
40.115	50.79	44.89	44.59

Note: The financial highlights are based on standalone figures



Report on Corporate Social Responsibility

Nava Bharat Ventures Limited (NBV), believes in responsible corporate citizenship – that it owes its success to various stakeholders including the employees, the community and the environment that sustain its operations.

Less than 300 kilometers from Hyderabad, Paloncha is a small industrial town in a largely tribal district of Khammam where the Company started its operations. NBV operates a Ferro Alloy Plant and a coal-based Power Plant at this place. Home to 13 per cent of the state's tribal population, Khammam is rich in resources but poor in infrastructure. The same applies to Dhenkanal, a predominantly tribal district in Odisha, where the Company has established a Ferro Alloy Plant and a coal-based Thermal Power Plant. For this reason, these two districts benefit the most from the Company's Corporate Social Responsibility (CSR) initiatives.

The third beneficiary is Samalkot, also an industrial town, in East Godavari district, where the Company's sugar complex is located.

The CSR initiatives of NBV lean towards healthcare, education, livelihood and environment protection - the four areas that are bound to have a lasting impact on the community's future. Rather than merely funding, the Company has focused more on building the infrastructure necessary to empower the local community --- improved health awareness and access to reliable healthcare, safe drinking water, better schools, more opportunities for earning a livelihood and a cleaner environment.

HEALTH

The financial year 2011, is a milestone year for the Company in its journey to improve healthcare. It is during this year that NBV has started providing world-class eye care, a vital and pressing need of the society, in Khammam district.



Establishment of Nava Bharat Eye Centre at Paloncha

In association with L.V. Prasad Eye Institute, Hyderabad, the Company is establishing an Eye Care Centre at Paloncha for providing high quality outpatient care, surgical care and nursing care and serving the needs of mostly tribal and underprivileged population. Paloncha is particularly suited for location of such an eye care centre as it is in a

semi-urban area and geographically a central point for the entire Khammam district. The quality of services will be the same for the rich and the poor. The company has constructed the building for the centre on 1.1 acres of its land and donated funds for purchase of necessary equipment.

Construction of Community Health Centre at Kharagprasad

To cater to the healthcare needs of the local community, the Company has constructed a building and supplied medical furniture for a Community Health Centre at Kharagprasad in Odisha. The Company incurred an expenditure of ₹ 12.56 lakhs during the Financial Year.

Medical Camps

Given the large tribal population around the Company's factories, free medical camps have been playing a good role in the Company's health initiatives. Unaware and hard-pressed to access decent healthcare, most tribals rely solely on such camps for health check-ups. Free Diabetes Camps as well as follow up camps were conducted at Nimidha Grama Panchayat in Odisha with the help of Dr. J. Kishore, MD, Diabatologist. Eye care camps were

organized at Kochilmada and NBV's factory at Kharagprasad with the support of BKMM Rotary Eye Hospital, Dhenkanal.

3 K Run for Health Awareness

In association with the Police department of Kothagedem sub-division, NBV sponsored a 3 km Run at Kothagedem to create health awareness among the people about swine flu & heart diseases.

Drinking Water

Basic amenities like water go a long way in helping a community – for instance, the safer their drinking water, the fewer the classes the children miss as a result of improved health.

NBV has sunk bore wells and provided drinking water taps in Ramaswamygumpu, Sekharambanjara, Jaggutanda, Palakoyya tanda, Gajulagudem and other neighbouring villages.

EDUCATION

Promoting education in backward areas is an important element of NBV's CSR initiatives. The Company continues to take several steps that directly contribute to this as well as extending necessary infrastructural support for education.



Running Schools near Company's factories

This is a continuing activity which provides high quality education to about 2000 students coming from nearby villages in Andhra Pradesh as well as Odisha. These schools have once again achieved scholastic as well as extra-curricular excellence. These institutions inculcate

ethical and moral values in the students which make them well behaved and responsible citizens when they grow up. Several alumni of these schools have become professionals in engineering, IT, medicine, etc. The Company incurred an expenditure of about ₹ 10.87 lakhs during the Financial Year.



Free tuitions to poor students

Most of the students of local Government schools at Paloncha belong to S.T., S.C. and B.C. communities. To inculcate the habit of study and avoid school drop-outs among these children of poor and illiterate parents, NBV has arranged free tuitions and introduced rewards and gifts to those who fare well in their studies. Since their parents are unlikely to be able to help them, the children can ask questions, resolve doubts and make up for any missed classes, at these tutorial classes.

The number of centres where such assistance is provided by the Company has gone up from 4 in the last year to 7 in the current financial year and the number of students from 156 to 353 in the same period. There is a remarkable improvement in the marks obtained by the students in the quarterly, half-yearly and annual examinations after attending the tuitions.

Mobile Science Laboratory

Most of the economically backward students get educated in Government Schools. These schools do not have adequate facilities for carrying out scientific demonstration experiments. To address this gap and provide opportunity to such students to gain hands-on experience which promotes better understanding of the concepts in Physics, Chemistry and Biology, NBV has launched a Mobile Science Laboratory, sponsored by Dr. Devineni Subbarao Trust, Hyderabad.

Centre for Communication Skills in English

Of late it has been observed that most of the educated unemployed youth is seriously lacking in both verbal and written communication skills in English and failing to secure jobs, though they have sufficient knowledge and skills in the relevant subjects. To address this important need of the society and improve the employability of youth, NBV has established, at Paloncha, an English Coaching Centre, sponsored by Dr. Devineni Subbarao Trust, Hyderabad.

Infrastructural Support

Since infrastructure is integral to increasing school attendance and improving the quality of education, the Company has taken the following steps during the year:

a) Construction of Class Rooms

The Zilla Parishad Secondary School, at Kommugudem at Old Paloncha with 5 class rooms is running classes under the shade of trees, from 6th to 10th standards for students coming mostly from parents who are farmers/daily wage earners from S.C., S.T. and B.C. communities. NBV has constructed additional class rooms to provide proper atmosphere for teaching. The Company incurred an expenditure of ₹ 5 lakhs during the Financial Year.

b) Free supply of Construction Material

The Company supplied a total of 80,000 fly ash bricks to Brahmani Public School, Patna ME School and Anchalika Mahavidyalaya at Kharagprasad as well as Saraswati Sisu Mandir at Motanga Village in Odisha.

c) Providing School Furniture

NBV provided school furniture to MPP School, Dharmavaram Village, East Godavari district, Andhra Pradesh, Brahmani Public School, Kharagprasad and Sivapur Sevashram ST/SC School, Sivapur in Dhenkanal district, Odisha where it also constructed cement racks for hostel boarders.

d) 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.

e) Other Support

The Company donated schoolbags, TV and washing machine to orphan children of "Adhruta" orphanage at Daulasahi, Dhenkanal and constructed a boys' toilet at Kharagprasad High School in Odisha.

LIVELIHOOD

Skill development is a pressing requirement to cope up with the rising demand for competent human resources. This necessitates quality training to deserving and talented youth of the society.



Vocational Training

Nava Bharat Vocational Institute (NBVI) at Paloncha has provided training to 40 persons in welding trade. Training in electrician trade has commenced during the current year with an outgoing batch of 10 persons. The youth

trained by NBVI are very well received by various industrial units by offering suitable employment opportunities. The Company incurred an expenditure of ₹ 14.12 lakhs during the Financial Year.

OTHER SOCIAL DEVELOPMENT INITIATIVES

Apart from the above initiatives, the Company has participated in various social development activities as mentioned below.

Laying Roads

The majority of habitants of Paloncha are from working class and belong to S.T., S.C. and B.C. communities. During the rainy season the kucha roads are inundated and sometimes flood water enters houses due to improper drainage system. To alleviate this situation, NBV has laid roads and constructed drainages in the village.

The Company has also arranged for formation of road at Bandarigudem, a tribal hamlet in Burgampadu Mandal of Khammam district and an approach road to Yerravaram village in East Godavari district, Andhra Pradesh. The Company spent about ₹ 31 lakhs for laying roads and construction of drains during the Financial Year.

Renovation of Temples

To cater to the devotional needs of the communities around its factories, NBV has renovated a Hanuman Temple at Old Paloncha in Khammam district and a 200 year old temple at Chebrolu, provided a shed at Sri Sai Baba Temple at

Samalkot and arranged a bridge for the convenience of devotees at Sri Kumararama Bhimeswara Swamy Temple at Samalkot in East Godavari district, Andhra Pradesh.

The Company has renovated the Village Puja Mandap at Charadagadia village in Dhenkanal district, Odisha.

Support to Sports

The Company has donated sports material for the recreation of local youth of Sekharambanjara village in Khammam district and extended financial assistance for conducting Zonal Sports Meet at MPP High School, Dharmavaram, District level Girls' Games & Sports Meet at Girls' High School, Samalkot in East Godavari district, Andhra Pradesh.

Plantation

NBV has planted 3500 cashew nut saplings in 42 acres of government land, for the benefit of the people of Haripur, Odisha.



Care for Senior Citizens

NBV has donated funds to Indian Red Cross Society, for the benefit of the inmates of the Home for Senior Citizens, Kakinada in East Godavari district, Andhra Pradesh.

Flood Relief

Due to heavy downpour in Paloncha, flood waters entered into Sanjaynagar, a low lying area adjacent to our factory at Paloncha. Rising to the occasion, the company arranged temporary rehabilitation and food to the flood victims.



ENVIRONMENT PROTECTION

The Company strives to protect the environment by controlling air, water and noise pollution in all its operations to levels well below the limits prescribed by the authorities. It adopts innovative practices to improve its environmental performance.

Reuse of Solid Waste

The fume collected in the filter bags of the gas cleaning plants attached to ferro alloy furnaces and ore fines are sintered and reused in the furnaces at the Company's Ferro Alloy Plant at Paloncha. This is duly appreciated by Confederation of Indian Industry by way of according "CII Environmental Best Practices Award 2011 for Most Innovative Environmental Project" at the national level.

Use of Nye-tray type Wet Scrubber

The Company has adopted Nye-tray type wet scrubber for cleaning the flue gases emanating from bagasse fired boiler at its Sugar Plant at Samalkot, Andhra Pradesh.

This has enabled substantial reduction in concentration of suspended particulate matter in outgoing gases, pressure drop across the scrubber and water consumption. This practice earned the Company "CII Environmental Best Practices Award 2011 for Most Innovative Environmental Project" at the national level.

Development of Greenery

Apart from development and maintenance of thick green belt around its factories at Paloncha, NBV arranged to plant saplings for development of greenery in Kothagudem area, Khammam district, Andhra Pradesh.

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Report of the Directors and Management Discussion and Analysis for the financial year ended 31st March 2011

Dear members,

Your Directors have pleasure in presenting the 39th Annual Report along with the audited accounts for the year ended 31st March 2011.

Financial Results

The financial performance of the Company, for the year ended 31st March 2011 is summarised below:

(₹ in lakhs)

	12 months ended 31st March 2011	12 months ended 31st March 2010
Turnover/Income (Gross)	1,23,217.70	1,27,091.43
Profit before Finance charges, Depreciation and Taxation	37,395.39	58,480.22
Less: Finance charges (excluding amount capitalised)	2,181.30	3,059.13
Profit before Depreciation and Taxation	35,214.09	55,421.09
Depreciation	4,584.89	4,437.79
Profit for the year after Depreciation	30,629.20	50,983.30
Provision for taxation - Current tax	5,675.00	7,325.00
- Deferred tax	39.56	(89.90)
- MAT credit entitlement	(5,655.00)	(6,120.00)
Profit after Tax	30,569.64	49,868.20
Balance brought forward from last year	77,175.40	46,802.60
Income tax of earlier years	(191.01)	--
Profit available for Appropriation	107,554.03	96,670.80
Appropriations		
Dividend on Equity Share Capital	5,128.47	6,425.20
Corporate Dividend Tax	831.97	1,067.15
Capital Redemption Reserve	--	3.05
Contingency Reserve	--	2,000.00
General Reserve	10,000.00	10,000.00
Surplus carried to Balance Sheet	91,593.59	77,175.40
	107,554.03	96,670.80

REVIEW OF OPERATIONS

The Company's business focus in 2010-11 continued to be led by the Power followed by Ferro Alloys and Sugar in that order. During the year under review, endeavor was made to optimize the power generation while the dynamic switch between consumption for production of Ferro Alloys and merchant sale was dictated by relative margins and contributions. The Company registered a gross turnover of ₹ 1,232.18 crore and profit-before-tax of ₹ 306.29 crore, which corresponded much lower than those in the previous year owing to extraneous factors beyond the control of the Company. The Company utilised MAT-Credit entitlement and accordingly the profit-after-tax on stand-alone basis was ₹ 305.70 crore.

The consolidated financials have been made taking into account the profit on part divestment of equity stake in the Odisha power project by Nava Bharat Projects Limited (NBPL), development expenditure on aborted projects in Indonesia and pre-development loss in the Zambian coal mine while the operations in other subsidiaries have had minimal effect on the consolidated financials.

POWER DIVISION

The operational performance of the power plants both in AP and Odisha during the year under review was better with average PLF registering at over 90% in all the plants. The Company generated 1837.87 MU and after auxiliary consumption and transmission loss of 192.39 MU, sold 1346.95 MU of power to traders/grid on merchant sale basis while 298.53 MU power was consumed for production of Ferro alloys.

The year under review was marked by steady drop in merchant power realizations on a quarter on quarter basis relative to those obtained in the previous year. Protracted monsoon affecting demand in general and weak financial health of utilities, prompting curtailment of merchant power purchase and relatively higher availability of power, contributed to this deceleration in the merchant power realizations. The situation improved marginally in the fourth quarter albeit on a lower level corresponding to the previous year. The general consensus amongst power industry participants is that a subdued merchant power scenario is likely to continue in the near future pending rationalization of tariffs which would improve the financial health of State utilities. A section of industry also perceives that the incremental power generation with high cost fuel, both domestic and imported, could push the merchant power rates higher, given the demand dynamics in the country.

FERRO ALLOYS DIVISION

During the year under review, the Company adopted a cautious approach in the production of Ferro chrome where margins were not forthcoming and resorted to merchant sale of surplus power. The situation of manganese alloys was distinctly better prompting the Company to increase production and sales of manganese alloys in the year under review. The Company produced and sold manganese alloys of 62,230 MT and 61,951 MT respectively, while the production and sales of chromium alloys corresponded to 8,063 MT and 11,628 MT respectively. The improved margins in manganese alloys over those of previous year helped the division post segmental profit of ₹ 5.20 crore after absorbing the fixed cost incidence in the Odisha Works where production was stopped from July 2010.

SUGAR DIVISION

The sugar operations were accentuated by less than anticipated crushing owing to unseasonal rains, static free sale price and inter se free consumption of bagasse in the 20MW power plant in Dharmavaram. The unit performed admirably bagging the award for being the Most Energy Efficient Unit from CII for the fourth year in a row. The average sugar recovery during the year under review was 9.82% compared to that of 9.60% in the previous year.

NEW PROJECTS- DOMESTIC

The 64 MW power plant in Odisha is awaiting certain statutory clearances. These clearances are expected to be in place by September 2011.

The 150 MW power unit being implemented by the step down subsidiary Nava Bharat Energy India Limited (NBEIL) at Paloncha in Khammam district is in construction stage, having received all requisite clearances. The subsidiary had to shelve the other 150MW power unit, contemplated at Dharmavaram in East Godavari district, owing to lack of environmental clearance.

Fuel arrangements for both 64 MW and 150 MW units will be through a combination of imported coal, washery rejects and coal through e-auction.

NEW PROJECTS - OVERSEAS

The Company's decision to take up overseas ventures is driven and influenced by infrastructure availability, demand forecast of the respective regions and benefits of vertical



integration. From these perspectives, your Company feels that its investments in Africa and in Laos are steps in the right direction. Your Company expects that these investments, upon fruition, over the next 3 years, would bring about a sustainable improvement in the consolidated operations of the Company and impart significant resilience to the Group on account of diversity and assured returns on investment.

The Zambian coal mine has, since the takeover by the Company's Singapore subsidiary in April 2010, undergone a rehabilitation programme aimed at an early resumption of high grade coal mining operations and mitigation of fixed and recurring cost through a substantial reduction in wage bill. The coal mining operations are set to commence in October 2011 and should, given the buoyancy in the coal prices and demand, spur cash inflows into this Zambian Company in the current year itself. The land locked situation of Zambia has affected the geographical access for sale of this coal to some extent and the Company hopes that with gradual improvement in logistics and infrastructure, externalization of coal operations will become feasible in the near future.

The Zambian Company has also taken effective steps to launch a 300 MW mine-mouth power plant and is set to induce a dependable generation mix in Zambia which has been dependent on hydel power so far. This Company has received several new enquiries from within and outside Zambia for power, encouraging it to plan ahead for enhancing the power generating capacity to about 900MW in stages. Africa is fast emerging as a forefront investment destination for many a corporate and your Company has a head start with this investment in Zambia, which can be leveraged for other lucrative investment opportunities in Africa.

It is heartening to report that the ZCCM-IH, the JV partner in the Zambian Coal Company, against which bulk of the liabilities are outstanding, has conveyed its intentions to convert these liabilities into equity backed with a similar move from Nava Bharat proportionate to the respective stakes in the coal Company. The financial position of this coal Company will thus receive a significant boost in the current year.

The proposed investment in the hydel power generation project in Laos is significant in that on one hand, the Group's entry into hydel power generation is facilitated based on a proven hydrology with potential plant load factor exceeding 60% and secondly reinforces the Group's commitment for green initiative without losing sight on return on investment. The hydel power project has received the approval of the

Government of Laos for project development and detailed feasibility study is under way. The project concession will be obtained soon after the feasibility study and execution of power purchase agreement followed by financial closure, which will enable the launch of the project by March 2012.

Your Company also considers that agro based investments and industries in Africa have good potential with large tracts of agricultural land with water sources being available for optimal utilization in this space. As a first step, a step down subsidiary, Nava Bharat Africa Resources Pvt. Limited (NBAR) has been set up in Mauritius to focus on this agro based investments by leveraging upon the Company's experience in sugar and bio-fuels for the last three decades.

The Singapore subsidiary of the Company is spearheading the overseas investments and substantial value accretion will happen in due course in line with progressive achievement of set milestones.

OUTLOOK AND FUTURE PLANS

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

DIVIDEND ON EQUITY SHARE CAPITAL

Considering the satisfactory performance of your Company and keeping in view the ongoing capital works and growth trajectory, your Directors are pleased to recommend dividend at ₹ 6/- per Equity Share of ₹ 2/- each, subject to necessary approvals.

The aggregate dividend payout for the year 2010-11 amounts to ₹ 59.60 crore, including corporate dividend tax.

FCCB

Out of the FCCB of JPY 6000 Million raised, FCCB of JPY 2480 Million have since been converted into Equity Shares which were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

The balance FCCBs of JPY 3520 Million is outstanding in the Company's books at ₹ 139.95 crore corresponding to an exchange rate of ₹ 0.3976 JPY which rate is relevant for conversion. However, currency appreciation effect of ₹ 49.50 crore (negative) as on 31st March 2011 which is relevant for redemption only, is ignored in the books of account as these bonds are optionally convertible and are deep in money at the prevailing market price of the Company's share.

The Company issued an Issuers' Conversion Notice on 17th January 2011 fixing the date of conversion as 28th February 2011. The Issuers' Conversion Right per each Bondholder will be limited to the conversion into Equity Shares with a cap of 14.5% of the enhanced capital.

The Bondholders have to comply with the procedures to enable the Company to complete the conversion process.

EMPLOYEES' STOCK OPTION SCHEME

The Company has granted 6,00,000 Options to the specified employees, which were vested. The ESOS Remuneration (Compensation) Committee allotted during the Financial Year 2010-11, 1,09,210 equity shares of ₹ 2/-each. 66,610 Options got cancelled on cessation of employment. Therefore, there are no outstanding Options as on 31st March 2011.

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 27th July 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 at National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The listing fee for these Stock Exchanges are paid.

FIXED DEPOSITS

The amount of deposits outstanding as on 31st March 2011 was ₹ nil.

There were no overdue deposits, as on date.

INSURANCE

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr.M.V.G.Rao and Sri K.Balarama Reddi, directors of the Company, retire by rotation at the ensuing annual general meeting and

being eligible, offer themselves for re-appointment. Certain changes in the designation and remuneration of Whole-time Directors are being considered for members' approval at the ensuing Annual General Meeting.

SUBSIDIARY COMPANIES AND CONSOLIDATED ACCOUNTS

The Company has Indian and Overseas direct and step down Subsidiaries, the details of which are given below:

The Company has opted to avail the exemption, provided under Section 212 (8) of the Companies Act, 1956 and accordingly disclosed the prescribed information in aggregate for each subsidiary including step down subsidiaries covering capital, reserves, total assets, total liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation etc.

The Annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the Registered Office of the holding Company and of the subsidiary companies concerned. The same will also be published on the website, www.nbventures.com.

The Company shall furnish a hard copy of the detailed accounts of the subsidiaries to any shareholder on demand at any point of time.

NAVA BHARAT PROJECTS LIMITED (NBPL)

NBPL, the Wholly Owned Subsidiary of the Company, is engaged in project support and maintenance services for group companies and is the intermediate holding Company of NBEIL, which is executing the 150 MW power plant at Paloncha.

Members are aware NBPL was holding 50% of equity stake in Navabharat Power Private Limited (NPPL) which is implementing a 1050 MW power plant in Odisha. During the year under review, NBPL divested a part of the investment in NPPL to Essar Power Limited (EPL) and realised capital gains. Sale of the balance shareholding in NPPL to EPL was done in the current year.

NAVA BHARAT ENERGY INDIA LIMITED (NBEIL)

NBEIL is the step down subsidiary through NBPL and is implementing the 150 MW coal fired power plant at Paloncha, estimated to cost about ₹ 666 crore.



BRAHMANI INFRA TECH PRIVATE LIMITED (BIPL)

Nava Bharat Ventures Limited (NBVL) currently holds 65.74% of the equity share capital of BIPL, which is entrusted with the implementation of SEZ project by the Govt. of AP/APIIC. BIPL has entered into a Development Agreement with Mantri Group for this SEZ project. The SEZ project couldn't take off owing to the prevailing real estate and weak IT Industry scenario over the few years.

KINNERA POWER COMPANY LIMITED (KPCL)

KPCL, the subsidiary of the Company, is at present the investment arm of Meenakshi Group for the road project which has been implemented through the SPV, Malaxmi Highway Ltd. (MHL). It is the intention of the Company to offload its stake in KPCL and MHL eventually to Meenakshi Group and hence consolidation of KPCL and MHL are not done.

NAVA BHARAT REALTY LIMITED (NBRL)

NBRL is the Wholly Owned Subsidiary of the Company and there have been no operations in this Company.

NAVA BHARAT SUGAR AND BIO FUELS LIMITED (NBSBL)

NBSBL is the Wholly Owned Subsidiary of the Company and there have been no operations in this Company.

NAVA BHARAT (SINGAPORE) PTE. LIMITED (NBS)

NBS, the Wholly Owned Subsidiary of the Company, is engaged in trading of Ferro alloys and is the investment hub for the entire overseas step down subsidiaries of the Company.

NAVA BHARAT INDONESIA (NBI) AND NAVA BHARAT SUNGAI CUKA (NBSC)

NBI and NBSC were formed through NBS to pursue the Indonesian mineral opportunities. The Indonesian coal venture negotiations with a set of buyers are in advanced stage and these should result in a reasonable coal off-take arrangement with NBS continuing the equity stake along with the buyers.

MAAMBA COLLIERIES LIMITED (MCL)

MCL is a step down subsidiary of the Company through NBS. MCL is presently pursuing an investment plan comprising revival and rehabilitation of the coal mine and establishment of 300 MW power plant in Phase-I with an indicative investment of about USD 750 million.

KOBE GREEN POWER CO. LIMITED (KGP)

KGP is a Japanese Company in which NBS has taken a majority stake. KGP is the holder of a Hydel Power Concession in Laos and a project Company will be formed to pursue the Hydel Power Concession for about 100 MW, estimated to cost about USD 200 million. NBS plans to substitute its investment in KGP with a majority stake in the project Company after the Project Concession is secured from the Government of Laos. Hence, consolidation of accounts of KGP with NBS has not been done.

NAVA BHARAT AFRICA RESOURCES PVT. LTD. (NBAR)

NBAR is a step down subsidiary of the Company through NBS formed at the end of 2010-11 and is set to pursue investment opportunities in agri space in Africa. This Company will be consolidated from 2011-12 onwards.

AUDITORS

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing 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 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

COST AUDIT

M/s. Narasimha Murthy & Co, cost auditors, have been appointed by the Company to conduct the cost audit in respect of industrial alcohol, sugar and electricity for the financial year 2010-11. The approval of the Central Government was received for this appointment. The Cost Audit reports for 2010-11 were due to be submitted on or before 30th September 2011. The Cost Audit reports for 2009-10 were

filed with Ministry of Corporate Affairs on 1st September 2010 and 3rd September 2010.

“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 III forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management’s Discussion and Analysis Report 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 the Annual Report.

DIRECTORS’ RESPONSIBILITY STATEMENT

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

- 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 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 annual accounts were prepared on a going concern basis.

CORPORATE GOVERNANCE

A separate section on Corporate Governance with a detailed compliance report thereto is annexed and forms a part of the Annual Report. The Auditors’ Certificate in respect of compliance with the provisions concerning Corporate

Governance, as required by Clause 49 of the Listing Agreement, is also annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, the required information relating to conservation of energy, technology absorption and 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 drills are conducted at regular intervals to train the workmen and staff in facing accidents.

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, issued Voluntary Guidelines for Corporate Governance and for Corporate Social Responsibility. The Voluntary Guidelines for Corporate Governance provide for various measures and your Company considers the same in due course in a phased manner.

AWARDS

Your Company received the following awards/recognitions during 2010-11:

1. **Silver Trophy for Outstanding Export Performance for the year 2008-09** from The Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad .
2. **Silver Trophy for Excellence in Rural Development**



for the year 2008-09 from The Federation of Andhra Pradesh Chambers of Commerce & Industry.

3. **Best Management Award for the year 2009-10** from the Labor Department of Government of Andhra Pradesh, for outstanding contribution to maintenance of Industrial Relations, Labor Welfare and Productivity.
4. **Best Technical Efficiency Award (1st Prize) for the season 2009-10** in Andhra Pradesh, from The South Indian Sugarcane & Sugar Technologists' Association, bagged by the Sugar Plant, Samalkot.
5. **National Award for Excellence in Energy Management, 2010 as Excellent Energy Efficient Unit**, from Confederation of Indian Industry, bagged by the Sugar Division for the 4th consecutive year.
6. **Rank No.1 in 500 of India's best-performing midsize enterprises**, awarded by Inc. India magazine in a survey published in its September-October 2010 issue.
7. **National Award for Water Management 2010 as Water Efficient Unit** from the Confederation of Indian Industry, bagged by the Ferro Alloy and Power Plants at Paloncha.
8. **Silver Shield for Star Performer as Large Enterprise** for outstanding contribution to Engineering Exports during 2008-09, from EEPCINDIA.
9. **CII Environmental Best Practices Award 2011 for Most Innovative Environmental Project**, from Confederation of Indian Industry, bagged by Ferro Alloy Plant, Paloncha.
10. **CII Environmental Best Practices Award 2011 for Most Innovative Environmental Project**, from Confederation of Indian Industry, bagged by Sugar Division, Samalkot.

GREEN INITIATIVE IN CORPORATE GOVERNANCE BY HON'BLE MINISTRY OF CORPORATE AFFAIRS

The Ministry of Corporate Affairs (MCA) has recently taken a green initiative in Corporate Governance by allowing paperless compliances by the Companies and permitted the service of Annual Reports and documents to the shareholders through electronic mode subject to certain conditions. Your Company appreciates the initiative taken by MCA as it strongly believes in a green environment. This initiative also helps in prompt receipt of communication, apart from avoiding losses / delays in postal transit. The Notice of Annual General Meeting, Annual Report and all communications hitherto

will be sent to the members in electronic form at the e-mail address provided by them to the depositories or Registrars & Transfer Agents of the Company. The same will be sent by post physically to the Members, whose e-mail addresses are not available. Members can also have access to the documents through the Company's website. The documents will also be available to the members for inspection at the Registered Office of the Company during the office hours.

Members are also entitled to be furnished with copies of the abovementioned documents, free of cost, upon receipt of requisition, at any point of time.

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, the Company's Bankers, Insurance companies, the Governments of Andhra Pradesh, Odisha and the State utilities and Shareholders during the year under review.

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
28th May 2011

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. Replacement of two nos. of 160 kW boiler feed water pumps with a single 220 KW higher capacity feed water pump and motor
- ii. Installation of VF drive for cooling tower fan of co-generation power plant
- iii. Replacement of 7.5 HP DM water transfer pump with 3 HP pump for continuous operation
- iv. Using No.8 shell & tube type heater in series with plate type heat exchanger to maximize waste heat recovery from condensate for raw juice heating
- v. Replacement of dynodrives with VF drives for 'C' CVP massecuite and magma pumps
- vi. Replacement of existing 10 nos. of SV lamps of 70 W rating for colony street lighting with 10 nos. LED lamps of 36 W each with dimming option during non-peak hours

II) Power Division

Power Plant (AP - Paloncha)

- i. Separation of HP & LP ash handling systems
- ii. GB - energy saver for main air compressor system
- iii. Providing VFD for CEP-3B
- iv. Providing VFD for CEP-2A
- v. Installation of thermostat for hopper heaters of ESP-3
- vi. Commissioning of boiler-2 single PA fan

Power Plant (AP - Dharmavaram)

- i. Installation of VFDs for boiler FD fans (2 nos.)

- ii. Installation of VFD for ACW pump
- iii. Installation of 30 kW motor in place of 90 kW motor for raw water pumps (2 nos.) at Yarravaram pump house
- iv. Installation of lighting transformer for plant & street lighting

Power Plant (Odisha)

- i. Use of new intake-well vertical pump (one no.) in the place of old pump to reduce power consumption

III) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of 10 nos. of 400W MV lamp fittings with 200W industrial high bay induction light fittings at gantry bay
- ii. Installation of 4000 LPD capacity Solar Water Heating System at Bachelor Hostel
- iii. Installation of 16 nos. of 28W, T5 luminaries and 10 nos. of 11W CFL fittings in the place of ordinary FL fittings & incandescent lamps for C-type block in the township
- iv. Replacement of the GCP-4 old RA fan motor with new 150HP energy efficient motor

Odisha

- i. Replacement of T8 tube lights with energy efficient T5 lights and incandescent bulbs with CFL bulbs. Replacement of copper chokes with electronic chokes
- ii. Modification of gantry bay lighting by reducing the height of light fittings and reducing the number of SV lamps from 26 to 8
- iii. Installation of additional 3 nos. of air receiver tanks at 3 different locations



- iv. Installation of 2 nos. of solar water heaters for Bachelor's Hostel-1

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

I) Power Division

Power Plant (Odisha)

- i. Extending use of VAM to control rooms of Unit # 3 and ESP
- ii. Using natural gradient for cooling tower of Unit # 3 for CT make-up water line

Other Investment Proposals for 2011-12

I) Sugar Division

- i. Avoiding shell & tube condensate juice heater by providing additional heating surface area for PHE to recover more heat from condensate and to minimize pressure drop, thereby saving power
- ii. Installation of circulator for No.5 batch pan to improve pan boiling and thereby saving steam
- iii. Replacement of 10 Nos. of old motors with energy efficient motors

II) Power Division

Power Plant (Paloncha - AP)

- i. Renovation of WHRS to increase the heat pick up from furnace-4 exhaust flue gases

Power Plant (Odisha)

- i. Installation of energy saver in main compressor system
- ii. Providing VFDs for CEPs of Unit-1
- iii. Separation of HP and LP ash handling system for reducing power consumption
- iv. Use of Induction lights in place of HPSV lamps in TG building
- v. Reducing the pressure of service air by tapping from ash conveying air instead of instrument air

III) Ferro Alloy Division

Andhra Pradesh

- i. Mechanization of finished product processing
- ii. Replacement of old H.T. breaker at pump house with latest type vacuum circuit breaker

Odisha

- i. Replacement of blades of 2 nos. of cooling tower fans with FRP blades and replacement of motors with energy efficient class motors
- ii. Replacement of 500 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. Replacement of two nos. of 160 kW boiler feed water pumps with a single 220 KW higher capacity pump resulted in 207360 kWh of energy saving per year
- ii. Installation of VF drive for cooling tower fan of power plant resulted in saving 50956 KWh per year
- iii. Replacement of 7.5 HP DM water transfer pump with 3 HP pump resulted in saving 3862 KWh per year
- iv. Raw juice heating in No.8 heater using hot condensate from raw juice plate heat exchanger resulted in saving 481 tonnes of bagasse per year
- v. Replacement of dynodrives with VF drives for 'C' CVP massequite and magma pumps resulted in saving 26309 kWh per year
- vi. Replacement of existing 10 nos. of SV lamps of 70 W rating for colony street lighting with 10 nos. LED lamps of 36 W each with dimming option resulted in saving 635 kWh per year

II) Power Division

Power Plant (Paloncha - AP)

- i. Separation of HP & LP ash handling systems resulted in saving. 2000 kWh/day
- ii. GB – energy saver for main air compressor system resulted in saving 600 kWh/day
- iii. Providing VFD for CEP-3B resulted in reducing energy consumption by 700 kWh/day
- iv. Providing VFD for CEP-2A saved 470 kWh/day
- v. Providing thermostat for hopper heaters of ESP-3, resulted in saving 200 kWh/day
- vi. Commissioning of Boiler-2 single PA fan reduced energy consumption by around 3400 kWh/day

Power Plant (Dharmavaram - AP)

- i. Installation of VFDs for boiler FD fans (2 nos.) resulted in reduction of energy consumption by 1600 kWh/day
- ii. Installation of VFD for ACW pump resulted in reduction of energy consumption by 840 kWh/day
- iii. Installation of 30 kW motor in place of 90 kW motor for raw water pumps (2 nos.) at Yarravaram pump house resulted in reduction of energy consumption by 320 kWh/day
- iv. Installation of Lighting Transformer for plant & street lighting resulted in reduction of energy consumption by 150 kWh/day

Power Plant (Odisha)

- i. Use of one new vertical pump of intake-well pump house resulted in saving 250kWh per day
- ii. Tapping from existing VAM for Unit # 3 Control room and ESP Control room will save 400kWh/day

- iii. Using natural gradient for cooling tower of Unit # 3 for CT make-up water line will replace use of pump with 30kW motor, resulting in saving 125kWh/day

III) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of 10 nos. of 400W MV lamp fittings with 200W industrial high bay induction light fittings at gantry bay resulted in saving of 912 units per month
- ii. Installation of 4000 LPD capacity Solar Water Heating System at Bachelor Hostel resulted in saving of 3000 units per month
- iii. Installation of 16 nos. of 28W, T5 luminaries and 10 nos. of 11W CFL fittings in the place of ordinary FL fittings & incandescent lamps for C-type block in the township resulted in saving of 150 units per month
- iv. Replacement of the GCP-4 old RA fan motor with new 150HP energy efficient motor resulted in saving of 9000 units per month

Odisha

- i.
 - a. Replacement of T8 tube lights and incandescent bulbs resulted in saving of 18513 kWh per year
 - b. Modification of gantry bay lighting by reducing the height of light fittings and reducing the number of SV lamps from 26 to 8 resulted in saving of 6132 kWh per year
 - c. Installation of air receiver tanks resulted in saving of 30000 kWh per year
 - d. Installation of 2 nos. of solar water heaters resulted in saving of 21900 kWh per year
- ii.
 - a. Replacement of conventional blades with FRP blades for 2 nos. of fans for cooling tower will result in saving of 45000 kWh per year
 - b. Replacement of 500CFM lub-compressor by non-lub screw compressor of 600 CFM capacity will result in saving of 120000 kWh per year



Annexure-I to the Directors' Report

(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)	859730	868600
Total amount (₹ in lakhs)	45.45	44.85
Rate/Unit (₹) ^A	5.29	5.16
b. Own Generation:		
i) Through diesel generator (Units)		
Units per litre of diesel oil	15176	20132
Cost/Unit (₹)	1.72	1.74
ii) Through Steam Turbine Generator:		
Units	21369800	21053200
Export	10183970	12449000
Consumption	11185830	8604200
Units per ltr. of fuel oil/gas	-	-
Cost/Unit(₹)	3.00	3.35
	(Subject to cost audit)	
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.)^B		
Power (kWh)	26.39	29.03
Steam (Tonne)	0.32	0.33
2. Sugar from cane (Qtl.)^C		
Power (kWh)	-	3.158
Steam (Tonne)	-	0.036
3. Alcohol (kL)^D		
Power (kWh)	1180.78	309.41
Steam (Tonne)	3.71	3.37

A. The electricity purchase rate per KWh has increased due to increase in tariff rates from July, 2010

B. The generation cost of power through DG set has increased due to increase of diesel cost

C. The power and steam consumption for sugar manufacturing has decreased due to increase in recovery from 9.6% to 9.94%

D. The power and steam consumption for distillery has increased due to decrease in alcohol production from 734 kL to 168 kL

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.

Annexure-I to the Directors' Report

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 (Paloncha - AP)

- i. Operation of Unit-1 without generator transformer

Power Plant (Odisha)

- i. Installation of drain water filtration system for the drains in coal storage area
- ii. Installation of silencers on TG steam line drains to reduce the sound level from 165 db to 102 db
- iii. Recycling of blow down tank water to reduce the BOD level
- iv. Provision of separate trench for chlorine dosing line for cooling tower of Unit-2

II) Ferro Alloy Division

Andhra Pradesh

- i. Commissioning of 100 tonne weigh bridge
- ii. Renovation of Sinter Plant-1
- iii. Modification of wiring of electrode blower control panels of Furnace-2
- iv. Replacement of old type relays of pump house HT breaker with latest model electronic relays

Odisha

- i. Replacement of sheeting of GCP 1 & 2 with aluminum sheets
- ii. Modification of Furnace-2 slag pot trolley to accommodate on-line coating of cast steel ladles and to facilitate the use of old CS ladles as slag pots
- iii. Replacement of cages and bags of dryer bag house-1 with indigenous material

2. Benefits derived as a result of above modifications

I) Power Division

Power Plant (Paloncha - A.P)

- i. In the event of GT failure, operation of Unit-1 will continue

Power Plant (Odisha)

- i. Waste water utilization (zero discharge)
- ii. Environmental protection
- iii. Utilization of blow down water
- iv. Prevention of soil contamination

II) Ferro Alloy Division

Andhra Pradesh

- i. Weighment of heavy trucks facilitated
- ii. Increase in sinter production and consequent reduction in production cost of Silico Manganese
- iii. Easy maintenance
- iv. More reliable operation of the equipment

Odisha

- i. The aluminum sheets will withstand atmospheric corrosion better and thereby increase the life of sheeting
- ii. On-line coating of ladles will reduce the load on EOT cranes. The old ladles can be used as slag pots
- iii. Indigenization of spares reduces the replacement cost

3. Future Plan of Action

I) Sugar Division

Using plate type evaporators for steam saving. Feasibility study under progress

II) Power Division

Power Plant (Paloncha -AP)

- i. Renovation of ESP-3 for reducing SPM levels
- ii. Installation of additional dust extraction and dust suppression systems for coal handling plants

Power Plant (Odisha)

- i. Provision of VFDs for CEPs of Unit #1
- ii. Separation of HP and LP ash handling system for reducing power consumption
- iii. Pneumatic conveying system for bed material charging
- iv. Up-gradation of Unit-1 ESP to reduce to stack emissions from 90mg/m³ to 50mg/m³
- v. Installation of online monitoring system for stacks
- vi. Provision of drain water collection pond



Annexure-I to the Directors' Report

III) Ferro Alloy Division

Andhra Pradesh

- i. Installation of dust suppression system in raw-material handling circuit

Odisha

- i. Incorporation of PLC for raw material handling system
- ii. Conversion of dryer inlet belt feeders to belt weigh feeders

- iii. Providing chute level sensor for Furnace-1 charge bins on third floor
- iv. Installation of dust suppression system for the RMHS & MRP areas to control fugitive dust emission
- v. Installation of permanent magnets in the inlet of briquetting presses
- vi. Installation of coal fired fluidized bed combustor for chrome ore dryers
- vii. Installation of VFDs for rotary feeders at briquetting plant

4. Expenditure on Efficiency Improvement:

(₹ in lakhs)

	Sugar Division	FAP (AP)	FAP(O)	PP (AP)	PP (Dharmavaram)
a. Capital	57.00	142.50	28.00	84.00	8.10
b. Recurring	6.13	--	2.00	--	2.74
c. Total	63.13	142.50	30.00	84.00	10.84
d. Total expenditure on efficiency improvement as a percentage of total turnover	0.67	0.38	0.40	0.26	0.16

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 Japan, China, Korea, Brazil, Ghana, Italy, Nizeria, Omen etc. The total quantity exported during 2010-11 stood at 50,664 M.T. with an FOB value of USD 65,127,662.27.

(g) Total Foreign exchange used and earned

(₹ in Lakhs)

	Current Year	Previous Year
1. Foreign Exchange Outgo:		
i. CIF value of Imports	14537.98	780.68
ii. Interest	199.10	219.49
iii. Others	167.84	81.37
2. Foreign Exchange Earnings at FOB Value		
i. Export of goods	29596.78	20162.99
ii. Others	202.88	94.45

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
28th May 2011

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 (₹ 90.52).	
3	Number of Options vested	As on	Options vested
		5th January 2008	1,80,000
		5th January 2009	1,80,000
		5th January 2010	2,40,000
		TOTAL	6,00,000
4	Number of Options exercised	During the year	Options exercised
		2007-08	1,09,890
		2008-09	31,560
		2009-10	2,82,730
		2010-11	1,09,210
TOTAL	5,33,390		
5	Total number of shares arising out of exercise of Options		5,33,390
6	Number of Options lapsed		66,610
7	Variation in the terms of the Options	No Variations	
8	Money realised by exercise of Options	During the year	Amount (₹)
		2007-08	99,47,242.80
		2008-09	28,56,811.20
		2009-10	2,55,92,719.60
		2010-11	98,85,689.20
TOTAL	4,82,82,462.80		
9	Total number of Options in force		NIL
10	Employee wise details of Options granted to -	No Options were granted during the current year.	
a	Senior Management Personnel	Name of the employee	Number of Options granted in 2006-07 and exercised
		Sri. CV Durga Prasad	43,700
		Sri. GRK 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
		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
Sri CV Durga Prasad	43,700		
Sri GRK Prasad	39,600		
Sri Y Poornachandra Rao	32,700		
Sri J Ramesh	31,500		



Annexure-II to the Directors' Report

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 were 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	₹ 36.69	
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 recognised 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	Net Income for 2010-11 (as reported) (₹ in lakhs)	30,569.64
		Add – Intrinsic Value (₹ in lakhs)	24.71
		Less – Fair Value (₹ in lakhs)	55.59
		Adjusted Proforma Income (₹ in lakhs)	30,538.76
		Basic EPS	
		As reported ₹	39.79
		As adjusted ₹	39.75
		Diluted EPS	
	As reported ₹	36.69	
	As adjusted ₹	36.65	
13a	Weighted average exercise prices for Options whose exercise price –		
	i. equals market price		
	ii. exceeds market price	No options granted during the year.	
	iii. is less than market price		
13b	Weighted fair values for Options whose exercise price		
	i. equals market price		
	ii. exceeds market price	No options granted during the year.	
	iii. is less than market price		
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: –	No options granted during the year.	
	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		

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
28th May 2011

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 Developers Ltd. (Formerly M/s. Nav Finance and Leasing Ltd.)	12	Dr. Devineni Rajasekhar
2	M/s A.N. Investments Pvt Ltd.	13	Smt. Devineni Bhaktapriya
3	M/s. S R T Investments Pvt. Ltd.	14	Smt. A Nilima
4	M/s. Nav Energy Pvt. Ltd.	15	Sri. P Trivikrama Prasad
5	M/s. A9 Homes Pvt. Ltd.	16	Sri. P Trivikrama Prasad (HUF)
6	M/s. AV Dwellings Pvt. Ltd.	17	Smt. P Rajashree
7	M/s. V9 Avenues Pvt. Ltd.	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
28th May 2011

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 2011.

S l . No.	Name of the Employee	Designation/ Nature of duties	Age (Years)	Qualification	Experience (Years)	Remuneration (₹ in Lakhs)		Date of Commencement of employment	Details of last employment
						Salary & Perks	Commission		
1	Sri. D.Ashok	Chairman	54	M.B.A.	29	126.44	648.30	28th August 1981	-
2	Sri. P.Trivikrama Prasad	Managing Director	58	M.B.A.	29	126.96	648.30	1st August 1981	-
3	Sri. G.R.K.Prasad	Executive Director	53	B.Sc., F.C.A.& F.C.S.	30	100.29	-	12th August 1995	General Manager, DCL Polysters Limited
4	Sri. C.V.Durga Prasad	Director (Business Development)	60	B.Com.	38	101.45	-	1st July 1973	-
5	Sri. J.Ramesh	Executive Vice President (FAP-O)	53	B.Com., M.B.A	28	90.62	-	1st April 1997	Director, Nav Chrome Ltd.
6	Sri. P J V Sarma	Senior Executive Vice President (Strategy & Planning)	52	B.Tech., AICWA, PGDFM	30	55.38	-	2nd August 2010	Regional Director, ICICI - Lombard General Insurance
7	Sri. G Venkatanarayana	Vice President (Mining)	56	B.Sc. 1 st class Mine Manager Competency Certificate	35	1.61	-	26th March 2011	Chief of Estates, The Singareni Collieries Company Limited

- 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. Sl.Nos. 6 & 7 employed for part of a year.

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
28th May 2011

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 must 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 necessary ingredients in the production of steel. They impart resistance to corrosion, hardness, tensile strength and resistance against abrasion by overture of their oxidising and refining properties. Manganese alloys are primarily used in carbon steel manufacture while chromium alloys are used in stainless steel production. Per unit consumption of ferro alloys varies for various types of steel and stainless steel consumes marked percentage of chromium alloys.

The ferro alloy industry is concentrated in a few countries like South Africa and CIS Countries which generally dictate the price trends. The principal raw materials like manganese ore and chrome ore is also found in abundance in these countries. The international price fixation for ores as well, emanates by mine / companies from these countries.

India's ferro alloy production in 2010-11 is estimated to be 2.51 million tonnes against 2.38 million tonnes in the previous year. This is against a capacity of 4.04 million tonnes which includes 2.5 million tonnes of Manganese Alloys and 1.3 million tonnes of Chrome Alloys. The current capacity is adequate to support crude steel

production of 120 million tonnes. The country produced 66.8 million tonnes of crude steel in 2010 and the Steel Ministry expects crude steel capacity to grow to 110 million tonnes by 2012-13. Limited availability of ore, the primary raw material and excess capacities are reasons for underutilization of domestic ferro alloy capacity.

Ferro alloy production cost is principally constituted by cost of ore, cost of redundant and cost of power accounting in the aggregate for about 90% of the cost. As such, producers who are integrated with captive mines and power generation are insulated against volatile market trends which are common place in this industry. Rest of the producers who depend on outsourcing one or more of the key inputs, remain vulnerable to the market vagaries. Indian ferro alloy industry has very few integrated players and most of the producers depend on public sector mining companies for ore and on local power utilities for their energy requirement. The Indian Ferro Alloy Industry is a well fragmented one with many small and medium sized smelters impacting the pricing behaviour of ores as well as finished products.

Your Company has smelters in Andhra Pradesh and Odisha and depends upon Manganese Ore India Limited and Orissa Mining Corporation for its ore requirement, while supplementing the manganese ore needs through imports. Coal fired power generation by the Company aids it in meeting full power requirements for ferro alloy industry. The Company follows a business model which revolves around value addition for power and accordingly the ferro alloy production keeps changing in line with the market trends for contribution and margins.



Power

India is one of the leading producers of electricity in the world and ranks fifth in total installed generation capacity. The private sector added 5123 MW in 2010 – 11 out of total 12,160 MW generation capacity added in the year 2010-11 against the official target of adding 21,441 MW total power generation capacity for the year 2010-11. India's installed electricity generation capacity at the end of March 2011 stood at around 173 GW and this is estimated to touch 950 GW by the year 2030. Around two-thirds of the electricity generated in India is produced using thermal power, followed by hydro power at 22%, renewable energy sources at 11% and nuclear power at 3%. There is immense potential for growth in the power sector in the country, especially coal based thermal power.

However, the energy market in India is stymied on account of various reasons. Active demand management which in turn is forced on account of deteriorating financial health of the State utilities is a principal factor. This phenomenon suppresses the latent demand and the free market discovery of price for power generated from various sources. Though some efforts have been taken to reduce the mounting transmission and distribution losses which camouflage pilferage of power, the utilities continue to be burdened by unrecovered cross subsidies across various sectors. With these mounting losses, the Government has recognised and is endeavouring to bring in rationalisation in the tariff structure to move towards a transparent cost reflective tariffs across various sectors.

India has witnessed a spate of power projects which are under development based on merchant power tariffs. These projects have to provide proper hedges for fuel security, cost of fuel and operational and maintenance costs on a long term basis. The volatile scenario witnessed in the last few months in the merchant power tariff makes such projects highly vulnerable. A tendency is therefore witnessed where most of the project developers are endeavouring to tie-up power sales on a long term basis against case one bids that are launched by State utilities from time to time. As a result, the merchant power tariffs have suffered significant corrections in the recent months and the trend is expected to continue for a year or two. It is expected that the cost of generation of power will be pushed up gradually and especially on account of significant dependency on imported coal in power generation, going forward. This, coupled with tariff rationalisation might bring about a degree of stability in the energy markets.

The Indian Energy Sector is increasingly influenced by types of fuel, fuel availability and cost of fuel. Though coal remains the principal feed stock, increased dependence on imported coal and price increases being affected by the public sector coal companies and cost of pollution and emission control will have a significant bearing on the overall cost of generation going forward. More and more developers including the Indian coal companies are looking at overseas acquisition of coal mines to address some of these concerns on fuel. The planned increase in extraction of domestic coal by Coal India and others is facing a host of problems mainly revolving around land acquisition and environmental issues and so is the increased need for imported coal.

Your Company has small and medium sized power plants which are equipped with CFBC/AFBC Boilers. These are capable of using a variety of coals which imparts significant flexibility in sourcing the fuel for your Company.

Sugar

India's sugar season looks evenly matched, with the production expected at around 24 – 25 million tonnes and domestic consumption of around 23 million tonnes. The Government has allowed sugar exports of up to 0.5 million tonnes. This is in addition to 1.2 million tonnes allowed earlier under Advance Licence Scheme.

The Fair and Remunerative Price (FRP) of sugarcane for 2010-11 season was ₹139.12 per quintal. The Government has marginally hiked the FRP of sugarcane by 4.2 % to ₹ 145 per quintal for the 2011-12 season, starting October. Domestic prices are expected to improve marginally on account of the notification of additional exports as this would ease pressure on domestic inventories. An anticipated deficit of sugar globally and the high domestic production will lead to stability in realizations going forward.

2. OPPORTUNITIES AND THREATS

Ferro Alloys

Your Company has one of the largest production capacities for ferro alloys in the country on its split location basis. The captive power availability for these ferro alloy units insulates them on the cost of power to some extent though coal price increases negates these advantages to some extent. The Company's focus on exports enables it to despatch higher volumes as are required from time to time. The Company's plant locations being in close proximity to steel manufacturing units in the country, helps it save on the logistic costs and stay competitive.

Of late, new manganese alloy manufacturing facilities are coming up with imported ore and export model which could potentially infuse further volatility into the market. The Company feels that such model cannot sustain in the long run and is putting efforts to secure long term tie-ups for ores. As the chrome alloy scenario continues to remain subdued, your company has thought it fit to enter into an arrangement with Tata Steel for conversion of ferro chrome to ensure fair contribution from its unit in Odisha.

Power

Sustained growth and development of the power sector is a key driver for the country's economic growth. Despite the additional capacities the Planning Commission had revised its earlier target of 78,700 MW capacity addition in the Eleventh five year plan period to 62,000 MW. In spite of suppressed consumption and lower than desired penetration levels, India continues to face a wide power deficit. The country is looking to halve its peak-hour power deficit of approximately 14% over the next two years and triple its generation capacity over the next decade. Thus there is a great opportunity for Public as well as Private Power producers.

In spite of an expected robust demand, the Power industry in India has recently suffered certain setbacks like the deteriorating health of SEB's. Recent capacity addition and lower off-takes by SEB's has put pressure on merchant power realisations. Higher fuel costs and increasing difficulty in procurement of coal in the domestic market and globally has led to uncertainty of input costs. There has also been an increasing trend of non-availability of adequate land, water and other infrastructure required to set-up a power plant. Recently there have been issues and inordinate delays in obtaining environmental clearances for new power projects and therefore delay in establishment of additional capacities.

As earlier planned, your Company is set to expand its domestic coal-based generation capacity by adding a 64 MW facility at Kharagprasad in Odisha. The step down subsidiary of the Company has also commenced ground work for a 150 MW unit at Paloncha (domestic coal-based). The strategy of the Company is to increase the power available for merchant sale and try and optimize merchant rates. Your Company is closely monitoring the domestic developments and will only look to add additional capacities when it has assured supplies of coal.

Keeping in mind the volatile domestic power situation, the Company is looking for opportunities to expand

abroad and spread its reach. Accordingly, the Company has made investments in Zambia and Laos and is looking at other African nations for its future growth. Africa provides certain key advantages. Foreign Direct Investments (FDIs) into Africa as at the end of 2010 were USD 32 billion. The rate of return on foreign investment is higher in Africa than in any other developing nation. The continent is also one of the world's most rapidly growing economic regions.

Your Company acquired 65% equity stake in Maamba Collieries Limited (MCL), Zambia's largest coal mine. The mine has 130 million tonnes of proven coal reserves (50% high grade and 50% low grade). These reserves can support power generation of up to 900MW. MCL is setting up a Coal Handling and Processing Plant (CHPP) and is refurbishing the ropeway and other equipment. It is in dialogue with Zambia Electricity Supply Company for Power Purchase Agreement and seeks to achieve financial closure for 300MW power plant in First stage in the current year. MCL will generate revenues via extraction and trading of the high grade coal during the implementation of the power project.

The Company will continue to maintain a power centric model with the power segment leading its next level of growth. This adds more predictability and sustainability to its earnings model.

Sugar

Your Company has a 3500 TCD integrated sugar plant at Samalkot, which is located in the sugar cane rich region of Andhra Pradesh. This unit supplies sugar to the eastern region of the country.

The country is expected to witness higher production of sugar for the next few seasons. This is likely to lead to stable realisations and improved volumes. Maharashtra, Uttar Pradesh and the Southern States of Tamil Nadu, Andhra Pradesh and Karnataka constitute about 85% of India's aggregate sugar production. This year the state of Andhra Pradesh plans to crush 100 lakh tonnes of sugarcane as compared to 55 lakh tonnes of sugar cane crushed last season. This is likely to lead to higher volumes for your Company.

Although there has been news of decontrol in sugar sector, a formal policy will take its own time. However, the Government's proposals for removing stock restriction on traders, bulk buyers and revising the ethanol prices upwards to ₹ 27 per litre are steps in the right direction.



3. SEGMENT-WISE PERFORMANCE

Nava Bharat continues to pursue a power-centric policy to drive future business growth. The table shown below is an illustration of the business-wise performance during the years 2010-11 and 2009-10.

Sl. No.	Particulars	Ferro Alloys		Power		Sugar	
		31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
1.	Production (MT)/(MU)	70,293	42,422	1,645	1,308	37,103	28,729
2.	Sales (MT)/(MU)	73,579	64,582	1,645	1,308	28,661	27,660
3.	Revenue (₹ In Lakhs)	45,628	32,690	66,175	83,513	9,508	8,967
4.	PBIDT (₹ In Lakhs)	1,246	1,111	33,509	53,923	277	1,354

4. OUTLOOK

Ferro Alloys

A gradual recovery in the steel sector and pickup in the economies of India, China and the developed nations is likely to lead to an improved performance from the Ferro Alloys segment. Your Company is already witnessing a recovery in the Manganese Alloys segment on improved demand for steel sector and is likely to witness improved volumes and steady realisations in Manganese Alloys.

Similarly the Company is keeping a close watch on the production of the stainless steel industry and is set to produce Ferro Chrome for own sale and on conversion basis for Tata Steel.

Power

The Planning Commission, has targeted establishment of additional power generating capacity of 1,00,000 MW during the 12th five-year plan (2012-2017). The bulk of the new capacities are expected from coal-fired power plants. This spells a good opportunity for the power sector.

The long term growth prospects of power sector are still attractive for private players to take part in. Going ahead, your Company perceives stable realisations from merchant sales and fuel security as major challenges.

The Zambian Coal Company should start sale of high grade coal from the current financial year after the CHPP is installed. Ground work on the 300 MW power plant is expected to commence in the second half of the current year.

Your Company is also actively considering projects in other African countries. It has recently made a foray into Laos where it acquired 80% stake in Kobe Green Power

Co. Limited (KGP), Japan for the development of about 120 MW hydro-electric power project.

Sugar

India's production for the current season is expected to be between 24 – 25 million tonnes as against a consumption of approximately 23 million tonnes. A higher domestic sugar production is anticipated for the current season and next season as well. Over the past few years there has been an increase in volatility in India's sugar production. Lower crop productivity and unpredictable weather conditions are cited as the major reasons. However, the outlook for the sugar segment looks to be encouraging, in future.

A better sugar season is likely to result in improved volumes for your Company. Higher volumes and stable realisations will augur well for your Company. The Company would also look at expanding its crushing capacity at an appropriate time in future.

Your Company sees good potential in this segment and will consider projects through the consortium route.

5. RISKS AND CONCERNS

Ferro Alloys

The Ferro Alloy segment is witnessing a gradual recovery on account of improvement in the production of steel. Stable economic growth will further aid the industry. Demand is expected to witness a steady upswing while prices of ore are expected to be stable in the medium term.

However, another slowdown in the domestic and global economy will lead to subdued growth in the steel sector

which, in turn, would adversely affect the demand for ferro alloys. This will lead to a further underutilisation of capacities leading to higher fixed costs per tonne of production. A further increase in input / power costs will put pressure on margins.

Power

India continues to be a power deficit country and the growth and reforms in the power sector are key to its economic progress and prosperity.

The country is expected to add around 51,000 MW in the current five-year plan ending March 31, 2012. This would be less than the revised target of 62,000 MW. The capacity addition in the 12th plan (2012-17) is expected to be 75,000 to 100,000 MW and majority of the addition would be from coal-based plants. Going ahead, the private sector is likely to increase its participation in capacity addition.

Major issues that need to be addressed are procurement and easy availability of coal, environmental and land related clearances, financial health of SEB's and volatility in realisations of power.

Sugar

As the world's largest producer and exporter of sugar, Brazil will be instrumental in setting a trend for sugar prices globally. Within the domestic market a higher than expected sugar production for the next couple of seasons is likely to put pressure on sugar realisations but global factors are also likely to impact domestic realisations. Therefore the sugar pricing outlook remains volatile and unpredictable in the current scenario.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company pays great emphasis on internal control systems to enhance overall productivity and efficiency. This is achieved through well conceived policies and procedures.

A comprehensive summary of the Company's internal control system is as follows:

- Utmost utilisation and protection of the available natural resources
- Preserving the Company's resources
- Accuracy in recording
- Maintaining detailed and precise recording of transactions, through scrutiny and reporting
- Adopting and implementing the latest statutes, policies, procedures, listing requirements, management guidelines and circulars
- Adherence to highest level of compliance standards and adopting the most rigorous levels of accounting standards and policies
- Robust information technology to help implement and uphold the above

A comprehensive and effective internal control system is essential for business excellence. Such a system helps your Company improve its day- to-day operational efficiency as well as maintain the highest standards of corporate ethics and excellence in line with international bench marks.

In consonance with the internal policies and procedures, the Company's Audit Committee has examined and meticulously discussed the internal audit reports during the fiscal year 2010-11. The comments that emerge are reviewed and their compliance is monitored from time to time.

The Audit Committee makes a formal review of the internal audits and the status of the action taken on each one of them as well as future action required.



7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

		2010-11 ₹ crore	2009-10 ₹ crore	% Change
1.	Net sales/income from operations	1088.72	1171.46	-7
2.	Other income	39.28	34.53	14
3.	Total income (1 + 2)	1128.00	1205.99	-6
4.	Total expenditure	821.71	696.15	18
5.	Operating profit	380.31	588.69	-35
6.	Operating margin %	34.93	47.61	
7.	Finance charges	21.81	30.59	-29
8.	Gross profit after finance charges but before depreciation and tax	352.15	554.21	-36
9.	Gross profit after finance charges but before depreciation and tax (%)	31.22	45.95	
10.	Depreciation	45.85	44.38	3
11.	Profit/(loss) after exceptional items and before tax	306.29	509.83	-40
12.	Provision for - Current tax	56.75	73.25	-23
	- Deferred tax	0.39	-0.90	-144
	- MAT credit entitlement	-56.55	-61.20	-8
13.	Profit/(loss) after tax	305.70	498.68	-39
14.	Return on capital employed %	16.45	29.65	

The fully diluted book value of each equity share of your Company stood at ₹ 241.16 as on March 31, 2011. The close price of the equity shares ranged from ₹ 220.30 per share and ₹ 437.95 per share on the National Stock Exchange of India and was between ₹ 220.80 per share and ₹ 437.90 per share on Bombay Stock Exchange in the fiscal year 2010-11.

8. HUMAN RESOURCES DEVELOPMENT

The total employee strength of Nava Bharat grew to 1050 during the fiscal year 2010-11. There is a cordial and healthy relationship at all levels of employees. A strong brand name and an excellent market reputation that the Company enjoys make it a much sought- after destination for the best and brightest talent across the Industry.

Your Company gives high importance to recruitment, training and nurturing its workforce so that they can continue to deliver optimum performance. Training and development are conducted on an on-going basis. This not only motivates the employees but also enhances their skill sets. An inspired and skilled workforce can take your Company to even greater heights.

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 those statements, the Company cautions that numerous 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 Governance for the year ended 31st March 2011

(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 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. Sri C V Durga Prasad, Director (Business Development) monitors the CSR activities of the Company.

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 five 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 – NBVL), number of Board Meetings held, dates on which held are given below:



Name of the Director	Category	Number of Board Meetings during the year 2010-11		Whether attended last AGM held on 16.08.2010	No. of other Boards in which he is a Director		Number of Committee positions held in other Companies	
		Held	Attended		Pvt.	Pub	Chairman	Member
Sri. D. Ashok Chairman	Executive & Promoter	6	6	Yes	8	4	-	-
Sri. P. Trivikrama Prasad Managing Director	Executive & Promoter	6	6	Yes	8	8	-	-
Sri S.V.Satyanarayana	Independent IDBIL Nominee	6	6	Yes	-	1	-	1
Dr. E.R.C. Shekar	Independent Non Executive	6	4	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	5	2	1
Dr. D. Nageswara Rao	Independent Non Executive	6	6	Yes	2	1	-	-
Sri. C. V. Durga Prasad	Executive	6	6	Yes	1	-	-	-
Sri. G. R. K. Prasad	Executive	6	6	Yes	2	5	1	-

Sri G. R. K. Prasad, Director (Finance & Corporate Affairs) was re-designated/appointed as Executive Director with effect from 29th October 2010 by the Board of Directors.

Board Meetings

During the period from 1st April 2010 to 31st March 2011, six Board Meetings were held. The maximum time gap between any of the two meetings was not more than four months.

The dates on which the Board meetings were held are 29th May 2010, 16th July 2010; 16th August 2010, 29th October 2010; 26th November 2010; and 29th January 2011.

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 2010-11

During the period from 1st April 2010 to 31st March 2011, five Audit Committee Meetings were held. The maximum time gap between any of the two meetings was not more than four months.

The dates on which the Audit Committee meetings were held are 28th May 2010; 16th July 2010; 16th August 2010; 29th October 2010 and 29th January 2011. 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 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 an initial conversion price of ₹ 136.50 per Equity Share of ₹ 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 ₹ 2/- each at a revised conversion price of ₹ 132.96 per share as on 31st March 2008. Further no FCCBs were converted into Equity Shares during the previous/current financial year, 2010-11.

The conversion price of FCCBs was revised to ₹ 121.82 at the time of Book Closure for declaration of Dividend for the year 2009-10.

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 2010-11	
			Held	Attended
Sri. K. Balarama Reddi	Independent Director	Chairman	1	1
Dr. M. V. G. Rao	Independent Director	Member	1	1
Sri S. V. Satyanarayana	IDBIL Nominee & Independent Director	Member	1	1

iii. Meetings held during the year 2010-11

During the period from 1st April 2010 to 31st March 2011, Remuneration Committee Meeting was held on 15th May 2010.

Further the Committee met on 28th May 2011 and reviewed the re-appointment and remuneration payable to Managing Director, enhancement of remuneration to the Directors and others.

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 2010–2011:

Name of the Director	Sitting Fee (Board & Committee)	Salaries and Perquisites	Commission as approved by General Body	Other Transactions	Stock Options Granted on 5th May 2007 at ₹ 90.52 each and converted into Equity Shares
	(₹)	(₹)	(₹)	(₹)	
Sri D.Ashok	--	1,26,43,677	6,48,29,672	--	--
Sri P. Trivikrama Prasad	--	1,26,95,687	6,48,29,672	--	--
Sri S.V.Satyanarayana*	77,500	--	3,00,000	--	--
Dr.E.R.C.Shekar	25,000	--	3,00,000	--	--
Dr.M.V.G.Rao	70,000	--	3,00,000	--	--
Sri K.Balarama Reddi	77,500	--	3,00,000	--	--
Dr.D.Nageswara Rao	40,000	--	3,00,000	--	--
Sri C.V.Durga Prasad	--	1,01,44,983	--	--	43,700
Sri G.R.K.Prasad	--	1,00,28,729	--	--	39,600

*Paid 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, Executive Director at ₹ 90.52 per option on 5.1.2007. The issue price was 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 schedules 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 ₹ 2/-each on 19.03.2008, 31,560 Equity Shares of ₹ 2/-each on 30.07.2008, 7,140 Equity Shares of ₹ 2/-each on 30th November 2009 and 2,75,590 Equity Shares of ₹ 2/-each on 20th March 2010 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 2010-11 the ESOS Remuneration (Compensation and Allotment) Committee met once on 15.05.2010 and allotted 1,09,210 Equity Shares of ₹ 2/-each 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. 66,610 Options got cancelled on cessation of employment. Hence no options are outstanding as at the end of the financial year 2010-11.

vii. Remuneration to the Non-Executive Directors and criteria

The Board, at its meeting held on 29th May 2010 and Annual General Meeting on 16th August 2010 approved payment of remuneration/commission to the Non- Executive Directors for each year for a period of 5 years commencing from 1st April 2011 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 ₹ 20.00 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 ₹ 7,500/- per meeting as may be determined by the Board from time to time.

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 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 31st March 2011

Sl. No.	Name	Equity Shares of ₹ 2/- each held
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, 2011

S L . No.	Name	Equity Shares of ₹ 2/- each held in their name
1.	Sri. D. Ashok	653891
2.	Sri. P. Trivikrama Prasad	1527822
3.	Sri. P. Trivikrama Prasad (HUF)	351315
4.	Sri. C. V. Durga Prasad	70915
5.	Sri. G. R. K. Prasad	30586

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

- 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.
- Name and Designation of Compliance Officer
Sri M. Subrahmanyam,
Company Secretary and Vice President
- Number of Shareholders complaints received during the year ended 31st March, 2011
: 17
- Number not solved to the satisfaction of Shareholders
: Nil
- 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 2009-10	16th August 2010	10.00 a.m.	Hotel Green Park, Begumpet Hyderabad – 500 016
Annual General Meeting 2008-09	31st July 2009	10.00 a.m.	Hotel Green Park, Begumpet Hyderabad – 500 016
Annual General Meeting 2007-08	25th July 2008	10.00 a.m.	Hotel Green Park, Begumpet Hyderabad – 500 016

ii. Special Resolutions passed in previous three Annual General Meetings

Year	Date	Special resolutions considered
2010	16th August 2010	1
2009	31st July 2009	4
2008	25th July 2008	6

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.

- Remuneration (including salaries, commission and perquisites) paid to the Director in whole-time employment as Chairman, Managing Director, Executive Director and Director (Business Development) : ₹ 17,51,72,420/-
- Rent : ₹ 72,53,616/-
- Interest : ₹ 1,80,00,000/-
- Remuneration to Non-Executive Directors put together ₹ 15.00 lakhs p.a. Sitting Fee per meeting ₹ 5,000/- upto 16th July 2010 and ₹ 7,500/- with effect from 16th August 2010.

5. Investments including Share Application Money upto 31st March 2011

- Brahmani Infratech Private Limited : ₹ 41,49,99,980/-
- Kinnera Power Company Limited : ₹ 5,00,000/-
- Nava Bharat Realty Limited : ₹ 22,00,000/-
- Nava Bharat Projects Limited: ₹ 43,95,40,000/-
- Nava Bharat (Singapore) Pte. Ltd.: ₹ 95,06,32,950/-
- Nava Bharat Sugar and Bio Fuels Limited: ₹ 5,00,000/-

6. Contribution to the University Teaching hospital for comprehensive eye care in Zambia for the community development at an estimated cost of USD 0.5 million. NBVL remitted USD 250,000 during the financial year 2010-11.

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. 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 apart from publishing the same in the Newspapers.

v. Audit Qualifications

There are no audit 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 Executive Director also in-charge of Finance) 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 28th May 2011.

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 Prabha. The results are also displayed on the Company's website www.nbventures.com. Half-yearly results have been sent to the Members along with a message from the Chairman on the Company's performance during the half-year ended 30th September 2010. Press releases made by the Company from time to time are also displayed on the Company's website. 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	28th July 2011 at 9.30 a.m.
Venue	Hotel Green Park, Begumpet, Hyderabad – 500 016
Book closure dates	20th July 2011 to 28th July 2011
Dividend on Equity Shares and payment date	₹ 6/- per share of ₹ 2/-each payable on 5th August 2011

ii. Financial Calendar:

FINANCIAL YEAR 2010-11 (1st April 2010 to 31st March 2011)				
1.	First Quarter Results	16th	July	2010
2.	Second Quarter and Half Year Results	29th	October	2010
3.	Third Quarter Results	29th	January	2011
4.	Annual Results (Audited)	28th	May	2011

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

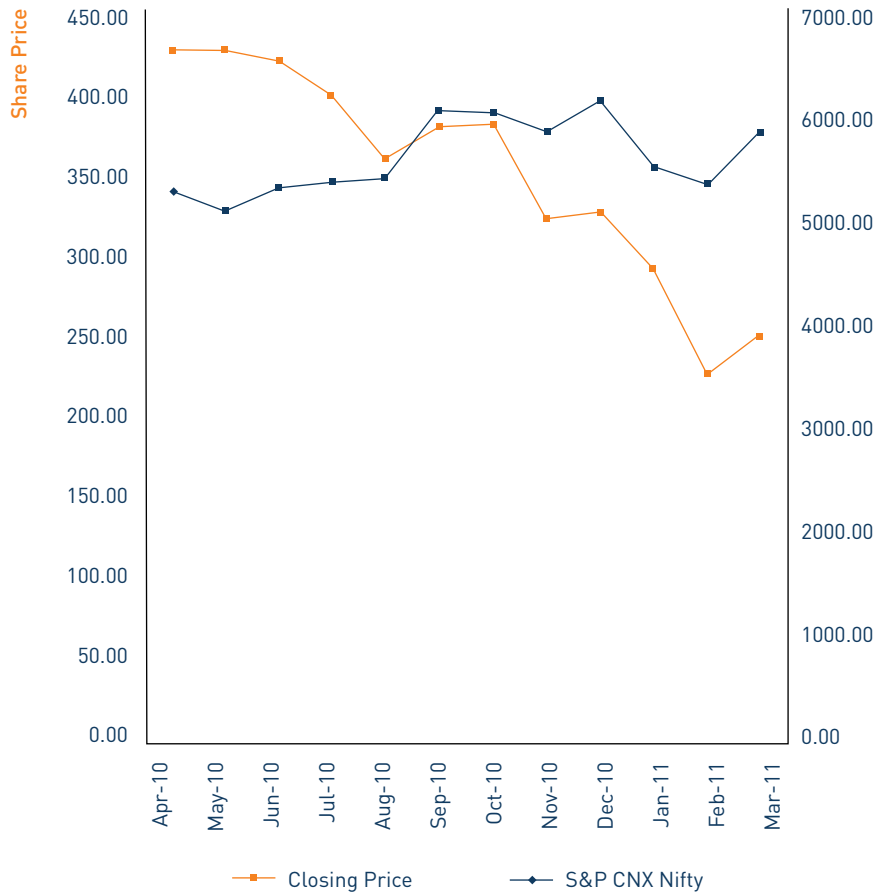
v. Market Price Data: High/Low (daily closing prices) on National Stock Exchange of India Limited during each month in the financial year 2010-11:

Month	Equity Shares of ₹ 2/-each					NSE S & P CNX NIFTY
	High (₹)	Low (₹)	Closing (₹)	Volume (No.)		
2010						
April	437.75	399.95	425.40	1326771	5278.00	
May	428.65	410.05	425.30	1032658	5086.30	
June	437.95	418.30	418.60	709709	5312.50	
July	418.80	395.80	398.65	1368460	5367.60	
August	402.15	352.55	358.10	773635	5402.40	
September	411.35	360.45	378.45	2365270	6029.95	
October	391.20	376.95	380.85	1433262	6017.70	
November	365.45	304.80	321.80	971664	5862.70	
December	338.45	293.25	326.10	1313235	6134.50	
2011						
January	330.00	291.55	291.55	978209	5505.90	
February	290.00	223.05	228.05	1515916	5333.25	
March	252.85	220.30	250.65	585059	5833.75	



vi. The Company is not forming part of NSE S & P CNX NIFTY. Overall performance of the scrip of the Company in comparison to NSE S & P CNX NIFTY is as follows:

Performance of M/s. Nava Bharat Ventures Limited Closing Share price on NSE in comparison to NSE S & P CNX NIFTY



vii. Market Price Data: High/Low (daily closing prices) on Bombay Stock Exchange Limited during each month in the financial year 2010-11:

Month	Equity Shares of ₹ 2/-each					
	High (₹)	Low (₹)	Closing (₹)	Volume (No.)	Sensex	MIDCAP
2010						
April	437.90	399.95	423.95	505537	17558.71	7184.78
May	430.20	409.85	425.35	451010	16944.63	6834.87
June	437.75	418.30	422.45	286079	17700.90	7149.21
July	419.15	395.70	399.40	682526	17868.29	7407.91
August	401.85	353.25	355.85	300066	17971.12	7596.84
September	410.45	359.40	377.40	1057091	20069.12	8084.14
October	389.55	376.20	380.30	371784	20032.34	8302.56
November	365.75	301.10	322.30	197738	19521.25	7764.02
December	338.40	293.75	326.05	121682	20509.09	7802.71
2011						
January	331.15	287.75	287.75	188412	18327.76	6868.35
February	289.80	224.45	229.10	746173	17823.40	6373.23
March	252.85	220.80	252.30	120919	19445.22	6873.40

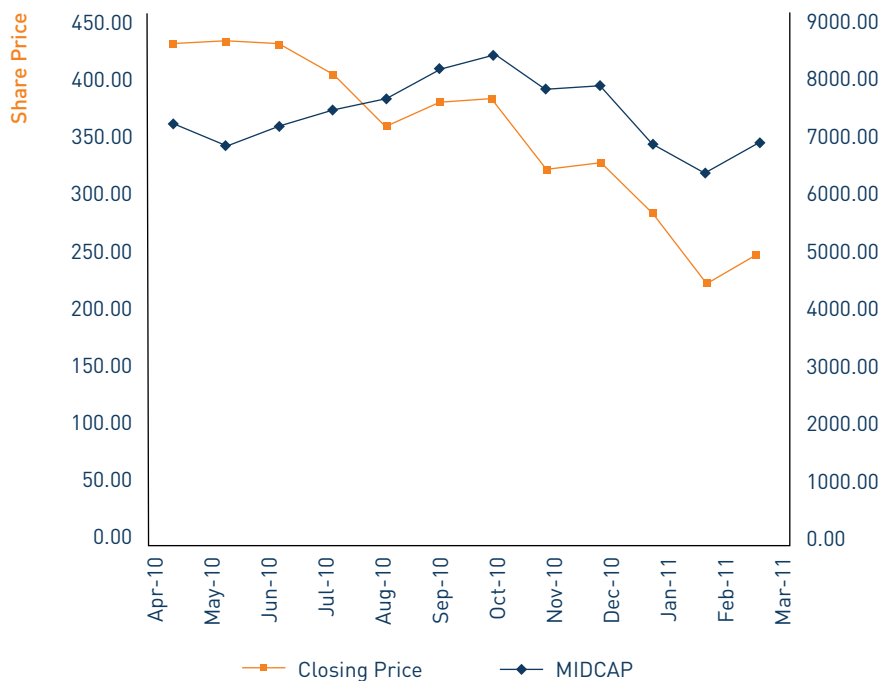
viii. The Company is not forming part of BSE Sensex. Overall performance of the scrip of the Company in comparison to BSE Sensex is as follows:

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



ix. The Company is forming part of BSE MIDCAP. Overall performance of the scrip of the Company in comparison to BSE MIDCAP is as follows:

Performance of M/s. Nava Bharat Ventures Limited Closing Share price on BSE in comparison to MIDCAP INDEX



**x. Registrars & Transfer Agents**

(for Shares held in both Physical and Demat mode)

Telephone Numbers

Direct

Fax No.

Contact Person

E-mail

M/s. KARVY Computershare Private Limited

(Unit: Nava Bharat Ventures Limited)

Plot No.17 to 24, Vittal Rao Nagar

Madhapur, Hyderabad – 500 081

+ 91 40 4465 5000

+ 91 40 4465 5152

+ 91 40 4465 5024

Sri M. S. Madhusudhan /Sri Mohd. Mohsinuddin

mailmanager@karvy.com

mohsin@karvy.com

xi. 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.

xii. a. Distribution of shareholding as on 31st March 2011

Range of equity shares held	No. of Shareholders	%	No. of Shares of ₹ 2/-each	%
1	409	2.43	409	0.00
2-10	1837	10.91	13566	0.02
11-50	4699	27.91	157215	0.21
51-100	2614	15.53	237325	0.31
101-200	1740	10.33	291043	0.38
201-500	2934	17.43	1093328	1.43
501 to 1000	1038	6.17	833031	1.09
1001 to 5000	1056	6.27	2501084	3.27
5001 to 10000	194	1.15	1440887	1.89
10001 and above	315	1.87	69796780	91.40
TOTAL	16836	100.00	76364668	100.00

b. Categories of Shareholding as on 31st March 2011

Category	Number of Shareholders	Number of Shares of ₹ 2/-each	% to total shares
A. Promoter Group:			
i. Individuals	17	13701528	17.94
ii. Bodies Corporate	6	16113176	21.10
iii. Trust	1	4973510	6.51
Total Shareholding of Promoter Group	24	34788214	45.55
B. Public Shareholding:			
i. Mutual Funds	16	1925829	2.52
ii. Financial Institutions/Banks	15	35475	0.05
iii. Foreign Institutional Investors	59	18279275	23.94
iv. Bodies Corporate	450	1649147	2.16
v. Individuals			
a. Shareholders holding nominal share capital upto ₹ 1 Lakh	15427	8908785	11.67
b. Shareholders holding nominal share capital in excess of ₹1 Lakh	57	9286273	12.16
vi. Directors and Relatives	9	276631	0.36
vii. Non Resident Indians	354	623761	0.82
viii. Trusts	6	6461	0.01
ix. Hindu Undivided Family	352	551843	0.72
x. Clearing Members	67	32974	0.04
Total Shareholding of Public	16812	41576454	54.45
GRAND TOTAL (A+B)	16836	76364668	100.00

Shares held by Promoter Group pledged or otherwise encumbered : Nil.

c. Unclaimed Equity Dividend

Section 205A(5) of the Companies Act, 1956, mandates that companies shall 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:

S l . No.	Financial Year	Date of Declaration of Equity Dividends	% of Dividend	Date of transfer to Unpaid Dividend A/c	Date of transfer to Central Government's Investor Education & Protection Fund
1.	2009-10	16th August 2010	450%	16th September 2010	16th September 2017
2.	2008-09	31st July 2009	400%	31st August 2009	31st August 2016
3.	2007-08	25th July 2008	300%	25th August 2008	25th August 2015
4.	2006-07	27th July 2007	200%	27th August 2007	27th August 2014
5.	2005-06	27th July 2006	100%	28th August 2006	28th August 2013
6.	2004-05	27th July 2005	100%	27th August 2005	27th August 2012
7.	2003-04	24th July 2004	60%	24th August 2004	24th August 2011



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.

xiii. Reconciliation of Share capital

A qualified practicing Company Secretary has carried out reconciliation of share capital every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Practicing Company Secretary confirmed that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The said Certificate is also placed every quarter before the Board of Directors of the Company.

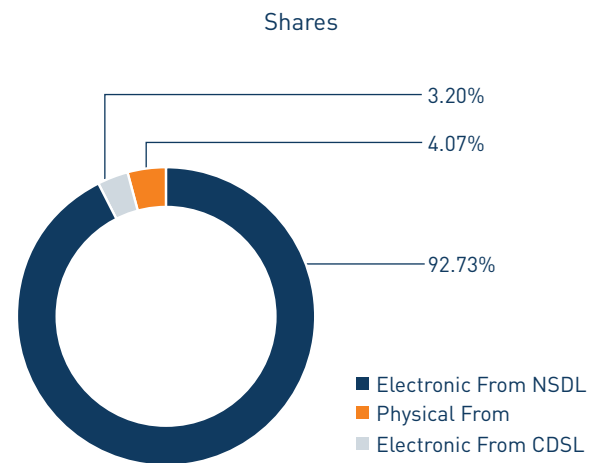
xiv. Company's Policy on prevention of insider trading

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.

xv. Dematerialization of shares and liquidity

7,32,55,273 equity shares of ₹ 2/-each are under demat form constituting 95.93% of the paid-up equity as on 31st March 2011. The shares are actively traded and liquid at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.



xvi. 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 Green Shoe Option of JPY 750 million equivalent to INR 23352 lakhs) vide Offer Circular dated 29th September 2006 with maturity on 29th September 2011. Out of the above 600 FCCBs, 248 FCCBs were earlier converted into 77,76,303 equity shares of ₹ 2/-each and 352 FCCBs of JPY 10 Million are outstanding for conversion as at the end of the financial year 2010-11, i.e., as on 31st March 2011.

The Company issued Conversion Notice on 17th January 2011 fixing the date of conversion as February 28, 2011. The Issuers' Conversion Right will be restricted to the conversion of Bonds into Equity Shares, which works out to less than 14.5% of the enhanced capital to any one single entity.

The Bondholders have to comply with the procedures to enable the Company to complete the conversion process.

Employees Stock Options

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

Further, during the year 2009-10 the ESOS Remuneration (Compensation) Committee on 30th November 2009 allotted 7,140 equity shares of ₹ 2/- each and 2,75,590 equity shares of ₹ 2/- each on 20th March 2010 under the Employees Stock Option Scheme 2006 of the Company on exercise of even number of options.

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. Therefore, there are no outstanding Options as on March 31 2011.

xvii. Transfer of Physical Share Certificates to Suspense Account:

As per Clause 5 A (ii) of the listing agreement for shares issued in physical form pursuant to other issues which remain unclaimed, Registrars to the issue have started sending reminders. If no response is received after 3 reminders, the shares will be transferred to unclaimed suspense account and the account details, as required, will also be reported through the forth-coming Annual Report to the shareholders.

xviii. Plant Locations

The Company's plants are located at:

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

xix. Address for Correspondence

Registered Office	: Nava Bharat Ventures Limited 6-3-1109/1 Nava Bharat Chambers Raj Bhavan Road Hyderabad – 500 082
Telephone Numbers	: +91 40 2340 3501/2340 3540
Fax Number	: +91 40 2340 3013
Website	: www.nbventures.com
E-mail	: nbvl@nbv.in; secretarial@nbv.in
Grievance redressal division E-mail id	: grd@nbv.in

For and on behalf of the Board

P.Trivikrama Prasad
Managing Director

Hyderabad
28th May 2011

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 29th January 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 31st March 2011.

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
28th May 2011

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, 2011, 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.
Firm's Registration No. 000513S

28th May 2011
Hyderabad

P.CHANDRAMOULI
Partner
Membership No.025211

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, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;
 - b) in the case of the profit and loss account, of the Profit of the Company for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

(P Chandramouli)

Partner

Place: Hyderabad

Date : 28th May, 2011

Membership Number: 025211



Annexure to the Auditor's 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 respect of the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, in the absence of any comparable quotes, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
6. 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, 2011 for a period of more than six months from the date they became payable except the following

Annexure to the Auditor's Report

referred to in paragraph 3 of our report of even date

Name of the Statute	Nature of the dues	Amount (₹)	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	2008 - 09	30-04-2009	Not yet paid
-do-	-do-	4,37,520 2,51,868 5,35,680 5,14,944	May 2010 Jun 2010 July 2010 Aug 2010	30-06-2010 31-07-2010 31-08-2010 30-09-2010	Not yet paid
GoAP APPCB	Water Cess	28,460	2008 - 09	-	Not yet paid
GoAP (I & CAD Dept)	Water Charges	3,04,945 1,56,781	2008 - 09 2009 - 10	30-04-2009 30-04-2010	Not yet paid
AP AL(CFNAP) ACT 2006	Land Conversion Tax	64,66,061	2010 -11	-	Not yet paid
Orissa Electricity Duty Act 1961	Electricity Duty	10,91,227	2008- 09	30-04-2009	Not yet paid
-do-	Electricity Duty	3,20,936	2009 -10	30-04-2009	Not yet paid
OSPCB	Water Cess	52,560 1,08,226	2008 - 09 2009 - 10	30-04-2009 30-04-2010	Not yet paid
Customs Act,1962	Customs Duty	17,61,860	1985 - 87	-	Not yet paid
Central Excise Act, 1944	Service Tax	25,287	Aug 2010	30-09-2010	Not yet paid



Annexure to the Auditor’s Report

referred to in paragraph 3 of our report of even date

- 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 (₹.)	Period to which the amount relates	Forum where dispute is pending
Various Sales Tax Acts	Central Sales Tax	2,20,130 14,30,850	2004-05 2005-06	Asst. Commissioner of Sales Tax, Range-II, Cuttack
	Central Sales Tax	70,16,426	2000-01	STAT, Hyderabad
	AP GST	16,15,252	2002-03	Asst. Commissioner of Commercial Taxes, Warangal
AP Value Added Tax Act, 2005	VAT	23,86,997	2005-06	Hon'ble High Court of A.P.
Income Tax Act, 1981	Income Tax	975,60,960	Asst. Year 2005-06	ITAT, Hyderabad
		331,62,882	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
		131,38,559	2004-05 to 2009-10	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
		17,74,967	2001 -02	Commissioner of Central Excise & Customs (appeals) Visakhapatnam
	Service Tax	34,51,331	2000 - 01 to 2010 -11	Hon'ble High Court of A.P.
		98,80,207	1996-97 to 2010-11	Hon'ble High Court of A.P.
		2,77,386	2006-07 and 2010-11	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
AP State Excise & Prohibition Act, 1972	Establishment charges under State Excise	35,51,781	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 AP
AP Municipalities Act, 1985	Property Tax	1,49,952	1995-96 to 2000-01	Hon'ble High Court of AP
		2,00,798	1995-96 to 2000-01	Hon'ble High Court of AP
The A.P. Electricity Duty Act 1939. (as amended)	Electricity Duty	253,55,181	2003-04 to 2010-11	Hon'ble High Court of AP

Annexure to the Auditor's 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 (Auditors Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, the terms and conditions on which the Company has given guarantees for the loans taken by Others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
16. 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 **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

(P Chandramouli)

Partner

Place: Hyderabad

Date : 28th May, 2011

Membership Number: 025211



Balance Sheet as at 31st March 2011

(₹ in Lakhs)

Particulars	Schedule reference	As at 31st March 2011	As at 31st March 2010
I. SOURCES OF FUNDS			
1. Shareholders Funds			
a) Share Capital	1	1,528.55	1,526.37
b) Reserves and Surplus	2	182,634.31	158,094.73
		<u>184,162.86</u>	<u>159,621.10</u>
2. Loan Funds			
a) Secured Loans	3	13,621.97	25,298.25
b) Unsecured Loans	4	14,060.90	14,079.02
		<u>27,682.87</u>	<u>39,377.27</u>
3. Deferred tax liability		2,063.27	2,023.71
Total		<u>213,909.00</u>	<u>201,022.08</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	95,962.66	91,954.61
b) Depreciation		28,651.88	24,167.92
c) Net Block		<u>67,310.78</u>	<u>67,786.69</u>
d) Capital Work-in-progress		23,708.51	11,895.52
		<u>91,019.29</u>	<u>79,682.21</u>
2. Investments	6	14,327.27	9,631.04
3. Current Assets, Loans and Advances			
a) Inventories	7	29,487.68	28,061.28
b) Sundry Debtors	8	20,417.03	14,524.57
c) Cash and Bank balances	9	47,973.11	62,224.57
d) Other Current Assets	10	2,439.01	2,294.21
e) Loans and Advances	11	29,210.60	30,366.69
		<u>129,527.43</u>	<u>137,471.32</u>
Less: Current Liabilities and Provisions			
a) Current Liabilities	12	13,515.60	16,853.71
b) Provisions	13	7,449.39	8,908.78
		<u>20,964.99</u>	<u>25,762.49</u>
Net Current Assets		<u>108,562.44</u>	<u>111,708.83</u>
Total		<u>213,909.00</u>	<u>201,022.08</u>
Notes on Accounts	21		

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

Hyderabad

28th May 2011

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman

Profit & Loss Account

for the year ended 31st March 2011

(₹ in Lakhs)			
Particulars	Schedule reference	Current year	Previous year
I. EARNINGS			
Sales (Gross)		118,889.43	123,275.67
Less: Inter-divisional transfers		8,783.00	5,330.27
		<u>110,106.43</u>	<u>117,945.40</u>
Less: Excise Duty		1,634.36	1,162.43
Sales (Net)		108,472.07	116,782.97
Export Incentives		399.85	363.24
Other Revenue	14	3,928.42	3,452.52
Total		112,800.34	120,598.73
II. OUTGOINGS			
Raw Materials	15	33,004.80	22,358.99
Purchased Power and Fuel for Power generation		23,536.01	19,814.98
Stores Consumed		717.06	377.33
Other Manufacturing Expenses		1,772.14	1,227.01
Payments and benefits to Employees	16	5,791.08	6,697.00
Finance Charges	17	2,481.08	3,158.39
Other Expenses	18	11,457.60	4,602.60
Depreciation	5	4,584.89	4,437.79
Diminution in value of investments		0.39	(17.43)
		<u>83,345.05</u>	<u>62,656.66</u>
(Increase)/Decrease in Stocks	19	(608.48)	7,249.36
		<u>82,736.57</u>	<u>69,906.02</u>
Less: Amount transferred to Capital Work-in-Progress	20	565.43	290.59
Total		82,171.14	69,615.43
III. PROFIT FOR THE YEAR BEFORE TAXATION		30,629.20	50,983.30
IV. PROVISION FOR TAXATION			
: Current Tax		5,675.00	7,325.00
: Deferred Tax		39.56	(89.90)
: MAT Credit entitlement		(5,655.00)	(6,120.00)
		<u>59.56</u>	<u>1,115.10</u>
V. PROFIT FOR THE YEAR AFTER TAXATION		30,569.64	49,868.20
Balance brought forward from last year		77,175.40	46,802.60
Income Tax of earlier years		(191.01)	-
VI. AMOUNT AVAILABLE FOR APPROPRIATIONS		107,554.03	96,670.80
VII. APPROPRIATIONS			
Proposed Dividend on Equity		5,128.47	6,425.20
Corporate Dividend Tax		831.97	1,067.15
Capital Redemption Reserve		-	3.05
Contingency Reserve		-	2,000.00
General Reserve		10,000.00	10,000.00
Surplus carried to Balance Sheet		91,593.59	77,175.40
Total		107,554.03	96,670.80
Earnings per share - Basic (₹)		39.79	65.50
- Diluted (₹)		36.69	60.84
Nominal value of the Share (₹)		2.00	2.00
Notes on Accounts	21		

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Chandramouli

Partner

Membership Number: 025211

P. Trivikrama Prasad

Managing Director

Hyderabad

28th May 2011

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



Cash Flow Statement

for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	30,629.20	50,983.30
Adjustments for		
Interest earned	(912.99)	(194.90)
Excess Provisions written back	(69.30)	(186.75)
Input tax Credit written off	55.21	-
Bad debts and Advances written off	50.43	0.60
Investments written off	0.12	-
Diminution in the value of Inventories/Stocks written off	-	(6,306.27)
Loss on sale of materials	-	694.67
Depreciation	4,584.89	4,437.79
Assets discarded	22.10	196.19
Profit on sale of Assets	30.41	(0.96)
Profit on sale of Investments	(6.18)	(89.58)
Diminution in value of Investments	0.39	(17.43)
Income from Investments	(2,253.37)	(1,922.07)
Interest (excluding the amount capitalised)	1,011.88	1,287.66
Operating Profit before Working Capital Changes	33,142.79	48,882.25
Adjustments for		
Trade and Other receivables	(5,165.73)	(8,254.85)
Inventories	(1,426.40)	16,879.31
Trade and Other payables	(2,899.72)	1,959.96
Cash generated from Operations	23,650.94	59,466.67
Direct Taxes paid	(6,164.02)	(7,652.15)
Net Cash from Operating Activities (A)	17,486.92	51,814.52
B. CASH FLOW FROM INVESTING ACTIVITIES		
Loans/Advances to Bodies Corporate	0.25	6,060.84
Purchase of Fixed Assets (excluding Interest capitalised)	(15,729.36)	(12,907.95)
Sale of Fixed Assets	14.65	115.76
Fixed Deposits	17,641.17	(5,500.00)
Purchase of Investments (including advances)	(236,309.45)	(175,151.40)
Sale of Investments	235,767.88	175,341.60
Purchase of Investments in subsidiaries (including advances)	2,151.00	(7,124.54)
Sale of Investments in subsidiary	-	5.00
Interest received	744.67	336.86
Income from Investments	2,253.37	1,922.07
Net Cash used in Investing Activities (B)	6,534.18	(16,901.76)

Cash Flow Statement

for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
C. CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from issuance of Shares	123.57	319.90
Buyback of Equity Shares	-	(214.55)
Proceeds from short term borrowings	(4,293.41)	666.66
Proceeds from long term borrowings	3,068.54	2,058.13
Repayment of long term borrowings	(10,469.53)	(6,384.81)
Interest paid (including interest capitalised)	(1,602.33)	(1,330.29)
Dividend paid	(7,458.23)	(6,611.69)
Net Cash generated in Financing Activities (C)	(20,631.39)	(11,496.65)
Net increase in Cash and Cash equivalents (A+B+C)	3,389.71	23,416.11
Cash and Cash equivalents at the beginning of the year	27,024.57	3,608.46
Cash and Cash equivalents at the end of the year	30,414.28	27,024.57
Notes:		
Cash and Cash equivalents include:		
Cash and Cheques on hand	121.00	4.66
Balance with bank in Current Accounts	882.69	6,504.37
Balance with bank in Cash Credit Accounts	110.59	98.74
Balance with bank in Deposit Accounts	46,858.83	55,616.80
	47,973.11	62,224.57
Less: Fixed Deposits considered as Investments	17,558.83	35,200.00
Cash and Cash equivalents considered for cash flow	30,414.28	27,024.57

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

Hyderabad

28th May 2011

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
1. SHARE CAPITAL:		
Authorised:		
250,000,000 - Equity Shares of ₹ 2/- each	5,000.00	5,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued and subscribed:		
76,616,143 (Previous year 76,506,933) - Equity Shares of ₹ 2/- each	1,532.32	1,530.14
	<u>1,532.32</u>	<u>1,530.14</u>
Paid-up:		
76,364,668 (Previous year 76,255,458) - Equity Shares of ₹ 2/- each fully paid up	1,527.29	1,525.11
Add: Forfeited Shares (amount originally paid up)	1.26	1.26
Total	<u>1,528.55</u>	<u>1,526.37</u>
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	826.39	823.34
Add: Transferred during the year on buyback of Equity Shares	-	3.05
	<u>826.39</u>	<u>826.39</u>
d) Securities Premium Account		
Balance as per last Balance Sheet	14,046.74	13,732.49
Add: Received during the year	121.39	314.25
	<u>14,168.13</u>	<u>14,046.74</u>
e) Contingency Reserve		
Balance as per last Balance Sheet	8,100.00	6,100.00
Add: Transferred during the year	-	2,000.00
	<u>8,100.00</u>	<u>8,100.00</u>
f) General Reserve		
Balance as per last Balance Sheet	57,852.40	48,063.90
Less: Premium on buyback of Equity Shares	-	211.50
	<u>57,852.40</u>	<u>47,852.40</u>
Add: Transferred during the year	10,000.00	10,000.00
	<u>67,852.40</u>	<u>57,852.40</u>
g) Surplus: balance in profit and loss account		
	91,593.59	77,175.40
Total	<u>182,634.31</u>	<u>158,094.73</u>

Schedules

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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
3. SECURED LOANS		
i) Rupee Term Loans from:		
IDBI Bank Limited	2,750.00	3,250.00
Infrastructure Development Finance Company Limited	-	483.33
Andhra Bank	-	6,500.00
State Bank of India	999.90	1,504.13
ii) Foreign Currency Term Loans from:		
Bank of India	6,032.05	7,612.06
IDBI Bank Limited (Buyers Credit)	3,126.67	558.13
iii) Medium Term Loans from Banks	304.17	688.01
iv) Working Capital Loans from Banks	409.18	4,702.59
Total	13,621.97	25,298.25

4. UNSECURED LOANS		
Fixed Deposits	-	18.12
From: Other Bodies Corporate	30.01	30.01
: A P State Government (deferred sales tax liability)	35.37	35.37
Foreign currency convertible bonds	13,995.52	13,995.52
Total	14,060.90	14,079.02



Schedules

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

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 31st March 2010	Additions	Deductions	As at 31st March 2011	Upto 31st March 2010	For the year	On deductions	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010	
5. FIXED ASSETS												
A. TANGIBLE ASSETS												
1.	Land - Freehold	2,405.29	303.21	-	2,708.50	-	-	-	-	-	2,708.50	2,405.29
	- Leasehold	140.33	-	-	140.33	4.64	1.53	-	6.17	-	134.16	135.69
2.	Buildings - Factory	8,457.42	541.01	2.53	8,995.90	1,607.21	282.07	2.53	1,886.75	-	7,109.15	6,850.21
	- Township	1,325.49	-	-	1,325.49	170.00	21.60	-	191.60	-	1,133.89	1,155.49
	- Others	1,281.82	1,074.63	-	2,356.45	160.49	22.30	-	182.79	-	2,173.66	1,121.33
3.	Plant and Machinery	74,714.73	1,706.76	120.63	76,300.86	20,873.97	3,863.45	61.42	24,676.00	-	51,624.86	53,840.76
4.	Railway Sidings	355.71	-	-	355.71	52.60	18.78	-	71.38	-	284.33	303.11
5.	Water Works	125.04	0.15	-	125.19	46.69	6.34	-	53.03	-	72.16	78.35
6.	Furniture and Fixtures	310.85	53.08	0.70	363.23	210.83	21.34	0.46	231.71	-	131.52	100.02
7.	Motor Vehicles	388.33	123.51	29.88	481.96	210.69	55.59	23.37	242.91	-	239.05	177.64
8.	Office Equipment	645.58	106.40	12.18	739.80	414.31	91.20	11.85	493.66	-	246.14	231.27
9.	Air Conditioners and Coolers	137.86	70.12	2.17	205.81	69.79	11.57	1.30	80.06	-	125.75	68.07
10.	Workshop Machinery	115.73	-	-	115.73	111.61	1.52	-	113.13	-	2.60	4.12
11.	Other Assets	142.09	18.57	-	160.66	65.64	11.12	-	76.76	-	83.90	76.45
12.	Power Lines ***	423.19	-	-	423.19	15.61	30.98	-	46.59	-	376.60	407.58
	Total (A)	90,969.46	3,997.44	168.09	94,798.81	24,014.08	4,439.39	100.93	28,352.54	66,446.27	66,955.38	
B. INTANGIBLE ASSETS												
1.	Computer Software (Other than internally generated)	86.45	178.70	-	265.15	27.41	73.04	-	100.45	-	164.70	59.04
2.	Water Drawing Rights	898.70	-	-	898.70	126.43	72.46	-	198.89	-	699.81	772.27
	Total (B)	985.15	178.70	-	1,163.85	153.84	145.50	-	299.34	864.51	831.31	
	Total (A + B)	91,954.61	4,176.14	168.09	95,962.66	24,167.92	4,584.89	100.93	28,651.88	67,310.78	67,786.69	
	Add: Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	23,708.51	11,895.52
	Total	91,954.61	4,176.14	168.09	95,962.66	24,167.92	4,584.89	100.93	28,651.88	91,019.29	79,682.21	
	Previous year	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	

Note: Capital work-in-progress includes borrowing costs aggregating to Rs.399.04 lakhs (upto previous year Rs.99.26 lakhs)

*** 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 2011

(₹ in Lakhs)

Particulars	Face value (₹)	Number of Shares			As at 31st March 2011	As at 31st March 2010
		As at 31st March 2010	Additions/ (Deletions)	As at 31st March 2011		
6. INVESTMENTS: (At Cost, Long-term)						
a) Government Securities - Un quoted: 6 year National Savings Certificates					3.24	2.91
Total (a)					3.24	2.91
b) In Bonds, Un-Quoted (Non-Trade): Indian Infrastructure Finance Company Limited	100,000	-	500	500	511.15	-
Total (b) (iv)					511.15	-
c) Other Investments:						
i) In Subsidiaries - Equity Share 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	41,489,998	41,499,998	4,150.00	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 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
	US\$ 1	19,090,000		19,090,000	9,501.97	9,501.97
Total (c) (i)					13,676.33	9,527.33
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 Limited	10	646,600		646,600	64.66	64.66
Total (c) (ii)					64.66	64.66
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
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 (c) (iii)					5.56	5.61



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

(₹ in Lakhs)

Particulars	Face value (₹)	Number of Shares			As at 31st March 2011	As at 31st March 2010
		As at 31st March 2010	Additions/ (Deletions)	As at 31st March 2011		
6. INVESTMENTS: (At Cost, Long-term) (CONTD.)						
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 (c) (iv)					11.16	11.16
v) In Other Companies - Equity Shares fully paid up, Quoted (Non-Trade):						
Avanthi Leathers Limited	10	63,300		63,300	6.33	6.33
NB Footwear Limited	10	76,830		76,830	7.68	7.68
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	12,284		12,284	26.10	26.10
MOIL Limited	10	-	9,651	9,651	36.19	-
Total (c) (v)					85.23	49.04
Total (c) (i to v)					13,842.94	9,657.80
Total (a+b+c)					14,357.33	9,660.71
Less: Diminution in value of Investments					30.06	29.67
Total					14,327.27	9,631.04

Schedules

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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
7. INVENTORIES:		
At Cost:		
Stores and Spares	2,873.27	2,591.15
Fuel for power generation	2,784.08	3,610.25
Raw Materials	11,885.96	11,202.24
Finished Goods	8,570.73	6,850.86
Work-in-progress	1,580.79	462.30
Others	60.44	30.90
Goods-in-transit	648.71	-
At realisable value:		
Finished Goods	1,082.07	3,313.58
Scrap	1.63	-
Total	29,487.68	28,061.28

8. SUNDRY DEBTORS:		
(Unsecured, considered good)		
Debts due over six months	846.28	22.05
Other debts	19,570.75	14,502.52
Total	20,417.03	14,524.57

9. CASH AND BANK BALANCES:		
Cash in hand	5.42	4.66
Cash with Scheduled Banks :		
In Current Accounts	882.69	6,504.37
In Cash Credit Accounts	110.59	98.74
In Deposit Accounts	46,858.83	55,616.80
Cheques/Demand Drafts on hand	115.58	-
Total	47,973.11	62,224.57

10. OTHER CURRENT ASSETS:		
Prepaid Expenses	233.83	455.19
Deposits recoverable	400.03	134.77
Other receivables	1,380.11	1,214.87
Assets held for disposal at realisable value	-	80.11
Interest accrued	238.66	70.34
Balance with Central Excise Dept.	186.38	338.93
Total	2,439.01	2,294.21



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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
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
Advance for Investments	4,407.40	10,707.40
Other Advances	971.80	653.78
Security Deposits with Power Supply Companies	383.86	378.53
Advances for : Capital goods	1,882.85	2,339.16
: Purchases and expenses	5,985.81	6,823.46
Staff Advances	245.63	83.87
Advance Tax and Tax Deducted at Source (Net of provision)	1,038.77	949.75
MAT Credit entitlement	14,080.21	8,425.21
Advance Fringe Benefit Tax (Net of provision)	214.27	5.28
Total	29,210.60	30,366.69

12. CURRENT LIABILITIES:		
Sundry Creditors:		
Total outstanding dues of Micro and Small Enterprises	627.43	773.61
Total outstanding dues of creditors other than Micro and Small Enterprises	10,264.63	12,084.82
Investor Education and Protection Fund :		
[Appropriate amount shall be transferred to the Fund as and when due]		
Unpaid Dividend	162.98	128.86
Security Deposits	88.44	35.98
Advances received against supplies	154.48	99.31
Retention Deposits	642.44	966.50
Pre-received Income	1.28	3.35
Interest accrued but not due	262.33	593.02
Due to directors	1,311.59	2,168.26
Total	13,515.60	16,853.71

13. PROVISIONS:		
For: Dividend	5,128.47	6,425.20
Corporate Dividend Tax	831.97	1,067.15
Gratuity	806.00	791.73
Leave Encashment	682.95	624.70
Total	7,449.39	8,908.78

Schedules

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

(₹ in lakhs)

Particulars	Current year	Previous year
14. OTHER REVENUE:		
Interest (gross) earned from: Bank Deposits	836.26	90.36
Others	76.73	104.54
(T.D.S. Current year ₹ 86.05 lakhs, Previous year ₹ 21.29 lakhs)		
Miscellaneous receipts	583.33	795.47
Excess provisions/Credit Balances written back	69.30	186.75
Income from Non-Trade Investments - Dividends	2,219.95	1,921.83
Income from Non-Trade Investments - Interest	33.42	0.24
Profit on sale of Long Term Non-Trade Investments	0.43	101.98
Profit on sale of Short Term Non-Trade Investments	5.75	5.85
Rents earned	47.02	44.85
Claims received/receivable	56.23	3.36
Profit on sale of Assets	-	0.96
Foreign exchange fluctuations	-	196.33
Total	3,928.42	3,452.52
15. RAW MATERIALS:		
Opening Stock	11,202.24	14,758.13
Reversal of Diminution in value of materials	-	6,306.27
Add: Purchases	33,688.52	14,355.50
	44,890.76	35,419.90
Less: Cost of Sales	-	1,858.67
Closing Stock	11,885.96	11,202.24
Total	33,004.80	22,358.99
16. PAYMENTS AND BENEFITS TO EMPLOYEES:		
Salaries, Wages and Bonus	4,907.44	5,589.17
Contribution to Provident and Other Funds	278.93	251.77
Workmen and Staff Welfare Expenses	337.21	290.28
Retirement benefits	267.50	565.78
Total	5,791.08	6,697.00
17. FINANCE CHARGES:		
Interest on : Term Loans	1,058.11	1,144.70
: Other Loans	213.53	156.37
Bank Charges and Commission	311.15	345.28
Prompt Payment Rebate	898.29	1,512.04
Total	2,481.08	3,158.39



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

(₹ in Lakhs)

Particulars	Current year	Previous year
18. OTHER EXPENSES:		
Rent	135.29	135.70
Rates and Taxes	1,025.21	439.05
Freight and Transportation	1,744.07	1,355.12
Cane Development Expenses	785.95	445.33
Insurance	426.48	410.71
Advertisement	29.29	26.30
Printing and Stationery	62.77	43.28
Communications	73.31	64.29
Travelling and Conveyance	295.27	307.66
Vehicle Maintenance	60.71	50.90
Legal and Professional charges	887.12	997.97
Directors Sitting fee	2.90	2.65
Payments to Auditors : As Auditors	16.55	15.44
: For Tax Audit	5.51	4.41
: For Tax Representation	2.25	2.25
: For Certification and Other Services	5.84	2.65
: For Expenses	0.25	0.25
Fees to Cost Auditor	4.74	4.19
Repairs and Maintenance : Machinery	2,959.68	3,409.74
: Buildings	703.40	549.00
: Others	45.58	58.85
Commission on Sales	32.43	28.67
General Charges	1,151.33	1,529.20
Input tax Credit written off	55.21	-
Bad Debts and Advances written off	50.43	0.60
Investments written off	0.12	-
Foreign exchange fluctuations	662.16	-
Diminution in value of Inventories/Stocks written off	-	(6,306.27)
Loss on Sale of materials	-	694.67
Assets discarded	22.10	196.19
Loss on Sale of Assets	30.41	-
Loss on sale of Long Term Investments	-	18.25
Donations and Charities	139.48	107.65
Contributions	41.00	1.00
Expenditure relating to earlier years	0.76	6.90
Total	11,457.60	4,602.60

Schedules

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

(₹ in Lakhs)

Particulars	Current year	Previous year
19. (INCREASE)/DECREASE IN STOCKS:		
a) Opening Stocks:		
Work-in-progress	462.30	1,258.12
Finished goods	10,164.44	16,616.15
Scrap	-	1.83
	<u>10,626.74</u>	<u>17,876.10</u>
b) Closing Stocks:		
Work-in-progress	1,580.79	462.30
Finished goods	9,652.80	10,164.44
Scrap	1.63	-
	<u>11,235.22</u>	<u>10,626.74</u>
(Increase)/decrease in Stocks (a-b)	<u>(608.48)</u>	<u>7,249.36</u>

20. AMOUNT TRANSFERRED TO CAPITAL WORK-IN-PROGRESS:		
Purchased Power and Fuel for Power generation	6.33	3.51
Salaries, Wages and Bonus	39.23	18.28
Contribution to Provident and Other Funds	5.47	1.82
Workmen and Staff Welfare Expenses	3.57	5.71
Interest on Term Loans	259.76	13.41
Bank Charges and Commission	40.02	85.85
Rent	0.35	-
Rates and Taxes	140.69	106.91
Insurance	65.58	35.22
Travelling and Conveyance	3.89	4.50
Legal and Professional charges	0.13	15.21
General Charges	0.41	0.17
Total	<u>565.43</u>	<u>290.59</u>
Less: Miscellaneous Receipts	<u>40.04</u>	<u>27.03</u>
Net Total	525.39	263.56



Schedules

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

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.

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the

Schedules

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

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.

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

- a) Insurance claims, conversion escalations and income from sale of VERs (Variable Emission Reduction) are accounted for on realisation.
- b) Appropriate Guarantee Commission is charged on a time proportion basis to subsidiaries on the guarantees given on their behalf unless the terms of sanction otherwise provided at the time of sanctioning of loan facilities to subsidiaries.



Schedules

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

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 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.

Schedules

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

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 projected 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.



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

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.

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.
- ii) Details of total outstanding dues to Micro and Small Enterprises as per "Micro, Small and Medium Enterprises Development Act, 2006".

Particulars	(₹ 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	627.43	773.61
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 2011

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

Due date of repayment	(₹ in lakhs)
1st April 2013	26.48
1st April 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	(₹ in Lakhs)	
	As at 31st March 2011	As at 31st March 2010
Difference between book and tax depreciation	2,826.36	2,783.42
Provision for gratuity and other expenses	(763.09)	(759.71)
Total	2,063.27	2,023.71

6. Out of 76,364,668 (previous year 76,255,458) Equity Shares of ₹ 2/- each fully paid-up of the Company:
- 14,167,095 shares were allotted as fully paid-up pursuant to schemes of amalgamation without receiving the payment in cash.
 - 12,137,095 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, 4,973,510 equity shares of ₹ 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 109,210 (Previous Year 282,730) Equity Shares of ₹ 2/- each at a premium of ₹ 111.15 (including the difference between the fair value and the exercise price) per share on exercise of 109,210 (Previous Year 282,730) Employees Stock options.
 - Dividend for the year is provided on the equity shares arising out of proposed conversion of FCCBs into capital also, as the conversion is expected to take place before book closure.
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 ₹ 0.3976 per 1 JPY at an initial conversion price of ₹ 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 9,700,620 Equity Shares of ₹ 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 Company issued Conversion notice on 17th January 2011 to the Trustees for Bondholders fixing the date of conversion as 28th February 2011. The Issuers' Conversion Right will be restricted to the conversion of Bonds into Equity Shares which works out to less than 14.5% of the enhanced Capital for each bondholder. The Bondholders have to comply with the procedures to enable the Company to complete the conversion process.



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

- 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 ₹ 504.86 lakhs (Previous year ₹ 391.81 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.
- b) The title in respect of the land costing ₹ 1.23 lakhs (previous year ₹ 1.23 lakhs) admeasuring 6 acres and 23 guntas (previous year 6 acres 23 guntas) is yet to be transferred in the name of the Company.
- c) Land costing ₹ 26.06 lakhs admeasuring 5.05 acres allotted by APIIC Limited during the year 2009-10, is not yet transferred in the name of the Company.
- d) Cost of leasehold land amounting to ₹ 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.
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 ₹ 240.31 lakhs (Previous Year ₹ 142.34 lakhs).

Name of the Fund	Face Value (₹)	No. of units	Purchase cost (₹ in lakhs)
Baroda Pioneer Treasury Advantage Fund	10	29,972,725	3,000.00
Birla sun Life Short Term Opportunities Fund	10	44,003,106	4,402.61
Birla Sunlife Cash Manager Fund	10	65,717,487	6,573.72
Birla Sunlife Dynamic Bond Fund	10	5,489,817	575.00
Birla Sunlife Savings Fund	10	37,084,213	3,710.94
Birla Sunlife Short Term Fixed Maturity Plan	10	12,109,430	1,210.94
BNP Paribas Fixed Term Fund	10	30,000,000	3,000.00
BSL Floating Rate Fund	10	10,136,837	1,013.90
BSL Interval Income Fund	10	10,000,000	1,000.00
BSL Medium Term Plan	10	2,990,759	300.00
Canara Robeco Dynamic Bond Fund	10	6,762,893	700.00
Canara Robeco Interval Series	10	9,996,701	1,000.00
Canara Robeco Treasury Advantage Fund	10	39,491,018	4,899.69
DSP Black Rock Fixed Maturity Plan	10	84,047,564	8,404.76
DSP BlackRock Liquidity Fund	1,000	549,946	5,501.20
DSP Black Rock Money Manager Fund	1,000	529,883	5,303.07
DSP BlackRock Floating Rate Fund	1,000	249,864	2,500.00
DWS Ultra Short Term Fund	10	19,964,264	2,000.00
Fidelity Cash Fund	10	24,434,011	2,500.00
Fidelity Fixed Maturity Plan	10	80,296,538	8,029.65

Schedules

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

Name of the Fund	Face Value (₹)	No. of units	Purchase cost (₹ in lakhs)
Fidelity Ultra Short Term Debt Fund	10	60,760,951	6,079.01
HDFC Floating Rate Income Fund	10	44,638,872	4,500.00
HDFC High Interest Fund-Short Term Plan	10	709,052	75.00
ICICI Prudential Floating Rate Plan	100	2,003,064	2,003.52
ICICI Prudential Flexible Income Plan	100	6,716,846	7,102.06
ICICI Prudential Interval Fund	10	51,057,162	5,106.05
ICICI Prudential Liquid Super Institutional Plan	100	999,774	1,000.00
ICICI Prudential Ultra Short Term Fund	10	29,937,132	3,000.00
IDBI Ultra Short Term Fund	10	10,000,000	1,000.00
IDFC Cash Fund - Super Institutional Plan	10	19,995,001	2,000.00
IDFC Fixed Maturity Quarterly Series	10	15,007,262	1,500.73
IDFC Fixed Maturity Plan	10	15,000,000	1,500.00
IDFC Money Manager Fund	10	116,120,689	11,620.69
IDFC Savings Advantage Fund Plan	1,000	361,805	3,618.81
IDFC Ultra Short Term Fund	10	14,876,525	1,500.00
JM Money Manager Fund	10	9,988,214	1,000.00
JP Morgan Treasury Fund	10	19,982,216	2,000.00
Kotak Floater Long Term	10	97,020,429	9,779.47
Kotak Fixed Maturity Plan	10	10,756,212	1,075.62
Kotak Liquid	10	34,352,024	4,200.60
Kotak Quarterly Interval Plan	10	88,152,052	8,815.51
L & T Fixed Maturity Plan	10	10,000,000	1,000.00
LIC MF Savings Plus Fund	10	40,000,000	4,000.00
LIC Nomura MF Interval Fund	10	7,000,000	700.00
Pramerica Ultra ST Bond Fund	1,000	110,000	1,100.00
Principal Near - Term Fund	10	4,993,858	500.00
Principal PNB Fixed Maturity Plan	10	20,000,000	2,000.00
Reliance Fixed Horizon fund	10	23,002,100	2,300.21
Reliance Interval Fund Quarterly Plan	10	28,506,757	2,853.78
Religare Liquid Fund	10	4,794,431	500.00
Reliance Money Manager Fund	1,000	1,198,981	12,006.25
Reliance Monthly Interval Fund	10	25,142,815	2,515.29
Reliance Quarterly Interval Fund	10	14,989,957	1,500.00
Religare Active Income Fund	10	4,997,701	500.00
Religare Fixed Maturity Plan	10	3,000,455	300.05
Religare Ultra Short Term Fund	10	2,237,884	300.05
SBI Debt Fund	10	9,996,712	999.67
SBI - SHF- Ultra Short Term Fund	10	44,973,141	4,500.01
SBNPP Flexible Fund	10	19,896,736	2,000.00
Sundaram Interval Fund Quarterly Plan	10	20,000,000	2,000.00
Sundaram Ultra Short Term Fund	10	9,963,136	1,000.00



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

Name of the Fund	Face Value (₹)	No. of units	Purchase cost (₹ in lakhs)
Tata Fixed Income Portfolio Fund Scheme	10	24,004,576	2,400.70
Tata Floater Fund	10	40,854,558	4,100.00
Taurus Fixed Maturity Plan	10	5,000,000	500.00
Templeton FRI Fund	10	31,445,712	3,152.63
Templeton India Short Term Income Plan	1,000	112,551	1,150.00
Templeton India Ultra Short Bond Fund	10	29,965,240	3,000.00
UTI Treasury Advantage Fund	1,000	199,957	2,000.00
UTI Dynamic Bond Fund	10	3,989,937	400.15
UTI Fixed Income Interval Fund	10	108,156,708	10,816.04
UTI Floating Rate Fund	1,000	731,185	7,317.48
UTI Liquid Cash Plan	1,000	383,594	3,910.54
UTI Treasury Advantage Fund	1,000	1,033,404	10,336.25

c) 6 year National Savings Certificates of the face value of ₹ 3.24 lakhs (Previous year ₹ 2.91 lakhs) shown under the investments are in the names of employees of the Company and the certificates in respect of face value of ₹ 3.19 lakhs (Previous year ₹ 2.86 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 ₹ 19,570.75 lakhs (Previous year ₹ 14,502.52 lakhs) include ₹ 14,171.53 lakhs (Previous year ₹ 8,731.82 lakhs) due from a foreign subsidiary Company viz., M/s.Nava Bharat (Singapore) Pte. Limited, Singapore.

13. Employee defined benefits as per AS-15 (Revised): Gratuity

(₹ in Lakhs)

Particulars	Current year	Previous year
a) The amounts recognised in the Balance Sheet are as under:		
Present value of obligation	1,162.14	1,129.71
Fair value of Plan Assets	356.14	337.98
Net Assets/(liability) recognised in Balance Sheet as provision	(806.00)	(791.73)
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	1,129.71	786.07
Interest cost	81.50	67.86
Past Service Cost	-	206.49
Current Service Cost	67.15	62.18
Benefits paid	(152.22)	(75.86)
Actuarial (gain)/loss on obligation	36.00	82.97
Present value of obligation as at the end of the year	1,162.14	1,129.71
Fair value of plan assets as at the beginning of the year	337.98	320.50
Return on plan assets	12.79	25.64

Schedules

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(₹ in Lakhs)

Particulars	Current year	Previous year
Actuarial gain/(loss)	12.31	2.75
Contributions	145.28	32.61
Benefits paid	(152.22)	(43.52)
Fair value of plan assets as at the end of the year	356.14	337.98
c) The amounts recognised in the Profit and Loss Account are as under:		
Current Service Cost	67.15	62.18
Past Service Cost	-	206.49
Interest cost	81.50	67.86
Expected return on Plan Assets	(12.79)	(25.64)
Actuarial (gain)/loss on benefits paid	23.70	80.22
Expenses recognised in the Profit and Loss Account	159.56	391.11
d) Principal actuarial assumptions at the Balance Sheet date are as follows:		
Mortality Table (LIC)	1994-96	1994-96
Discount rate per annum	8.05%	8.00%
Rate of escalation in Salary (per annum)	6.00%	6.00%
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 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 31st March 2011	As at 31st March 2010
Foreign currency contracts -JPY/INR	Bought	-	70.00

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

(Millions)

Particulars	Currency	Amount in foreign currency	
		As at 31st March 2011	As at 31st March 2010
Receivable on account of sale of goods	USD	33.56	19.45
Term Loans payments	JPY	1,120.72	1,504.92
	USD	7.01	1.24
Payables on account of import of goods	EURO	-	0.07
	USD	3.13	5.82
	JPY	50.24	-



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

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 ₹ 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, 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 ₹ 6,000.00 lakhs out of the sanction of ₹ 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.
16. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

	(₹ in Lakhs)	
	Current year	Previous year
Profit as per Profit and Loss Account	30,629.20	50,983.30
Add: Assets discarded	22.10	196.19
Loss on sale of Investments	-	18.25
Investments written off	0.12	-
Managerial Remuneration	1,766.74	2,738.99
Directors' Sitting fee	2.90	2.65
	32,421.06	53,939.38
Less: Profit on sale of Investments	6.18	107.83
Net Profit in accordance with Section 349	32,414.88	53,831.55

	(₹ in Lakhs)	
	Current year	Previous year
17. Commission to Managerial personnel		
Chairman @ 2% of Net Profit	648.30	1,076.63
Managing Director @ 2% of Net Profit	648.30	1,076.63
Non-Executive Directors (maximum)	15.00	15.00

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

18. Remuneration to Directors included in other heads of account

		(₹ in Lakhs)	
		Current year	Previous year
i)	Chairman		
	Salary	60.00	60.00
	Perquisites and Contributions	66.44	111.85
	Commission	648.30	1,076.63
ii)	Managing Director		
	Salary	60.00	60.00
	Perquisites and Contributions	66.96	80.40
	Commission	648.30	1,076.63
iii)	Director (Business Development)		
	Salary	48.00	48.00
	Perquisites and Contributions	53.45	69.04
iv)	Executive Director		
	Salary	48.00	48.00
	Perquisites and Contributions	52.29	93.44
v)	Non-Executive Directors		
	Commission	15.00	15.00
Total		1,766.74	2,738.99

19. Contingent liabilities not provided for on account of:

		(₹ in Lakhs)	
		As at 31st March 2011	As at 31st March 2010
a)	Guarantees given by the Bankers	941.96	543.37
b)	Guarantees given by the Company on behalf of others	32,115.20	10.40
c)	Claims against the Company not acknowledged as debts	1,033.08	883.92
d)	Demand raised by A. P. State Electricity Board (reconstituted as Transmission Corporation of Andhra Pradesh Limited) 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 Limited).	62.35	62.35
f)	Demand from Income-tax department disputed	1,191.51	684.41
g)	Customs duty payable on imports-in-transit	0.62	-

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 fulfil quantified exports against which the remaining future obligations aggregate to ₹ 1,362.27 lakhs and ₹ 1,734.95 lakhs which is to be fulfilled within next 2 years and 5 years respectively. Non-fulfilment of the balance obligation within the said period render the Company liable to pay the balance duty of ₹ 387.15 lakhs and other penalties under the above referred Scheme.

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

(₹ in Lakhs)

	Current year		Previous year	
	Percentage	Value	Percentage	Value
iv. Value of material consumed:				
Indigenous	89.27	51,990.67	84.63	38,241.66
Imported	10.73	6,252.04	15.37	6,946.48
	100.00	58,242.71	100.00	45,188.14

(₹ in lakhs)

	Current year	Previous year
v. Value of imports calculated on C.I.F. basis by the Company during the financial year in respect of		
i) Raw Materials	11,410.87	-
ii) Components and spare parts	133.22	31.04
iii) Capital goods	2,993.89	749.64
vi. Expenditure in foreign currency during the year on account of		
i) Interest	199.10	219.49
ii) Others	167.84	81.37
vii. Earnings in foreign exchange on account of		
i) Export of goods calculated on F.O.B. basis (including foreign currency fluctuations)	29,596.78	20,162.99
ii) Others	202.88	94.45



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

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.

(₹ in Lakhs)

Particulars	Current year					Previous year				
	Ferro Alloys	Power	Sugar	Others	Total	Ferro Alloys	Power	Sugar	Others	Total
1. Segment Revenue (gross)	45,628.45	66,174.52	9,507.54	0.01	121,310.52	32,689.88	83,512.86	8,967.47	-	125,170.21
Less: Inter segment revenue	-	8,783.00	-	-	8,783.00	-	5,330.28	-	-	5,330.28
Segment Revenue (net)	45,628.45	57,391.52	9,507.54	0.01	112,527.52	32,689.88	78,182.58	8,967.47	-	119,839.93
2. Segment Result	520.14	30,184.92	(104.35)	(49.26)	30,551.45	403.45	50,660.01	983.58	(33.69)	52,013.35
3. Segment Result excluding inter segment margin	4,541.39	26,179.23	(119.91)	(49.26)	30,551.45	4,166.35	46,916.42	964.26	(33.69)	52,013.34
Add:										
Other unallocable Income					2,259.55					2,029.90
Less:										
a) Finance Charges					2,181.30					3,059.13
b) Other unallocable expenditure					0.50					0.82
Profit before tax					30,629.20					50,983.29
Taxation for the year					59.56					1,115.10
Net Profit					30,569.64					49,868.19
4. Segment Assets	43,959.94	89,085.15	16,132.31	37.04	149,214.44	39,624.67	79,512.45	13,490.55	33.61	132,661.28
Unallocated					85,659.56					94,123.29
Total Assets					234,874.00					226,784.57
5. Segment Liabilities	3,003.61	2,987.06	2,590.31	11.95	8,592.93	5,312.81	4,456.45	1,769.43	14.21	11,552.90
Unallocated					226,281.07					215,231.67
Total liabilities					234,874.00					226,784.57
6. Capital expenditure	659.52	12,924.25	1,253.14	1,152.21	15,989.12	307.13	11,635.15	651.78	327.31	12,921.37
Depreciation	781.44	3,407.13	393.09	3.22	4,584.88	732.02	3,325.26	376.90	3.61	4,437.79
Non-cash expenses other than depreciation	30.88	54.91	77.93	0.42	164.14	695.31	175.54	21.54	0.17	892.56

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

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.

(₹ in Lakhs)

Geographical Segment	Current year			Previous year		
	Cost incurred to acquire Assets		Carrying amount of Segment Assets	Cost incurred to acquire Assets		Carrying amount of Segment Assets
	[Tangible and Intangible]			[Tangible and Intangible]		
	Put to use	Capital Work-in-progress		Put to use	Capital Work-in-progress	
Ferro Alloy Plant, Paloncha, Khammam Dist., A.P.	279.07	438.63	34,511.86	229.73	215.47	25,922.63
Ferro Alloy Plant Kharagprasad, Dhenkanal Dist. Orissa	19.10	6.45	9,448.08	155.13	16.55	13,702.05
Power Plant Paloncha, Khammam Dist., A.P.	428.11	863.79	27,038.91	1,491.10	2,197.67	30,144.58
Power Plant Kharagprasad, Dhenkanal Dist. Orissa	134.06	11,914.41	50,522.43	197.36	7,947.77	36,831.33
Power Plant Dharmavaram, East Godavari Dist. A.P.	27.63	37.85	11,605.21	303.51	134.65	12,536.54

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 2011

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	Executive Director
ii) Relatives of key management personnel:	
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
iii) Subsidiaries:	
M/s.Nava Bharat (Singapore) Pte Limited	
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.PT Nava Bharat Sungai Cuka	
M/s.PT Nava Bharat Indonesia	
M/s.Maamba Collieries Limited	
M/s.Kobe Green Power Co. Limited	
M/s. Nava Bharat Africa Resources Pvt. 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. Operation Eyesight Universal	Associate Entity
M/s.Navabharat Power Private Limited	Associate Company
M/s.Malaxmi Highway Limited	Associate Company

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

b) Particulars of transactions during the year:

Nature of transactions	(₹ in Lakhs)	
	Current year	Previous year
i) Transactions with Key Management personnel:		
Sri D Ashok		
Remuneration	774.74	1,248.48
Sri P Trivikrama Prasad		
Remuneration	775.26	1,217.03
Sri C V Durga Prasad		
Remuneration	101.45	117.04
Sri G R K Prasad		
Remuneration	100.29	141.44
ii) Transactions with relatives of Key Management personnel:		
Dr D Rajasekhar		
Rent	14.94	14.94
Smt C Umamaheswari		
Rent	28.80	28.80
Smt G S P Kumari		
Rent	28.80	28.80
iii) Transactions with Subsidiaries:		
M/s.Nava Bharat (Singapore) Pte Limited		
Sale of finished goods	26,890.81	19,643.00
Guarantee Commission	202.88	-
Advances/Loans given/(received back)	529.74	(5,472.79)
Finance provided (Equity Contributions in Cash)	-	6,002.54
Guarantee provided	32,104.80	-
M/s.Nava Bharat Projects Limited		
Services received	555.00	555.00
Advances/Loans given/(received back)	(0.25)	0.25
Finance provided (Equity Contributions in Cash)	1,940.00	1,122.00
M/s.Nava Bharat Realty Limited		
Finance provided (Equity Contributions in Cash)	(1,940.00)	-
M/s.Brahmani Infratech Private Limited		
Interest	180.00	120.00
Finance provided (Equity Contributions in Cash)	(2,151.00)	-
M/s.Nava Bharat Energy India Limited		
Rent earned	0.43	-
iv) Transactions with Associates/Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence		
M/s. Operation Eyesight Universal		
Donations given	114.13	-



Schedules

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

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

(₹ 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	648.30		1,076.63	
	Sri P Trivikrama Prasad	648.30		1,076.63	
2.	Subsidiaries:				
	M/s.Brahmani Infratech Private Limited		-		6,300.00
	M/s.Nava Bharat (Singapore) Pte Limited		15,143.33		9,385.60
	M/s.Nava Bharat Realty Limited		17.00		1,957.00
	M/s.Nava Bharat Projects Limited		4,390.40		2,450.65

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

	Current year	Previous year
i) Net Profit as per Profit and Loss Account available for Equity Shareholders (₹ in lakhs)	30,378.63	49,868.20
ii) Weighted average number of Equity Shares for Basic EPS	76,351,424	76,136,413
Add: Adjustment for : Employees stock options granted	-	79,671
: Foreign Currency Convertible Bonds issued	6,450,449	5,744,082
Weighted average number of Equity Shares for diluted EPS	82,801,873	81,960,166
iii) Nominal value of the share (₹)	2.00	2.00
iv) Basic earnings per share (₹)	39.79	65.50
v) Diluted earnings per share (₹)	36.69	60.84

28. Previous year figures have been re-grouped and/or reclassified 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 Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

Hyderabad

28th May 2011

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

M.Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman

Balance Sheet Abstract

and Company's general business profile

I Registration Details

Registration No. State Code
 Balance Sheet date
 Date Month Year

II Capital Raised during the year (₹ in thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

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

Total Liabilities Total Assets
 Source of Funds:
 Paid-up Capital
 Reserves and Surplus Secured Loans
 Unsecured Loans Deferred Tax Liability
 Application of Funds:
 Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses

IV Performance (₹ in thousands)

Turnover (Gross Revenue) Total Expenditure
 +/- Profit/Loss Before Tax +/- Profit/Loss after Tax
 Earning per Share (Rs.)
 -Basic Dividend Rate %
 -Diluted

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

Item Code no. (ITC code)
 Product Description Silico Manganese Ferro Manganese
 Item Code no. (ITC code)
 Product Description Ferro Chrome Ferro Silicon
 Item Code no. (ITC code)
 Product Description Cane Sugar
 Product Description Generation and supply of power

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

P. Chandramouli

Partner

Membership Number: 025211

Hyderabad
28th May 2011

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	Kobe Green Power Co. Limited	Maamba Collieries Limited	Nava Bharat Africa Resources Pvt. Limited	Brahmani Infratech Private Limited	Kimberly 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	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011
3. Shares of the subsidiary held by the Company on the above date:												
a) Number of Shares	19,106,870	475,000	475,000	160	57,315,846	100	41,499,998	50,000	2,50,000	2,50,000	250,250,000	2,50,000
Face value	16,870 Equity Shares of USD 1/- each and 19,090,000 Equity Shares of USD 1/- each	Equity Shares of USD 1 each	Equity Shares of USD 1 each	Equity Shares of USD 100 each	Equity Shares of ZMK 1 each	Equity Shares of USD 10 each	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 10/- each	Equity Shares of ₹ 2/- each	Equity Shares of ₹ 2/- each	Equity Shares of ₹ 2/- each	Equity Shares of ₹ 2/- each
b) Extent of holding	100.00%	95.00%	95.00%	80.00%	65.00%	100.00%	65.74%	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:												
a) dealt with in the accounts of the Company for the year ended 31st March 2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended 31st March 2011 (₹ in lakhs)	USD 661,327 (₹ 294.89 lakhs)	Nil	Nil	Nil	ZMK (28,153.45 million) (₹ 2,671.18 lakhs)	Nil	136.20	(0.37)	(0.59)	6639.30	54.50	(0.31)
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 with in the accounts of the Company for the year ended 31st March 2011 (₹ in lakhs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended 31st March 2011 (₹ in lakhs)	(USD 3,023,968) (₹ 1,348.39 lakhs)	Nil	Nil	Nil	ZMK (241,723.95 million) (₹ 22,934.73 lakhs)	Nil	195.71	(13.15)	(19.27)	6931.95	18.28	(2.20)
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	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	Not Applicable	Not Applicable	Not Applicable
8. Remarks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

for and on behalf of the Board

G.R.K. Prasad
Executive Director
P. Trivikrama Prasad
Managing Director
D. Ashok
Chairman

M.Subrahmanyam
Company Secretary & Vice President

Hyderabad
28th May, 2011

Consolidated Auditor's Report

for the year ended 31st March 2011

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NAVA BHARAT VENTURES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NAVA BHARAT VENTURES LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated Balance Sheet of NAVA BHARAT VENTURES LIMITED and its subsidiaries (collectively "the Group") as at 31st March, 2011, 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 consolidated financial statements of one of the subsidiaries viz., Nava Bharat (Singapore) Pte. Ltd. Singapore, whose financial statements reflect total assets of US \$ 146,980,093 equivalent to ₹.65,538.42 Lakhs, total revenue of US \$ 63,964,640 equivalent to ₹.28,401.44 Lakhs and net cash flows amounting to US \$ 25,606,286 equivalent to ₹.11,417.84 Lakhs. The consolidated financial statements of the said subsidiary for the year ended 31st March, 2011 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" and (AS) 23, "Accounting for Investments in Associates in the 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 31st March, 2011;
 - 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 Number: 000513S

(P. CHANDRAMOULI)

Place: Hyderabad

Partner

Date : 28th May 2011

Membership Number: 025211



Consolidated Balance Sheet

as at 31st March 2011

(₹ in Lakhs)

Particulars	Schedule reference	As at 31st March 2011	As at 31st March 2010
I. SOURCES OF FUNDS:			
1. Shareholders Funds:			
a) Share Capital	1	1,528.55	1,526.37
b) Reserves and Surplus	2	187,496.76	158,541.25
		189,025.31	160,067.62
2. Minority Interest		(10,058.47)	22.47
3. Loan Funds:			
a) Secured Loans	3	46,926.80	25,298.25
b) Unsecured Loans	4	22,675.21	14,079.02
		69,602.01	39,377.27
4. Deferred tax liability		2,060.86	2,021.45
Total		250,629.71	201,488.81
II. APPLICATION OF FUNDS:			
1. Fixed Assets:			
a) Gross Block	5	122,764.65	97,728.42
b) Depreciation		28,820.19	24,236.46
c) Net Block		93,944.46	73,491.96
d) Capital Work-in-progress		30,103.56	12,920.74
		124,048.02	86,412.70
2. Investments	6	19,863.91	9,746.95
3. Current Assets, Loans and Advances:			
a) Inventories	7	29,739.67	28,061.28
b) Sundry Debtors	8	7,626.74	9,131.07
c) Cash and Bank balances	9	67,279.41	69,781.61
d) Other Current Assets	10	3,051.64	2,349.67
e) Loans and Advances	11	32,870.87	24,737.35
		140,568.33	134,060.98
Less: Current Liabilities and Provisions			
a) Current Liabilities	12	24,997.37	19,823.04
b) Provisions	13	8,853.18	8,908.78
		33,850.55	28,731.82
Net Current Assets		106,717.78	105,329.16
Total		250,629.71	201,488.81
Notes on Accounts	21		

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Chandramouli

Partner

Membership Number: 025211

P. Trivikrama Prasad

Managing Director

Hyderabad

28th May 2011

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman

Consolidated Profit & Loss Account

for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	Schedule reference	Current year	Previous year
I. EARNINGS			
Sales (Gross)		119,064.17	122,714.73
Less: Inter-divisional transfers		8,783.00	5,330.27
		110,281.17	117,384.46
Less: Excise Duty		1,634.36	1,162.43
Sales (Net)		108,646.81	116,222.03
Export Incentives		399.85	363.24
Other Revenue	14	13,780.15	3,735.17
Total		122,826.81	120,320.44
II. OUTGOINGS			
Raw Materials	15	33,576.37	22,358.99
Purchased Power and Fuel for Power generation		23,632.02	19,814.98
Stores Consumed		717.06	377.33
Other Manufacturing Expenses		1,772.14	1,227.01
Payments and benefits to Employees	16	7,093.43	6,869.32
Finance Charges	17	4,127.35	3,779.06
Other Expenses	18	13,164.06	4,682.40
Depreciation	5	4,706.10	4,470.52
Diminution in value of investments		22.59	(284.22)
		88,811.12	63,295.39
(Increase)/Decrease in Stocks	19	(608.48)	7,249.36
		88,202.64	70,544.75
Less: Amount transferred to Capital work-in-Progress	20	583.05	1,014.34
Total		87,619.59	69,530.41
III. PROFIT FOR THE YEAR BEFORE TAXATION			
		35,207.22	50,790.03
IV. PROVISION FOR TAXATION			
: Current Tax		7,611.78	7,450.88
: Deferred Tax		39.36	(92.16)
: MAT Credit entitlement		(5,655.00)	(6,120.00)
		1,996.14	1,238.72
V. PROFIT FOR THE YEAR AFTER TAXATION			
		33,211.08	49,551.31
Minority share		1,316.60	(0.02)
Balance brought forward from last year		83,413.00	53,363.28
Income Tax of earlier years		(191.23)	(6.17)
VI. AMOUNT AVAILABLE FOR APPROPRIATIONS			
		117,749.45	102,908.40
VII. APPROPRIATIONS:			
Proposed Dividend on Equity		5,128.47	6,425.20
Corporate Dividend Tax		831.97	1,067.15
Capital Redemption Reserve		-	3.05
Contingency Reserve		-	2,000.00
General Reserve		10,000.00	10,000.00
Surplus carried to Balance Sheet		101,789.01	83,413.00
Total		117,749.45	102,908.40
Earnings per share - Basic (₹)		44.97	65.07
- Diluted (₹)		41.47	60.45
Nominal value of the Share (₹)		2.00	2.00
Notes on Accounts	21		

per our report of even date.

for and on behalf of the Board

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

G.R.K. Prasad

Executive Director

P. Chandramouli

Partner

Membership Number: 025211

P. Trivikrama Prasad

Managing Director

Hyderabad

28th May 2011

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



Consolidated Cash Flow Statement for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit after Minority Share and before Tax	36,523.82	50,790.01
Adjustments for:		
Interest earned	(915.14)	(209.84)
Miscellaneous Expenditure written off	-	0.31
Excess Provisions written back	(69.30)	(186.75)
Input tax Credit written off	55.21	-
Bad debts and Advances written off	388.19	0.60
Investments written off	0.12	-
Diminution in the value of Inventories/Stocks written off	-	(6,306.27)
Loss on sale of materials	-	694.67
Depreciation	4,706.10	4,470.52
Assets discarded	22.10	196.19
Profit on sale of Assets	111.85	(0.96)
Profit on sale of Investments	(7,914.51)	(32.07)
Diminution in value of Investments	22.59	(284.22)
Income from Investments	(3,825.51)	(2,145.82)
Interest (excluding the amount capitalised)	2,630.06	1,169.85
Effect of Exchange Rate Change	276.53	(403.52)
Operating Profit before Working Capital Changes	32,012.11	47,752.70
Adjustments for:		
Trade and Other receivables	(1,895.76)	(2,606.62)
Inventories	(1,678.39)	22,099.08
Trade and Other payables	(4,602.65)	2,696.56
Cash generated from Operations	23,835.31	69,941.72
Direct Taxes paid	(5,676.21)	(7,853.22)
Net Cash from Operating Activities (A)	18,159.10	62,088.50
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Loans/Advances to Bodies Corporate	-	0.01
Purchase of Fixed Assets (excluding Interest capitalised)	(42,689.91)	(19,112.83)
Sale of Fixed Assets	655.88	115.76
Fixed Deposits	17,425.47	(4,672.73)
Purchase of Investments (including advances)	(271,631.20)	(186,264.86)
Sale of Investments	268,774.68	177,294.52
Interest received	580.86	431.98
Income from Investments	3,825.51	2,145.82
Net Cash used in Investing Activities (B)	(23,058.71)	(30,062.33)

Consolidated Cash Flow Statement

for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Shares	123.57	319.90
Buyback of Equity Shares	-	(214.55)
Proceeds from short term borrowings	(808.28)	666.66
Proceeds from long term borrowings	41,502.55	2,058.13
Repayment of long term borrowings	(10,469.53)	(6,384.81)
Interest paid (including interest capitalised)	(3,067.20)	(1,212.48)
Dividend paid	(7,458.23)	(6,611.69)
Net Cash generated in Financing Activities (C)	19,822.88	(11,378.84)
Net increase in Cash and Cash equivalents (A+B+C)	14,923.27	20,647.33
Cash and Cash equivalents at the beginning of the year	34,581.61	13,934.28
Cash and Cash equivalents at the end of the year	49,504.88	34,581.61
Notes:		
Cash and Cash equivalents include:		
Cash and Cheques on hand	121.10	5.20
Balance with bank in Current Accounts	19,973.19	14,060.87
Balance with bank in Cash Credit Accounts	110.59	98.74
Balance with bank in Deposit Accounts	47,074.53	55,616.80
	67,279.41	69,781.61
Less: Fixed Deposits considered as Investments	17,774.53	35,200.00
Cash and Cash equivalents considered for cash flow	49,504.88	34,581.61

per our report of even date.

for **Brahmayya & Co.**

Chartered Accountants

Firm's Registration Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

Hyderabad

28th May 2011

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
1. SHARE CAPITAL:		
Authorised:		
250,000,000 - Equity Shares of ₹ 2/- each	5,000.00	5,000.00
	5,000.00	5,000.00
Issued and subscribed:		
76,616,143 [Previous year 76,506,933] - Equity Shares of ₹ 2/- each	1,532.32	1,530.14
	1,532.32	1,530.14
Paid-up:		
76,364,668 [Previous year 76,255,458] - Equity Shares of ₹ 2/- each fully paid up	1,527.29	1,525.11
Add: Forfeited Shares (amount originally paid up)	1.26	1.26
Total	1,528.55	1,526.37
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	826.39	823.34
Add: Transferred during the year on buyback of Equity Shares	-	3.05
	826.39	826.39
d) Securities Premium Account		
Balance as per last Balance Sheet	14,046.74	13,732.49
Add: Received during the year	121.39	314.25
	14,168.13	14,046.74
e) Foreign Currency Translation Reserve (arising on consolidation)		
Balance as per last Balance Sheet	(5,791.08)	(5,352.84)
Add: Addition during the year	456.40	6.21
	(5,334.68)	(5,346.63)
Less: Deletion during the year	-	444.45
	(5,334.68)	(5,791.08)
f) Contingency Reserve		
Balance as per last Balance Sheet	8,100.00	6,100.00
Add: Transferred during the year	-	2,000.00
	8,100.00	8,100.00

Schedules

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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
2. RESERVES AND SURPLUS: (CONTD.)		
g) Asset Replacement Reserve		
Balance as per last Balance Sheet	-	-
Addition during the year	1.71	-
	<u>1.71</u>	<u>-</u>
h) General Reserve		
Balance as per last Balance Sheet	57,852.40	48,063.90
Less: Premium on buyback of Equity Shares	-	211.50
	<u>57,852.40</u>	<u>47,852.40</u>
Add: Transferred during the year	10,000.00	10,000.00
	<u>67,852.40</u>	<u>57,852.40</u>
i) Surplus: balance in profit and loss account	<u>101,789.01</u>	<u>83,413.00</u>
Total	<u>187,496.76</u>	<u>158,541.25</u>
3. SECURED LOANS:		
i) Rupee Term Loans from:		
IDBI Bank Limited	2,750.00	3,250.00
Infrastructure Development Finance Company Limited	-	483.33
Andhra Bank	-	6,500.00
State Bank of India	999.90	1,504.13
ii) Foreign Currency Term Loans from:		
Bank of India	6,032.05	7,612.06
IDBI Bank Limited (Buyers Credit)	3,126.67	558.13
ICICI Bank Limited	8,918.00	-
Australia and New Zeland Banking Group Limited	8,918.00	-
Standard Chartered Bank	8,918.00	-
ZCCM Investment Holdings Plc.	3,065.70	-
iii) Medium Term Loans from Banks	<u>304.17</u>	<u>688.01</u>
iv) Working Capital Loans from Banks	<u>3,894.31</u>	<u>4,702.59</u>
Total	<u>46,926.80</u>	<u>25,298.25</u>
4. UNSECURED LOANS:		
Fixed Deposits	-	18.12
From: Other Bodies Corporate	30.01	30.01
: A P State Government (deferred sales tax liability)	35.37	35.37
: Others	8,614.31	-
Foreign currency convertible bonds	13,995.52	13,995.52
Total	<u>22,675.21</u>	<u>14,079.02</u>



Schedules

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

Sl. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31st March 2010	Additions	Deductions*	As at 31st March 2011	Upto 31st March 2010	For the year	On deductions**	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
5. FIXED ASSETS											
A. Tangible Assets											
1.	Land - Freehold	7,839.59	348.88	-	8,188.47	-	-	-	-	8,188.47	7,839.59
	- Leasehold	140.33	-	-	140.33	4.64	1.53	6.17	6.17	134.16	135.69
2.	Buildings - Factory	8,457.42	541.01	2.53	8,995.90	1,607.21	282.07	2.53	1,886.75	7,109.15	6,850.21
	- Township	1,325.49	-	-	1,325.49	170.00	21.60	-	191.60	1,133.89	1,155.49
	- Others (Freehold)	1,281.82	1,074.63	-	2,356.45	160.49	22.30	-	182.79	2,173.66	1,121.33
	- Others (Leasehold)	208.08	331.18	96.46	442.80	17.34	12.52	0.11	29.75	413.05	190.74
3.	Plant and Machinery	74,722.93	2,256.91	356.55	76,623.29	20,875.71	3,904.44	61.42	24,718.73	51,904.56	53,847.22
4.	Railway Sidings	355.71	-	-	355.71	52.60	18.78	-	71.38	284.33	303.11
5.	Water Works	125.04	0.15	-	125.19	46.69	6.34	-	53.03	72.16	78.35
6.	Furniture and Fixtures	377.10	53.21	0.99	429.32	247.68	42.16	0.64	289.20	140.12	129.42
7.	Motor Vehicles	441.45	486.25	261.44	666.26	221.31	100.53	44.50	277.34	388.92	220.14
8.	Office Equipment	649.44	110.58	12.19	747.83	416.30	93.14	11.87	497.57	250.26	233.14
9.	Air Conditioners and Coolers	137.86	70.12	2.17	205.81	69.79	11.57	1.30	80.06	125.75	68.07
10.	Workshop Machinery	115.73	-	-	115.73	111.61	1.52	-	113.13	2.60	4.12
11.	Other Assets	142.09	18.57	-	160.66	65.64	11.12	-	76.76	83.90	76.45
12.	Power Lines ***	423.19	-	-	423.19	15.61	30.98	-	46.59	376.60	407.58
	Total (A)	96,743.27	5,291.49	732.33	101,302.43	24,082.62	4,560.60	122.37	28,520.85	72,781.58	72,660.65
B. Intangible Assets											
1.	Computer Software (Other than internally generated)	86.45	178.70	-	265.15	27.41	73.04	-	100.45	164.70	59.04
2.	Water Drawing Rights	898.70	-	-	898.70	126.43	72.46	-	198.89	699.81	772.27
3.	Goodwill on acquisition	-	20,298.37	-	20,298.37	-	-	-	-	20,298.37	-
	Total (B)	985.15	20,477.07	-	21,462.22	153.84	145.50	-	299.34	21,162.88	831.31
	Total (A + B)	97,728.42	25,768.56	732.33	122,764.65	24,236.46	4,706.10	122.37	28,820.19	93,944.46	73,491.96
	Add: Capital Work-in-Progress	-	-	-	-	-	-	-	-	30,103.56	12,920.74
	Total	97,728.42	25,768.56	732.33	122,764.65	24,236.46	4,706.10	122.37	28,820.19	124,048.02	86,412.70
	Previous year	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

Note: Capital work-in-progress includes borrowing costs aggregating to ₹ 399.04 lakhs (upto previous year ₹ 822.28 lakhs)

* Includes the foreign currency translation difference between the year beginning and ending rates, gain amounting to ₹ 179.50 lakhs (Previous year loss ₹ 38.88 lakhs) which is adjusted against Foreign Currency Translation Reserve.

** Includes the foreign currency translation difference between the year beginning and ending rates, gain amounting to ₹ 0.37 lakhs (Previous year loss ₹ 4.16 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 accounts for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	Face value ₹	Number of Shares			As at 31st March 2011	As at 31st March 2010
		As at 31st March 2010	Additions/ (Deletions)	As at 31st March 2011		
6. INVESTMENTS: (At Cost, Long-term)						
a) Government Securities - Un-quoted:						
6 year National Savings Certificates					3.24	2.91
Total (a)					3.24	2.91
b) Fixed Income Bonds - Quoted (Non-Trade)						
Indian Infrastructure Finance Company Limited	100000	-	500	500	511.15	-
Rural Electrification Bonds	1	-	5,000,000	5,000,000	50.00	-
Export Import Bank of India	USD 100	20,000	(10,000)	10,000	441.22	906.11
Indian Oil Corporation	USD 100	10,000	(10,000)	-	-	451.92
State Bank of India PERP FRN and EMTN	USD 100	33,000	(10,000)	23,000	982.18	1,405.56
ICICI Bank UK FRN	USD 100	41,000	14,000	55,000	2,453.56	1,752.89
Axis Bank EMTN	USD 100	-	33,500	33,500	1,492.43	-
Bank of Baroda	USD 100	-	50,000	50,000	2,231.11	-
Bank of India FRN EMTN	USD 100	-	10,000	10,000	455.26	-
Standard Chartered Bank PERP	USD 100	-	20,000	20,000	833.39	-
IDBI Bank	USD 100	-	20,000	20,000	898.93	-
Reliance Holdings USA	USD 100	-	20,000	20,000	898.31	-
Total (b)					11,247.54	4,516.48
c) Dual Currency Certificates - (Unquoted, Non-Trade)						
XAU-USD					2,675.40	-
Total (c)					2,675.40	-
d) 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 Limited	10	646,600	-	646,600	64.66	64.66
Navabharat Power Private Limited	10	8,808,500	(4,578,020)	4,230,480	423.05	880.85
Total (d) (i)					487.71	945.51
ii) In Other Companies - 6% Preference Shares fully paid-up, Un-Quoted (Trade):						
Rio Realty Private Limited	100		135,500	135,500	135.50	-
Juventus Infrastructure & Projects Private Limited	100		130,000	130,000	130.00	-
A9 Realty Private Limited	100		736,000	736,000	736.00	-
Down Town Infra & Projects Private Limited	100		90,000	90,000	90.00	-
Sri Gruha Private Limited	100		700,000	700,000	700.00	-
Total (d) (ii)					1,791.50	-
iii) In Other Companies - Equity Shares fully paid up, Un-Quoted (Non-Trade):						
Indo Coal Ventures Pte Limited	US \$ 1	150	-	150	0.04	0.05
Kobe Green Power Co Limited	US \$100	-	160	160	7.13	-



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

(₹ in Lakhs)

Particulars	Face value ₹	Number of Shares			As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
		As at 31st March 2010	Additions/ (Deletions)	As at 31st March 2011			
Nava Bharat Africa Resources Pvt. Limited	US \$10	-	100	100	0.45	-	
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	
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 (d) (iii)					18.18	10.66	
iv) 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	
Birla Sunlife Short Term Opportunities Fund	10	-	10,964,358	10,964,358	1,584.01	-	
Canara Robeco Fund	10	-	9,500,000	9,500,000	950.00	-	
Kotak Floater Long Term Fund	10	-	9,444,863	9,444,863	952.02	-	
HDFC MF Monthly Income Plan-ST	10	1,797,022	(1,797,022)	-	-	202.49	
Total (d) (iv)					3,486.03	4,108.93	
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 (d) (v)					11.16	32.91	
vi) In Other Companies - Equity Shares fully paid-up, Quoted (Non-Trade):							
Avanthi Leathers Limited	10	63,300	-	63,300	6.33	6.33	
NB Footwear Limited	10	76,830	-	76,830	7.68	7.68	
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	12,284	-	12,284	26.10	26.10	
MOIL Limited	10	-	9,651	9,651	36.19	-	
Total (d) (vi)					85.23	49.04	
Total (d) (i to vi)					5,879.81	5,147.05	
Total (a+b+c+d)					19,805.99	9,666.44	
Less: Diminution in value of Investments					30.06	29.86	
					19,775.93	9,636.58	
Add: Fair value adjustment in respect of investments held by a foreign subsidiary					87.98	110.37	
Total					19,863.91	9,746.95	

Schedules

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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
7. INVENTORIES:		
At Cost:		
Stores and Spares	2,989.91	2,591.15
Fuel for power generation	2,784.08	3,610.25
Raw Materials	11,885.96	11,202.24
Finished Goods	8,570.73	6,850.86
Work-in-progress	1,580.79	462.30
Others	195.79	30.90
Goods-in-transit	648.71	-
At realisable value:		
Finished Goods	1,082.07	3,313.58
Scrap	1.63	-
Total	29,739.67	28,061.28
8. SUNDRY DEBTORS:		
(Unsecured, considered good)		
Debts due over six months	846.28	22.05
Other debts	6,780.46	9,109.02
Total	7,626.74	9,131.07
9. CASH AND BANK BALANCES:		
Cash in hand	5.52	5.20
Cash with Scheduled Banks : In Current Accounts	19,973.19	14,060.87
: In Cash Credit Accounts	110.59	98.74
: In Deposit Accounts	47,074.53	55,616.80
Cheques/Demand Drafts on hand	115.58	-
Total	67,279.41	69,781.61
10. OTHER CURRENT ASSETS:		
Prepaid Expenses	479.94	485.25
Deposits recoverable	408.47	146.18
Other receivables	1,572.23	1,228.86
Assets held for disposal at realisable value	-	80.11
Interest accrued	404.62	70.34
Balance with Central Excise Dept.	186.38	338.93
Total	3,051.64	2,349.67



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

(₹ in Lakhs)

Particulars	As at 31st March 2011	As at 31st March 2010
11. LOANS AND ADVANCES:		
(Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Security Deposits with Power Supply Companies	383.86	378.53
Advances for : Capital goods	5,946.22	2,582.33
: Investments	5,911.90	5,280.54
: Purchases and expenses	6,088.81	7,030.79
Staff Advances	245.63	83.87
Advance Tax and Tax Deducted at Source (Net of provision)	-	952.81
MAT Credit entitlement	14,080.21	8,425.21
Advance Fringe Benefit Tax (Net of provision)	214.24	3.27
Total	32,870.87	24,737.35
12. CURRENT LIABILITIES:		
Sundry Creditors:		
Total outstanding dues of Micro and Small Enterprises	657.59	793.27
Total outstanding dues of creditors other than Micro and Small Enterprises	20,732.46	12,162.52
Share Application Money pending allotment	814.58	2,862.50
Investor Education and Protection Fund :		
(Appropriate amount shall be transferred to the Fund as and when due)		
Unpaid Dividend	162.98	128.86
Security Deposits	89.18	35.98
Advances received against supplies	154.48	99.31
Retention Deposits	658.87	975.97
Pre-received Income	-	3.35
Interest accrued but not due	415.64	593.02
Due to directors	1,311.59	2,168.26
Total	24,997.37	19,823.04
13. PROVISIONS:		
For: Dividend	5,128.47	6,425.20
: Corporate Dividend Tax	831.97	1,067.15
: Taxation	1,384.91	-
: Gratuity	824.88	791.73
: Leave Encashment	682.95	624.70
Total	8,853.18	8,908.78



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

(₹ in Lakhs)

Particulars	Current year	Previous year
18. OTHER EXPENSES:		
Rent	149.23	142.79
Rates and Taxes	1,102.50	439.71
Freight and Transportation	1,756.33	1,355.12
Cane Development Expenses	785.95	445.33
Insurance	431.71	412.60
Advertisement	48.97	30.88
Printing and Stationery	78.36	43.99
Communications	132.48	78.12
Travelling and Conveyance	577.80	351.90
Vehicle Maintenance	93.76	52.95
Legal and Professional charges	1,211.29	1,020.43
Directors Sitting fee	2.94	2.90
Payments to Auditors : As Auditors	28.66	19.95
: For Tax Audit	5.51	4.41
: For Tax Representation	2.80	2.73
: For Certification and Other Services	6.19	2.69
: For Expenses	0.25	0.25
Fees to Cost Auditor	4.74	4.19
Repairs and Maintenance : Machinery	2,601.84	2,854.74
: Buildings	703.40	549.00
: Others	45.61	58.86
Commission on Sales	64.89	36.88
General Charges	1,878.26	1,878.01
Input tax Credit written off	55.21	-
Bad Debts and Advances written off	388.19	0.60
Investments written off	0.12	-
Foreign exchange fluctuations	679.59	-
Diminution in value of Inventories/Stocks written off	-	(6,306.27)
Loss on Sale of materials	-	694.67
Assets discarded	22.10	196.19
Loss on Sale of Assets	111.85	-
Loss on sale of Long Term Investments	3.73	76.51
Donations and Charities	144.82	107.65
Contributions	41.00	1.00
Expenditure relating to earlier years	3.98	123.31
Miscellaneous Expenditure written off	-	0.31
Total	13,164.06	4,682.40

Schedules

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

(₹ in Lakhs)

Particulars	Current year	Previous year
19. (INCREASE)/DECREASE IN STOCKS:		
a) Opening Stocks:		
Work-in-progress	462.30	1,258.12
Finished goods	10,164.44	16,616.15
Scrap	-	1.83
	<u>10,626.74</u>	<u>17,876.10</u>
b) Closing Stocks:		
Work-in-progress	1,580.79	462.30
Finished goods	9,652.80	10,164.44
Scrap	1.63	-
	<u>11,235.22</u>	<u>10,626.74</u>
(Increase)/decrease in Stocks (a-b)	<u>(608.48)</u>	<u>7,249.36</u>
20. AMOUNT TRANSFERRED TO CAPITAL WORK-IN-PROGRESS:		
Purchased Power and Fuel for Power generation	6.33	3.51
Salaries, Wages and Bonus	39.23	18.28
Contribution to Provident and Other Funds	5.47	1.82
Workmen and Staff Welfare Expenses	3.57	5.71
Interest on Term Loans	259.76	13.41
Bank Charges and Commission	40.02	808.87
Rent	0.35	-
Rates and Taxes	140.69	106.91
Insurance	65.58	35.22
Travelling and Conveyance	9.74	4.50
Legal and Professional charges	1.90	15.21
General Charges	10.41	0.17
Depreciation	-	0.73
Total	<u>583.05</u>	<u>1,014.34</u>
Less: Miscellaneous Receipts	<u>40.04</u>	<u>27.03</u>
Net Total	<u>543.01</u>	<u>987.31</u>



Schedules

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

21. NOTES ON ACCOUNTS:

- 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 (AS 21) "Consolidation of Financial Statements" as notified by Companies (Accounting Standards) Rules, 2006 (as amended). Financial statements of subsidiaries were prepared for the year ended 31st March 2011 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 Sungai Cuka	Indonesia	95.00
PT Nava Bharat Indonesia	Indonesia	95.00
Maamba Collieries Limited	Zambia	65.00
Brahmani Infratech Private Limited	India	65.74
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 was not considered for consolidation.

A subsidiary of Nava Bharat (Singapore) Pte Limited, Nava Bharat Africa Resources Pvt. Limited was incorporated on 28th January 2011 and its first financial year is from 28th January 2011 to 31st March 2012. There being no operations, the financial statements are not drawn up for the period ended 31st March 2011. Accordingly the accounts of this Company are not consolidated.

The control of another subsidiary of Nava Bharat (Singapore) Pte Limited, Kobe Green Power Co. Limited is only temporary and thus the accounts of this subsidiary has not been taken up 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.

- The excess of cost to the group of its investments in subsidiary Companies over its share of the equity of the subsidiary Companies at the dates on which the investments in the subsidiary companies are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary Companies as on the date of investment is in excess of cost of investment of the group, it is recognised as "Capital Reserve" and shown under the head "Reserves and Surplus", in the consolidated financial statements.

Schedules

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

2. MINORITY INTEREST:

(₹ in Lakhs)

Name of the Company	As at 31st March 2011	As at 31st March 2010
25,000 shares in the Share Capital of PT Nava Bharat Sungai Cuka	11.15	11.23
25,000 shares in the Share Capital of PT Nava Bharat Indonesia	11.15	11.22
57,315,848 Shares in the Share Capital of Maamba Collieries Limited	3.07	-
21,625,002 Equity shares in the Share Capital of Brahmani Infratech Private Limited	2162.50	0.00
Share in Reserves	(12246.34)	0.02
Total	(10058.47)	22.47

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 and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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. However the assets held by foreign subsidiaries, depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.



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

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- 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.

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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.

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.



Schedules

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

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 projected 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.

Schedules

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

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.
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 ₹ 34.88 lakhs when compared to the accounting policies of the Company.



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

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".

Particulars	(₹ 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	657.59	793.27
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 ₹ 195.04 lakhs (Previous year ₹ 391.81 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) The title in respect of the land costing ₹ 1.23 lakhs (previous year ₹ 1.23 lakhs) admeasuring 6 acres and 23 guntas (previous year 6 acres 23 guntas) is yet to be transferred in the name of the Company.
- c) Land costing ₹ 26.06 lakhs admeasuring 5.05 acres allotted by APIIC Limited during the year 2009-10, is not yet transferred in the name of the Company.
- d) Cost of leasehold land amounting to ₹ 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.
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 accounts for the year ended 31st March 2011

10. EMPLOYEE DEFINED BENEFITS AS PER AS-15 (REVISED): GRATUITY

Particulars	(₹ in Lakhs)	
	Current year	Previous year
a) The amounts recognised in the Balance Sheet are as under:		
Present value of obligation	1,162.14	1,129.71
Fair value of Plan Assets	356.14	337.98
Net Assets/(liability) recognised in Balance Sheet as provision	(806.00)	(791.73)
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	1,129.71	786.07
Interest cost	81.50	67.86
Past Service Cost	-	206.49
Current Service Cost	67.15	62.18
Benefits paid	(152.22)	(75.86)
Actuarial (gain)/loss on obligation	36.00	82.97
Present value of obligation as at the end of the year	1,162.14	1,129.71
Fair value of plan assets as at the beginning of the year	337.98	320.50
Return on plan assets	12.79	25.64
Contributions	145.28	32.61
Benefits paid	(152.22)	(43.52)
Fair value of plan assets as at the end of the year	356.14	337.98
c) The amounts recognised in the Profit and Loss Account are as under:		
Current Service Cost	67.15	62.18
Past Service Cost	-	206.49
Interest cost	81.50	67.86
Expected return on Plan Assets	(12.79)	(25.64)
Actuarial (gain)/loss recognised during the year	23.70	80.22
Expenses recognised in the Profit and Loss Account	159.56	391.11
d) Principal actuarial assumptions at the Balance Sheet date are as follows:		
Mortality Table (LIC)	1994-96	1994-96
Discount rate per annum	8.05%	8.00%
Rate of escalation in Salary (per annum)	6.00%	6.00%
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 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:



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

a) Derivative instruments outstandings:

(Millions)

Particulars	Bought/Sold	Amount in foreign currency	
		As at 31st March 2011	As at 31st March 2010
Foreign currency contracts -JPY/INR	Bought	-	70.00

b) Foreign currency exposure not hedged by derivative instruments:

(Millions)

Particulars	Currency	Amount in foreign currency	
		As at 31st March 2011	As at 31st March 2010
Term Loans payments	JPY	1,120.72	1,504.92
	USD	7.01	1.24
Payables on account of import of goods	EURO	-	0.07
	JPY	3.13	5.82
	USD	50.24	-

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 ₹ 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, 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 ₹ 6,000.00 lakhs out of the sanction of ₹ 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.

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

13. Contingent liabilities not provided for on account of:

(₹ in Lakhs)

Name of the Company	As at 31st March 2011	As at 31st March 2010
a) Guarantees given by the Bankers	941.96	543.37
b) Guarantees given by the Company on behalf of others	10.40	10.40
c) Claims against the Company not acknowledged as debts	1,033.08	883.92
d) Demand raised by A. P. State Electricity Board (reconstituted as Transmission Corporation of Andhra Pradesh Limited) 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 Limited).	62.35	62.35
f) Demand from Income-tax Department disputed	1,191.51	684.41
g) Customs duty payable on imports-in-transit	0.62	-

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 fulfil quantified exports against which the remaining future obligations aggregate to ₹ 1,362.27 lakhs and ₹ 1,734.95 lakhs which is to be fulfilled within next 2 years and 5 years respectively. Non-fulfilment of the balance obligation within the said period render the Company liable to pay the balance duty of ₹ 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 of ₹ 10,169.35 lakhs (Previous year ₹ 9,064.91 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 ₹ 944.33 lakhs (previous year ₹ 29,366.91 lakhs).

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



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

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.

(₹ in Lakhs)

Particulars	Current year					Previous year				
	Ferro Alloys	Power	Sugar	Others	Total	Ferro Alloys	Power	Sugar	Others	Total
1. Segment Revenue (gross)	45,628.45	66,333.23	9,507.54	9,867.77	131,336.99	32,689.88	83,518.79	8,967.47	(284.22)	124,891.92
Less: Inter segment revenue	-	8,783.00	-	-	8,783.00	-	5,330.28	-	-	5,330.28
Segment Revenue (net)	45,628.45	57,550.23	9,507.54	9,867.77	122,553.99	32,689.88	78,188.51	8,967.47	(284.22)	119,561.64
2. Segment Result	520.14	30,088.96	(104.35)	(3,187.27)	27,317.48	403.69	50,632.10	983.58	(734.43)	51,284.94
3. Segment Result excluding inter segment margin	4,541.39	26,083.27	(119.91)	(3,187.27)	27,317.48	4,166.60	46,888.51	964.26	(734.43)	51,284.94
Add:										
Other unallocable Income					11,721.16					2,461.87
Less:										
a) Finance Charges					3,827.57					2,956.78
b) Other unallocable expenditure					3.85					-
Profit before tax					35,207.22					50,790.03
Taxation for the year					1,996.14					1,238.72
Net Profit					33,211.08					49,551.31
4. Segment Assets	43,959.94	95,526.44	16,132.31	47,412.55	203,031.24	30,892.85	80,828.01	13,490.55	23,430.63	148,642.04
Unallocated					81,449.02					81,578.59
Total Assets					284,480.26					230,220.63
5. Segment Liabilities	3,003.61	3,089.08	2,590.31	75,713.52	84,396.52	5,312.81	5,803.62	1,769.43	23,014.24	35,900.10
Unallocated					200,083.74					194,320.53
Total Liabilities					284,480.26					230,220.63
6. Capital expenditure	659.52	14,062.07	1,253.14	27,278.84	43,253.57	307.13	12,426.31	651.78	5,741.03	19,126.25
Depreciation	890.33	3,408.11	393.09	14.56	4,706.09	732.02	3,326.38	376.90	35.22	4,470.52
Non-cash expenses other than depreciation	30.88	54.91	77.93	0.42	164.14	695.31	175.54	21.54	0.28	892.67

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

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.

(₹ 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.	279.07	438.63	34,511.86	229.73	215.47	25,922.63
Ferro Alloy Plant Kharagprasad, Dhenkanal Dist. Orissa	19.10	6.45	9,448.08	155.13	16.55	13,702.05
Power Plant Paloncha, Khammam Dist., A.P.	428.11	863.79	27,038.91	1,491.10	2,197.67	30,144.58
Power Plant Kharagprasad, Dhenkanal Dist. Orissa	134.06	11,914.41	50,522.43	197.36	7,947.77	36,831.33
Power Plant Dharmavaram, East Godavari Dist. A.P.	27.63	37.85	11,605.21	303.51	134.65	12,536.54

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	Executive Director
Sri D Ashwin	Director
ii) Relatives of key management personnel:	
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
Smt P Sruthi	Daughter of Sri P Trivikrama Prasad
iii) Subsidiaries:	
M/s.Kinnera Power Company Limited	
M/s. Nava Bharat Africa Resources Pvt. Limited	
M/s Kobe Green Power Co. 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.Operation Eyesight Universal	Associate Entity
M/s.Navabharat Power Private Limited	Associate Company
M/s.Malaxmi Highway Limited	Associate Company
M/s. Brahmani Skyline Constructions Private Limited	Associate Company
M/s.Brahmani Infrastructure Projects Private Limited	Associate Company
M/s.Brahmani Infotech Private Limited	Associate Company
M/s.Malaxmi Infra Ventures (India) Private Limited	Associate Company



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

b) Particulars of transactions during the year:

		(₹ in Lakhs)	
Nature of transactions		Current year	Previous year
i) Transactions with Key Management personnel:			
Sri D Ashok	Remuneration	774.74	1,248.48
Sri P Trivikrama Prasad	Remuneration	775.26	1,217.03
Sri C V Durga Prasad	Remuneration	101.45	117.04
Sri G R K Prasad	Remuneration	100.29	141.44
ii) Transactions with relatives of Key Management personnel:			
Dr D Rajasekhar	Rent	14.94	14.94
Smt C Umamaheswari	Rent	28.80	28.80
Smt G S P Kumari	Rent	28.80	28.80
Smt P Sruthi	Rent	3.60	3.60
iii) Transactions with Associates/ Enterprises over which shareholders, key management personnel and their relatives exercise control or significant influence:			
M/s.Operation Eyesight Universal	Donation given	114.13	-

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

		(₹ in Lakhs)			
Name of the party	Current year		Previous year		
	due to	due from	due to	due from	
i) Key Management personnel:					
Sri D Ashok	648.30		1,076.63		
Sri P Trivikrama Prasad	648.30		1,076.63		
ii) Associates:					
M/s. Brahmani Skyline Constructions Private Limited	200.00		200.00		
M/s. Brahmani Infrastructure Projects Private Limited	250.00		200.00		
M/s. Brahmani Infotech Private Limited	250.00		200.00		
M/s. Malaxmi Infra Ventures (India) Private Limited	-		1,312.50		

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

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

	(₹ in Lakhs)	
	Current year	Previous year
i) Net Profit as per Profit and Loss Account available for Equity Shareholders (₹ in lakhs)	34,336.45	49,545.12
ii) Weighted average number of Equity Shares for Basic EPS	76,351,424	76,136,413
Add: Adjustment for : Employees stock options granted	-	79,671
: Foreign Currency Convertible Bonds issued	6,450,449	5,744,082
Weighted average number of Equity Shares for diluted EPS	82,801,873	81,960,166
iii) Nominal value of the share (₹)	2.00	2.00
iv) Basic earnings per share (₹)	44.97	65.07
v) Diluted earnings per share (₹)	41.47	60.45

20. Previous year figures have been re-grouped and/or reclassified 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 Number: 000513S

P. Chandramouli

Partner

Membership Number: 025211

Hyderabad

28th May 2011

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

M.Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



Financial Information of Subsidiary Companies

Sl. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Brahmani Infotech Private Limited	INR	6,312.50	297.71	7,311.57	7,311.57	1,902.02	351.99	273.75	66.80	206.95	-	India
2	Kinnara Power Company Limited	INR	3,195.82	(26.15)	3,220.64	3,220.64	3,191.25	-	(0.73)	-	(0.73)	-	India
3	Nava Bharat Relaty Limited	INR	5.00	(19.27)	22.39	22.39	-	-	(0.53)	-	(0.53)	-	India
4	Nava Bharat Projects Limited	INR	5.00	6,931.95	11,380.18	11,380.18	2,264.55	8,921.06	8,374.07	1,734.77	6,639.30	-	India
5	Nava Bharat Energy India Limited	INR	5,005.00	18.28	8,026.57	8,026.57	1,584.01	158.71	55.64	1.14	54.50	-	India
6	Nava Bharat Sugar and Bio Fuels Limited	INR	5.00	(2.20)	2.97	2.97	-	-	(0.31)	-	(0.31)	-	India
7	Nava Bharat (Singapore) Pte Limited	INR	8,516.69	1,348.39	52,103.20	52,130.20	13,449.82	28,404.91	392.99	98.10	294.89	-	Singapore
8	Maamba Collieries Limited	USD MN	19.10	3.02*	116.85	116.85	30.16	63.70	0.88	0.22	0.66	-	Zambia
9	Nava Bharat Sungai Cuka	INR	255.70	-	705.04	705.04	-	-	-	-	-	-	Indonesia
10	PT Nava Bharat Indonesia	IDR MN	4,981.50	-	13,735.41	13,735.41	-	-	-	-	-	-	Indonesia

* Indian Rupee equivalent of figures have been arrived at by applying the closing Inter Bank exchange rate as on 31.03.2011: 1 US \$ = Rs.44.59, 100 ZMK = Rs.0.9488, 100 IDR = Rs.0.5133

for and on behalf of the Board

G.R.K. Prasad
Executive Director

P. Trivikrama Prasad
Managing Director

D. Ashok
Chairman

M.Subrahmanyam
Company Secretary & Vice President

Hyderabad
28th May, 2011

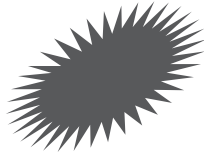


Night view of the 114MW Power Plant at Andhra Pradesh



NAVA BHARAT

www.nbventures.com



NAVA BHARAT

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 39th Annual General Meeting of the Members of Nava Bharat Ventures Limited will be held on Thursday, the 28th July, 2011 at 9.30 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, 2011 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 Dr.M.V.G.Rao, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri K.Balarama Reddi, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Special Business:

6. Increase of Limits for investment by FIIs:

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

“RESOLVED that pursuant to the applicable provisions of the Companies Act, 1956, Foreign Exchange Management Act, 1999 (FEMA), issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Mechanism) Scheme 1993, the applicable Rules, Guidelines, Regulations, Notifications and Circulars, if any, of the Reserve Bank of India, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and applicable Master Circulars and the Consolidated FDI Policy issued by the Ministry of Commerce & Industry from time to time, the limit for the total holding of securities in the Company by all the Foreign Institutional Investors (FIIs)/sub accounts of FIIs put together, be and is hereby increased to 60% of the aggregate paid up share capital of the company.”

“RESOLVED that pursuant to the provisions of FEM (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and applicable Master Circulars, the total holding of securities in the Company by all NRIs put together, be limited to 24% of the aggregate paid up share capital of the company.”

“FURTHER RESOLVED that such increased limits of the holdings of FIIs/sub accounts of FIIs and NRIs be subject to such conditions as may be imposed by Reserve Bank of India or any other Statutory Authority whose permission or sanction may be required under any Law.”

“FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to take all necessary action to give effect to this Resolution.”

7. Appointment of Sri G.R.K.Prasad, Director (Finance & Corporate Affairs) as Executive Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of Sri G.R.K.Prasad, as Executive Director, with effect from 29th October, 2010 for the balance of his tenure i.e. upto 27th June, 2013 on the terms and conditions, remuneration, perquisites/allowances payable to him as approved by the General Body earlier i.e., upto 31st March, 2011 and as may be revised thereafter.”

“RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites and other allowances shall be paid and allowed to Sri G.R.K. Prasad, Executive Director, as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period not exceeding three years.”

8. Revision of remuneration payable to Sri G.R.K.Prasad, Executive Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to revise and enhance the remuneration, perquisites and other allowances payable to Sri G.R.K.Prasad, Executive Director, with effect from 1st April, 2011 for the remainder of his tenure i.e. upto 27th June, 2013 as mentioned below:

- A. Salary : Salary in the range of ₹ 5,50,000/- to ₹ 10,00,000/- per month, as may be decided by the Board from time to time and ₹ 5,50,000/- per month with effect from 1st April, 2011.
- B. Perquisites : In addition to the Salary, he shall be entitled to the allowances and other perquisites as set out below which shall be computed on the enhanced salary from time to time.
- C. Incentive : In addition to the salary and perquisites/allowances, Sri G.R.K. Prasad will also be allowed and paid an incentive of ₹ 60,00,000/- per annum with effect from 1st April, 2011.
 - a) Housing:
 - i) Where accommodation in the Company owned house is provided, he shall pay to the Company, by way of rent 10% of the Salary;
 - ii) Where hired accommodation is provided, the expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of the Salary;
 - iii) In case, the Company does not provide accommodation, House rent allowance shall be paid @ 60% of the Salary; and
 - iv) The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the Salary.
 - b) Medical Reimbursement / Allowance for self and family: Reimbursement of expenses actually incurred for self and family or medical allowance, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years;
 - c) Leave Travel Concession or Allowance: For self and family, once in a year either in India or abroad in accordance with the rules of the Company;
 - d) Club fees : Fees of Clubs, subject to a maximum of two clubs;
 - e) Personal accident insurance: As per the rules of the Company;
 - f) Car: Free use of Company's car with driver;
 - g) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company;
 - h) Gratuity payable, shall not exceed, half a month's salary, for each completed year of service;

- i) Communication Facilities: Free communication facilities like Telephones/ Internet / Mobiles / Fax at residence;
- j) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months' service;
- k) He shall also be entitled to reimbursement of expenses actually and properly incurred for the business of the Company; and
- l) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time."

"RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites, other allowances and incentive shall be allowed and paid to Sri G.R.K. Prasad, Executive Director, as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period not exceeding three years."

9. Revision of remuneration payable to Sri C.V. Durga Prasad, Director (Business Development):

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to revise and enhance the remuneration, perquisites and other allowances payable to Sri C.V. Durga Prasad, Director (Business Development), with effect from 1st April, 2011 for the remainder of his tenure i.e. upto 27th June, 2013 as mentioned below:

- A. Salary : Salary in the range of ₹ 5,50,000/- to ₹ 10,00,000/- per month, as may be decided by the Board from time to time and ₹ 5,50,000/- per month with effect from 1st April, 2011.
- B. Perquisites : In addition to the Salary, he shall be entitled to the allowances and other perquisites as set out below which shall be computed on the enhanced salary from time to time.
 - a) Housing:
 - i) Where accommodation in the Company owned house is provided, he shall pay to the Company, by way of rent 10% of the Salary;
 - ii) Where hired accommodation is provided, the expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of the Salary;
 - iii) In case, the Company does not provide accommodation, House rent allowance shall be paid @ 60% of the Salary; and
 - iv) The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the Salary.
 - b) Medical Reimbursement / Allowance for self and family: Reimbursement of expenses actually incurred for self and family or medical allowance, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years;
 - c) Leave Travel Concession or Allowance: For self and family, once in a year either in India or abroad in accordance with the rules of the Company;
 - d) Club fees : Fees of Clubs, subject to a maximum of two clubs;
 - e) Personal accident insurance: As per the rules of the Company;
 - f) Car: Free use of Company's car with driver;
 - g) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company;
 - h) Gratuity payable, shall not exceed, half a month's salary, for each completed year of service;
 - i) Communication Facilities: Free communication facilities like Telephones/ Internet / Mobiles / Fax at residence;
 - j) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months' service;

- k) He shall also be entitled to reimbursement of expenses actually and properly incurred for the business of the Company; and
- l) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.”

“RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites and other allowances shall be allowed and paid to Sri C.V. Durga Prasad, Director (Business Development), as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period not exceeding three years.”

10. Re-appointment of and remuneration payable to Sri P.Trivikrama Prasad as Managing Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Sri P.Trivikrama Prasad as Managing Director, not liable to retire by rotation, with effect from 19th March, 2012 for a further period of 5 years on the remuneration, commission, perquisites and other allowances payable to him as mentioned below:

- A. Salary : ₹ 5,00,000/- per month
- B. Commission : @ 2% on the net profits of the Company for each/every financial year; and
- C. Perquisites : In addition to the Salary and Commission, he shall be entitled to the allowances and other perquisites as set out below:
 - a) Housing:
 - i) Where accommodation in the company owned house is provided, he shall pay to the Company, by way of rent 10% of the salary;
 - ii) Where hired accommodation is provided, the expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of salary;
 - iii) In case, the Company does not provide accommodation, House rent allowance shall be paid @ 60% of the salary; and
 - iv) The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the salary.
 - b) Medical Reimbursement/Allowance for self and family: Reimbursement of expenses actually incurred for self and family or medical allowance, the total cost of which to the Company shall not exceed one month’s salary in a year or three months’ salary over a period of three years;
 - c) Leave Travel concession or Allowance: For self and family, once in a year either in India or abroad in accordance with the rules of the Company;
 - d) Club fees: Fees of clubs, subject to a maximum of two clubs;
 - e) Personal accident insurance: As per the rules of the Company;
 - f) Car: Free use of Company’s car with driver;
 - g) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company;
 - h) Gratuity payable, shall not exceed, half a month’s salary, for each completed year of service;
 - i) Communication Facilities: Free communication facilities like Telephones / Internet / Mobiles / Fax at residence;
 - j) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months’ service;
 - k) He shall also be entitled to reimbursement of expenses actually and properly incurred for the business of the Company; and

- l) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.”

“RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites and other allowances shall be paid and allowed to Sri P.Trivikrama Prasad, Managing Director, as minimum remuneration during the period of his tenure, in the event of loss or inadequacy of profits in any financial year for a period not exceeding 3 years.”

11. Revision of remuneration payable to Sri D Ashwin, Chief Executive Officer, Nava Bharat (Singapore) Pte. Limited:

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

“RESOLVED THAT the Company approves, pursuant to Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals and permissions as may be required, the revision/enhancement of remuneration payable to Sri D Ashwin, one of the Directors of the Company’s Subsidiary, Nava Bharat (Singapore) Pte. Limited, relative of the Chairman, and to hold an office or place of profit in the company’s Subsidiary, Nava Bharat (Singapore) Pte. Limited, as Chief Executive Officer on the following enhanced remuneration with effect from 1st April, 2011:

Salary : USD 450,000 per annum with an Annual Increment not exceeding 30% of the prevailing salary as may be decided by the Board.”

By order of the Board
For **NAVA BHARAT VENTURES LIMITED**

M. Subrahmanyam
Company Secretary & Vice President

Hyderabad
May 28, 2011

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 20.07.2011 to 28.07.2011 (both days inclusive) in connection with the Annual General Meeting and Dividend.
4. The dividend for the year ended 31st March, 2011 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 19.07.2011. 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 19.07.2011 by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. The dividend on Equity Shares, if declared at the meeting, will be credited / dispatched on 5th August, 2011.
5. The unclaimed equity dividend for the year ended 31st March, 2004 will be transferred on 24th August, 2011 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 24th August, 2011, 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.
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 should therefore be accompanied with PAN details.

10. Registration of e-mail addresses for sending Annual Reports, communications, etc:
Members are requested to register their e-mail addresses and changes therein from time to time with the Registrars and Transfer Agents (in case of physical shares) or with the concerned Depository Participant (in case of electronic holdings) so that the Company will use the same for sending Notices, Annual Reports and other communications.
11. Retirement of Directors by Rotation:
Dr.M.V.G.Rao, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Dr.M.V.G.Rao is Doctorate in Chemical Engineering with over 46 years of industrial experience. He has held various positions in several Companies including as Managing Director of M/s.Vera Laboratories Limited, M/s.A.P.Paper Mills Limited, Executive Director of M/s.Tamilnadu Newsprint and Papers Limited, etc.
Directors commend the re-appointment of Dr.M.V.G.Rao, as a Director, liable to retire by rotation.
Sri K. Balarama Reddi, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Sri K. Balarama Reddi is an eminent Electrical Engineer with over 48 years of experience in power sector and was the Chairman of the erstwhile APSEB till 1995. He has been functioning as Senior Consultant to the Administrative Staff College of India, since then.

Directors commend the re-appointment of Sri K. Balarama Reddi, as a Director, liable to retire by rotation.

12. 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, Dr.M.V.G.Rao, Sri K.Balarama Reddi, Sri G.R.K.Prasad and Sri P.Trivikrama Prasad, who are proposed to be appointed / re-appointed, are given below:

a	Name	Dr. M.V.G.Rao	Sri K.Balarama Reddi	Sri GRK. Prasad	Sri P.Trivikrama Prasad
b	Brief Resume:				
i)	Age	70 Years	82 Years	53 years	58 Years
ii)	Qualification	B.Sc.(Hons) (Chemical Engg.) F.I.E., DFRI (Pulp & Paper Technology) D.Sc (Honoris Causa)	B.E. Electrical	B.Sc., FCA, FCS	M.B.A
iii)	Experience in Specific Functional area	46 years	48 years	30 years	29 Years
iv)	Date of appointment on the Board of the Company (Nava Bharat Ventures Limited)	25.09.1997	25.07.1998	28.06.2003	19.03.1992
c	Nature of expertise in specific functional areas	Vast experience in manufacturing industry	Eminent Electrical Engineer with vast experience in power sector	Highly experienced over three decades in all facets of finance and Corporate Affairs	Chief Executive of the Company heading all the disciplines and functional departments monitoring the operations of all the Plants
d	Name(s) of other Companies in which Directorships held (as per Sections 275 and 278 of the Companies Act, 1956)	M/s. Vamshadhara Paper Mills Limited	M/s. Trident Power Systems Limited	M/s. Nava Bharat Realty Limited	M/s.Kinnera Power Company Limited
		M/s.Regma Ceramics Limited	M/s. G.V.K. Express Way Private Limited	M/s. Nava Bharat Projects Limited	M/s.Brahmani Infratech Private Limited
		M/s.Regency Ceramics Limited	M/s. GVK Industries Limited	M/s.Nava Bharat Energy India Limited	M/s.Nava Bharat (Singapore) Pte. Limited
		M/s.Nava Bharat Energy India Limited	M/s. Gautami Power Limited	M/s.Nava Bharat Sugar and Bio Fuels Limited	M/s.Nav Developers Limited
		M/s.Nava Bharat Sugar and Bio Fuels Limited	M/s. Nava Bharat Realty Limited	M/s.Brahmani Infratech Pvt. Limited	M/s.Nava Bharat Realty Limited
		M/s.Brahmani Infratech Pvt. Limited	M/s.Nava Bharat Projects Limited	M/s.PT Nava Bharat Indonesia	M/s.Nava Bharat Projects Limited
		M/s.Kinnera Power Co. Limited		M/s.PT Nava Bharat Walalindo	M/s.V9 Avenues Private Limited
				M/s.PT Nava Bharat Sungai Cuka	M/s.A9 Homes Private Limited
				M/s.Maamba Collieries Limited	M/s. AV Dwellings Private Limited
				M/s.Nava Bharat Kobe Green Power Pte. Limited	M/s.V9 Infra Ventures Private Limited

	Name	Dr. M.V.G.Rao	Sri K.Balarama Reddi	Sri GRK. Prasad	Sri P.Trivikrama Prasad
					M/s.Malaxm Highway Limited
					M/s.Nava Bharat Natural Resources India Limited
					M/s.Nava Bharat Energy India Limited
					M/s.Nava Bharat Sugar and Bio Fuels Limited
					M/s.Nava Bharat Kobe Green Power Pte. Limited
					M/s.Nava Bharat Africa Resources Pvt. Limited
					M/s. GSR Trust
					Dr.Devineni Subbarao Trust
e	Name(s) of companies in which Committee Membership(s)/ Chairmanship(s) held	Member of Audit Committee of M/s.Regma Ceramics Limited	Chairman of the Audit Committee of M/s. GVK Industries Limited	Chairman of the Audit Committee of M/s. Nava Bharat Energy India Limited	Member of Shareholders'/ Investors' Grievances Committee of Nava Bharat Ventures Limited
		Member of Audit Committee of M/s. Regma Ceramics Limited	Chairman of Audit Committee of M/s. Gautami Power Limited	Member of Allotment committee of Nava Bharat Ventures Limited	
			Chairman of the Audit Committee of M/s. Nava Bharat Ventures Limited		
			Chairman of the Remuneration Committee of M/s. Nava Bharat Ventures Limited		
			Chairman of Shareholders'/ Investors' Grievances Committee of Nava Bharat Ventures Limited		
			Member of Audit Committee of M/s. GVK Express Way Private Limited		
f	No. of shares of ₹ 2/- each held by :				
	the Director	7,780	Nil	30,586	18,79,137
	his relatives	Nil	Nil	1,06,000	36,65,260
	Total	7,780	Nil	1,36,586	55,44,397
g	No. of ESOPs granted on 05.01.2007 and converted into equity	Nil	Nil	39,600	Nil
h	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Nil	Nil	Nil	Related to Sri D.Ashok (Wife's brother)

13. 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:

Increase of Limits for investment by FIIs:

The Company raised FCCBs to an extent of JPY 6 billion at an initial conversion price of ₹ 136.50. The existing total holdings of all FIIs of about 24% would go upto 35% of the aggregate paid up share capital approximately upon conversion.

As per the provisions of the FEM (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000 and applicable Master Circulars, the holding of the shares by FIIs/sub-accounts is subject to a limit of 24% of the paid up share capital of the Company. The same Regulations and applicable Master Circulars and the Consolidated FDI Policy issued by the Ministry of Commerce & Industry from time to time, provide that the limit for the holdings of the FIIs/sub accounts of the FIIs put together can be increased upto the prescribed sectoral cap or statutory ceilings, provided that such increase is approved by the Board of Directors and the shareholders through a Special Resolution.

Similarly, in case of NRIs, ordinarily the aggregate paid-up value of shares/ convertible instruments purchased by all NRIs is subject to a limit of 10% of the paid-up capital, however, this limit can be increased to 24% if a special resolution to that effect is passed by the General Body.

The members at the AGM on 27th July, 2007, approved to enhance the limits of FIIs holdings to 40% and NRIs holdings to 24%. RBI vide letter No.FE.CO.FID/4738/11.01.008/2009-10 dated 17.08.2009 approved the said enhancement in the limits of FIIs and NRIs holdings. It is now proposed to further increase the limits of FIIs to 60% and the total holdings of all NRIs be limited to 24%.

Your Directors wish to permit the maximum permissible investment and also ensure compliance with the aforesaid Regulations and applicable Master Circulars and the Consolidated FDI Policy issued by the Ministry of Commerce & Industry from time to time, by enabling investment by the FIIs/sub accounts of FIIs upto a level of 60% of the paid up share capital of the Company, and by NRIs upto a level of 24% of the paid up share capital of the Company. The proposed Resolution seeks your approval for increase of such limits.

Your Directors recommend that the Resolution be passed.

None of the Directors is interested in the proposed Resolution.

Item Nos.7&8:

Appointment of Sri G.R.K.Prasad, Director (Finance & Corporate Affairs) as Executive Director and increase in remuneration with effect from 1st April, 2011:

Sri G. R. K. Prasad is a Fellow Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India and has over 3 decades of varied professional experience and has been in charge of Finance & Accounts of the Company since August, 1995 and additionally Corporate Affairs as Director (Finance & Corporate Affairs) with effect from 28.06.2003.

Sri G.R.K.Prasad was re-appointed as Director (Finance & Corporate Affairs) by the members with effect from 28th June, 2008 for a period of 5 years and his remuneration was approved by the members at the AGM held on 25th July, 2008.

Pursuant to the recommendations of the Remuneration Committee, the Board revised on 30th May, 2009 the salary of Sri G.R.K. Prasad to Rs.4,00,000/- per month with effect from 1st April 2009 which was within the salary range earlier approved by the General Body. The allowances and perquisites as approved by the General Body earlier are computed on the enhanced salary with effect from 1st April 2009.

The Board at its meeting held on 29th October, 2010 approved the change in the designation of Sri G.R.K.Prasad as Executive Director subject to the approval of the General Body. He will continue to be the Chief Financial Officer of the Company. The tenure, terms and conditions, salary and perquisites/allowances payable to him, as approved by the Board/General Body earlier, remained the same upto 31st March, 2011.

Pursuant to the recommendations of the Remuneration Committee, the Board took up the review of remuneration payable to Sri G.R.K. Prasad as Executive Director with effect from 1st April 2011. In appreciation of the enhanced role,

responsibilities and contributions made by Sri G.R.K. Prasad for setting up various projects undertaken by the Company, its subsidiaries, and the international ventures and expansions, the Remuneration Committee recommended to enhance the salary, perquisites, allowances and special incentive payable to Sri G.R.K. Prasad as mentioned in the proposed resolution.

He holds Directorships in the following Companies:

1. M/s.Maamba Collieries Limited
2. M/s.Nava Bharat Kobe Green Power Pte.Limited
3. M/s.Nava Bharat Projects Limited
4. M/s.Nava Bharat Energy India Limited
5. M/s.Nava Bharat Sugar and Bio Fuels Limited
6. M/s.Brahmani Infratech Private Limited
7. M/s.Nava Bharat Realty Limited
8. M/s.PT Nava Bharat Indonesia
9. M/s.PT Nava Bharat Walalindo
10. M/s.PT Nava Bharat Sungai Cuka

The resolutions set out at Item Nos.7&8 together with this Explanatory Statement constitute the abstract of terms of the appointment and remuneration and Memorandum of Interest of the Executive Director under Section 302 of the Companies Act, 1956.

Your Directors recommend that the Resolutions be passed.

Except Sri G. R. K. Prasad, no other Director is deemed to be interested or concerned in the Resolutions.

Item no.9

Revision of remuneration payable to Sri C.V. Durga Prasad, Director (Business Development):

Sri C.V. Durga Prasad was appointed by the Members as Director (Business Development) with effect from 28th June 2003 and was re-appointed as such with effect from 28th June 2008. His remuneration was revised with effect from 1st April 2009 by the Board within the range of salary as approved by the General Body. Sri C.V. Durga Prasad is highly experienced and has substantially contributed to the growth of the Company by his rich experience. He is a Director on the Board of M/s.Nava Bharat (Singapore) Pte. Limited.

Pursuant to the recommendations of the Remuneration Committee, the Board took up the review of remuneration payable to Sri C.V. Durga Prasad as Director (Business Development) with effect from 1st April 2011. In appreciation of active participation and contributions made by Sri C.V. Durga Prasad for the growth and development of the Company, the Remuneration Committee recommended to enhance the salary, perquisites and allowances payable to Sri C.V. Durga Prasad as mentioned in the proposed resolution.

The resolution set out at Item No.9 together with the explanatory statement constitute abstract of terms of the remuneration and the Memorandum of Interest of the Director (Business Development) under Section 302 of the Companies Act 1956.

Your Directors recommend that the Resolution be passed.

Except Sri C.V. Durga Prasad no other Director is deemed to be interested or concerned in the Resolution.

Item No.10:

Re-appointment of and remuneration payable to Sri P.Trivikrama Prasad as Managing Director:

Sri P. Trivikrama Prasad is an M.B.A. from U.S.A, joined the Company in 1981 and was appointed as Executive Director in 1992 and as Managing Director by the members with effect from 29th January, 2009. He has vast experience of about 29 years holding responsible positions. He is incharge of all the disciplines and functional aspects of the Company and monitors the operations of all the Plants.

The Salary, commission and perquisites/allowances payable to him were approved and revised by the General Body from time to time.

Sri P.Trivikrama Prasad being experienced professional, has substantially contributed to the development of the Company by his rich experience and expertise and the Company has derived considerable benefits and achieved enormous growth in terms of diversification, turnover and profitability during his tenure.

Pursuant to the recommendation of Remuneration Committee, the Board at its meeting held on May 28, 2011 re-appointed Sri P.Trivikrama Prasad as Managing Director for a period of 5 years from 19th March, 2012 on the remuneration, commission, perquisites and allowances as enumerated in the resolution placed before you for approval.

He holds Directorships in the following Companies/Trusteeship in the Trust and membership on the Shareholders/ Investors' Grievances Committee of the Company:

1. M/s.Nava Bharat (Singapore) Pte.Limited
2. M/s.Nava Bharat Kobe Green Power Pte.Limited
3. M/s.Nava Bharat Africa Resources Pvt.Limited
4. M/s.Kinnera Power Company Limited
5. M/s.Brahmani Infratech Private Limited
6. M/s.Nav Developers Limited
7. M/s.A9 Homes Private Limited
8. M/s.AV Dwellings Private Limited
9. M/s.V9 Avenues Private Limited
10. M/s.Nava Bharat Realty Limited
11. M/s. Malaxmi Highway Limited
12. M/s.Nava Bharat Projects Limited
13. M/s.Nava Bharat Natural Resources India Limited
14. M/s.Nava Bharat Energy India Limited
15. M/s.Nava Bharat Sugar and Bio Fuels Limited
16. M/s.V9 Infra Ventures Private Limited
17. Dr.Devineni Subbarao Trust
18. M/s.G.S.R.Trust

The resolution set out at Item No.10 together with this Explanatory Statement constitute abstract of terms of appointment and remuneration and the Memorandum of Interest of the Managing Director and also the Chairman under Section 302 of the Companies Act, 1956.

Your Directors recommend that the Resolution be passed.

Except Sri P.Trivikrama Prasad, Managing Director and Sri D. Ashok, Chairman, being related, no other Director is deemed to be interested or concerned in the Resolution.

Item no.11

Revision of remuneration payable to Sri D Ashwin, Chief Executive Officer, Nava Bharat (Singapore) Pte. Limited:

Sri D.Ashwin, son of the Chairman of the Company, is a Director on the Board of Nava Bharat (Singapore) Pte. Limited, a Subsidiary of the Company with effect from 7th April 2008. He was appointed as Chief Executive Officer of Nava Bharat (Singapore) Pte. Limited with effect from 1st October, 2008. Pursuant to the approval of the Board of Directors, special resolution was passed by the Members on 31st July 2009 as required in terms of Section 314(1)(b) of the Companies Act 1956 for holding office or place of profit by a relative of the Director, in the subsidiary of the Company.

Sri D.Ashwin holds a Graduate degree in Industrial Engineering from the University of Washington and has work experience in U.S., Europe and Far East. His last position held was Director (Business Development) at Hewlett Packard (based in Singapore).

The Members approved on 31st July 2009 a remuneration of SGD 20,000 per month with annual increment of not exceeding

30% as may be decided by the Board. The Board approved the enhancement of his remuneration to SGD 25,000 per month with effect from 1st October 2009 and to SGD 32,500 per month with effect from 1st October 2010.

The Company has been undertaking various new ventures, expansions and exploring various business opportunities internationally and all such projects are evaluated and undertaken by the Singapore subsidiary of the Company under the stewardship of Sri D Ashwin as CEO of the subsidiary company. He has also assumed the responsibility of M/s. Maamba Collieries Limited as its Director In-charge besides functioning as CEO, Nava Bharat Africa Resources Pvt. Limited.

The Board of your Company approved to revise the remuneration payable to Sri D Ashwin subject to your consent as mentioned in the resolution by way of special resolution as required in terms of Section 314(1)(b) of the Companies Act 1956 for holding office or place of profit by a relative of the Director in the subsidiary of the company at an enhanced remuneration.

The resolution set out at Item No.11 together with explanatory statement constitute abstract of terms of the remuneration and the Memorandum of Interest of the Chairman and also the Managing Director under Section 302 of the Companies Act 1956.

Your Directors recommend that the Resolution be passed.

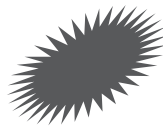
Except Sri D Ashok, Chairman and Sri P. Trivikrama Prasad, Managing Director, being relatives, no other Director is deemed to be interested or concerned in the Resolution.

By order of the Board
For **NAVA BHARAT VENTURES LIMITED**

M. Subrahmanyam
Company Secretary & Vice President

Hyderabad
May 28, 2011

Registered Office:
6-3-1109/1
'Nava Bharat Chambers'
Raj Bhavan Road
HYDERABAD – 500 082



NAVA BHARAT

Nava Bharat Ventures Limited

Registered Office:6-3-1109/1, `Nava Bharat Chambers`, Raj Bhavan Road, Hyderabad – 500 082
Telephone Nos.(040) 23403501, 23403540; Fax No.(040) 23403013; E-mail: nbvl@nbv.in; Website: www.nbventures.com

ATTENDANCE SLIP

Annual General Meeting on 28th July, 2011 at 9.30 a.m. at Hotel Green Park, 7-1-26, Greenlands,
Begumpet, Hyderabad – 500 016

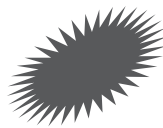
Name of the Shareholder

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 39th Annual General Meeting of the Company, on 28th July 2011.

Name of the Proxy (if any) in Block Letters

Signature of the Member / Proxy :



NAVA BHARAT

Nava Bharat Ventures Limited

Registered Office:6-3-1109/1, `Nava Bharat Chambers`, Raj Bhavan Road, Hyderabad – 500 082
Telephone Nos.(040) 23403501, 23403540; Fax No.(040) 23403013; E-mail: nbvl@nbv.in; Website: www.nbventures.com

PROXY FORM

Folio No./Client I.D.No.
No. of Shares :

I/We.....ofin 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 39th Annual General Meeting of the Company to be held on the
28th July 2011 and at any adjournment thereof.

Signed this.....day of2011 Signature:.....

Affix
₹ 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.