

NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

40th Annual Report 2011-12

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

SRI ASHOK DEVINENI
Chairman

SRI P.TRIVIKRAMA PRASAD
Managing Director

SRI G.R.K.PRASAD
Executive Director

SRI C.V.DURGA PRASAD
Director (Business Development)

CHIEF FINANCIAL OFFICER

SRI T.HARI BABU

AUDITORS

M/s. BRAHMAYYA & CO
Chartered Accountants, Hyderabad

BANKERS

STATE BANK OF INDIA
ANDHRA BANK
BANK OF INDIA
STATE BANK OF HYDERABAD
UCO BANK

INDEPENDENT DIRECTORS

SRI K. BALARAMA REDDI

Dr. E.R.C.SHEKAR

Dr. M.V.G.RAO

Dr. D.NAGESWARA RAO

SRI C.S.V.RAO

COMPANY SECRETARY

SRI M.SUBRAHMANYAM

COST AUDITORS

M/s. NARASIMHA MURTHY & CO
Cost Accountants, Hyderabad

REGISTRARS & SHARE TRANSFER AGENTS

M/s. KARVY COMPUTERSHARE PVT. LTD.
PLOT NO.17 TO 24, VITTAL RAO NAGAR
MADHAPUR, HYDERABAD – 500 081(A.P), INDIA

REGISTERED OFFICE

6-3-1109/1
'NAVA BHARAT CHAMBERS'
RAJ BHAVAN ROAD
HYDERABAD – 500 082 (A.P), INDIA

WORKS

FERRO ALLOY DIVISION

FERRO ALLOY PLANT (A.P)
PALONCHA – 507 154
KHAMMAM DIST. (A.P)

FERRO ALLOY PLANT(ODISHA)
KHARAGPRASAD VILLAGE – 759 121
DHENKANAL DIST. (ODISHA)

POWER DIVISION

POWER PLANT (A.P)
PALONCHA – 507 154
KHAMMAM DIST. (A.P)

POWER PLANT (ODISHA)
KHARAGPRASAD VILLAGE – 759 121
DHENKANAL DIST. (ODISHA)

DHARMAVARAM – 534 430
PRATHIPADU MANDAL
EAST GODAVARI DIST. (A.P)

SUGAR DIVISION

SAMALKOT – 533 440
EAST GODAVARI DIST. (A.P)

MACHINE BUILDING DIVISION

NACHARAM
HYDERABAD – 500 076(A.P)



NAVA BHARAT VENTURES LIMITED (NBVL) - PROFILE IN BRIEF

NBVL is a leading industrial organisation with interests in power generation, ferro alloys, mining and agri-business. The Company is in business for over three decades and operates in geographies spanning across India, South-East Asia and Africa.



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 gives utmost importance to efficient utilisation and conservation of natural resources and minimising the environmental impact in all its operations.

The global headquarters is located in Hyderabad, India, while operational facilities are spread over India, Africa and South-East Asia.

Vision

- We will be a diversified company with operations in different geographies and adding best value to the available natural resources.
- We will ensure that our operations benefit the local community and the nation, while rewarding the stakeholders.
- Minimising the impact on environment shall be a guiding principle in all our business endeavours.

BUSINESS OPERATIONS

Domestic

POWER

Fuel	Capacity (MW)	Location
Coal	114	Paloncha, Andhra Pradesh
	94	Kharagprasad, Odisha
Bagasse	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	1,25,000	Paloncha, Andhra Pradesh
Chromium Alloys	75,000	Kharagprasad, Odisha
Total installed capacity	2,00,000	

SUGAR

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

Plant	Capacity	Location
Sugar Plant	4,000 tcd	Samalkot, Andhra Pradesh
Distillery	20 klpd	Samalkot, Andhra Pradesh
Ethanol Plant	30 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
Tanzania	Commercial agro based investments	In development phase
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
Zimbabwe	Identifying opportunities for mining	Exploratory stage



AWARDS AND RECOGNITIONS

Your Company received the following awards/recognitions during 2011-12:

1. **CII Environmental Best Practices Award 2012 for Most Innovative Environmental Project** (Ferro Alloy Plant, Paloncha received this award) from Confederation of Indian Industry.
2. **5-S Excellence Award 2011** (Sugar Division received this award) from Confederation of Indian Industry (Southern Region).
3. **National Award for Excellence in Water Management 2011 as Water Efficient Unit** (Power Plant at Kharagprasad received this award) from Confederation of Indian Industry.
4. **National Award for Excellence in Energy Management 2011 as Energy Efficient Unit** (Power Plant at Paloncha received this award) from Confederation of Indian Industry.
5. **National Award for Excellence in Energy Management 2011 as Excellent Energy Efficient Unit** (Sugar Division received this award for the 5th consecutive year) from Confederation of Indian Industry.
6. **Best Cogen Award 2011 as 3rd Best Performing Cogen Factory in Andhra Pradesh** from South Indian Sugar Cane & Sugar Technology Association.
7. **Prakruti Mitra Puraskar 2010-11** for being Excellent in the field of Conservation of Nature & Protection of Environment in the Block level, Village/Organisation from Forest and Environment Department, Government of Odisha.



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)





REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Nava Bharat Ventures Limited (NBVL) stands committed to discharge of corporate social responsibility (CSR) which is integral to all its business operations. This is built on the core philosophy that the Company owes its success and growth to various stakeholders, including the society at large.

All its manufacturing facilities located in rural areas, NBVL strives to compassionately uplift the needy and underprivileged sections of the communities and contribute to their well being and development.

Apart from protection of environment, the Company has chosen three thrust areas to deliver its services under CSR initiatives, viz. health, education and creation of livelihoods.

HEALTH



NAVA BHARAT EYE CENTER AT PALONCHA

Eyes are considered to be one of the most vital sensory organs. Nava Bharat Eye Center (NBEC) at Paloncha, managed by the renowned LV Prasad Eye Institute, provides quality treatment and excellent eye care to the populace in and around Khammam district (Andhra Pradesh). FY 2012 has witnessed substantial contribution to eye care of patients coming mostly from rural areas. More than 20,000 outpatients were treated for various eye ailments and about 1,900 ophthalmic surgeries were successfully conducted at NBEC.

World-class eye care was delivered to all the patients, irrespective of their ability to pay for the services rendered by the Center. About 43% of outpatients were given free treatment and around 72% of surgeries were conducted free of charge.

Pursuing the same philosophy, NBVL donated funds for establishing an Eye Unit at the University Teaching Hospital (UTH) in Lusaka, Zambia for the benefit of Zambian population.

This project is under implementation by the Canadian NGO, Operation Eyesight Universal.

MEDICAL CAMPS

With hardly any access to reasonable health care, the communities around NBVL's manufacturing facilities hailing



from tribal and rural areas, depend solely on the health check-ups and medical services rendered in the medical camps organised by NBVL. During the year under review, the Company conducted specialised rural health camps, awareness programme on dengue fever and diabetic camps in rural areas of Nimidha, Kharagprasad, Kochilmada, Similipatna, Masania, Charadagadia and Sivapur villages in Odisha.

In addition, blood donation camps were organised at the premises of NBVL's Works.

Drinking water is one of the five elements of Nature's creation and essential for human survival. NBVL has provided drinking water by sinking bore wells, laying pipelines and installing water taps in the villages of Laluthanda, Jagguthanda, Sekharam Banjara, KCR Nagar and Vikalangula Colony near its Works at Paloncha. This has satisfied the basic need in a hygienic manner and immensely contributed to improve the health and thereby better attendance at village schools.

3 KM RUN FOR HEALTH AWARENESS

NBVL sponsored a 3 km run at Kothagudem in association with Andhra Medical Association to promote awareness on swine flu and heart diseases.

EDUCATION

The Right to Education bill envisages free and compulsory education to children in the 6-14 years age group. Education makes significant contribution in building a robust nation, a pressing need of India in its journey towards a stable economy.

NBVL has focused on providing contemporary and quality education to the communities around its manufacturing facilities.

This manifests in establishment and management of schools, extending infrastructural support to educational institutions and providing free tuitions to the children of underprivileged communities.



MANAGING SCHOOLS

NBVL runs two schools at Paloncha -- Nava Bharat Public School (English medium) and Nava Bharat High School (vernacular medium) - and efficiently manages Brahmani Public School at Kharagprasad in Odisha. These schools have become centres of excellence in education in their respective regions and provide quality education to about 2,000 students from nearby rural areas.

The pupils registered excellent scholastic records in the public examinations conducted by the Central and State Boards for the academic year 2011-12. Out of the 89 students who appeared for 10th Class All India Secondary School Examination - 2012 from Nava Bharat Public School at Paloncha, 73 students secured distinctions and the balance, first division. Eight students topped the batch with 10 grade points each, the maximum possible. Out of 48 students who appeared for SSC Examination - 2012 from Nava Bharat High School at Paloncha,

41 students secured distinctions and the balance, first division. A majority of the students are children of agricultural labour or daily wage earners.

Apart from imparting knowledge in academic subjects, these schools play a vital role in building up the right value systems to make students well developed and competent in the careers pursued by them.

FREE TUTORIALS TO POOR STUDENTS

This is an ongoing initiative taken by NBV for the third successive year to avoid school dropouts in the rural areas. This initiative was started in four villages with a total participation of 134 students in the year 2009-10. By 2011-12, the number of students swelled to a total of 400 in seven villages, which shows the encouraging response from the community. There is a remarkable improvement in the marks obtained by the students attending these tuitions.



LIVELIHOOD



VOCATIONAL TRAINING

It is an established fact that the demand for skilled manpower is outstripping the availability in various trades and skill sets in our country. NBVL is addressing this need by providing requisite training to deserving and talented youth. While meeting this pressing requirement of the country, this initiative will facilitate sustainable livelihoods for the participants on completion of training.

To meet the above objective, NBVL has set up Nava Bharat Vocational Institute (NBVI) at Paloncha. Training at NBVI commenced with the first batch of trainees in welding trade in January, 2010. During 2011-12, the third and fourth batches completed training in the trades of welding and electrician. The fifth batch is undergoing training in fitting and plumbing trades from January, 2012. New trades will be covered in due course.

The quality of training imparted by NBVI is reflected by 100% employment of the trainees by reputed organisations like BHEL, L&T, etc. The Company spent about ₹ 183 lakhs on construction of buildings for NBVI.

OTHER SOCIAL DEVELOPMENT INITIATIVES

In addition to the above CSR initiatives, NBVL was proactively involved in the following social development activities during 2011-12:

LAYING ROADS

Bad roads in villages create obstacles and permit rain water inside the houses during monsoon. To mitigate this



problem, the Company has laid WBM roads at Gandhinagar, Manchikantinagar, Old Paloncha, Shivanagar, Yerragunta, Jagguthanda and Sanjaynagar villages. The Company spent about ₹ 38 lakhs for laying the roads.

SUPPORT TO SPORTS

The Company extended financial support for conducting 44th National Boxing Championship for youth (men) at Kakinada and Tennis Championships of East and West Godavari districts at Peddapuram.

LIBRARY

NBVL provided financial assistance to Sri Viveka Seva Samithi to construct a library building at Samalkot.

ENVIRONMENT PROTECTION

Everyone should shoulder the responsibility to conserve resources and protect the environment. NBVL as a corporate entity discharges this responsibility through a comprehensive Environmental Management System accredited with ISO 14001 and harnesses innovative practices to improve its environmental performance. The Vision statement of the Company clearly reflects NBVL's commitment to minimise the impact of its operations on environment. The highlights of the measures taken by NBVL in this direction are given below:



RECOVERY OF WASTE HEAT

The heat contained in flue gases emanating from the fourth furnace of 27.6 MVA capacity at NBVL's Ferro Alloy Plant at Paloncha, which would have escaped into the atmosphere as waste heat, is recovered by means of a heat exchanger and utilised for preheating boiler feed water at the Company's coal fired power plant at the same location. This is duly recognised by Confederation of Indian Industry by according 'CII Environmental Best Practices Award 2012 for Most Innovative Environmental Project' to NBVL.

WATER MANAGEMENT

The Company's power plant at Kharagprasad in Odisha implemented several measures for conservation of water. In



recognition of these efforts, the unit received 'National Award for Excellence in Water Management 2011 as Water Efficient Unit' from Confederation of Indian Industry.

DUST SUPPRESSION

To enhance the efficacy of arresting emission of dust on the internal roads and raw material / coal yards, the Company has laid pipelines and installed permanent water sprinkling system at its plants at Paloncha.

GOING GREEN

This is an ongoing exercise at all manufacturing facilities and colonies of NBVL to augment the strict pollution control measures adopted. Several saplings are planted from time to time to maintain a thick green belt around the operating areas.



REPORT OF THE DIRECTORS and Management Discussion and Analysis for the financial year ended 31st March, 2012

Dear members,

Your Directors have pleasure in presenting the 40th Annual Report along with the audited accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial performance of the Company, for the year ended 31st March, 2012 is summarised below:

	(₹ in lakhs)	
	12 months ended 31st March, 2012	12 months ended 31st March, 2011
Turnover/Income (Gross)	119,989.19	123,217.70
Profit before Finance charges, Depreciation and Taxation	29,169.24	37,373.16
Less: Finance charges (excluding amount capitalised)	1,610.13	2,159.07
Profit before Depreciation and Taxation	27,559.11	35,214.09
Less : Depreciation	4,731.44	4,584.89
Profit for the year after Depreciation	22,827.67	30,629.20
Less : Provision for taxation - Current tax	4,610.00	5,675.00
- Deferred tax	1,408.00	39.56
- Tax of earlier years	-	191.01
- MAT credit entitlement	(1,271.00)	(5,655.00)
Profit after Tax	18,080.67	30,378.63
Balance brought forward from last year	91,593.59	77,175.40
Transfer from Contingency Reserve	8,100.00	-
Excess provision of dividend written back	982.08	-
Profit available for Appropriation	118,756.34	107,554.03
Appropriations		
Dividend on Equity Share Capital	3,372.57	5,128.47
Corporate Dividend Tax	547.12	831.97
General Reserve	5,000.00	10,000.00
Surplus carried to Balance Sheet	109,836.65	91,593.59
	118,756.34	107,554.03

REVIEW OF OPERATIONS

The financial year 2012 was marked by global economic slowdown, having an adverse effect across sectors, especially on infrastructure related industries like power and steel. The situation was further aggravated on account of higher fuel costs, reduced availability of domestic coal, bottlenecks in rail connectivity and steep depreciation of Indian rupee versus US\$. The deteriorating financial position of state power utilities forced them to adopt a cautious demand management thus depriving merchant power developers a viable market price. Your Company's performance in this backdrop could be considered reasonable notwithstanding the external pressures in the form of strife in Andhra Pradesh and imposition of restrictions on open access in Odisha, impacting power volumes significantly during FY2012. The flexibility to use power for captive consumption enabled the Company to sustain profitability.

Members will note that the turnover of the Company decreased by 2.62% to ₹ 119,989.19 lakhs in FY 2012 while profit before tax and after tax registered decreases by 25.47% and 40.48% at ₹ 22,827.67 lakhs and ₹ 18,080.67 lakhs respectively, reflecting the effect, mostly of external factors on the operations and margins of the Company.

INDIAN OPERATIONS & PROJECTS

Power Division

The Company's power plants in A.P. and Odisha have a total installed capacity of 228 MW.

The 114 MW power plant at Paloncha generated gross energy of 886.59 MU at a PLF of 89%. After meeting the requirements for auxiliary and captive consumptions, 532.26 MU were sold. The power plant operated at sub-optimum level for part of the year due to shortage of coal on account of Telengana agitation and replacement of Generator Transformer.

The 94 MW power plant in Odisha generated gross energy of 537.95 MU at a PLF of 65%. After meeting the requirements for auxiliary and captive consumption, 372.41 MU were sold. The operation of the power plant was impacted by planned turbine maintenance and stoppage of generation of the 64 MW Unit for over three months owing to imposition of Section 11 of the Electricity Act by the Govt. of Odisha, which led to un-remunerative tariff from GRIDCO.

The 20 MW power plant at Dharmavaram, A.P., generated gross energy of 75.20 MU at a PLF of 43%. After meeting the auxiliary consumption, 69.224 MU were sold. The generation was curtailed for more than 6 months due to un-remunerative merchant power tariff which did not even cover variable cost (coal cost).

A new 64 MW Power Plant in Odisha is getting ready for commissioning during the second quarter of the current financial year 2012-13. The commissioning of this project got postponed due to delay in obtaining regulatory approvals which have since been received.

A 150 MW coal fired Power Project is under implementation at Paloncha through Nava Bharat Energy India Limited (NBEIL) at an estimated cost of about ₹ 670 Crores. Most of the civil works are nearing completion and mechanical erection of equipment is in advanced stage. The project is likely to be commissioned in the last quarter of FY 2013. With a view to mitigate the fuel cost risk, NBEIL is exploring the possibility of dedicating a part of output for industrial use through strategic associations with bulk consumers for obtaining steady returns while the balance output will be available for merchant sale.

Ferro Alloy Division

The Company manufactures Silico Manganese and Ferro Manganese at Paloncha, Andhra Pradesh with a capacity to produce 125,000 TPA. The Company also has Ferro Chrome capacity of 75,000 TPA at Kharagprasad, Odisha.



Demand for Ferro alloys remained subdued due to continued global economic slowdown, specifically in Europe, though there was a marginal improvement over the previous year. During the year, the Company produced 63,602 MT of Silico Manganese and sold 64,900 MT which was marginally higher than in the previous year. Relative margins formed the basis to switch the utilisation of power for captive use or merchant sale and, accordingly, during the last quarter, manganese alloy production was reduced to sell the resultant surplus power to yield higher margins.

The Company resumed production of Ferro Chrome at the Odisha Unit with the commencement of a three year conversion contract with Tata Steel Limited (TSL) and produced 26,163 MT of the product during the year 2011-12. The Company will dedicate the entire capacity of its Unit in Odisha for producing to TSL.

Agri-business Division

During the year, the Sugar Plant produced 4,086 MT of Levy Sugar and 36,778 MT of sugar for free sale. The Unit registered a recovery of 10.10% on a volume of 4,05,098 MT of cane in 2011-12, spread between two seasons. Revenue from by-products like molasses and power aided the unit to mitigate the costs and post profits. Part of the molasses have been used for captive consumption by the ferro alloy smelters in Odisha. Similarly, part of the bagasse was consumed in the 9 MW Co-generation power plant in this Unit and partly by the 20 MW mixed fuel based power plant at Dharmavaram.

International Foray

Your Company's international investments through its subsidiary in Singapore have mainly focused on coal mining, power generation and commercial agro based industries in developing and emerging economies in Africa and South East Asia. The business model in all these ventures envisages inclusive local development and value addition which is well received by the stakeholders in the respective domains. Your Company expects that these overseas projects which are well integrated, will afford it sustainable returns on investments, commensurate to their size. Your Company is geared to gradually ramp up, over the next five years, the scale of international operations in such a way that revenues and earnings are well dispersed across different countries and minimise the risk of dependency on one sector and one geographical location.

These investments, made over the last three years, resulted in your Company's subsidiary in Singapore obtaining strategic management control on quality assets. Typical to such projects, they have a gestation period of three to five years before positive cash generations start accruing. Till such time, the Company is committed to provide support by deployment of funds out of its cash accruals or otherwise, at various stages in such projects along with similar support from Joint Venture partners, if any, aside from extending managerial and logistical support by deputing qualified personnel to such projects. The Company expects that the aggregate commitment in these projects would be

₹ 1,597 Crores of which ₹ 447 Crores stands deployed up to the end of FY 2012 while a sum of ₹ 535 crores is factored to be deployed in FY 2013.

Nava Bharat (Singapore) Pte. Limited (NBS) – the hub of overseas investments

NBS, a wholly owned subsidiary of the Company, has been engaged in trading of Ferro alloys since 2004-05. Leveraging its strategic location, NBS acts as the hub for all overseas investments of the Group and strategic associations and joint ventures in different geographic domains. NBS has obtained economic interests in special purpose companies and operating companies. The Company's existing and future cash accruals form the basis for these investments through NBS. NBS has also been raising overseas debts leveraging upon parent recourse, pending infusion of equity by the Company.

The principal investments of NBS lay in coal mining and thermal power generation in Zambia, hydel power generation in Laos and commercial agriculture in Tanzania, all of which are in various phases of development and implementation.

Integrated Coal Mining and Power Project in Zambia

Maamba Collieries Limited (MCL) is a step down subsidiary of the Company and is controlled to the extent of 65% through NBS. The balance equity of 35% in MCL is controlled by ZCCM Investments Holdings Plc, a Government of Zambia undertaking with a strong financial position and healthy track record.

MCL holds the largest coal concession in Zambia, a stable democratic country with immense economic potential in Sub Saharan Africa. The coal concession of MCL has both thermal and metallurgical high grade coal seams which facilitate local value addition through coal fired power generation as well as merchant sale of coal.

MCL took up, in 2011, an integrated coal and power project, aimed at resumption of large scale coal mining (which was stopped some years ago) and establishment of a mine-mouth, coal fired power project of 300 MW capacity in Phase I. The coal mining operations have since been resumed and movement of coal to markets within Zambia and neighbouring countries has begun. MCL expects to generate coal sale revenues beginning from FY 2013 with gradual ramp up in line with the demand.

The 300 MW power project under Phase I is being implemented by SEPCO, one of the largest construction companies in China, under an EPC Contract. MCL has received the requisite clearances including environmental approval and SEPCO has commenced the construction work at site. This project is slated to go on stream by April, 2015. Zambia has hitherto been dependent on hydel power generation only. MCL's 300 MW thermal power plant will therefore provide the much needed base load power for Zambia and help Zambia sustain its industrial and economic development.

MCL estimates a capital outlay of about US\$ 750 Million on this integrated project which will be funded by equity contributions

by both NBS and ZCCM and long term debt from development financial institutions and banks and need based bridge finance in the interim. MCL has tied up the power sale with the Zambian power utility under a long term Power Purchase Agreement.

Hydel Power Project in Laos

Laos in South East Asia has immense hydro power potential and has evolved as the principal source of power for this region which comprises industrialised countries like Thailand. Your Company's subsidiary in Singapore (NBS) has acquired a majority stake in Kobe Green Power Co. Ltd. (KGP).

KGP is a Japanese company holding the development rights for a Hydel Power Concession in Laos which translates to a capacity of about 108 MW. KGP has commissioned detailed feasibility and hydrology studies as part of the developmental activities and will pursue a Project Concession from the Government of Laos with tie up for power sale to the local utility. The estimated cost of the project is around USD 330 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. Meanwhile, it has been funding the initial developmental costs which will be transferred to the Project Company as its share of equity.

Commercial Agriculture in Tanzania

Your Company has over the last three decades been engaged in sugar business and has developed in-house expertise in agricultural farming and commercial ventures covering a wide range of agro products. To leverage this expertise, your Company has evaluated agro based investments abroad. Tanzania, in Eastern Africa, is ideally placed for commercial agriculture with the right indices of rainfall and weather conditions, arable land and connectivity to sea ports, aside from huge local demand for these food products.

After conducting preliminary studies on various crops and discussions with National Development Corporation (NDC) of Tanzania, your Company's subsidiary in Singapore (NBS) has chosen an "Integrated Oil Palm Project" comprising oil palm cultivation in nucleus farm, oil extraction and refining along with co-generation of power. This project will be developed in an area of about 3,890 ha (to be extended to 10,000 ha). Another similar project is also being simultaneously pursued with Rufiji Basin Development Authority (RUBADA) in an area of about 10,000 ha.

NBS has entered into preliminary agreements with the above Tanzanian Government agencies and is pursuing feasibility studies and local clearances. It plans to form local joint ventures with these agencies to implement these agro based projects.

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 ₹ 4.00/- per Equity Share of ₹ 2/- each, subject to necessary approvals.

The aggregate dividend payout for the year 2011-12 amounts to ₹ 39.20 Crore, including corporate dividend tax.

FCCB

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.

During the financial year 2010-11, the Company issued a notice for conversion of FCCBs fixing the date of conversion as 28th February, 2011. The Company received the conversion notice from M/s. Kingfisher Capital CLO Limited, Cayman Islands for conversion of 323 FCCBs of JPY 3230 million and 1,29,23,073 equity shares of ₹ 2/-each were allotted to M/s. Kingfisher Capital CLO Limited, Cayman Islands on 18th August, 2011 constituting 14.47% of the post paid up capital of the Company. The balance 29 Bonds for JPY 290 million were redeemed on 29.09.2011 on maturity and no FCCBs are therefore outstanding.

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 utilised any part of the said funds for the purposes other than those stated in the offer documents or Notices.

EMPLOYEES' STOCK OPTION SCHEME

The Company has no Options outstanding as at the beginning of the year and has not granted any Stock Options during the year 2011-12.

The prescribed details relating to ESOS as per the SEBI Guidelines are set out in 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 fees for these Stock Exchanges were paid.

FIXED DEPOSITS

The amount of deposits outstanding as on 31st March, 2012 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, Sri G. R. K. Prasad, and Dr. D Nageswara Rao, Directors of the Company, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

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, investments, 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 Company shall furnish a hard copy of Annual Reports of the subsidiaries to any shareholder on demand at any point of time.

The audited Consolidated Financial Statements are provided in the Annual Report.

Nava Bharat Projects Limited (NBPL):

NBPL, a wholly owned subsidiary of the Company, is engaged in project support and maintenance services for the group companies and is the intermediate holding Company of NBEIL, which is executing the 150 MW power project at Paloncha.

The proceeds of the second tranche of sale of shares in Navabharat Power Private Limited to Essar Power Limited, net of income tax, were deployed in Nava Bharat Energy India Limited (NBEIL) as part of sponsor's contribution in the project finance of NBEIL.

During the year, NBPL has, leveraged its rich experience in power projects and extended Project Management Services to Maamba Collieries Limited, especially in the evaluation and selection of EPC and Non-EPC contracts and detailed project engineering which helped the latter to fast track the implementation of 300 MW coal fired power project in Zambia.

Nava Bharat Energy India Limited (NBEIL):

NBEIL is the step down subsidiary through NBPL and is implementing a 150 MW coal fired power project at Paloncha. The Power project is likely to be commissioned in the last quarter of FY 2013.

Brahmani Infratech Private Limited (BIPL):

The Company currently holds 65.74% of the equity share capital of BIPL while the balance equity is held by others. BIPL was entrusted with the implementation of an SEZ project by the Govt. of AP/APIIC.

The Company entered into a Joint Development Agreement (JDA) with M/s. Mantri Technology IT Parks Private Limited (MTPL), a subsidiary of M/s. Mantri Developers Private Limited, Bangalore (MDPL), who had agreed to develop the Project and assumed responsibility to market built up area of this SEZ Project. However, MTPL could not comply with the obligations and responsibilities envisaged and undertaken by them as per the provisions of the JDA. As there has been little or no activity on the Project, the Company has repeatedly requested MTPL to at least achieve minimum milestones to enable the Company to seek additional time from the Government of Andhra Pradesh for the Project.

While MTPL could not comply with this, except to the extent of constructing a small incubation space, it has recently sought to exit from the Project, citing purported impediments and setting untenable conditions, in utter violation of the terms of JDA. Your Company deems this action on the part of MTPL (and indirectly by MDPL) as giving rise to material breach of the JDA and intends to invoke its rights under the JDA to take suitable action against MTPL and MDPL while engaging the APIIC and the Government of Andhra Pradesh to seek suitable extension of time lines and for induction of new technical associate and, in case this proposal is not acceptable to the Government of Andhra Pradesh, to surrender the allocated land, in full or in part. The Company has initiated the process for requisite Corporate approvals in this regard.

Kinnera Power Company Limited (KPCL):

KPCL, though a subsidiary with the Company holding 50.3% of the small equity capital of ₹ 9.94 lakhs, is at present the investment arm of Meenakshi Infra Group (Meenakshi). Meenakshi implemented a road project of National Highway Authority of India (NHAI) through Malaxmi Highway Pvt. Ltd. (MHL) the Special Purpose Company (SPC), formed for this project. Meenakshi funded the project through a combination of redeemable preference shares and their share of equity aside from long term project debt without any contribution from KPCL. The road project has since been commercialised. There being no economic interest, the Company intends to offload its stake in KPCL and MHL eventually to Meenakshi Group as permitted by NHAI in due course and hence consolidation of accounts of KPCL and MHL are not done with those of the Company.

Nava Bharat Realty Limited (NBRL):

NBRL is a wholly owned subsidiary of the Company and proposes to be engaged in realty focused investments. There have been no operations in this company.

Nava Bharat Sugar and Bio Fuels Limited (NBSBL):

NBSBL is a wholly owned subsidiary of the Company and proposes to be engaged in sugar, bio-fuel and agri based investments. There have been no operations in this company.

Nava Bharat (Singapore) Pte. Limited (NBS):

NBS is a wholly owned subsidiary of the Company.

The nature of activities and details of the principal investments of NBS are already covered under the section "International Foray".

PT Nava Bharat Indonesia (NBI) and PT Nava Bharat Sungai Cuka (NBSC):

NBI and NBSC were formed through NBS to pursue the Indonesian mineral opportunities. The initial investment for a small coal concession ran into litigation with the sellers in Indonesia and their associates in Singapore. As such, NBS has stopped further exposure and investments into Indonesia and is confident of recovering the investment of about US\$ 7 Million.

Maamba Collieries Limited (MCL):

MCL is a step down subsidiary of the Company with 65% control through Nava Bharat (Singapore) Pte. Limited.

The activities and details of the integrated coal mining & power project taken up by MCL at Maamba, Zambia are already covered under the section "International Foray".

Kobe Green Power Co. Ltd. (KGP):

KGP is a Japanese company in which NBS has taken a majority stake. KGP holds the development rights for a Hydel Power Concession in Laos for about 100 MW. A project company will be formed to implement the Hydel Power project, estimated to cost around USD 300 million.

Details of the above project are already covered under the section "International Foray".

Nava Bharat Africa Resources Pvt. Ltd. (NBAR):

NBAR is a step down subsidiary of the Company through NBS and is expected to focus on investments in the SADC region. NBS plans to evolve a tax efficient holding structure for its investments in Africa and utilise NBAR, if found feasible, for this purpose. During FY 2011-12 there have been no operations in NBAR.

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 a 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 2011-12. The approval of the Central Government was received for this appointment. Further, Govt. of India vide Order dated 30th June, 2011 clarified that all the Steel Plants manufacturing products covered under Steel (Chapter 72 and 73 of Central Excise and Tariff Act 1985) should get Cost Records audited. As per the Order, the Ferro Alloy Plants at Paloncha and Odisha are also covered under Cost Audit for the FY 2011-12.

M/s. Narasimha Murthy & Co., Cost Auditors, have been appointed by the Company to conduct the Cost Audit of Steel (Ferro Alloys) and the same was approved by the Central Government. The Cost Audit reports for 2011-12 were due to be submitted on or before 30th September, 2012. The Cost Audit reports for 2010-11 were filed with Ministry of Corporate Affairs on 21st August, 2011.

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, 2012

- All applicable accounting standards were followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.
- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the Company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, 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.



TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, relevant amounts which remained unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

TRANSFER OF PHYSICAL SHARE CERTIFICATES TO UNCLAIMED SUSPENSE ACCOUNT IN ELECTRONIC MODE

M/s. Karvy Computershare Private Limited as Registrars & Transfer Agents had sent notices under Clause 5A of the Listing Agreement to postal return cases and for the remaining physical share certificates lying with the Company in respect of stock split, they had sent 3 formal reminders by Registered Post.

The Company's Registrars sent notices under Clause 5A to stock split cases also as first reminder on 14.04.2012. Further, two more reminders will be sent in the FY 2012-13 in respect of stock split cases to minimise the number of Unclaimed Physical Stock Split cases.

A demat account under the name and style of "Nava Bharat Ventures Limited - Unclaimed Suspense Account" was opened by the Company and the unclaimed shares in respect of 6 shareholders for 915 equity shares were transferred to the said account on 11.05.2012.

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 for taking timely and appropriate action in case of 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 – III 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.

Awards

Your Company received the following awards/recognitions during 2011-12:

1. **CII Environmental Best Practices Award 2012 for Most Innovative Environmental Project** (Ferro Alloy Plant, Paloncha received this award) from Confederation of Indian Industry.
2. **5-S Excellence Award 2011** (Sugar Division received this award) from Confederation of Indian Industry (Southern Region).
3. **National Award for Excellence in Water Management 2011 as Water Efficient Unit** (Power Plant at Kharagrasad received this award) from Confederation of Indian Industry.
4. **National Award for Excellence in Energy Management 2011 as Energy Efficient Unit** (Power Plant at Paloncha received this award) from Confederation of Indian Industry.
5. **National Award for Excellence in Energy Management 2011 as Excellent Energy Efficient Unit** (Sugar Division received this award for the 5th consecutive year) from Confederation of Indian Industry.
6. **Best Cogen Award 2011 as 3rd Best Performing Cogen Factory in Andhra Pradesh** from South Indian Sugar Cane & Sugar Technology Association.
7. **Prakruti Mitra Puraskar 2010-11** for being Excellent in the field of Conservation of Nature & Protection of Environment in the Block level, Village/Organisation from Forest and Environment Department, Government of Odisha.

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

The Ministry of Corporate Affairs (MCA) has 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, Full Annual Reports and all communications hitherto were 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 Annual Reports will be sent by post physically to the Members, whose e-mail addresses are not registered. 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 hard copy of annual report, 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 Government of India, 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
30th May 2012

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 LP steam with MP steam along with a recirculation line from Vapor Absorption Heat Pump outlet to common condensate tank.

II) Power Division

Power Plant (AP - Paloncha)

- i. Reduction in specific steam consumption of Unit 1 by conducting Vacuum leak, helium test, identifying leaks and rectifying the same.
- ii. Laying of second waste water line for bed ash handling to avoid fresh water usage.
- iii. Laying of transparent sheets on Crusher houses and silo top shed for utilising day light at CHP 1.
- iv. Conducting Energy audit by authorised auditor (SEE Tech) of BEE for fixing base line energy consumptions.
- v. Replacement of 20 nos. of 36W fluorescent lamps with 28W – T5 lamps in 6.6 kV switch gear room and CW pump house.
- vi. Commissioning of on line electrical energy monitoring system.
- vii. Installation of Light Pipes at general stores.

Power Plant (Odisha)

- i. Installation of Godrej compressed air management system for Instrument air compressors header.
- ii. Reducing the pressure of service air by tapping from ash conveying air instead of instrument air.
- iii. Replacement of 47 nos. of 70W HPSV Lamps with 35W CFL in TG building and 18 nos. of 70W HPSV lamps with 18W CFL in cable cellar of both the Power Plants.

- iv. Replacement of 24 nos. of 150W HPSV lamps with 35W CFL in 30 MW Power Plant.

- v. Replacement of 4 nos. of 400W HPSV lamps with 200W induction lights in TG building and 4 nos. of 400W with 35W CFL in DM Plant.

- vi. Changing the tap positions of Auxiliary Distribution Transformer (ADT) – 5 & 6 of both the Power Plants.

III) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of 20 nos. of 400W MV lamp fittings with 200W industrial high bay induction light fittings at gantry bay.
- ii. Replacement of 6 nos. of old type window air conditioners with new 5 star rated split air conditioners in silicon house (guest house).

Odisha

- i. Replacement of 170 nos. of T8 tube lights with energy efficient T5 lights and incandescent bulbs with CFL lights.
- ii. Replacement of balance 4 nos. of cooling tower blades with Fiber Reinforced Plastic (FRP) blades.
- iii. Replacement of 10 nos. of 250W MH fittings with 96W fittings.
- iv. Fixing of 26 nos. of energy efficient ceiling fans.

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

I) Power Division

Power Plant (AP - Paloncha)

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

Power Plant (Odisha)

- i. Plugging of leakages from expansion bellows in both the boilers of Unit 2 during annual shutdown.

- ii. Disposal of neutralisation effluent by gravity flow.

Other Investment Proposals for 2012-13

I) Power Division

Power Plant (AP - Paloncha)

- i. Installation of variable frequency drive for boiler feed pumps.

Power Plant (Odisha)

- i. Replacement of 110kW vertical pump of 2nd jack well with 75kW vertical pump at Raw Water Pump House.
- ii. Replacement of 11 kW DM water transfer pump with energy efficient pump.
- iii. Arrangement of bypass chute for primary crusher of Coal Stacking System.

II) Ferro Alloy Division

Andhra Pradesh

- i. Mechanisation of coal handling.

Odisha

- i. Replacement of HSD oil burner of chrome ore dryer with coal fired, fluidised bed combustor.
- ii. 100% utilisation of oxygen gas from liquid oxygen tank instead of using conventional oxygen for furnace tapping operations.

(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 LP steam with MP steam along with a recirculation line from Vapor Absorption Heat Pump outlet to common condensate tank resulted in saving of 323 MT of bagasse.

II) Power Division

Power Plant (AP - Paloncha)

- i. Reduction in specific steam consumption of Unit 1, vacuum leak, helium test was conducted and identified leaks were attended. Steam consumption of ejector reduced by 1 TPH.

- ii. Laying of second waste water line for bed ash handling to avoid fresh water usage resulted in reduction of fresh water drawl by 500 M³/day.
- iii. Laying of transparent sheets on Crusher houses and silo top shed for utilising day light at CHP 1 resulted in energy saving of 16 kWh/day.
- iv. Targets for energy consumption will be fixed shortly by BEE as per the energy audit conducted by SEE Tech, authorised auditor of BEE.
- v. Replacement of 20 nos. of 36W fluorescent lamps with 28W – T5 lamps in 6.6 kV switch gear room and CW pump house resulted in energy saving of 8 kWh/day.
- vi. On line electrical energy monitoring system facilitated improved performance monitoring.
- vii. Installation of Light Pipes at general stores resulted in energy saving of 15 kWh/day.

Power Plant (Odisha)

- i. Installation of Godrej compressed air management system for Instrument air compressors header resulted in saving of 245kWh per day during trial run.
- ii. Reducing the pressure of service air by tapping from ash conveying air instead of instrument air resulted in initial saving of 1920kWh per day.
- iii. Replacement of 47 nos. of 70W HPSV Lamps with 35W CFL in TG building and 18 nos. of 70W HPSV lamps with 18W CFL in cable cellar of both the Power Plants resulted in saving of 55kWh per day.
- iv. Replacement of 24 nos. of 150W HPSV lamps with 35W CFL in 30 MW Power Plant resulted in saving of 41 kWh per day.
- v. Replacement of 4 nos. of 400W HPSV lamps with 200W induction lights in TG building and 4 nos. of 400W with 35W CFL in DM Plant resulted in saving of 29 kWh per day.



- vi. Changing the tap positions of Auxiliary Distribution Transformer (ADT) – 5 & 6 of both the Power Plants resulted in saving of 2,196kWh per day.
- vii. Plugging of leakages from expansion bellows in both the boilers of Unit 2 resulted in saving of 288kWh per day.
- viii. Disposal of neutralisation effluent by gravity flow resulted in saving of 7kWh per day.

III) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of 20 nos. of 400W MV lamp fittings with 200W industrial high bay induction light fittings at gantry bay resulted in energy saving of 21,888 units per year.
- ii. Replacement of 6 nos. of old type window air conditioners with new 5 star rated split air

conditioners in silicon house (guest house) resulted in saving of 5,940 units per year.

Odisha

- i. Replacement of 170 nos. of T8 tube lights with energy efficient T5 lights and incandescent bulbs with CFL lights resulted in saving of 24,743 kWh per year.
- ii. Performance after replacement of balance 4 nos. cooling tower blades with Fiber Reinforced Plastic (FRP) blades was under observation. Energy savings on account of this would be given later.
- iii. Replacement of 10 nos. of 250W MH fittings with 96W fittings resulted in saving of 9,106 kWh per year.
- iv. Fixing of 26 nos. of energy efficient ceiling fans resulted in saving of 3,986 kWh per year.

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

	FAP(AP)		FAP(O)	
	Current Year 31st March, 2012	Previous Year 31st March, 2011	Current Year 31st March, 2012	Previous Year 31st March, 2011
Ferro Alloy Division:				
A. Power and fuel Consumption				
1. Electricity				
a. Electricity Purchased from CPP :				
Units (kWh)	27,63,76,753	26,64,60,530	10,33,57,207	3,20,66,494
Total amount (₹ in lakhs)	8,208.39	7,077.69	5,126.52	1,250.59
Rate/Unit (₹) ^A	2.97	2.66	4.96	3.90
b. Electricity Purchased from GRID :				
Units (kWh)	1,34,000	38,000	1,79,000	35,900
Total amount (₹ in lakhs)	212.32	204.16	50.16	6.53
Rate/Unit (₹) ^D	158.45	537.26	28.02	18.20
c. Own Generation:				
i) Through Diesel Generators (Units)				
Units	-	-	160	1,412
Units per litre of Diesel Oil	-	-	4.20	4.60
Cost/Unit (₹) ^B	-	-	39.80	34.15
ii) Through Steam Turbine Generator:				
Units	} Not Applicable	} Not Applicable	} Not Applicable	} Not Applicable
Export				
Consumption				
Units per ltr. of fuel oil/gas				
Cost/Unit(₹)				
2. Coal				
	-	-	-	-
3. HSD (in Ltrs) (Used for chrome ore dryer) ^C				
	-	-	445519	201923

(d) (i) Total energy consumption and energy consumption per unit of production (Contd.)

	FAP(AP)		FAP(O)	
	Current Year 31st March, 2012	Previous Year 31st March, 2011	Current Year 31st March, 2012	Previous Year 31st March, 2011
4. Others/internal generation/Natural Gas	-	-	-	-
B. Consumption per Unit of production				
1. High Carbon Silico Manganese Power (Kwh)/MT	4,348	4,374	-	-
Total Production (MT)	63,602	56,585	-	-
2. High Carbon Ferro Manganese Power (Kwh)/MT	-	3,365	-	-
Total Production (MT)	-	5,645	-	-
3. High Carbon Ferro Chrome Power (Kwh)/MT	-	-	3,957	3,981
Total Production (MT)	-	-	26,163	8,063

FAP(AP):

^oThe rate / unit is high due to minimum MD charges and less consumption of units.

FAP(O):

^aThe cost of purchased power is increased with reference to the revised rates of retail tariff from April 2011.

^bThe cost of unit rate of own generation through DG sets is increased with the hike in diesel prices.

^cThe increase in consumption of HSD is with reference to the increased Ferro Chrome production.

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

	Current Year 31st March, 2012	Previous Year 31st March, 2011
Sugar Division:		
A. Power and fuel Consumption		
1. Electricity		
a. Electricity Purchased :		
Units (kWh)	1050030	859730
Total amount (₹ in lakhs)	59.37	45.45
Rate/Unit (₹) ^a	5.65	5.29
b. Own Generation:		
i) Through diesel generator (Units)	28248	15176
Units per litre of diesel oil	2.52	1.72

**(d) (ii) Total energy consumption and energy consumption per unit of production (Contd.)**

	Current Year 31st March, 2012	Previous Year 31st March, 2011
Cost/Unit (₹) [®]	16.78	23.08
ii) Through Steam Turbine Generator:		
Units	21480500	21369800
Export	9072650	10183970
Consumption	12407850	11185830
Units per ltr. of fuel oil/gas	-	-
Cost/Unit (₹)	2.85	2.84
	(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.) [©]		
Power (kWh)	26.99	26.39
Steam (Tonne)	0.33	0.32
2. Sugar from raw sugar (Qtl.)		
Power (kWh)	-	-
Steam (Tonne)	-	-
3. Alcohol (kL) [®]		
Power(kWh)	269.75	1180.78
Steam (Tonne)	1.31	3.71

[®]The purchase price per kWh of electrical energy increased due to increase in tariff rates from April, 2011.

[®]The cost of power generation by DG set decreased due to full loading of diesel set on account of distillery operations.

[©]The power and steam consumption for manufacture of sugar increased due to increase in grain size from 46.84 to 54.94.

[®]The power and steam consumption for distillery decreased due to increase in alcohol production from 168 kL to 1327 kL.

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

B. Technology Absorption

(e) Efforts made in technology absorption:

1. Areas in which efficiency improvement was carried out by the Company.

I) Power Division

Power Plant (AP - Paloncha)

- i. New Generator Transformer installed for Unit 1.

Power Plant (Odisha)

- i. Reducing the MOT oil vapor exhaust fan vacuum from 1.9 kPa to 0.5 kPa to minimise oil losses in exhaust.
- ii. Modification of steam trap of Turbine.
- iii. Construction of collection pit for drain oil near Unit 1 turbine oil centrifuge.
- iv. Commissioning of online monitoring system for the stacks of Unit 1 & 2 Power Plants.
- v. Commissioning of Two ton hoist at the chlorination shed of 30MW Power Plant.
- vi. Commissioning of crushed coal stacking system.
- vii. Installation of pressure transmitters in turbine control oil system.
- viii. Replacement of MS surge hoppers with SS surge hoppers for boilers of Unit 2 Power Plant.
- ix. Provision of sleeves to parent tubes of Air Pre Heaters of both the boilers of Unit 2 Power Plant.

II) Ferro Alloy Division

Andhra Pradesh

- i. Replacement of 3 nos. of old 11kV, GEC make breakers at Pump House, Gas Cleaning Plant and Sinter Plant with SIEMENS make HT breakers.
- ii. Replacement of 4 nos. of old instruments with new instruments at batch weighing system.
- iii. Replacement of 2 nos. of old type distribution boards at auto garage with latest switch gear and earth leakage protection.

- iv. Replacement of 30 nos. of old main switches with Earth Leakage Circuit Breakers at staff quarters.

- v. Utilisation of waste water for dust suppression by means of sprinklers at raw material handling yards.

- vi. Providing Day bunkers for Sinter Plant.

Odisha

- i. Arrangement of individual sources of power for simultaneous operation of both the granulation pumps.

- ii. Arrangement of chute level sensors for Furnace 1 to facilitate auto feeding of raw material into the furnace.

- iii. Change in the process of handling fines in Metal Recovery Plant resulting in separation of +45 grade and +55 grade metal fines which are directly saleable.

- iv. Installation of tank for liquid oxygen instead of loose cylinders of conventional oxygen for use in furnace tapping operations.

2. Benefits derived as a result of above modifications

I) Power Division

Power Plant (AP - Paloncha)

- i. Safe operation of Unit 1 Generator (50 MW).

Power Plant (Odisha)

- i. Conservation of turbine lube oil.
- ii. Minimisation of steam losses (quantum of reduction in losses to be observed).
- iii. Conservation of turbine lube oil.
- iv. Continuous monitoring of stack emissions.
- v. Reduced risk while handling the chlorine cylinder.
- vi. Reduction in unloading time of coal.
- vii. Monitoring of turbine control oil pressure.
- viii. Reduction in erosion of surge hoppers and thereby coal leakage.
- ix. Reduction of damage/erosion of parent tubes of Air Pre Heater of Boilers.

II) Ferro Alloy Division

Andhra Pradesh

- i. Improved safety.



- ii. More reliable operation of the equipment.
 - iii. Easy maintenance.
 - iv. Improved safety.
 - v. Fresh water consumption reduced, leading to conservation of this valuable natural resource.
 - vi. Proper mixing ratio of Mn ore and Coke fines in sinter.
- Odisha
- i. Flexibility to start tapping in Furnace 1 even while granulation is in progress without waiting.
 - ii. Timely feeding to avoid inadequate raw material feed to the Furnace.
 - iii. Improvement in quality of fines to directly saleable grades.
 - iv. Reduction of oxygen consumption and its cost per m³.
3. Future Plan of Action
- I) Power Division
- Power Plant (AP - Paloncha)
- i. Reduction of ESP emissions as per the latest norms of Pollution Control Board.
- ii. Installation of additional dust extraction and dust suppression systems for Coal Handling Plant 1.
- Power Plant (Odisha)
- i. Installation of Ammonia dosing system in the ESP of Unit 1 Power Plant to reduce stack emissions.
 - ii. Construction of silt catch pits at coal stock yard and near weigh bridges 4 & 5 for collecting coal related suspended particles.
 - iii. Dry ash collection system in ash silos area. Feasibility study under progress.
- II) Ferro Alloy Division
- Andhra Pradesh
- i. Partial mechanisation of finished product handling.
- Odisha
- i. Incorporation of PLC for raw material handling system.
 - ii. Conversion of dryer inlet belt feeders to belt weigh feeders.

4. Expenditure on Efficiency Improvement:

	(₹ in lakhs)			
	Sugar Division	FAP(AP)	FAP(O)	PP(AP)
a. Capital	0.30	207.00	4.35	125.00
b. Recurring	-	-	-	-
c. Total	0.30	207.00	4.35	125.00
d. Total expenditure on efficiency improvement as a percentage of total turnover	-	0.53	0.05	0.40

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; Netherlands; Turkey; U.K; Italy; Korea, New Zealand; U.S.A., and Mexico. The total quantity exported during 2011-12 stood at 43,108 M.T. with an FOB value of USD 50,123,354.40.

(g) Total Foreign exchange used and earned

		(₹ in lakhs)	
		Current Year 31st March, 2012	Previous Year 31st March, 2011
1.	Foreign Exchange Outgo:		
i.	CIF value of Imports	5090.30	14537.98
ii.	Interest	126.79	199.10
iii.	Others	205.94	167.84
2.	Foreign Exchange Earnings at FOB Value		
i.	Export of goods	23640.91	29596.78
ii.	Others	449.94	202.88

For and on behalf of the Board

P. Trivikrama Prasad
Managing Director

Hyderabad
30th May 2012

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
		05.01.2008	1,80,000
		05.01.2009	1,80,000
		05.01.2010	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
		2011-12	NIL
		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
		2011-12	NIL
		TOTAL	4,82,82,462.80
9	Total number of Options in force		NIL

ANNEXURE-II TO THE DIRECTORS' REPORT

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	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
c	Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None of the employees was granted Options equal to or exceeding 1% of the issued capital of the Company at the time of grant.	
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share		₹ 21.46

**ANNEXURE-II TO THE DIRECTORS' REPORT**

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 2011-12 (as reported) (₹ in lakhs)	18,080.67
		Add – Intrinsic Value (₹ in lakhs)	-
		Less – Fair Value (₹ in lakhs)	-
		Adjusted Proforma Income (₹ in lakhs)	18,080.67
		Basic EPS	
		As reported ₹	21.46
		As adjusted ₹	21.46
		Diluted EPS	
		As reported ₹	21.46
As adjusted ₹	21.46		
13a	Weighted average exercise prices for Options whose exercise price –	No options granted during the year.	
	i. equals market price		
	ii. exceeds market price		
	iii. is less than market price		
13b	Weighted fair values for Options whose exercise price –	No options granted during the year.	
	i. equals market price		
	ii. exceeds market price		
	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
30th May, 2012

D. Ashok
Chairman

ANNEXURE-III 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, 2012

Sl. No.	Name of the Employee	Designation/ Nature of duties	Remuneration (₹ in lakhs)		Qualifications	Experience (years)	Date of commencement of employment	Age (years)	Particulars of previous employment
			Salary and perquisites	Commission					
1	Sri D.Ashok	Chairman	126.83	421.82	M.B.A.	30	28.08.1981	55	-
2	Sri P.Trivikrama Prasad	Managing Director	125.98	421.82	M.B.A.	30	01.08.1981	59	-
3	Sri G.R.K.Prasad	Executive Director	205.38	-	B.Sc., F.C.A. & F.C.S.	31	16.08.1995	54	General Manager, DCL Polysters Ltd.
4	Sri C.V.Durga Prasad	Director (Business Development)	145.39	-	B.Com.	39	01.07.1973	60	-
5	Sri J.Ramesh	Executive Vice President (FAP-O)	123.15	-	B.Com., M.B.A.	29	01.04.1997	54	Director, Nav Chrome Ltd.
6	Sri P.J.V.Sarma	Senior Executive Vice President (Strategy & Planning)	77.53	-	B.Tech., AICWA, PSDFM	31	02.08.2010	53	Regional Director, ICICI Lombard General Insurance Co Ltd.

- Notes: 1. Remuneration, as shown above, includes salary, commission, Company's contribution to Provident and 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 or governed by the Company's rules.
4. The experience shown above refers to the total period in years of career.

for and on behalf of the Board

P. Trivikrama Prasad
Managing Director

D. Ashok
Chairman

Place : Hyderabad
Date : 30th May 2012



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 vital inputs that are added in the process of steel production for de-oxidation, grain size control and for imparting strength and resistance against corrosion, heat, etc. The requirement of ferro alloys varies widely depending upon the process of steel making, product quality envisaged and the type of steel being made.

At present the ferro alloy markets are dominated by producers from South Africa followed by Ukraine, China and India while consumption pattern is driven by general steel and stainless steel industry in China, Korea and Japan followed by other nations including India. As such, Indian ferro alloy producers face global competition, though without matching economies of scale.

The manufacture of ferro-alloys is power intensive and it is essential to ensure steady power supplies to the industry at a stable price. The Indian ferro alloy industry has the potential to be internationally competitive, if certain hindrances like high cost of power are dealt with. Ferro alloy units initially came up in the four states, Andhra Pradesh, Karnataka, Maharashtra and Odisha, mainly due to proximity to raw material resources. After deregulation of the Indian steel industry in 1991-92 many units came up in other states such as Arunachal Pradesh, Bihar, Chhattisgarh, Gujarat, Goa, Jammu, Jharkhand, Kerala, Madhya Pradesh, Meghalaya, Sikkim and West Bengal where power was made available at reasonable tariff as compared to other States.

The other major input in the production of ferro alloys is manganese ore and chromite ore for manganese and chromium alloys respectively. Availability of manganese ore being limited through MOIL Limited, producers have to import this ore and are exposed to international price fluctuations and currency risks which cannot always be passed on to the customers. The chromium alloys are dependent on stainless steel which has been subdued due to Chinese economic slowdown. As such the ferro chrome production suffers from under recovery of costs forcing companies to explore alternatives such as tolling for those which have captive chromite ore mines.

The fragmentation of the domestic ferro alloy industry affects its bargaining capacity, especially against volatility in ore prices being charged by mining companies who resort to auctions with skewed results unfavourable to large producers like your Company.

Power

Being the 5th largest energy consumer in world, India accounts for around 4% of its energy consumption. Although, harnessing energy is not the only parameter contributing to economic growth it is nevertheless one of the topmost prerequisites. According to the Ministry of Power, Government of India, out of the total installed capacity of 200,287 MW, around 132,013 MW is coal based, 38,991 MW is hydro power, 4,780 MW is nuclear and 24,503 MW is of renewable power in the country. The power capacity addition during the fiscal year 2011-12 stood at 20,501 MW, way below the targeted capacity addition.

The 12th plan is expected to target a 17-18 GW annual capacity addition in power; in addition the plan will also aim for universal access to power from the current level of 67% coverage of the population. Meeting this demand will require a manifold increase

in the pace of capacity addition. Also the current 12th plan is expected to push for private sector participation in distribution through the franchisee route.

There are numerous impediments to the growth of the power sector in the country; chief amongst them is the shortage of coal. Given the acute shortage of power-grade coal in the country, imports of thermal grade coal are projected to grow by 85% to 85 million ton by end of 2012. According to the Central Electricity Authority (CEA), the failure to assure coal linkages to power plants proposed by the private sector investors will impede by as much as 50%, the incremental capacity that is to come from the private sector, as envisaged in the 12th Plan. It must be noted that 43 coal blocks allocated to private power-sector investors have been cancelled by the Ministry of Forests and Environment, as all these blocks fell within the “no-go” green belt exacerbating the paucity of coal. Government policy is needed to give a fillip to the ramp up of domestic coal production with stringent monitoring of coal production from captive coal mines.

There are other factors that influence the sentiment in the power sector such as the ailing financial health of State Electricity Boards (SEBs). Measures taken to reduce the losses of the SEBs are likely to be non-populist, making them harder to implement. The sector needs reforms which will help chronically cash-starved SEBs that are not buying enough power and are consequently resorting to load shedding.

In early 2012-13, many state utilities have effected upward revision of the power tariffs to address the immediate situation of their financial stress. Further rationalisation is called for taking in to account effect of imported fuel on cost of generation, need to move towards cost reflective tariffs and need for gradual removal of cross subsidies, to propel growth of power sector in India.

Sugar

Global sugar consumption has continued to increase despite the continuing economic difficulties in many developed countries, compounded by the period of high sugar prices and increased volatility. The developing countries will continue to experience the strongest growth in sugar consumption, fuelled by rising incomes and populations, although with considerable variation between countries.

Sugar crops in many parts of the world are projected to expand in response to rising construction demand for sugar and other uses. World sugar production is expected to increase by 50 MT to reach over 209 MT in the year 2020-21. The bulk of the additional sugar production will come from the developing countries like India though the main burden of growth will continue to fall on Brazil.

2. OPPORTUNITIES AND THREATS

Ferro Alloys

Your company is one of the largest players in the production of Ferro Alloys. Your company has a unique advantage because its manufacturing units are located in the close vicinity of potential steel projects. Your Company manufactures Silico Manganese and Ferro Manganese at Paloncha, Andhra Pradesh with a capacity to produce 125,000 TPA of manganese alloys. The Company also has Ferro Chrome capacity of 75,000 TPA at a unit at Kharagprasad, Odisha.

The production of Ferro Chrome was suspended due to fall in realisations and under-recovery of costs. However, a contract has been entered into with Tata Steel, whereby your company converts chrome ore into Ferro Chrome for a fixed price. The chrome ore and the reductant are supplied to your Company by Tata Steel under this conversion arrangement.



The growth of ferro-alloys industry is linked to the growth of the iron and steel industry. Under a softer economic environment in Europe, the demand for these raw materials has receded, especially in the second half of 2011, and industry prosperity has weakened. China being a large producer and exporter of ferro alloy products, is also going through a tough period, suffering from price drops, tighter capital requirements, erosion in profit and order declines.

Your Company is closely monitoring the domestic and global markets. You will be aware of the flexibility that we have in our model which allows us to moderate production of ferro alloys in favour of merchant sales of power. We use this facility from time to time and remain fully equipped to scale up production to optimal levels should there be an expansion in demand.

Power

India is one of the largest producers of power with 200,000 MW of installed capacities and it yet presents a vast opportunity to grow in the field of power generation, transmission, and distribution. Even as the Indian Government draws up ambitious plans envisaging 76 GW capacity addition in the 12th Plan period, the country's power sector is facing multidimensional challenges. On one hand, we have the demand for electricity which is expected to grow around 6.5-7.5% and there is a record capacity addition of 20,000 MW in FY2012 and on the other hand, up to 20% of the generation capacity across the nation is shut down owing to fuel scarcity, inadequate transmission facilities and equipment failures. Moreover, state power utilities rampantly resort to load shedding to avoid having to purchase power from the market in the backdrop of cross subsidies. These issues were always present in the sector and have only aggravated in the recent few months, constraining growth and may adversely impact economic growth in the long term.

There are strong opportunities in transmission as well, with additional 60,000 circuit kilometres of transmission network expected by the year 2012. Thus, there is a total investment opportunity of about US\$ 200 billion in the overall power sector.

The Indian power sector is largely dominated by PSUs which are engaged in everything from the manufacture of power equipment to generation, transmission, distribution and trading of power. The Ministry of Power is primarily responsible for the development of the Indian power sector and indulges in perspective planning and policy formulation. The State Electricity Boards (SEBs) generate, transmit and distribute electricity in coordination with private/centrally owned generating companies.

The Central Electricity Regulatory Commission (CERC) has been set up for rationalisation of bulk and retail tariff for generation and transmission utilities involved in interstate

operations. Each state has set up a State Electricity Regulatory Commission. Over the years the regulatory and policy framework has spurred investments into this sector though some of the state utilities follow the local exigencies which runs contrary to the policy framework. The non discriminatory open access envisaged under the Electricity Act which forms the basis for merchant power market, is often seen to be curtailed by the State Governments resorting to restrictions. As a consequence the power developers are deprived of not only fair price for their energy but also compensation which is provided under the Act. Central Government has initiated some action against these regional practices and respite is still to come.

Major impediments affecting the growth in power sector lie in accessing land, water, fuel and power evacuation followed by regulatory clearances which seem to take inordinately long time. Most of these need to be provided by the Government and a major policy push already initiated by the Head of the Central Government should address these concerns slowly and firmly.

The overseas investments, made and proposed in power business are well integrated and have most of the infrastructure issues under control. These are being pursued through your Company's subsidiary in Singapore which should obtain traction from these investments in due course. These investments in Zambia, Tanzania and Laos, have underlying objectives directed at local value addition and community development and thereby ensuring inclusive growth. Over the next few years and once these projects start generating revenues, your Company would have obtained a well balanced and geographically diverse business platform to sustain returns.

Sugar

The domestic sugar industry is likely to remain in the surplus with the sugar output likely to outstrip domestic consumption for the second consecutive year. Most mills are likely to see increase in cane costs, which is a reversal of the trend seen during FY2010-11, when mills were able to secure a substantial reduction in the cane prices. Among the major producing states, UP is likely to be worst affected.

Your Company has a 4,000 TCD integrated sugar plant at Samalkot, which is located in the sugar cane rich region of Andhra Pradesh. This facility also has an Ethanol plant in the same region with a rated capacity of 30KLPD. This plant supplies sugar to the eastern region of the country.

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 2011-12 and 2010-11.

Sl. No.	Particulars	Ferro Alloys		Power		Sugar	
		31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
1.	Production (MT)/(MU)	89,765*	70,293	1,354	1,645	40,864	37,103
2.	Sales (MT)/(MU)	91,063*	73,579	1,354	1,645	40,756	28,661
3.	Revenue (₹ In lakhs)	48,486	45,626	54,800	66,171	13,503	9,161
4.	PBIDT (₹ In lakhs)	6,073	1,246	18,354	33,509	1,402	277

*Ferro Alloys include 23,373 MT (previous year: Nil) on account of conversion to Tata Steel Ltd.

4. OUTLOOK

Ferro Alloys

As far as FY 2013 is concerned, your Company is confident of maintaining decent margins in manganese alloys on account of steady prices of ores as well as finished goods. Availability of power might become crucial in this year and your Company is better positioned in that respect. Your Company expects the production of ferro chrome under the Conversion arrangement to be technically feasible though it does not leave much margin excepting the recovery of fixed costs of the Unit in Odisha.

Power

Your Company expects to have volume jump in generation on account of better availability of power plants and on account of addition of 64 MW capacity in the second half of the year. Cost and availability of various grades of fuel to support this power generation remain the principal challenges though the improved merchant power realisations and short term contracts, already entered into by the Company could help it overcome the fuel issues and sustain reasonable margins.

Sugar

World sugar prices are expected to follow a wave pattern over the next few years, similar to the past decade, as a result of a continuation of Government policies that intervene in sugar markets in many countries, particularly in India. These interventions are likely to cause large periodic swings in trade between imports and exports. As a consequence, world prices are projected to fall to a trough in 2012-13 as production peaks in India and rises in other countries and additional exports are placed in the world market.

India, the second largest global producer and the world's leading consumer, is expected to boost production substantially to 32 MT of sugar per year, on average, in the coming decade. In the medium-term, the sugar price trends will continue to be determined by the following

three factors. Firstly, the expectations of domestic sugar production for the season. Secondly, the international crude oil prices that determine Brazil's propensity to produce ethanol over sugar, where given its dominance in sugar exports it sets the trend for prices. And finally the Government of India's policies regarding exports of sugar and import duties.

5. RISKS AND CONCERNS

Ferro Alloys

The performance of the domestic Ferro Alloy sector has been in line with the Indian and global steel industry. The export performance of this sector also remained robust with export share in production going up steadily from 25.52% to 47.27% in the last four years despite uncompetitive power tariff.

Manufacture of ferro-alloys is power intensive and there is a strong need to ensure steady power supplies to the industry at a stable price. In the absence of competitively available electrical power, the domestic industry will face stiff competition from imports leading to possible closure or underutilisation of the capacity in the industry. There is tremendous potential to increase exports, after fully meeting domestic demand, provided the industry is accorded competitive global parity in power tariff.

Power

The power sector ranked sixth among the leading sectors of the Indian economy has attracted US\$ 4.6 billion in Foreign Direct Investment (FDI) since the year 2000, according to the Ministry of Commerce and Industry's, Department of Industrial Policy & Promotion (DIPP). However, our country still remains a power deficit country and the industry looks forward to reforms for boosting output.

The Power Ministry has set a target for adding 76,000 MW of electricity capacity in the 12th Five-Year Plan (2012-17) and 93,000 MW in the 13th Five-Year Plan (2017-2022). A majority of the capacity additions are expected from coal based plants.



Even as the Indian government draws-up plans in capacity addition in the 12th Plan period, the country's Power sector is facing multidimensional challenges. These issues are constraining growth in the Power sector and may adversely impact economic growth in the long term. Of which, fuel availability has emerged as the biggest risk faced by thermal Power projects in India. Coal production has not kept pace with Power capacity addition in the current Plan and developers have been forced to import coal at a time when international coal prices have shot up. Some of these issues need to be addressed quickly along with the other issues such as the weak financial health of SEB's and volatility in realisations for power.

Sugar

Brazil currently is the world's largest producer and exporter of sugar and also one of the lowest cost sugar producers with considerable capacity to expand sugar cane area on a large scale. During the course of the year, our government has decided to increase sugar exports by 50,000 tonnes which will have little impact on the overall price mechanism. Most Indian manufacturers are, however, unable to capitalise on this. Sugar, being a politically sensitive subject and with inflation behaving the way it is, there is little chance of regulations easing up. Going forward, the outlook on sugar prices continues to remain unstable and unpredictable.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a robust internal control system in place for its business processes across departments to ensure efficient operations, protection of resources and assets, compliance with internal policies and applicable laws and regulations. This is only possible through well perceived policies and procedures.

The objective of the Company's internal control system is as follows:

- Ensure that corporate strategy is implemented.
- Safeguard the Company's assets from inappropriate use or from loss and fraud.
- Achieve accuracy in recording.
- Help ensure the quality of internal and external reporting.
- Allow quick response to significant risks arising from factors within the Group and changes in its business environment.
- Adopt and implement the latest policies, procedures, listing requirements, management guidelines and circulars.
- To facilitate identification and timely execution of corrective measures.

The internal control system is an essential element of the corporate governance system. The Internal Control System also facilitates the effectiveness and efficiency of company's operations and helps ensure the reliability of financial information and compliance with laws and regulations.

In consonance with the internal policies and procedures, the Company's Audit Committee has examined and accurately discussed the internal audit reports during the fiscal year 2011-12. The comments that emerged 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

	2011-12 ₹ crore	2010-11 ₹ crore	% Change
1. Net sales/income from operations	968.92	1,088.72	(11)
2. Other income	74.92	39.28	91
3. Total income (1 + 2)	1,043.84	1,128.00	(7)
4. Total expenditure	815.56	821.71	(1)
5. Operating profit	246.20	347.89	(29)
6. Operating margin %	25.41	31.95	
7. Finance charges	16.10	21.59	(25)
8. Gross profit after finance charges but before depreciation and tax	275.59	352.15	(22)
9. Gross profit after finance charges but before depreciation and tax (%)	26.40	31.22	
10. Depreciation	47.31	45.85	3
11. Profit/(loss) after exceptional items and before tax	228.28	306.30	(25)
12. Provision for - Current tax	46.10	56.75	(19)
- Deferred tax	14.08	0.40	34.20
- Tax of earlier years	0.00	1.91	(100)
- MAT credit entitlement	(12.71)	(56.55)	(78)
13. Profit/(loss) after tax	180.81	303.79	(40)
14. Return on capital employed %	10.88	16.44	

The fully diluted book value of each equity share of your Company stood at ₹ 237.00 as on 31st March, 2012. The close price of the equity shares was at from ₹ 164.75 per share and ₹ 287.90 per share on the National Stock Exchange of India and was at ₹ 165.50 per share to ₹ 287.90 per share on Bombay Stock Exchange in the fiscal year 2011-12.

8. HUMAN RESOURCES DEVELOPMENT

We continue to invest in talent. During the fiscal year 2011-12 the employee strength reached 1085. There is a cordial and healthy relationship at all levels of employees. We rely on selection and review process which is continually evaluated and refined in order to get the best out of our employees.

Your Company also gives high importance to training and encouraging its workforce, where leadership development remains a core part of the training program. This exercise is conducted on a regular basis. These programmes not only influence our employees but also boost their skills. We believe that skilled workforce will only help the Company to swiftly achieve greater milestones.

9. CAUTIONARY FORWARD-LOOKING STATEMENTS

Some of the statements made are not historical facts but may be forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.

These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.



REPORT ON CORPORATE GOVERNANCE

for the year ended 31st March, 2012 (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 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 Officers at the Company's manufacturing divisions interact with the neighbouring community on regular basis. The Company's contributions 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 organisations. 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).

None of the Directors on the Board, is a Member of more than ten Committees or Chairman of more than five Committees across all the companies in which Directorship is held. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2012 have been made by the Directors.

The details of composition of the Board along with category of Directors, attendance of Directors at Board Meetings and Annual General Meeting and also the details of other directorships and chairmanship/memberships of audit and shareholders/investors grievance committees in other companies other than in Nava Bharat Ventures Limited (NBVL) are as follows:

Name of the Director, Designation & Category	Attendance Particulars			No. of other Boards in which he is a Director		Number of Committee positions held in other Companies	
	Board Meetings during his Directorship		Last Annual General Meeting	Pvt.	Pub	Chairman	Member
	Held	Attended					
Sri D. Ashok Chairman, Executive & Promoter	5	5	Yes	8	5	-	-
Sri P. Trivikrama Prasad Managing Director, Executive & Promoter	5	5	Yes	9	7	-	-
Sri S.V. Satyanarayana* Sri C.S.V.Rao* Independent Director IDBI Bank Limited Nominee	1 4	1 4	- Yes	- -	- 2	- -	- -
Dr. E.R.C. Shekar Independent Director Non-Executive	5	5	Yes	2	4	3	-
Dr. M.V.G. Rao Independent Director Non- Executive	5	4	No	3	6	1	1
Sri K. Balarama Reddi Independent Director Non-Executive	5	5	Yes	3	4	2	1
Dr. D. Nageswara Rao Independent Director Non-Executive	5	4	No	3	2	-	-
Sri C. V. Durga Prasad Director (Business Development) Executive	5	5	Yes	2	1	-	-
Sri G. R. K. Prasad Executive Director Executive	5	5	Yes	2	3	1	-

* IDBI Bank Limited nominated Sri C.S.V. Rao on the Board replacing its earlier nominee, Sri S.V.Satyanarayana, with effect from 20th June, 2011.



Board Meetings

During the period under review viz. 1st April, 2011 to 31st March, 2012, total five meetings of the Board of Directors of the Company were held viz., on 28th May, 2011; 28th July, 2011; 3rd October, 2011; 29th October, 2011; and 3rd February, 2012. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

The agenda items required by any functional departments or Units as approved by the Working Directors are circulated with the approved notes on the agenda items to all the Directors well before the meeting for consideration.

The Board was constituted 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 or in any other manner.

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 under the Act and include 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 with 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. Review of Management Discussion and Analysis report on financial condition, 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 Audit Committee and the details of meetings attended by its members are given below:

Name of the Director	Category	Member/ Chairman	Number of Meetings during the year 2011-12	
			Held	Attended
Sri K. Balarama Reddi	Independent Director	Chairman	4	4
Dr. M. V. G. Rao	Independent Director	Member	4	3
Sri S.V.Satyanarayana (upto 20th June, 2011)	IDBI Bank Limited Nominee & Independent Director	Member	1	1
Sri C.S.V. Rao (from 20th June, 2011)			3	2

iii. Meetings of the Audit Committee held during 2011-12

During the year under review, total four meetings of the Audit Committee of the Board of Directors of the Company were held viz. on 28th May, 2011; 27th July, 2011; 28th October, 2011 and 3rd February, 2012. 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 Projects Limited 2. Nava Bharat Realty Limited
Dr. M. V. G. Rao	1. Kinnera Power Company Limited 2. Brahmani Infratech Private Limited 3. Nava Bharat Energy India Limited 4. Nava Bharat Sugar and Bio Fuels 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 minimisation 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.

The Company issued a notice for conversion of FCCBs fixing the date of conversion as 28th February, 2011. The Company received the conversion notice from M/s.Kingfisher Capital CLO Limited, Cayman Islands for conversion of 323 FCCBs of JPY 3230 Million and 1,29,23,073 equity shares of ₹ 2/-each were allotted to M/s.Kingfisher Capital CLO Limited, Cayman Islands on 18th August, 2011 constituting 14.47% of the post paid up capital of the Company. The balance 29 Bonds for JPY 290 Million were redeemed on 29th September, 2011 on maturity

and no FCCBs are therefore outstanding.

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 utilised 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 2011-12	
			Held	Attended
Sri K. Balarama Reddi	Independent Director	Chairman	2	2
Dr. M. V. G. Rao	Independent Director	Member	2	2
Sri S.V.Satyanarayana (upto 20th June, 2011)	IDBI Bank Limited Nominee & Independent Director	Member	1	1
Sri C.S.V.Rao (from 20th June, 2011)			1	-

iii. Meetings held during the year 2011-12

During the period from 1st April, 2011 to 31st March, 2012, Remuneration Committee Meetings were held on 28th May, 2011 and 28th October, 2011.

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 organisation 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 2011-2012

Name of the Director	Sitting Fee (Board & Committee)	Salaries	Perquisites and Allowances	Commis- sion as approved by General Body	Other Transac- tions	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Sri D.Ashok	--	60,00,000	66,82,450	4,21,82,250	--	5,48,64,700
Sri P. Trivikrama Prasad	--	60,00,000	65,97,336	4,21,82,250	--	5,47,79,586
Sri S.V.Satyanarayana*	22,500	--	--	4,00,000	--	22,500
Sri C.S.V.Rao*	45,000	--	--		--	4,45,000
Dr.E.R.C.Shekar	37,500	--	--	4,00,000	--	4,37,500
Dr.M.V.G.Rao	67,500	--	--	4,00,000	--	4,67,500
Sri K.Balarama Reddi	90,000	--	--	4,00,000	--	4,90,000
Dr.D.Nageswara Rao	30,000	--	--	4,00,000	--	4,30,000
Sri C.V.Durga Prasad	--	66,00,000	79,38,776	--	--	1,45,38,776
Sri G.R.K.Prasad	--	66,00,000	79,37,975	--	60,00,000	2,05,37,975

* Paid to IDBI Bank 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 has no Options outstanding as at the beginning of the year and has not granted any Stock Options during the year 2011-12.

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, 2012

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	7,780
4.	Dr. D. Nageswara Rao	NIL
5.	Sri C.S.V.Rao	NIL

ix. Details of shares held by Chairman, Managing Director and Directors in the whole-time employment of the Company as on 31st March, 2012

Sl. No.	Name	Equity Shares of ₹ 2/- each held in their name
1.	Sri D. Ashok	859,632
2.	Sri P. Trivikrama Prasad	1,677,822
3.	Sri P. Trivikrama Prasad (HUF)	351,315
4.	Sri C. V. Durga Prasad	70,915
5.	Sri G. R. K. Prasad	32,586

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, 2012 : 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 2010-11	28th July, 2011	9.30 a.m.	Hotel Green Park, Begumpet Hyderabad – 500 016
Annual General Meeting 2009-10	16th Aug, 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

ii. Special Resolutions passed in previous three Annual General Meetings

Year	Date	Special resolutions considered
2011	28th July, 2011	6
2010	16th Aug, 2010	1
2009	31st July, 2009	4

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 be passed by Postal Ballot.

7. DISCLOSURES:

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

Related party transactions

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

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

1. Remuneration (including salaries, commission and perquisites) paid to the Directors in whole-time employment as Chairman, Managing Director, Executive Director and Director (Business Development) : ₹ 1447.22 lakhs

2. Rent : ₹ 94.14 lakhs
3. Interest : ₹ 270.00 lakhs
4. a. Remuneration to Non-Executive Directors put together per annum : ₹ 20.00 lakhs
- b. Sitting Fee per meeting : ₹ 7,500/-

5. Investments including Share Application Money and Loans made during 2011-12

Sl. No.	Particulars	₹ in lakhs	
		Investments	Loans
i)	M/s.Nava Bharat (Singapore) Pte. Ltd.	6,201.50	NIL
ii)	M/s.Nava Bharat Projects Ltd.	4,685.00	NIL
iii)	M/s.Nava Bharat Energy India Ltd.	NIL	8,558.34

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.

M/s. Nava Bharat Ventures Limited remitted during the financial year 2011-12 : ₹ 112.42 lakhs

7. Corporate Guarantee to

Standard Chartered Bank for Term Loan to M/s. Maamba Collieries Limited : USD 39,000,000

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 Allotment Committee met on 18th August, 2011 and allotted 1,29,23,073 Equity Shares on conversion of 323 FCCBs of JPY 3230 million.

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 through e-mails or by post. 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 (Managing Director) and the C.F.O. 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 30th May, 2012.

8. MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual results of the Company 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, 2011. 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	8th August, 2012
Time	10.00 A.M.
Venue	Marigold Hotel, By and Beside Green Park Hotel, 7-1-25, Greenlands, Begumpet, Hyderabad – 500 016
Book closure dates	1st August, 2012 to 8th August, 2012
Dividend on Equity Shares and payment date	₹ 4/- per share of ₹ 2/-each payable on 16th August, 2012

As required under Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 8th August, 2012.

ii. Financial Calendar:

FINANCIAL YEAR 2011-12 (1st April, 2011 to 31st March, 2012)

1.	First Quarter Results	28th	July	2011
2.	Second Quarter and Half Year Results	29th	Oct.	2011
3.	Third Quarter Results	3rd	Feb.	2012
4.	Annual Results (Audited)	30th	May	2012

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. Website:

The Company's website www.nbventures.com contain a separate dedicated section: 'Investors', where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.

v. Reminder to Investors:

Reminders for unclaimed shares and unpaid dividend are sent to the shareholders as per records periodically.

vi. NSE Electronic Application Processing System (NEAPS):

The NEAPS is a web based application designed by NSE for Corporates. The Shareholding Pattern and Corporate Governance Report are filed electronically on NEAPS.

vii. Stock Codes/Symbol:

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

viii. International Securities Identification Number (ISIN):

ISIN is an identification number for traded shares. This number needs to be quoted in each transaction relating to the dematerialised equity shares of the Company. The ISIN number for the equity shares of the Company is INE 725A01022.

ix. Corporate Identity Number (CIN):

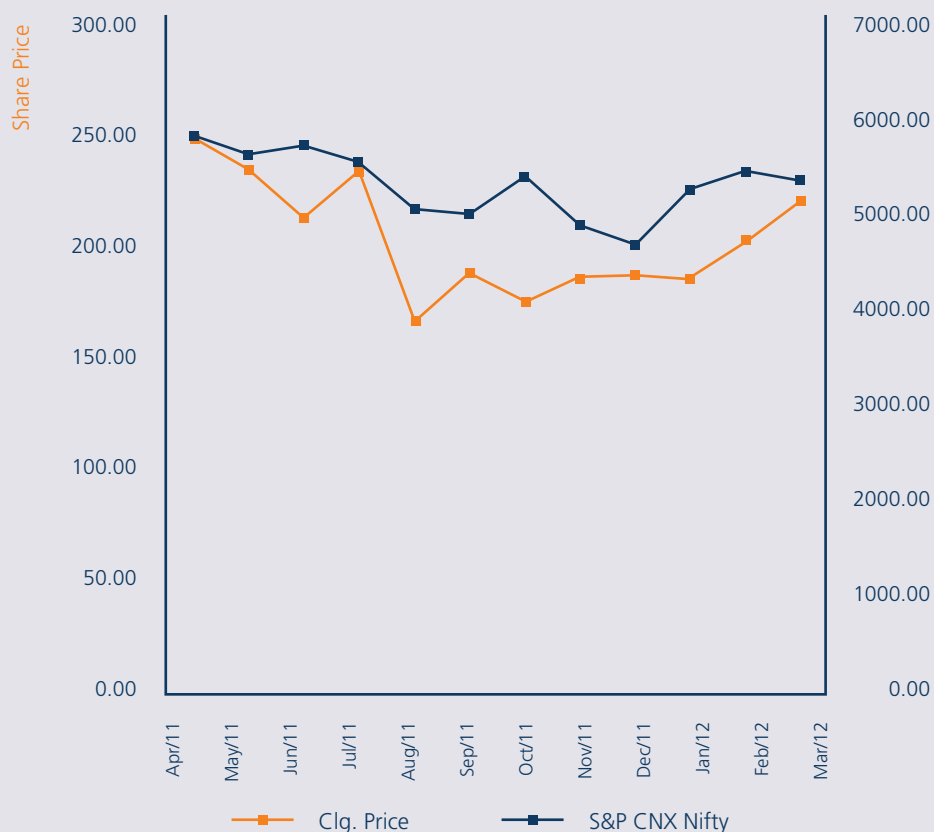
Our Corporate Identity Number (CIN), allotted by Hon'ble Ministry of Corporate Affairs, Government of India is L27101AP1972PLC001549 and our Company's Registration Number is 1549 of 1972-73.

x. **Market Price Data: High/Low (daily closing prices) on National Stock Exchange of India Limited during each month in the financial year 2011-12:**

Month	Equity Shares of ₹ 2/-each				
	High (₹)	Low (₹)	Closing (₹)	Volume (No.)	NSE S & P CNX NIFTY
2011					
April	287.90	245.10	245.10	406903	5749.50
May	237.55	220.80	231.20	328875	5560.15
June	234.00	198.85	210.15	584993	5647.40
July	239.10	209.50	230.50	613662	5482.00
August	231.05	164.75	164.75	805089	5001.00
September	206.80	169.55	186.35	369192	4943.25
October	180.20	173.55	173.55	199297	5326.60
November	188.15	179.90	183.65	258932	4832.05
December	199.65	178.70	185.05	335414	4624.30
2012					
January	194.85	181.55	183.10	207892	5199.25
February	215.05	184.70	200.15	1177413	5385.20
March	217.25	191.90	217.25	9444972	5295.55

xi. **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 Ltd Closing Share price on NSE in comparison to NSE S & P CNX NIFTY



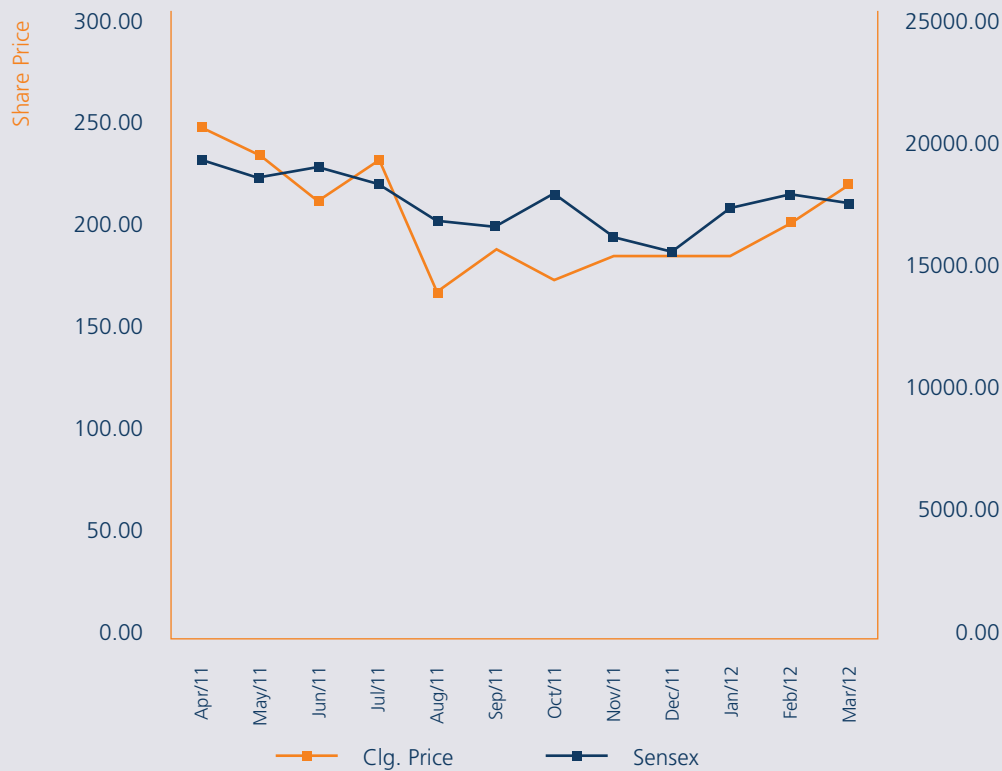


xii. Market Price Data: High/Low (daily closing prices) on Bombay Stock Exchange Limited during each month in the financial year 2011-12:

Month	Equity Shares of ₹ 2/-each					
	High (₹)	Low (₹)	Closing (₹)	Volume (No.)	Sensex	MIDCAP
2011						
April	287.90	245.35	245.35	118210	19135.96	7094.26
May	238.80	221.15	231.65	38943	18503.28	6910.24
June	233.20	200.25	209.95	58107	18845.87	6854.05
July	236.80	209.35	229.45	207964	18197.20	6915.31
August	229.90	165.50	165.50	87224	16676.75	6273.60
September	205.75	169.45	185.95	91345	16453.76	6129.59
October	181.10	172.60	173.50	42183	17705.01	6297.99
November	188.00	178.00	183.10	43894	16123.46	5627.69
December	198.70	177.45	184.60	54806	15454.92	5135.05
2012						
January	195.55	182.00	183.55	43034	17193.55	5871.70
February	215.85	184.45	199.90	533778	17752.68	6386.82
March	217.80	191.30	217.80	848274	17404.20	6346.38

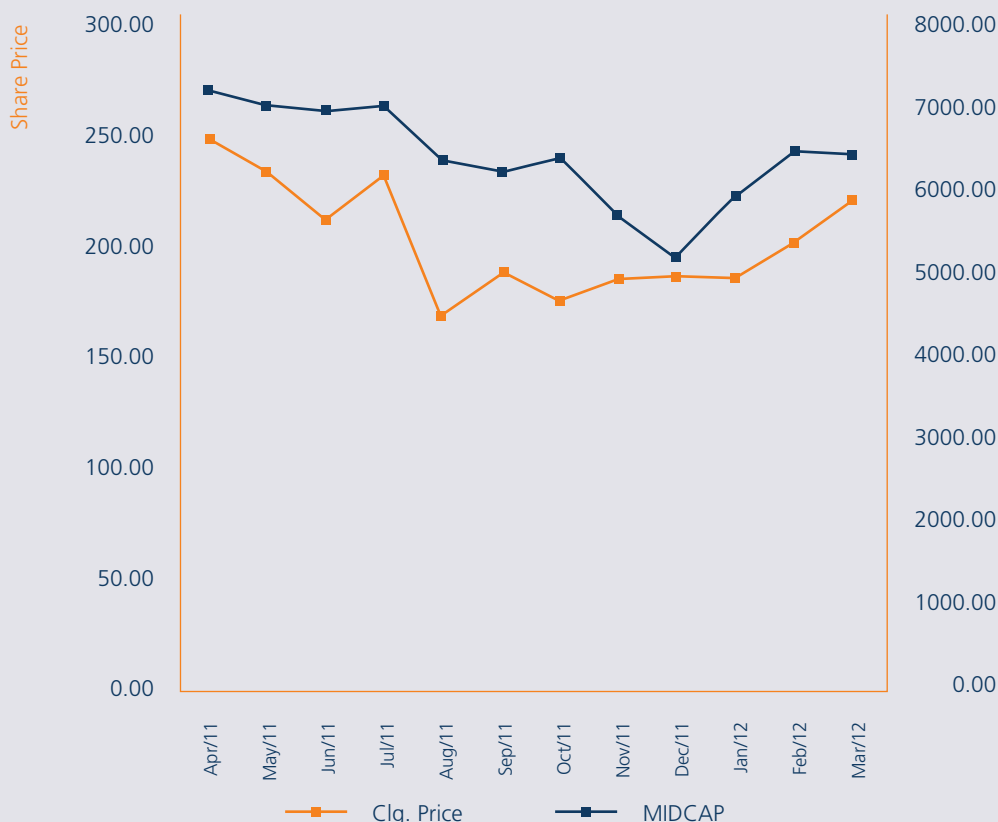
xiii. The Company is not forming part of BSE Sensex. Overall performance of the scrip of the Company in comparison to BSE Sensex is as follows:

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



xiv. 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 Ltd Closing Share price on BSE in comparison to MIDCAP INDEX



xv. Registrars & Transfer Agents (for Shares held in both Physical and Demat mode)	:	M/s. KARVY Computershare Private Limited (Unit: Nava Bharat Ventures Limited) Plot No.17 to 24, Vittal Rao Nagar Madhapur, Hyderabad – 500 081
Telephone Numbers	:	+ 91 40 4465 5000
Direct	:	+ 91 40 4465 5152
Fax No.	:	+ 91 40 4465 5024
Contact Person	:	Sri M. S. Madhusudhan/Sri Mohd. Mohsinuddin
E-mail id	:	mailmanager@karvy.com mohsin@karvy.com

xvi. 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 dematerialisation 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.



xvii. a. Distribution of shareholding as on 31st March, 2012

Range of equity shares held	No. of Shareholders	%	No. of Shares of ₹ 2/-each	%
1	449	2.36	449	0.00
2-10	1778	9.34	12989	0.01
11-50	4740	24.89	160413	0.18
51-100	2764	14.51	247909	0.28
101-200	3076	16.15	503690	0.56
201-500	3543	18.60	1324764	1.48
501 to 1000	1132	5.95	894996	1.00
1001 to 5000	1090	5.72	2523502	2.83
5001 to 10000	175	0.92	1291391	1.45
10001 and above	297	1.56	82327638	92.21
TOTAL	19044	100.00	89287741	100.00

b. Categories of Shareholding as on 31st March, 2012

Category	Number of Shareholders	Number of Shares of ₹ 2/- each	Percentage to total shares
A. Promoter Group:			
i. Individuals	12	13951600	15.63
ii. Bodies Corporate	6	17869754	20.01
iii. Trust	1	4973510	5.57
Total Shareholding of Promoter Group	19	36794864	41.21
B. Public Shareholding:			
i. Mutual Funds	9	773264	0.87
ii. Financial Institutions/Banks	15	36525	0.04
iii. Foreign Institutional Investors	61	19127783	21.42
iv. Bodies Corporate	548	1579425	1.77
v. Individuals			
a. Shareholders holding nominal share capital upto ₹ 1 Lakh	17471	9253254	10.36
b. Shareholders holding nominal share capital in excess of ₹1 Lakh	55	9329677	10.45
vi. Directors and Relatives	8	280631	0.31
vii. Non Resident Indians	362	235747	0.26
viii. Trusts	7	7248	0.01
ix. Hindu Undivided Family	401	422090	0.47
x. Clearing Members	86	41666	0.05
xi. Foreign Corporate Bodies (FDI)	1	10005567	11.21
xii. Nava Bharat Ventures Employee Welfare Trust through Barclays Wealth Trustees (India) Private Limited	1	1400000	1.57
Total Shareholding of Public	19025	52492877	58.79
GRAND TOTAL (A+B)	19044	89287741	100.00

Company's 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 should transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF in accordance with the following schedule:

Sl. No.	Financial Year	Date of Declaration of Equity Dividends	% of Dividend	Date of transfer to Unpaid Dividend A/c	Date of transfer to Central Government's Investor Education & Protection Fund
1	2010-2011	July 28, 2011	300%	August 27, 2011	August 27, 2017
2	2009-2010	August 16, 2010	450%	September 16, 2010	September 16, 2017
3	2008-2009	July 31, 2009	400%	August 31, 2009	August 31, 2016
4	2007-2008	July 25, 2008	300%	August 25, 2008	August 25, 2015
5	2006-2007	July 27, 2007	200%	August 27, 2007	August 27, 2014
6	2005-2006	July 27, 2006	100%	August 28, 2006	August 28, 2013
7	2004-2005	July 27, 2005	100%	August 27, 2005	August 27, 2012

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.

xx. Dematerialisation of shares and liquidity

8,71,33,935 equity shares of ₹ 2/-each are under demat form constituting 97.59% of the paid-up equity as on 31st March, 2012. The shares are actively traded and liquid at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

xviii. Reconciliation of Share capital

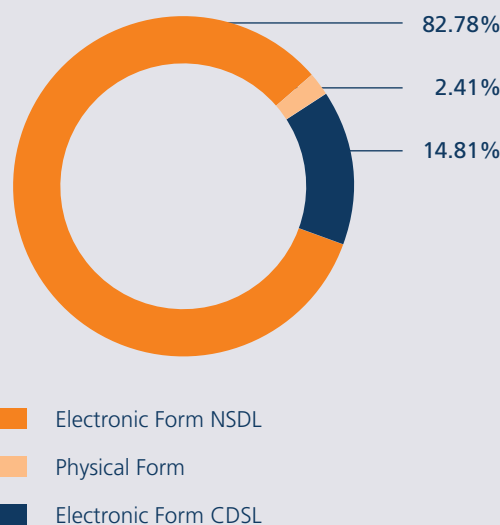
A qualified Practicing Company Secretary has carried out reconciliation of share capital every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Paid-up and Listed Capital. The Practicing 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 dematerialised shares held with NSDL and CDSL. The said Certificate is also placed every quarter before the Board of Directors of the Company.

xix. 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 may reasonably be 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 applicable to Chief General Managers and above levels.

Equity Shares





xxi. 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 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 a notice for conversion of FCCBs fixing the date of conversion as 28th February, 2011. The Company received the conversion notice from M/s.Kingfisher Capital CLO Limited, Cayman Islands for conversion of 323 FCCBs for JPY 3230 Million and 1,29,23,073 equity shares of ₹ 2/- each were allotted on 18th August, 2011 constituting 14.47% of the post paid up capital of the Company. The balance 29 Bonds for JPY 290 Million were redeemed on 29th September, 2011 on maturity and no FCCBs are outstanding as on date.

xxii. Transfer of Physical Share Certificates to Suspense Account in electronic mode

M/s.Karvy Computershare Private Limited, as Registrars & Transfer Agents had sent notices under Clause 5A of the Listing Agreement, to postal return cases, i.e. 7 cases and for the remaining physical share certificates lying with the Company in respect of stock split, they had sent 3 formal reminders by Registered Post.

The Company's Registrars, also sent notices under Clause 5A to stock split cases also as first reminder on 14th April, 2012. Further, two more reminders will be sent in the F.Y.2012-13 in respect of stock split cases also to minimise the number of unclaimed physical stock split cases.

Out of the 7 cases of Postal Returns, one shareholder responded, whose share certificate was returned to him. The remaining 6 cases of Postal Return cases as per the records of the Registrars were considered initially for transfer to Suspense Account. A demat account under the name and style 'Nava Bharat Ventures Limited - Unclaimed Suspense Account' was opened by the

Company and the unclaimed shares in respect of 6 shareholders for 915 equity shares were transferred to the said account on 11th May, 2012.

The voting rights on the shares outstanding in the suspense account as on 11th May, 2012 shall remain frozen till the rightful owner of such shares claim the shares.

The following are the details in respect of Unclaimed shares transferred to Unclaimed Suspense account:

(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year 2011 -12	:	NIL
(ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	:	N.A
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account	:	N.A
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	:	N.A
(v)	Aggregate number of shareholders and the outstanding shares lying in the 'Nava Bharat Ventures Limited – Unclaimed Suspense Account' as on 11th May, 2012	:	6 Shareholders for 915 Equity Shares



xxiii. 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.

xxiv. Address for Correspondence

Registered Office	:	M/s. 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

D.Ashok
Chairman

Hyderabad
30th May 2012



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, 2012.

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
30th May 2012

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, 2012, 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
Firms' Registration No: 0005135

Hyderabad
30th May 2012

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, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) in the case of the Statement of profit and loss, of the Profit of the Company for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

P. Chandramouli

Partner

Membership Number: 025211

Place : Hyderabad

Date : 30th May 2012



ANNEXURE TO THE AUDITORS' REPORT:

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

Re: NAVA BHARAT VENTURES LIMITED, HYDERABAD.

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. As informed, no material discrepancies were noticed on such verification.
 - c) The plant and machinery disposed off during the year by the Company is not substantial and hence, it has not affected the going concern status of the Company.
2.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
 - a) The Company has granted unsecured loan to one of its subsidiary covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.8,390 lakhs and the year- end balance of loan granted to such party was Rs. 8,390 lakhs.
 - b) In our opinion and according to the information and explanations given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - c) As the terms of repayment have not been stipulated in respect of loans given as above, we are not in a position to make any specific comment regarding the repayment of principal and also interest.
 - d) In respect of the said loan and interest thereon, there are no overdue amounts.
 - e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the companies (Auditors Report) Order, 2003 (as amended) 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. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.
7. 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.

ANNEXURE TO THE AUDITORS' REPORT:

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

9. a) According to the records, the Company is generally regular (but for what is stated in Para (b) below) 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, 2012 for a period of more than six months from the date they became payable except the following

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 53,24,777	May 2010 Jun 2010 July 2010 Aug 2010 Sept. 2010	30-06-2010 31-07-2010 31-08-2010 30-09-2010 31-10-2010	Not yet paid
-do-	-do-	48,979 6,45,905	April 2011 May 2011	31-05-2011 30-06-2011	Not yet paid
GoAP APPCB	Water Cess	28,460 12,363	2008-09 2011-12		Not yet paid
GoAP (I & CAD Dept)	Water Charges	3,04,945 1,56,781 1,56,867	2008-09 2009-10 2010-11	30-04-2009 30-04-2010 30-04-2011	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	3,25,551	2009 -10	30-04-2009	Not yet paid
OSPCB	Water Cess	52,560 60,994	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
OSGovt.	Land lease	7,592	2010-11		Not yet paid



ANNEXURE TO THE AUDITORS' 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	2004-05	Asst. Commissioner of Sales Tax, Range-II, Cuttack
		14,30,850	2005-06	
		70,16,426	2000-01	STAT, Hyderabad
	AP GST	21,90,252	2002-03	Asst. Commissioner of Commercial Taxes, Warangal
		79,35,607	2003-04	
Income Tax Act, 1961	Income Tax	975,60,960	Asst. Year 2005-06	ITAT, Hyderabad
		331,62,882	Asst. Year 2006-07	ITAT, Hyderabad
		230,88,330	Asst. Year 2008-09	CIT (Appeals) – V 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
		139,48,452	2004-05 to 2009-10	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
		11,31,853	2001-02	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
		8,64,428	2009-10 to 2011-12	Deputy Commissioner of Central Excise & Customs-II Kakinada
		135,81,386	2000-01 to 2001-02	Hon'ble High Court of A.P.
	Service Tax	36,26,003	2000 - 01 to 2010 -11	Hon'ble High Court of A.P.
		106,26,427	1996-97 to 2010-11	Hon'ble High Court of A.P.
		3,06,394	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

ANNEXURE TO THE AUDITORS' REPORT:

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

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The AP Non-Agricultural Land Assessment Act, 1963	NALA TAX	18,82,000	1993-94 to 1998-99	Hon'ble High Court of AP
AP Municipalities Act, 1965	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	311,65,094	2003-04 to 2011-12	Hon'ble High Court of AP

10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. 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.

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

P. Chandramouli

Partner

Membership Number: 025211

Place : Hyderabad

Date : 30th May 2012

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

Particulars	Notes	(₹ in lakhs)	
		31st March, 2012	31st March, 2011
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	1,787.01	1,528.55
Reserves and Surplus	05	209,823.46	182,634.31
		211,610.47	184,162.86
Non - Current liabilities			
Long - term Borrowings	06	2,545.01	9,627.59
Deferred tax liabilities (Net)	07	3,471.28	2,063.28
Other Long - term liabilities	08	654.26	730.88
Long - term provisions	09	1,594.60	1,488.95
		8,265.15	13,910.70
Current liabilities			
Short term Borrowings	10	9,775.21	3,409.18
Trade Payables	11	7,173.92	6,629.38
Other Current liabilities	12	11,343.88	20,801.44
Short - term provisions	13	3,919.69	5,960.44
		32,212.70	36,800.44
Total		252,088.32	234,874.00
ASSETS			
Non - Current assets			
Fixed assets			
Tangible assets	14	64,617.44	66,446.27
Intangible Assets	15	755.88	864.51
Capital Work in Progress		26,039.28	23,708.51
Non - current investments	16	29,589.54	14,327.27
Long-term loans and advances	17	4,170.44	7,199.74
Other non - current assets	18	177.89	69.96
		125,350.47	112,616.26
Current Assets			
Inventories	19	29,153.56	29,487.68
Trade receivables	20	11,659.55	20,417.03
Cash and cash equivalents	21	48,519.84	47,903.15
Short-term loans and advances	22	34,118.33	22,831.11
Other current assets	23	3,286.57	1,618.77
		126,737.85	122,257.74
Total		252,088.32	234,874.00
Notes forming part of financial statements	01 - 44		

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 30th May 2012

for and on behalf of the Board

G.R.K. Prasad
Executive Director

T.Hari Babu
Chief Financial Officer

P. Trivikrama Prasad
Managing Director

M. Subrahmanyam
Company Secretary & Vice President

D. Ashok
Chairman

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

Particulars	Notes	(₹ in lakhs)	
		31st March, 2012	31st March, 2011
INCOME			
Revenue from operations	24	96,891.88	108,871.92
Other Income	25	7,491.98	3,928.42
Total Revenue		104,383.86	112,800.34
EXPENSES			
Cost of Materials Consumed	26	26,765.24	33,425.56
Purchase of traded goods	27	542.86	305.09
(Increase)/Decrease in Inventories	28	685.45	(617.27)
Employee benefit expense	29	6,098.80	5,791.08
Finance Costs	30	1,945.68	2,458.85
Depreciation and amortisation expense	31	4,731.44	4,584.89
Other expenses	32	41,243.48	36,787.98
Adjustments to the carrying amount of investments		14.36	0.39
		82,027.31	82,736.57
Less: Transfer to Capital Work In Progress	33	471.12	565.43
Total Expenses		81,556.19	82,171.14
Profit Before Exceptional Items and Tax		22,827.67	30,629.20
Exceptional Item :		-	-
Profit After Exceptional Items and Tax		22,827.67	30,629.20
Tax Expense			
Current Tax		4,610.00	5,675.00
Deferred Tax		1,408.00	39.56
Earlier years		-	191.01
MAT Credit Entitlement		(1,271.00)	(5,655.00)
		4,747.00	250.57
Profit for the year from Continuing Operations		18,080.67	30,378.63
Earnings Per Equity Share of ₹ 2/- Each			
Basic		21.46	39.79
Diluted		21.46	36.69
Notes Forming Part of Financial Statements	01 - 44		

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 30th May 2012

for and on behalf of the Board

G.R.K. Prasad
Executive Director

T.Hari Babu
Chief Financial Officer

P. Trivikrama Prasad
Managing Director

M. Subrahmanyam
Company Secretary & Vice President

D. Ashok
Chairman

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

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	22,827.67	30,629.20
Adjustments for:		
Interest earned	(2,453.34)	(912.99)
Excess Provisions written back	(70.61)	(69.30)
Input tax Credit written off	-	55.21
Bad debts and Advances written off	14.47	50.43
Investments written off	-	0.12
Depreciation and amortization expense	4,731.44	4,584.89
Assets discarded	3.20	22.10
Profit on sale of Assets	(169.88)	30.41
Net (Gain)/loss on Sale of non current investments	(9.32)	(0.43)
Net (Gain)/loss on Sale of current investments	(3,152.60)	(5.75)
Adjustment to the carrying amount of investments	14.36	0.39
Interest from Non-Current Investments	(34.33)	(33.42)
Dividend from Non-Current investments	(4.42)	(2,219.95)
Interest (excluding the amount capitalised)	720.73	989.48
Operating Profit before Working Capital Changes	22,417.37	33,120.39
Adjustments for:		
Increase/(decrease) in other long term liabilities	(76.62)	(271.60)
Increase/(decrease) in long term provisions	105.65	72.52
Increase/(decrease) in trade payables	544.54	(2,271.95)
Increase/(decrease) in other current liabilities	1,171.35	(3,428.69)
(Increase)/decrease in long term loans and advances	1,518.94	(185.73)
(Increase)/decrease in other Non-Current Assets	(107.93)	(95.80)
(Increase)/decrease in inventories	334.12	(1,426.40)
(Increase)/decrease in receivables	8,743.01	5,942.89
(Increase)/decrease in short term loans and advances	(1,628.80)	(11,160.66)
(Increase)/decrease in other current assets	(626.19)	333.57
Cash generated from Operations	32,395.44	20,628.54
Direct Taxes paid	(4,438.58)	(6,164.02)
Net Cash from Operating Activities (A)	27,956.86	14,464.52
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Loans given	(11,455.88)	0.25
Purchase of fixed assets (excluding Interest capitalised) including tangible assets and Capital work-in-progress	(4,898.76)	(15,729.36)
Proceeds from sale of fixed assets	238.14	14.65
Purchase of non-current Investments (including advances)	(10,869.79)	1,603.33
Purchase of current Investments	(153,638.44)	(235,761.78)

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

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
Proceeds from sale of non-current Investments	9.88	0.48
Proceeds from sale of current Investments	156,791.04	235,767.40
Investments in bank deposits (having original maturity of more than three months)	16,861.58	18,146.03
Interest received	1,446.06	744.67
Dividend received	4.42	2,253.37
Net Cash used in Investing Activities (B)	(5,511.75)	7,039.04
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Shares	12,304.55	123.57
Proceeds from short term borrowings	6,366.03	(1,293.41)
Repayment of long term borrowings (net)	(17,646.11)	(7,400.99)
Interest paid (including interest capitalised)	(1,022.57)	(1,579.93)
Dividend paid	(4,968.74)	(7,458.23)
Net Cash generated in Financing Activities (C)	(4,966.84)	(17,608.99)
Net Increase In Cash And Cash Equivalents (A+B+C)	17,478.27	3,894.57
Cash and Cash equivalents at the beginning of the year	30,849.18	26,954.61
Cash and Cash equivalents at the end of the year	48,327.45	30,849.18
Notes:		
Cash and Cash equivalents include:		
Cash and Cheques on hand	2.12	121.00
Balances with Banks:		
On Current accounts	6,203.89	719.71
On Unpaid Dividend Accounts	171.80	162.98
On Cash Credit accounts	71.18	110.59
Deposits with maturity of less than 3 months	41,477.32	29,300.00
Margin Money Deposits	401.14	434.90
Cash and Cash equivalents considered for cash flow	48,327.45	30,849.18

per our report of even date.

for **Brahmayya & Co,**

Chartered Accountants

Firms' Registration Number: 0005135

P. Chandramouli

Partner

Membership Number: 025211

Place : Hyderabad

Date : 30th May 2012

for and on behalf of the Board

G.R.K. Prasad

Executive Director

T.Hari Babu

Chief Financial Officer

P. Trivikrama Prasad

Managing Director

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



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

01 Nature of operations:

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.

02 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.

03 Significant Accounting Policies:

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

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

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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.

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.

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

- ii. Expenditure incurred to acquire water drawing rights from Government/Local authorities or other parties is amortised over the primary period of right to use the facilities which is ten years for the time being.

f) Impairment

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

g) Prior period items

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

h) Investments

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

i) 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 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.

j) 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.



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

- ii. **Income from Services:**
Revenue is recognised as and when the conversion job is completed irrespective of the billing.
 - iii. **Interest and guarantee commission:**
Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - iv. **Dividends:**
Dividend is recognised when the right to receive payment is established by the balance sheet date.
 - v. **Export Benefits:**
Export Entitlements in the form of Duty Drawback on accrual and Duty Entitlement Pass Book (DEPB) Schemes on realisation are recognized in the Statement of Profit and Loss.
 - vi. **Other Sundry incomes**
Insurance claims and conversion escalations are accounted for on realisation.
- k) 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 on the date of the transaction.
 - ii. **Conversion**
Foreign currency monetary items 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.
- l) 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.

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

m) 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 Statement of profit and loss 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 Statement of profit and loss 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 Statement of profit and loss in the year of payment.

n) 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.

o) 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.

p) Earnings per Share (Basic and Diluted)

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

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



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

q) 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 Statement of profit and loss 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 Statement of profit and loss. Costs, including depreciation are recognised as an expense in the Statement of profit and loss.

r) 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.

s) 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.

t) Contingent Liabilities

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

u) 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.

v) Dividends

Dividend as recommended by the Board of Directors is provided for in the accounts pending shareholders/lending institutions approval.

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 04 SHARE CAPITAL		
Authorised		
25,00,00,000 Equity Shares of ₹ 2/- each	5,000.00	5,000.00
Total	5,000.00	5,000.00
Issued and Subscribed		
8,95,39,216 (previous year 7,66,16,143) Equity Shares of ₹ 2/- each	1,790.78	1,532.32
Total	1,790.78	1,532.32
Paid Up		
8,92,87,741 (previous year 7,63,64,668) Equity Shares of ₹ 2/- each fully paid up	1,785.75	1,527.29
Add: Forfeited Shares (amount originally paid up)	1.26	1.26
Total	1,787.01	1,528.55

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	31st March, 2012	31st March, 2011
	No. of shares	No. of shares
Equity Shares at the beginning of the year	76,364,668	76,255,458
Add: Equity Shares issued on conversion of FCCBs	12,923,073	-
Equity Shares issued on exercise of ESOPs	-	109,210
Equity Shares at the end of the year	89,287,741	76,364,668

b. Rights attached to equity Shares:

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

The amount of dividend proposed to be distributed for the year ended 31st March 2012, to equity shareholders is ₹ 4.00 per share (31st March 2011 ₹ 6.00 per share).

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

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

	31st March, 2012		31st March, 2011	
	No. of shares	% in the class	No. of shares	% in the class
Equity Shares of ₹ 2/- each fully paid:				
Kingfisher Capital CLO Limited	10,005,567	11.21	-	-
Nav Developers Limited	7,252,416	8.12	6,368,550	8.34
Highfields Capital Management LP A/c. HC Mauritius	4,982,989	5.58	4,982,989	6.53
Wellington Management Company, LLP with its PACs.	5,250,838	5.88	3,872,454	5.07



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

d. Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

Financial year	31st March, 2012	31st March, 2011
	No. of shares	No. of shares
2008-09	1,920,000	1,920,000
2009-10	12,500	12,500
Total	1,932,500	1,932,500

- e. The paid up share capital includes 49,73,510 equity shares of ₹ 2/- each fully paid-up, owned by the company, 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, which 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.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 05 RESERVES AND SURPLUS:		
Capital Reserves:		
As per last Balance Sheet	60.20	60.20
Capital Redemption Reserve:		
As per last Balance Sheet	826.39	826.39
Securities Premium Reserve:		
As per last Balance Sheet	14,168.13	14,046.74
Add: Received during the year	12,046.09	121.39
	26,214.22	14,168.13
Contingency Reserve:		
As per last Balance Sheet	8,100.00	8,100.00
Less: Transferred to Surplus	8,100.00	-
	-	8,100.00
General Reserve:		
As per last Balance Sheet	67,852.40	57,852.40
Add: Additions during the year	5,000.00	10,000.00
Closing Balance	72,852.40	67,852.40
Other Reserves:		
Subsidies:		
As per last Balance Sheet	33.60	33.60
Surplus i.e. balance in Statement of Profit and Loss		
As per last Balance Sheet	91,593.59	77,175.40
Add: Net profit after tax transferred from Statement of Profit and Loss	18,080.67	30,378.63
Transferred from Contingency Reserve	8,100.00	-
Excess provision of Dividend written back *	982.08	-
Amount available for appropriation	118,756.34	107,554.03

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

(₹ in lakhs)

	31st March, 2012	31st March, 2011
NOTE 05 RESERVES AND SURPLUS: (Contd.)		
Appropriations:		
General Reserve	5,000.00	10,000.00
Dividend On Equity Capital	3,372.57	5,128.47
Corporate Dividend Tax	547.12	831.97
Closing Balance	109,836.65	91,593.59
Total	209,823.46	182,634.31

* Refers to the amount provided for the year ended 31st March, 2011 on the expected conversion of FCCBs into equity capital, which was no longer payable as such conversion was not taken place before the book closure.

(₹ in lakhs)

	31st March, 2012	31st March, 2011
NOTE 06 LONG TERM BORROWINGS		
Non-Current portion		
Term Loans [Secured] *		
Indian Rupee Loan from Banks		
IDBI Bank Limited (i)	413.00	2,000.00
State Bank of India (ii)	-	493.40
Foreign Currency Loan from Banks		
Bank of India (iv)	2,066.63	4,134.26
IDBI Bank Limited (v)	-	2,934.55
Other Loans and Advances [Unsecured]		
From other Bodies Corporate (vi)	30.01	30.01
Deferred Sales Tax Liability (vii)	35.37	35.37
Total	2,545.01	9,627.59
Current maturities		
(Shown under Current liabilities)		
Bonds [Unsecured]		
Foreign Currency Convertible Bonds	-	13,995.52
Term Loans [Secured] *		
Indian Rupee Loan from Banks		
IDBI Bank Limited (i)	1,587.00	750.00
State Bank of India (ii)	493.40	506.50
Medium Term Loans from Banks (iii)	-	304.17
Foreign Currency Loan from Banks		
Bank of India (iv)	2,067.63	1,897.79
IDBI Bank Limited (v)	2,934.55	192.13
Total	7,082.58	17,646.11

* The above loans 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

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 10 SHORT TERM BORROWINGS		
Working Capital Loans from Banks (secured) *	6,775.21	409.18
Deposits (unsecured)	3,000.00	3,000.00
Total	9,775.21	3,409.18

* 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.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 11 TRADE PAYABLES		
Dues to Micro and Small Enterprises	482.08	627.43
Dues to other than Micro and Small Enterprises	6,691.84	6,001.95
Total	7,173.92	6,629.38

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 12 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings (Refer Note 06)	7,082.58	17,646.11
Unpaid Dividends **	172.60	162.98
Due to Directors	863.65	1,311.59
Interest accrued but not due	257.94	262.33
Pre Received Income	13.00	1.28
Advance from Customers	86.15	110.74
Bills Discounted with Banks	1,395.54	-
Other payables	1,472.42	1,306.41
Total	11,343.88	20,801.44

**Appropriate amount shall be transferred to "Investor Education and Protection Fund" as and when due.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 13 SHORT TERM PROVISIONS		
Other Provisions:		
Provision for Dividend	3,372.57	5,128.47
Provision for Corporate Dividend Tax	547.12	831.97
Total	3,919.69	5,960.44



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

NOTE 14 TANGIBLE ASSETS:

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at	Additions	Deductions	As at	Upto	For the	On	Upto	As at	
	01.04.2011			31.03.2012	01.04.2011	year	deductions	31.03.2012	01.04.2011	
1. Land- Freehold	2,708.50	163.45	-	2,871.95	-	-	-	-	2,871.95	2,708.50
- Leasehold	140.33	-	-	140.33	6.17	1.53	-	7.70	132.63	134.16
2. Buildings- Factory	8,995.90	511.96	8.36	9,499.50	1,886.75	300.91	8.36	2,179.30	7,320.20	7,109.15
- Others	3,807.13	502.08	2.81	4,306.40	427.42	69.89	2.55	494.76	3,811.64	3,379.71
3. Plant and Equipment	76,416.59	1,217.44	261.00	77,373.03	24,789.13	3,932.76	197.72	28,524.17	48,848.86	51,627.46
4. Furniture and Fixtures	363.23	86.06	2.24	447.05	231.71	33.16	2.24	262.63	184.42	131.52
5. Vehicles	481.96	51.15	32.61	500.50	242.91	66.50	28.77	280.64	219.86	239.05
6. Office Equipment	739.80	41.21	18.55	762.46	493.66	75.13	14.84	553.95	208.51	246.14
7. Air conditioners and Coolers	205.81	14.30	2.12	217.99	80.06	18.56	1.75	96.87	121.12	125.75
8. Railway Sidings	355.71	150.64	-	506.35	71.38	20.11	-	91.49	414.86	284.33
9. Other Assets	160.66	69.63	-	230.29	76.76	15.76	-	92.52	137.77	83.90
10. Power Lines***	423.19	-	-	423.19	46.59	30.98	-	77.57	345.62	376.60
Total	94,798.81	2,807.92	327.69	97,279.04	28,352.54	4,565.29	256.23	32,661.60	64,617.44	66,446.27
Previous Year	90,969.46	3,997.43	168.08	94,798.81	24,014.08	4,439.39	100.93	28,352.54	66,446.27	66,955.38

*** Cost incurred by the Company ownership of which vests with a state owned distribution Company.

- 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.
- The title in respect of the land costing ₹ 15.71 lakhs (previous year ₹ 1.23 lakhs) admeasuring 14.06 acres and 23 guntas (previous year 6 acres 23 guntas) is yet to be transferred in the name of the Company.
- The title in respect of land costing ₹ 26.06 lakhs admeasuring 5.05 acres allotted by APIC Ltd during the year 2009-10, is yet to be transferred in the name of the Company.
- Cost of leasehold land amounting to ₹ 140.33 lakhs represents the premium paid to the State Government of Odisha 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 Government by giving 6 months notice in writing during the tenure of lease.

NOTE 15 INTANGIBLE ASSETS:

Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK			
	As at	Additions	Deductions	As at	Upto	For the	On	Upto	As at	
	01.04.2011			31.03.2012	01.04.2011	year	deductions	31.03.2012	01.04.2011	
1. Computer Software	265.15	57.52	-	322.67	100.45	93.68	-	194.13	128.54	164.70
2. Water drawing Rights	898.70	-	-	898.70	198.89	72.47	-	271.36	627.34	699.81
Total	1,163.85	57.52	-	1,221.37	299.34	166.15	-	465.49	755.88	864.51
Previous Year	985.15	178.70	-	1,163.85	153.84	145.50	-	299.34	864.51	831.31

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

(₹ in lakhs)

	31st March, 2012	31st March, 2011
NOTE 16 NON - CURRENT INVESTMENTS		
i. Trade investments (at cost unless otherwise stated)		
a. Investment in Subsidiaries		
Investment in Equity instruments, fully paid up (unquoted)		
50,000 shares of ₹ 10/- each in Kinnera Power Company Limited #	-	-
4,14,99,998 shares of ₹ 10/- each in Brahmani Infratech Private Limited	4,150.00	4,150.00
2,50,000 shares of ₹ 2/- each in Nava Bharat Realty Limited #	-	-
45,40,20,000 (Previous year: 250,000) shares of ₹ 2/- each in Nava Bharat Projects Limited	9,080.40	5.00
2,50,000 shares of ₹ 2/- each in Nava Bharat Sugar and Bio Fuels Limited #	2.83	2.83
16,870 shares of S\$ 1/- each in Nava Bharat (Singapore) Pte. Limited	4.36	4.36
3,15,90,000 (Previous year: 1,90,90,000) shares of US\$ 1/- each in Nava Bharat (Singapore) Pte. Limited	15,703.47	9,501.97
b. Investment in Other Companies		
Investment in Equity Instruments, fully paid up (quoted)		
200 shares of ₹ 10/- each in Kothari Sugars & Chemicals Limited #	0.01	0.01
2,857 shares of ₹ 10/- each in The Jeypore Sugar Company Limited	1.16	1.16
Investment in Equity Instruments, fully paid up (unquoted)		
17 shares of ₹ 10/- each in AP Gas Power Corporation Limited	0.00	0.00
6,46,600 shares of ₹ 10/- each in Malaxmi Highway Private Limited	64.66	64.66
ii. Non -trade investments (at cost unless otherwise stated)		
a. Investment in Other Companies		
Investment in Equity Instruments, fully paid up (quoted)		
63,300 equity shares of ₹ 10/- each in Avanthi Leathers Limited #	0.63	0.63
76,830 equity shares of ₹ 10/- each in NB Footwear Limited #	3.17	5.96
1,500 shares of ₹ 10/- each in Avanthi Feeds Limited	0.15	0.15
8,000 shares of ₹ 10/- each in IDBI Bank Limited	6.50	6.50
22,800 shares of ₹ 10/- each in Andhra Bank	2.28	2.28
12,284 shares of ₹ 1/- each in Tata Consultancy Services Limited	26.10	26.10
9,651 shares of ₹ 10/- each of MOIL Limited @	24.15	36.19
Investment in Equity Instruments, fully paid up (unquoted)		
75,000 shares of ₹ 10/- each in Srinivasa Cystine Limited	5.00	5.00
- (Previous year: 8,000) shares of ₹ 10/- each in Gunnam Subba Rao Investments Private Limited	-	0.08
8,000 (Previous year: Nil) shares of ₹ 10/-each in GSR Advisory Services Private Limited	0.28	-



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

	(₹ in lakhs)	
	31st March, 2012	31st March 2011
NOTE 16 NON - CURRENT INVESTMENTS (Contd.)		
b. Investment in Bonds (unquoted)		
500 bonds of ₹ 1,00,000/- each in Indian Infrastructure Finance Company Limited	511.15	511.15
c. Investments in Government Securities (unquoted)		
6 years national Savings Certificates *	3.24	3.24
Total	29,589.54	14,327.27
# Current year: at Cost less diminution; Previous year at Cost less diminution.		
@ Current year: at Cost less diminution; Previous year: at cost.		
Aggregate amount of quoted investments	64.15	78.98
Aggregate market value of quoted investments	211.17	240.31
Aggregate amount of unquoted investments	29,525.39	14,248.29
Aggregate provision for diminution in the value of investments	44.42	30.06
* 6 year National Savings Certificates are in the names of employees of the Company and the certificates in respect of face value of ₹ 3.19 lakhs (Previous year ₹ 3.19 lakhs) were pledged with various Government Departments as security.		

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 17 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances		
Share application money to a subsidiary	-	4,407.40
Other advances	331.81	1,882.85
	331.81	6,290.25
Security Deposits	772.96	783.89
	772.96	783.89
Other loans and advances		
Loan to a non-corporate body	2,897.04	-
Staff loans	168.63	125.60
	3,065.67	125.60
Total	4,170.44	7,199.74

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 18 OTHER NON-CURRENT ASSETS		
Non-current bank balances (ref Note 21)	177.89	69.96
Total	177.89	69.96

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 19 INVENTORIES		
At cost:		
Raw Materials	7,226.74	11,885.96
Raw Material-in-transit	13.28	648.71
Fuel for power generation	7,885.95	2,784.08
Work in Progress	1,049.27	1,580.79
Finished Goods	8,412.56	8,570.73
Stock-in-trade	53.25	38.65
Stores and Spares	3,401.83	2,873.27
Spares-in-transit	19.30	-
Others	18.04	21.79
At realisable value:		
Finished Goods	1,072.45	1,082.07
Scrap	0.89	1.63
Total	29,153.56	29,487.68

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 20 TRADE RECEIVABLES		
(Unsecured, considered good)		
Due over six months	105.82	846.28
Due for less than six months:		
from a subsidiary Company	4,909.35	14,171.53
from Others	6,644.38	5,399.22
Total	11,659.55	20,417.03

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 21 CASH AND CASH EQUIVALENTS		
Current portion		
Balances with Banks:		
On Current accounts	6,203.89	719.71
On Unpaid Dividend Accounts	171.80	162.98
On Cash Credit accounts	71.18	110.59
Deposits with maturity of less than 3 months *	41,477.32	29,300.00
Cheques/Drafts on hand	0.80	115.58
Cash on Hand	1.32	5.42
Other bank balances:		
Deposits with maturity of more than 12 months	-	12,024.96
Deposits with maturity of more than 3 months and less than 12 months	192.39	5,029.01
Margin Money Deposits	401.14	434.90
Total	48,519.84	47,903.15
Non-Current portion		
Other bank balances:		
Margin Money Deposits	177.89	69.96
Total	177.89	69.96

* Includes an amount of ₹ 12,000.00 lakhs given as margin against Letter of Credit established for a related party.



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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 22 SHORT TERM LOANS AND ADVANCES		
Loans and Advances to related parties: (Unsecured, considered good)		
Inter Corporate Deposit	8,558.84	-
Other Advances	786.00	971.80
	9,344.84	971.80
Other loans and advances: (Secured, considered good)		
Loans to contractors	16.55	16.14
(Unsecured, considered good)		
Advances recoverable in cash or kind	7,831.34	5,942.42
Loans to service providers	12.25	27.25
Staff Advances	85.69	120.03
Advance Income Tax (net of provision)	1,081.63	1,253.05
MAT Credit Entitlement	15,351.21	14,080.21
Prepaid Expenses	200.84	233.83
Balance with Central Excise Dept	193.98	186.38
	24,773.49	21,859.31
Total	34,118.33	22,831.11

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 23 OTHER CURRENT ASSETS		
Other Receivables	1,576.93	1380.11
Accrued Job Charges	429.37	-
Interest Accrued	1,280.27	238.66
Total	3,286.57	1,618.77

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 24 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	50,844.81	52,972.67
Energy	52,881.60	65,603.15
	103,726.41	118,575.82
Less: Inter Divisional transfers	13,832.11	8,783.00
	89,894.30	109,792.82
Traded goods	592.11	313.61
Sale of services	6,332.94	-
Other Operating Revenue		
Export Incentives	1,845.75	399.85
Revenue from Operations (Gross)	98,665.10	110,506.28
Less: Excise Duty	1,773.22	1,634.36
Revenue from Operations(Net)	96,891.88	108,871.92

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 24 REVENUE FROM OPERATIONS (Contd.)		
Details of Products Sold:		
Finished Goods Sold:		
Silico Manganese	37,097.65	33,992.66
Ferro Manganese	-	3,384.12
Ferro Chrome	1,797.43	7,304.29
Sugar	11,492.64	7,737.57
Spirit	123.08	195.23
Molasses	334.01	358.80
Total	50,844.81	52,972.67
Energy:		
Power	52,220.43	64,862.53
Steam	390.91	454.72
Power out of Co-generation	270.26	285.90
Total	52,881.60	65,603.15
Trading Goods Sold:		
Fertilizers	470.54	273.14
PVC Pipes	43.13	31.39
Others	78.44	9.08
Total	592.11	313.61
Details of Services rendered		
Conversion Charges	6,332.94	-
<hr/>		
	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 25 OTHER INCOME		
Interest Income:		
Bank Deposits	2,179.64	836.26
Non Current Investments	34.33	33.42
Others	273.70	76.73
Dividend Income:		
Non Current Investments	4.42	2,219.95
Net Gain/(loss) on Sale of non current investments	9.32	0.43
Net Gain/(loss) on Sale of current investments	3,152.60	5.75
Other Non Operating Income (net of expenses)		
Claims	1.46	56.23
Net Gain on Sale of Tangible Assets	169.88	-
Rents earned	54.42	47.02
Excess provisions/credit balances written back	70.61	69.30
Miscellaneous Receipts	1,541.60	583.33
Total	7,491.98	3,928.42

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 26 COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	12,793.14	11,995.96
Add: Purchases of materials	22,154.83	34,222.74
	34,947.97	46,218.70
Less: Inventory at the end of the year	8,182.73	12,793.14
Cost of materials consumed	26,765.24	33,425.56
Details of materials consumed:		
Coal	3,554.20	3,238.37
Quartz	176.71	95.34
Dolomite	127.78	106.40
Chrome Ore	103.76	3,273.03
Manganese Ore	12,871.95	17,561.76
Ferro Manganese Slag	131.96	144.08
Coke	443.40	583.40
Anthracite Coal	32.49	288.72
Cane	8,118.14	7,179.00
Others	1,204.85	955.46
Total	26,765.24	33,425.56
Details of Inventory:		
Coal	846.78	352.26
Quartz	140.56	83.84
Dolomite	77.52	69.76
Chrome Ore	-	24.53
Manganese Ore	4,917.36	9,774.55
Ferro Manganese Slag	584.94	670.51
Coke	233.91	549.62
Anthracite Coal	241.44	273.93
Cane	0.65	0.69
Others	1,139.57	993.45
Total	8,182.73	12,793.14
(₹ in lakhs)		
	31st March, 2012	31st March 2011
NOTE 27 PURCHASE OF TRADED GOODS		
Fertilizers	426.10	251.31
PVC Pipes	65.36	30.19
Others	51.40	23.59
Total	542.86	305.09

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
28 NOTE (INCREASE)/DECREASE IN INVENTORIES		
Inventories at the end of the year		
Traded goods	53.25	38.65
Finished goods	9,485.01	9,652.80
Work in Progress	1,049.27	1,580.79
Scrap	0.89	1.63
	10,588.42	11,273.87
Inventories at the beginning of the year		
Traded goods	38.65	29.86
Finished goods	9,652.80	10,164.44
Work in progress	1,580.79	462.30
Scrap	1.63	-
	11,273.87	10,656.60
(Increase)/decrease in inventories	685.45	(617.27)
Details of Inventory:		
Traded goods		
Fertilizers	12.68	16.37
PVC Pipes	31.82	5.67
Others	8.75	16.61
Total	53.25	38.65
Finished Goods:		
Silico Manganese	1,063.29	1,793.06
Ferro Manganese	-	173.91
Ferro Chrome	0.04	0.20
Bagged Sugar	7,862.50	7,324.24
Spirit	155.14	4.39
Ethanol	8.02	-
Molasses	375.78	341.10
Others	20.24	15.90
Total	9,485.01	9,652.80
Work-in-progress:		
Silicon Manganese	120.46	139.55
Ferro Chrome	773.19	1,303.61
Sugar	155.62	137.63
Total	1,049.27	1,580.79

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 29 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	4,976.98	4,907.44
Contribution to Provident and Other Funds	316.84	278.93
Staff Welfare Expenses	400.57	337.21
Retirement Benefits	404.41	267.50
Total	6,098.80	5,791.08

	(₹ in lakhs)	
	31st Marc, 2012	31st March, 2011
NOTE 30 FINANCE COSTS		
Interest	1,018.18	1,249.24
Bank Charges and Commission	262.21	311.15
Prompt Payment Rebate	665.09	898.29
Applicable loss on foreign currency fluctuation	0.20	0.17
Total	1,945.68	2,458.85

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 31 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on Tangible Assets	4,565.29	4,439.39
Amortization of Intangible Assets	166.15	145.50
Total	4,731.44	4,584.89

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 32 OTHER EXPENSES		
Power and Fuel	27,036.39	23,536.01
Other Manufacturing Expenses	1,977.34	1,772.14
Central Excise Duty *	(17.30)	1.48
Rent	166.79	135.29
Rates and Taxes	1,181.99	1,023.73
Freight and Transportation	1,607.39	1,744.07
Cane Development Expenses	911.78	785.95
Insurance	431.33	426.48
Payments to Auditors		
as auditors	20.22	16.55
for tax audit	6.74	5.51
for tax representation	1.66	2.25
for certification and other services	7.85	5.84
for expenses	0.25	0.25

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 32 OTHER EXPENSES (Contd.)		
Repairs and Maintenance to:		
Machinery	3,326.81	2,959.68
Buildings	983.45	703.40
Other Assets	53.35	45.58
General Charges	2,106.61	2,908.34
Foreign Exchange Fluctuations	1,385.22	662.16
Assets Discarded	3.20	22.10
Loss on Sale of Assets	-	30.41
Expenditure relating to earlier years	52.41	0.76
Total	41,243.48	36,787.98

* Excise Duty represents the aggregate of Excise Duty borne by the Company and the difference between Excise Duty on opening and closing stock of finished/saleable goods.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 33 TRANSFERRED TO CAPITAL WORK-IN-PROGRESS:		
Salaries, Wages and Bonus	59.84	39.23
Contribution to Provident and Other Funds	6.88	5.47
Staff Welfare Expenses	1.20	3.57
Interest	297.45	259.76
Bank Charges and Commission	38.10	40.02
Power and Fuel	2.14	6.33
Rent	-	0.35
Rates and Taxes	6.90	140.69
Insurance	38.07	65.58
General Charges	20.54	4.43
	471.12	565.43
Less: Miscellaneous Receipts	49.29	40.04
Total	421.83	525.39

NOTE 34

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.

NOTE 35

- i) Disclosure of Sundry Creditors under Trade Payables 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".



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

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	482.08	627.43
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

NOTE 36

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 contracts outstanding as at the year end: nil (previous year: nil)
- b) Foreign currency exposure not hedged by derivative instruments:

Particulars	Currency	(lakhs)	
		Amount in foreign currency	
		31st March, 2012	31st March, 2011
Receivable on account of sale of goods	USD	96.51	335.64
Term Loans repayable	JPY	6,665.60	11,207.20
	USD	83.19	70.12
Payables on account of import of goods	JPY	-	502.40
	USD	17.40	31.30

NOTE 37 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
i) Contingent liabilities:		
a) Claims against the Company not acknowledged as debts	1,328.22	1,033.08
b) Guarantees	57,319.70	33,057.16
c) Other money for which the Company is contingently liable:		
i) Demand from Income Tax department disputed	2,555.00	1,191.51
ii) Showcause notices received from Central Excise Dept.	12,149.96	10,169.35
iii) Others	386.12	585.95

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

NOTE 37 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) (Contd.)

(₹ in lakhs)

	31st March, 2012	31st March, 2011
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	31.72	944.33
b) Other commitments:		
Customs duty payable on imports-in-transit	-	0.62
c) Export obligation	1,362.28	3,097.23

(c) (ii) Contingent liabilities represents showcause notices received to issue demand notices are pending for final consideration and the Company has already submitted its objections in writing against the said demands.

38.1 Value of material consumed

	31st March, 2012		31st March, 2011	
	Percentage	Value ₹ in lakhs	Percentage	Value ₹ in lakhs
Indigenous	78.90	39,578.93	89.27	51,990.67
Imported	21.10	10,587.27	10.73	6,252.04
Total	100.00	50,166.20	100.00	58,242.71

38.2 Value of imports calculated on C.I.F. basis in respect of

(₹ in lakhs)

	31st March, 2012	31st March, 2011
Raw Materials	4,310.47	11,410.87
Components and spare parts	628.48	133.22
Capital goods	151.35	2,993.89

38.3 Expenditure in foreign currency during the year on account of (on accrual basis)

(₹ in lakhs)

	31st March, 2012	31st March, 2011
Interest	126.79	199.10
Others	205.94	167.84

38.4 Earnings in foreign exchange on account of

(₹ in lakhs)

	31st March, 2012	31st March, 2011
Export of goods calculated on F.O.B. basis	23,640.91	29,596.78
Guarantee commission earned	427.83	202.88
Sale of Certified Emission Reductions	22.11	-

**NOTES** to Financial Statements for the year ended 31st March, 2012**NOTE 39 EMPLOYEE DEFINED BENEFITS AS PER AS-15 (REVISED): GRATUITY**

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
a) The amounts recognised in the Balance Sheet are as under:		
Present value of obligation	1,329.63	1,162.14
Fair value of Plan Assets	417.98	356.14
Net Assets/(liability) recognised in Balance Sheet as provision	(911.65)	(806.00)
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	1,162.14	1,129.71
Interest cost	87.52	81.50
Current Service Cost	152.59	67.15
Benefits paid	(149.99)	(152.22)
Actuarial (gain)/loss on obligation	77.37	36.00
Present value of obligation as at the end of the year	1,329.63	1,162.14
Fair value of plan assets as at the beginning of the year	356.14	337.98
Return on plan assets	34.51	12.79
Actuarial gain/(loss)	0.83	12.31
Contributions	88.49	145.28
Benefits paid	(61.99)	(152.22)
Fair value of plan assets as at the end of the year	417.98	356.14
c) The amounts recognised in the Statement of Profit and Loss are as under:		
Current Service Cost	152.59	67.15
Interest cost	87.52	81.50
Expected return on Plan Assets	(34.51)	(12.79)
Actuarial (gain)/loss on benefits paid	80.18	23.70
Expenses recognised in the Statement of Profit and Loss	285.78	159.56
d) Principal actuarial assumptions at the Balance Sheet date are as follows:		
Mortality Table (LIC)	1994-96	1994-96
Discount rate per annum	8.00%	8.05%
Rate of escalation in Salary (per annum)	6.00%	6.00%
Rate of return (expected) on plan assets	9.25%	
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.

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

NOTE 40 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.

Particulars	31.03.2012					31.03.2011				
	Ferro Alloys	Power	Sugar	Others	Total	Ferro Alloys	Power	Sugar	Others	Total
1. Segment Revenue (gross)	48,485.66	54,799.52	13,503.34	-	116,788.52	45,626.16	66,171.10	9,160.88	0.01	120,958.15
Less: Inter segment revenue	-	13,725.81	106.30	-	13,832.11	-	8,783.00	-	-	8,783.00
Segment Revenue (net)	48,485.66	41,073.71	13,397.04	-	102,956.41	45,626.16	57,388.10	9,160.88	0.01	112,175.15
2. Segment Result	5,332.38	15,016.69	954.36	(51.94)	21,251.49	520.14	30,184.92	(104.35)	(71.49)	30,529.22
3. Segment Result excluding inter segment margin	11,043.87	9,382.56	877.00	(51.94)	21,251.49	4,541.40	26,179.23	(119.92)	(71.49)	30,529.22
Add:										
Other unallocable income					3,200.67					2,259.55
Less:										
a) Finance Charges					1,610.13					2,159.07
b) Other unallocable expenditure					14.36					0.50
Profit before tax					22,827.67					30,629.20
Taxation for the year					4,747.00					250.57
Net Profit					18,080.67					30,378.63
4. Segment Assets	30,331.09	92,607.91	18,981.03	34.08	141,954.11	43,959.94	89,085.15	16,132.31	37.04	149,214.44
Unallocated					110,134.21					85,659.56
Total Assets					252,088.32					234,874.00
5. Segment Liabilities	3,384.55	4,182.53	2,987.43	11.94	10,566.45	3,003.61	2,987.06	2,590.31	11.95	8,592.93
Unallocated					241,521.87					226,281.07
Total liabilities					252,088.32					234,874.00
6. Capital expenditure	270.17	3,530.56	1,301.86	93.63	5,196.22	659.52	12,924.25	1,253.14	1,152.21	15,989.12
Depreciation	823.52	3,433.43	471.59	2.89	4,731.43	781.44	3,407.13	393.09	3.22	4,584.88
Non-cash expenses other than depreciation	0.94	8.06	9.56	0.08	18.64	30.88	54.91	77.93	0.42	164.14

**NOTES** to Financial Statements for the year ended 31st March, 2012**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	31.03.2012			31.03.2011		
	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.	792.97	165.78	22,274.63	279.07	438.63	34,511.86
Ferro Alloy Plant Kharagprasad, Dhenkanal Dist. Odisha	17.03	13.26	8,056.46	19.10	6.45	9,448.08
Power Plant Paloncha, Khammam Dist., A.P.	742.27	14.23	28,035.24	428.11	863.79	27,038.91
Power Plant Kharagprasad, Dhenkanal Dist. Odisha	211.40	2,624.10	52,312.97	134.06	11,914.41	50,522.43
Power Plant Dharmavaram, East Godavari Dist. A.P.	48.32	29.72	12,259.69	27.63	37.85	11,605.21

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.

NOTE 41

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 Statement of Profit and Loss.

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

NOTE 42 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. Ltd	
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 Private Limited	Associate Company

**NOTES** to Financial Statements for the year ended 31st March, 2012**b) Particulars of transactions during the year:**

Nature of transactions	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
i) Transactions with Key Management personnel:		
Sri D Ashok		
Remuneration	548.65	774.73
Sri P Trivikrama Prasad		
Remuneration	547.80	775.25
Sri C V Durga Prasad		
Remuneration	145.39	101.45
Sri G R K Prasad		
Remuneration	205.38	100.29
ii) Transactions with relatives of Key Management personnel:		
Dr D Rajasekhar		
Rent	14.94	14.94
Smt C Umamaheswari		
Rent	39.60	28.80
Smt G S P Kumari		
Rent	39.60	28.80
iii) Transactions with Subsidiaries:		
M/s.Nava Bharat (Singapore) Pte Limited		
Sale of finished goods	23,977.59	26,890.81
Guarantee Commission	311.22	202.88
Advances/Loans given/(received back)	(794.81)	529.74
Finance provided (Equity Contributions in Cash)	6,201.50	-
Guarantee provided	-	32,104.80
M/s.Maamba Collieries Limited		
Guarantee Commission	116.55	-
Project Support Services	262.14	-
Guarantee provided	19,839.30	-
M/s.Nava Bharat Projects Limited		
Services received	555.00	555.00
Finance provided (Equity Contributions in Cash)	4,668.00	1,940.00
M/s.Nava Bharat Realty Limited		
Finance provided (Equity Contributions in Cash)	-	(1,940.00)
M/s.Brahmani Infratech Private Limited		
Interest	270.00	180.00
Finance provided (Equity Contributions in Cash)	-	(2,151.00)
M/s.Nava Bharat Energy India Limited		
Rent earned	2.43	0.43
Interest earned	132.23	-
Advances/Loans given/(received back)	8,558.84	-

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

Nature of transactions	₹ in lakhs	
	31st March, 2012	31st March, 2011
iv) 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	112.42	114.13
c) Amount due from/(due to) related parties as at the year end:		

Sl. No.	Name of the party	₹ in lakhs	
		31st March, 2012	31st March, 2011
1.	Key Management personnel:		
	Sri D Ashok	(421.82)	(648.30)
	Sri P Trivikrama Prasad	(421.82)	(648.30)
2.	Subsidiaries:		
	M/s.Brahmani Infratech Private Limited	(81.00)	-
	M/s.Nava Bharat (Singapore) Pte. Limited	5,086.34	15,143.33
	M/s.Nava Bharat Realty Limited	17.00	17.00
	M/s.Nava Bharat Projects Limited	-	4,390.40
	M/s Nava Bharat Energy India Limited	8,558.84	-
	M/s Maamba Collieries Limited	592.02	-

NOTE 43 EARNINGS PER SHARE (E.P.S.)

	31st March, 2012	31st March, 2011
a) Net Profit as per Profit and Loss Account available for Equity Shareholders (₹ in lakhs)	18,080.67	30,378.63
b) Weighted average number of Equity Shares for Basic EPS	84,270,588	76,351,424
Add:		
Adjustment for Foreign Currency Convertible Bonds issued	-	6,450,449
Weighted average number of Equity Shares for diluted EPS	84,270,588	82,801,873
c) Nominal value of the share (₹)	2.00	2.00
d) Basic earnings per share (₹)	21.46	39.79
e) Diluted earnings per share (₹)	21.46	36.69

NOTE 44 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
Firms' Registration Number: 0005135

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 30th May 2012

for and on behalf of the Board

G.R.K. Prasad
Executive Director

T.Hari Babu
Chief Financial Officer

P. Trivikrama Prasad
Managing Director

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	Maamba Collieries Limited	PT Nava Bharat Sungai Cuka	PT Nava Bharat Indonesia	Kobe Green Power Co. Limited	Nava Bharat Africa Resources Pvt. Limited	Nava Bharat Projects Limited	Nava Bharat Energy India Limited	Brahmani Infratech Private Limited	Kinnera Power Company Limited	Nava Bharat Realty Limited	Nava Bharat Sugar and Bio Fuels Limited
2. Financial year of the subsidiary ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012
3. Shares of the subsidiary held by the Company on the above date:												
a) Number of Shares	31,606,870	57,315,846	475,000	475,000	160	100	454,020,000	250,250,000	41,499,998	50,000	2,50,000	2,50,000
Face value	16,870 Equity Shares of \$ 1/- each and 31,590,000 Equity Shares of US \$ 1/- each	57,315,846 Equity Shares of ZMK 1 each	475,000 Equity Shares of US \$ 1 each	475,000 Equity Shares of US \$ 1 each	160 Equity Shares of US \$ 100 each	100 Equity Shares of US \$ 10 each	454,020,000 Equity Shares of Rs.2/- each	250,250,000 Equity Shares of Rs.2/- each	41,499,998 Equity Shares of Rs.10/- each	50,000 Equity Shares of Rs.10/- each	2,50,000 Equity Shares of Rs.2/- each	2,50,000 Equity Shares of Rs.2/- each
b) Extent of holding	100.00%	65.00%	95.00%	95.00%	80.00%	100.00%	100.00%	100.00%	65.74%	50.30%	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 2012	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 2012 (₹ in lakhs)	USD 680,360 (₹ 346.10 lakhs)	(USD 1,149,227) (₹ 584.61 lakhs)	Nil	Nil	Nil	(USD 611,117) (₹ 310.88 lakhs)	6658.36	(255.99)	154.21	(0.43)	(0.56)	(0.32)
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 2012	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 2012 (₹ in lakhs)	USD 3,023,968 (₹ 1,538.29 lakhs)	(USD 5,781,157) (₹ 2,940.87 lakhs)	Nil	Nil	Nil	Nil	6931.95	18.28	195.71	(13.15)	(19.27)	(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

T.Hari Babu
Chief Financial Officer

M. Subrahmanyam
Company Secretary & Vice President

Place : Hyderabad

Date : 30th May 2012

CONSOLIDATED AUDITORS' REPORT

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, 2012, the consolidated Statement of Profit and Loss 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. Limited Singapore, whose financial statements reflect total assets of USD 162,523,789 equivalent to ₹ 82,675.85 lakhs, total revenue of USD 65,533,107 equivalent to ₹ 33,336.69 lakhs and net cash flows amounting to USD (31,160,039) equivalent to ₹ (15,851.11) lakhs. The consolidated financial statements of the said subsidiary for the year ended 31st March, 2012 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, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss 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.

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

P. Chandramouli

Partner

Membership Number: 025211

Place : Hyderabad

Date : 30th May 2012

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

Particulars	Notes	(₹ in lakhs)	
		31st March, 2012	31st March, 2011
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	1,787.01	1,528.55
Reserves and Surplus	05	229,467.91	187,496.76
		231,254.92	189,025.31
Minority Interest		(4,412.37)	(10,058.47)
Non - Current liabilities			
Long Term Borrowings	06	46,703.89	39,447.29
Deferred tax liabilities (Net)	07	3,467.44	2,060.87
Other Long - term liabilities	08	5,039.46	6,737.82
Long - term provisions	09	1,616.52	1,507.83
		56,827.31	49,753.81
Current liabilities			
Short term Borrowings	10	18,595.25	15,508.62
Trade Payables	11	15,999.33	11,133.54
Other Current liabilities	12	22,518.08	21,772.11
Short - term provisions	13	3,919.69	7,119.95
		61,032.35	55,534.22
Total		344,702.21	284,254.87
ASSETS			
Non - Current assets			
Fixed assets			
Tangible assets	14	73,806.98	72,781.58
Intangible Assets	15	26,807.60	21,162.88
Capital Work in Progress		91,807.10	30,211.27
Non - current investments	16	2,540.03	5,603.51
Long-term loans and advances	17	7022.45	12,782.56
Other non - current assets	18	177.89	69.96
		202,162.05	142,611.76
Current Assets			
Current investments	19	9,027.90	14,260.40
Inventories	20	32,965.62	29,625.44
Trade receivables	21	7,401.14	8,065.56
Cash and cash equivalents	22	55,363.75	67,209.45
Short-term loans and advances	23	25,234.15	20,526.96
Other current assets	24	12,547.60	1,955.30
		142,540.16	141,643.11
Total		344,702.21	284,254.87
Notes forming part of financial statements	01 - 45		

per our report of even date.

for **Brahmayya & Co,**

Chartered Accountants

Firms' Registration Number: 0005135

P. Chandramouli

Partner

Membership Number: 025211

Place : Hyderabad

Date : 30th May 2012

for and on behalf of the Board

G.R.K. Prasad

Executive Director

T. Hari Babu

Chief Financial Officer

P. Trivikrama Prasad

Managing Director

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman

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

Particulars	Notes	(₹ in lakhs)	
		31st March, 2012	31st March, 2011
INCOME			
Revenue from operations	25	99,480.82	109,046.66
Other Income	26	17,049.51	13,776.40
Total Revenue		116,530.33	122,823.06
EXPENSES			
Cost of Materials Consumed	27	27,378.16	33,997.13
Purchase of traded goods	28	542.86	305.09
(Increase)/Decrease in Inventories	29	685.45	(617.27)
Employee benefit expense	30	9,153.56	7,093.43
Finance Costs	31	2,802.39	4,104.84
Depreciation and amortisation expense	32	5,145.80	4,706.10
Other expenses	33	43,928.51	38,569.39
Adjustments to the carrying amount of investments		551.29	22.59
		90,188.02	88,181.30
Less: Transfer to Capital Work In Progress	34	474.42	565.43
Total Expenses		89,713.60	87,615.87
Profit Before Exceptional Items and Tax		26,816.73	35,207.19
Exceptional Items	35	5,232.57	-
Profit After Exceptional Items and Tax		32,049.30	35,207.19
Tax Expense			
Current Tax		6,741.31	7,611.78
Deferred Tax		1,406.58	39.35
Earlier years		(1.17)	191.23
MAT Credit Entitlement		(1,271.00)	(5,655.00)
		6,875.72	2,187.36
Profit for the year from continuing operations		25,173.58	33,019.83
Minority share (loss)		3,239.34	1,316.60
Profit for the year after minority share		28,412.92	34,336.43
Earnings Per Equity Share of ₹ 2/- Each			
Basic		33.72	44.97
Diluted		33.72	41.47
Notes forming part of financial statements	01 - 45		

per our report of even date.

 for **Brahmayya & Co,**

Chartered Accountants

Firms' Registration Number: 0005135

P. Chandramouli

Partner

Membership Number: 025211

Place : Hyderabad

Date : 30th May 2012

for and on behalf of the Board

G.R.K. Prasad

Executive Director

T. Hari Babu

Chief Financial Officer

P. Trivikrama Prasad

Managing Director

M. Subrahmanyam

Company Secretary & Vice President

D. Ashok

Chairman



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

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit after Minority Share and before Tax and extraordinary items	30,056.07	36,523.79
Adjustments for:		
Interest earned	(2,744.03)	(915.14)
Excess Provisions written back	(70.61)	(69.30)
Input tax Credit written off	-	55.21
Bad debts and Advances written off	14.47	388.19
Investments written off	-	0.12
Depreciation and amortisation expense	5,145.80	4,706.10
Assets discarded	3.20	22.10
Profit on sale of Assets	(169.01)	111.85
Net (Gain)/loss on Sale of non current investments	(8,058.70)	(7,890.93)
Net (Gain)/loss on Sale of current investments	(3,155.39)	(23.58)
Adjustment to the carrying amount of investments	551.29	22.59
Interest from Non-Current Investments	(39.78)	(35.43)
Dividend from Non-Current investments	(149.94)	(2,374.76)
Dividend from Current investments	(989.51)	(1,415.32)
Interest (excluding the amount capitalised)	1,621.79	2,607.39
Effect of exchange rate change	(1,445.25)	276.53
Operating Profit before Working Capital Changes	20,570.40	31,989.41
Adjustments for:		
Increase/(decrease) in other long term liabilities	(1,698.36)	5,725.87
Increase/(decrease) in long term provisions	108.69	91.40
Increase/(decrease) in trade payables	4,865.79	1,428.03
Increase/(decrease) in other current liabilities	3,409.83	(1,767.01)
Increase/(decrease) in minority interest	5,646.10	(10,080.94)
(Increase)/decrease in long term loans and advances	8,657.15	(4,457.29)
(Increase)/decrease in other non-current assets	(107.93)	(95.80)
(Increase)/decrease in inventories	(3,340.18)	(1,678.39)
(Increase)/decrease in receivables	649.95	1,065.51
(Increase)/decrease in short term loans and advances	(2,307.24)	2,247.92
(Increase)/decrease in other current assets	(9,552.95)	(656.10)
Cash generated from Operations	26,901.25	23,812.61
Direct Taxes paid	(9,028.61)	(5,676.21)
Cash flow before extraordinary items	17,872.64	18,136.40
Extraordinary items	5,232.57	-
Net Cash from Operating Activities (A)	23,105.21	18,136.40
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Loan given	(2,897.04)	-
Purchase of fixed assets (excluding Interest capitalised) including tangible assets and Capital work-in-progress	(67,419.05)	(42,689.91)

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

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
Proceeds from sale of fixed assets	266.50	655.88
Purchase of non-current Investments (including advances)	(49.89)	(5,703.18)
Purchase of current Investments	(180,083.14)	(265,928.02)
Proceeds from sale of non-current Investments	11,157.71	8,370.11
Proceeds from sale of current Investments	188,033.16	260,404.57
Investments in bank deposits (having original maturity of more than three months)	16,861.58	18,146.03
Interest received	1,744.46	580.86
Dividend received	1,139.45	3,825.51
Net Cash used in Investing Activities (B)	(31,246.26)	(22,338.15)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Shares	12,304.55	123.57
Proceeds from short term borrowings	3,086.63	(808.28)
Proceeds from long term borrowings (net)	4,749.18	31,033.02
Interest paid (including interest capitalised)	(2,014.69)	(3,044.50)
Dividend paid	(4,968.74)	(7,458.23)
Net Cash generated In Financing Activities (C)	13,156.93	19,845.58
Net Increase In cash and cash equivalents (A+B+C)	5,015.88	15,643.83
Cash and Cash equivalents at the beginning of the year	50,155.48	34,511.65
Cash and Cash equivalents at the end of the year	55,171.36	50,155.48
Notes:		
Cash and Cash equivalents include:		
Cash and Cheques on hand	8.68	121.10
Balances with Banks:		
On Current accounts	12,674.91	19,810.21
On Unpaid Dividend Accounts	171.80	162.98
On Cash Credit accounts	71.18	110.59
Deposits with maturity of less than 3 months	41,843.65	29,515.70
Margin Money Deposits	401.14	434.90
Cash and Cash equivalents considered for cash flow	55,171.36	50,155.48

per our report of even date.
for **Brahmayya & Co,**
Chartered Accountants
Firms' Registration Number - 0005135

P. Chandramouli
Partner
Membership Number 025211

Place : Hyderabad
Date : 30th May 2012

T.Hari Babu
Chief Financial Officer

M. Subrahmanyam
Company Secretary & Vice President

for and on behalf of the Board

G.R.K. Prasad
Executive Director

P. Trivikrama Prasad
Managing Director

D. Ashok
Chairman

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

01 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, 2012 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
Nava Bharat Africa Resources Pvt Limited	Mauritius	100.00
Kobe Green Power Co. Limited	Japan	80.00
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.

c) **Principles of consolidation:**

The consolidated financial statements have been prepared based on a line-by-line consolidation of Profit and Loss and Balance Sheet. All inter-company balances and transactions are eliminated on consolidation.

d) **Goodwill:**

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.

Particulars	(₹ in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
NOTE 02 MINORITY INTEREST:		
25,000 shares in the Share Capital of PT Nava Bharat Sungai Cuka	12.72	11.15
25,000 shares in the Share Capital of PT Nava Bharat Indonesia	12.72	11.15
3,08,62,154 Shares in the Share Capital of Maamba Collieries Limited	3.49	3.07
40 Shares in the Share Capital of Kobe Green Power Co. Limited	2.03	-
2,16,25,002 Equity shares in the Share Capital of Brahmani Infratech Pvt Ltd	2,162.50	2,162.50
Share in Reserves	(6,605.83)	(12,246.34)
Total	(4,412.37)	(10,058.47)

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

03 SIGNIFICANT ACCOUNTING POLICIES:

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

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

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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.

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) Prior period items

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



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

h) Investments

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

i) 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 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.

j) 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. Income from Services:

Revenue is recognised as and when the conversion job is completed irrespective of the billing.

iii. Interest and guarantee commission:

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

iv. Dividends:

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

v. Export Benefits:

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

vi. Other Sundry incomes

Insurance claims and conversion escalations are accounted for on realisation.

k) 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 on the date of the transaction.

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

- ii. Conversion
Foreign currency monetary items 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.

l) 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.

m) 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 Statement of profit and loss 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 Statement of profit and loss 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 Statement of profit and loss in the year of payment.

n) 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.

o) 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.



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

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.

p) **Earnings per Share (Basic and Diluted)**

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

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

q) **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 Statement of profit and loss 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 Statement of profit and loss. Costs, including depreciation are recognised as an expense in the Statement of profit and loss.

r) **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.

s) **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.

t) **Contingent Liabilities**

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

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

u) 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.

v) Dividends

Dividend as recommended by the Board of Directors is provided for in the accounts pending shareholders/lending institutions approval.

(₹ in lakhs)

	31st March, 2012	31st March, 2011
NOTE 04 SHARE CAPITAL		
Authorised		
25,00,00,000 Equity Shares of ₹ 2/- each	5,000.00	5,000.00
Total	5,000.00	5,000.00
Issued and Subscribed		
8,95,39,216 (previous year 7,66,16,143) Equity Shares of ₹ 2/- each	1,790.78	1,532.32
Total	1,790.78	1,532.32
Paid Up		
8,92,87,741 (previous year 7,63,64,668) Equity Shares of ₹ 2/- each fully paid up	1,785.75	1,527.29
Add: Forfeited Shares(amount originally paid up)	1.26	1.26
Total	1,787.01	1,528.55

(₹ in lakhs)

	31st March, 2012	31st March, 2011
NOTE 05 RESERVES AND SURPLUS:		
Capital Reserves:		
As per last Balance Sheet	60.20	60.20
Capital Redemption Reserve:		
As per last Balance Sheet	826.39	826.39
	826.39	826.39
Securities Premium Reserve:		
As per last Balance Sheet	14,168.13	14,046.74
Add: Received during the year	12,046.09	121.39
	26,214.22	14,168.13
Contingency Reserve:		
As per last Balance Sheet	8,100.00	8,100.00
Less: Transferred to surplus	8,100.00	-
	-	8,100.00
General Reserve:		
As per last Balance Sheet	67,852.40	57,852.40
Add : Additions during the year	5,000.00	10,000.00
Closing Balance	72,852.40	67,852.40

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 05 RESERVES AND SURPLUS: (Contd.)		
Other Reserves:		
Subsidies:		
As per last Balance Sheet	33.60	33.60
Foreign Currency Translation Reserve (arising on consolidation)		
As per last Balance Sheet	(5,334.68)	(5,791.08)
Additions/(deletions) during the year	4,449.51	456.40
Closing Balance	(885.17)	(5,334.68)
Asset Replacement Reserve:		
As per last Balance Sheet	1.71	-
Additions/(deletions) during the year	(1.71)	1.71
Closing Balance	-	1.71
Surplus i.e. balance in Statement of Profit and Loss		
As per last Balance Sheet	101,789.01	83,413.02
Add : Net profit after tax transferred from Statement of Profit and Loss	28,412.92	34,336.43
Transferred from Contingency Reserve	8,100.00	-
Transfer from Asset Replacement Reserve	1.95	-
Excess provision of Dividend written back *	982.08	-
Amount available for appropriation	139,285.96	117,749.45
Appropriations:		
General Reserve	5,000.00	10,000.00
Dividend On Equity Capital	3,372.57	5,128.47
Corporate Dividend Tax	547.12	831.97
Closing Balance	130,366.27	101,789.01
Total	229,467.91	187,496.76

* Refers to the amount provided for the year ended 31st March, 2011 on the expected conversion of FCCBs into equity capital, which was no longer payable as such conversion was not taken place before the book closure.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 06 LONG TERM BORROWINGS		
Non-Current portion		
Term Loans [Secured]		
Indian Rupee Loan from Banks		
IDBI Bank Limited (i)	851.00	2,000.00
State Bank of India (ii)	-	493.40
Andhra Bank (ix)	440.00	-
Bank of Baroda (ix)	309.00	-

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 06 LONG TERM BORROWINGS (Contd.)		
State Bank of Hyderabad (ix)	309.00	-
UCO bank (ix)	180.00	-
Punjab & Sind Bank (ix)	129.00	-
ICICI Bank Ltd (x)	8,139.71	8,918.00
Australia and New Zealand Banking Corporation Ltd (x)	10,174.00	8,918.00
Standard Chartered Bank (x)	24,040.17	8,918.00
Foreign Currency Loan from Banks		
Bank of India (iv)	2,066.63	4,134.26
IDBI Bank Limited (iv)	-	2,934.55
Other Loans and Advances [Unsecured]		
From other Bodies Corporate (vi)	30.01	30.01
Deferred Sales Tax Liability (vii)	35.37	35.37
ZCCM Investment Holding Plc	-	3,065.70
Total	46,703.89	39,447.29
Current maturities		
(Shown under Current liabilities)		
Bonds [Unsecured]		
Foreign Currency Convertible Bonds	-	13,995.52
Term Loans [Secured]		
Indian Rupee Loan from Banks		
IDBI Bank Limited (i)	1,587.00	750.00
State Bank of India (ii)	493.40	506.50
Medium Term Loans from Banks (iii)	-	304.17
Foreign Currency Loan from Banks		
Bank of India (iv)	2,067.63	1,897.79
IDBI Bank Limited (v)	2,934.55	192.13
Andhra Bank (viii)	8,056.11	-
Total	15,138.69	17,646.11

* The above loans 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/charge created above shall rank pari-passu with the charges created/to be created in favour of other Financial Institutions/Banks.

* The above loans are also guaranteed by some of the Directors of the Company in their personal capacity.

- i) Carries floating rate of interest (at present 12.75% p.a.) payable monthly. The loan is repayable in 24 quarterly installments of ₹ 529.00 lakhs and the first installment falls due on 1st July, 2012.
- ii) Carries floating rate of interest (at present 14.00% p.a.) payable monthly. The Loan is repayable in 20 quarterly installments of ₹ 125.00 lakhs commencing from 30th June, 2008.

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

- iii) Interest free loans are repayable in 24 monthly installments of ₹ 29.76 lakhs commencing from two years from the date of disbursement.
- iv) Carries interest at 6 months LIBOR plus 1.50% (at present 1.8357% p.a.). The Loan is repayable in 24 quarterly installments of JPY 83,340,000/- commencing from 9th June, 2008.
- v) The loans along with interest (at present 6 months LIBOR plus 3.30% p.a.) are repayable after 179 days but before 360 days at the option of the Company, from the respective drawdown.
- vi) Non-Interest bearing and repayment terms are not stipulated.
- vii) Non-Interest bearing loan repayable in 2 installments, the first being ₹ 26.48 lakhs on 1st April, 2013 and ₹ 8.89 lakhs on 1st April, 2014.
- viii) Secured by a related party by providing 100% cash margin to the lenders. The loan along with the interest is repayable after 177 days but before 334 days at the option of the Company, from the respective drawdown.
- ix) The loans from IDBI Bank Limited, Andhra Bank, Bank of Baroda, State Bank of Hyderabad, UCO Bank, and Punjab & Sindh Bank are secured by a first charge created in favour of security trustee on the present and future fixed assets and a Second charge on the Current assets of the Company and also pledge of 65,065,000 equity shares held by the Promoter representing 26% of issued and paid up share Capital of the Company with trustee, ranking pari passu with all the lenders.

The lenders have an option to demand for conversion of their loans together with interest into equity in the event of default, for which the Company has agreed in terms of the common loan agreement entered into.

The term loans carry interest @14% payable monthly. The Loans are repayable in 36 quarterly equal installments and the first of such instalment falls due on 30th June, 2013.

- x) The bank borrowings shall be secured by a corporate guarantee from the holding company and an exclusive first ranking charge over the Debt Service Reserve Account (DSRA) of the Company. The interest and repayment schedule are as follows:

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

(₹ in lakhs)

	31st March, 2012	31st March, 2011
NOTE 07 DEFERRED TAX LIABILITIES (NET)		
Liability:		
Difference between book and tax depreciation	4,295.86	2,823.95
Gross liability	4,295.86	2,823.95
Asset:		
Provision for : Employee benefits	295.79	267.73
: Other expenses	518.22	485.37
: Diminution in the value of investments	14.41	9.98
Gross Asset	828.42	763.08
Total	3,467.44	2,060.87

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 08 OTHER LONG TERM LIABILITIES		
Others:		
Security deposits	66.09	88.44
Retention Deposits	612.10	659.61
Other payables	4,361.27	5,989.77
Total	50,39.46	6,737.82

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 09 LONG TERM PROVISIONS		
Provision for employee benefits:		
Provision for Leave Encashment	694.43	682.95
Provision for Gratuity	922.09	824.88
Total	1,616.52	1,507.83

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 10 SHORT TERM BORROWINGS		
Working Capital Loans from Banks (secured)	6,775.21	3,894.31
Deposits (unsecured)	3,000.00	3,000.00
Loans (unsecured)	8,820.04	8,614.31
Total	18,595.25	15,508.62

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.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 11 TRADE PAYABLES		
Dues to Micro and Small Enterprises	506.31	657.59
Dues to other than Micro and Small Enterprises	15,493.02	10,475.95
Total	15,999.33	11,133.54

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 12 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings (Refer Note 06)	15,138.69	17,646.11
Share Application Money pending allotment	729.83	814.58
Unpaid Dividends **	172.60	162.98
Due to Directors	863.65	1,311.59
Interest Accrued but not due	320.20	415.65
Pre Received Income	13.00	-
Advance from Customers	86.15	110.74
Bills Discounted with Banks	1,395.54	-
Other Payables	3,798.42	1,310.46
	22,518.08	21,772.11

**Appropriate amount shall be transferred to "Investor Education and Protection Fund" as and when due.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 13 SHORT TERM PROVISIONS		
Other Provisions:		
Provision for Dividend	3,372.57	5,128.47
Provision for Corporate Dividend Tax	547.12	831.97
Provision for Income Tax (net of Advance Tax and TDS)	-	1,159.51
	3,919.69	7,119.95

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

NOTE 14 TANGIBLE ASSETS:

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1st April, 2011	Prior period adjustment	Additions	Deductions *	As at 31st March, 2012	Upto 01.04.2011	Prior period adjustment	For the year	On deductions **	Upto 31st March, 2012	As at 1st April, 2011
1. Land- Freehold	8,188.47	-	362.56	-	8,551.03	6.17	-	1.53	-	7.70	8,188.47
- Lease Hold	140.33	-	-	-	140.33	-	-	-	-	-	134.16
2. Buildings- Factory	8,995.90	-	511.96	8.36	9,499.50	1,886.75	-	300.91	8.36	2,179.30	7,109.15
- Leasehold	442.80	4.99	484.89	(62.32)	995.00	29.75	5.42	12.61	(4.19)	51.97	943.03
- Others	3,807.13	-	502.08	2.81	4,306.40	427.42	-	69.89	2.55	494.76	3,379.71
3. Plant and Equipment	76,731.21	550.88	3,188.70	219.97	80,250.82	24,829.27	548.53	4,199.12	192.07	29,384.85	51,901.94
4. Furniture and Fixtures	429.33	0.58	146.23	(3.52)	579.66	289.20	1.18	51.11	(3.12)	344.61	140.13
5. Vehicles	666.25	196.93	496.18	38.03	1,321.33	277.34	199.57	176.42	24.27	629.06	388.91
6. Office Equipment	747.83	-	49.09	17.77	779.15	497.57	0.95	80.52	14.45	564.59	250.26
7. Air conditioners and Coolers	205.81	-	15.52	2.12	219.21	80.06	-	18.60	1.75	96.91	125.75
8. Railway Sidings	355.71	-	150.64	-	506.35	71.38	-	20.11	-	91.49	284.33
9. Other Assets	168.47	-	86.20	-	254.67	79.35	-	17.50	-	96.85	89.12
10. Power Lines ***	423.19	-	-	-	423.19	46.59	-	30.98	-	77.57	376.60
Total	101,302.43	753.38	5,994.05	223.22	107,826.64	28,520.85	755.65	4,979.30	236.14	34,019.66	72,781.58
Previous Year	96,743.27	-	5,291.49	732.33	101,302.43	24,082.62	-	4,560.60	122.37	28,520.85	72,660.65

Note:

- * Includes the foreign currency translation difference between the year beginning and ending rates, gain amounting to ` 135.97 lakhs (Previous year gain ` 179.50 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 ₹ 20.09 lakhs (Previous year gain ₹ 0.37 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.
- a) the Company's land of about 5.08 acres was given possession to IMs-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 ₹ 15.71 lakhs (previous year ₹ 1.23 lakhs) admeasuring 14.06 acres and 23 guntas (previous year 6 acres 23 guntas) is yet to be transferred in the name of the Company.
- c) The title in respect of land costing ₹ 26.06 lakhs admeasuring 5.05 acres allotted by APIC Ltd during the year 2009-10, is yet to be transferred in the name of the Company.
- d) Cost of leasehold land amounting to ₹ 140.33 lakhs represents the premium paid to the State Government of Odisha 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 Government by giving 6 months notice in writing during the tenure of lease.

NOTE 15 INTANGIBLE ASSETS:

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK		
	As at 1st April, 2011	Additions	Deductions *	As at 31st March, 2012	Upto 01.04.2011	Prior period adjustment	For the year	On deductions	Upto 31st March, 2012	As at 1st April, 2011	
1. Computer Software	265.15	94.18	-	359.33	100.45	-	94.03	-	194.48	164.85	164.70
2. Water drawing Rights	898.70	-	-	898.70	198.89	-	72.47	-	271.36	627.34	699.81
3. Goodwill	20,298.37	32.45	(5,684.59)	26,015.41	-	-	-	-	-	26,015.41	20,298.37
Total	21,462.22	126.63	(5,684.59)	27,273.44	299.34	-	166.50	-	465.84	26,807.60	21,162.88
Previous Year	985.15	20,477.07	-	21,462.22	153.84	122.37	145.50	299.34	21,162.88	831.31	

Note:

- * Includes the foreign currency translation difference between the year beginning and ending rates, gain amounting to ₹ 5684.59 lakhs (Previous year ₹ nil) which is adjusted against Foreign Currency Translation Reserve.

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 16 NON - CURRENT INVESTMENTS		
i. Trade investments (at cost unless otherwise stated)		
Investment in Other Companies		
Investment in Equity Instruments, fully paid up (quoted)		
200 shares of ₹ 10/- each in Kothari Sugars & Chemicals Limited #	0.01	0.01
2,857 shares of ₹ 10/- each in The Jeypore Sugar Company Limited	1.16	1.16
Investment in Preference Instruments, fully paid up (unquoted)		
1,35,500 - 6% Shares of ₹ 100 each in Rio Realty Private Limited	135.50	135.50
1,30,000 - 6% Shares of ₹ 100 each in Juventus Infrastructure & Projects Private Limited	130.00	130.00
7,36,000 - 6% Shares of ₹ 100 each in A9 Realty Private Limited	736.00	736.00
90,000 - 6% Shares of ₹100 each in Down Town Infra & Projects Private Limited	90.00	90.00
7,00,000 - 6% Shares of ₹ 100 each in Sri Gruha Private Limited	700.00	700.00
Investment in Equity Instruments, fully paid up (unquoted)		
17 shares of ₹ 10/- each in AP Gas Power Corporation Limited	0.00	0.00
6,46,600 shares of ₹ 10/- each in Malaxmi Highway Private Limited	64.66	64.66
- (Previous year: 42,30,480) Shares of ₹10 each in Navabharat Power Private Limited	-	423.05
150 Shares of USD 1/- each in Indo Coal Ventures Limited	0.05	-
100 Shares of USD 10/- each in Nava Bharat Africa Resources Pvt Limited	-	0.45
ii. Non -trade investments (at cost unless otherwise stated)		
a. Investment in Other Companies		
Investment in Equity Instruments, fully paid up (quoted)		
63,300 equity shares of ₹ 10/- each in Avanthi Leathers Limited #	0.63	0.63
76,830 equity shares of ₹ 10/- each in NB Footwear Limited #	3.17	5.96
1,500 shares of ₹ 10/- each in Avanthi Feeds Limited	0.15	0.15
8,000 shares of ₹ 10/- each in IDBI Bank Limited	6.50	6.50
22,800 shares of ₹ 10/- each in Andhra Bank	2.28	2.28
12,284 shares of ₹ 1/- each in Tata Consultancy Services Limited	26.10	26.10
9,651 shares of ₹ 10/- each of MOIL Limited @	24.15	36.19
Investment in Equity Instruments, fully paid up (unquoted)		
75,000 shares of ₹ 10/- each in Srinivasa Cystine Limited	5.00	5.00
- (Previous year: 8,000) shares of ₹ 10/-each in Gunnam Subba Rao Investments Private Limited	-	0.08
8,000 (Previous year: nil) shares of ₹ 10/-each in GSR Advisory Services Private Limited	0.28	-
b. Investment in Bonds (unquoted)		
500 bonds of ₹ 100,000/- each in Indian Infrastructure Finance Company Limited	511.15	511.15

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 16 NON - CURRENT INVESTMENTS (Contd.)		
c. Investments in Government Securities (unquoted)		
6 years National Savings Certificates *	3.24	3.24
Rural Electrification bonds (non-trade)	100.00	50.00
d. Dual Currency Certificates (unquoted)		
XAU-USD	-	2,675.40
Total	2,540.03	5,603.51
# Current year: at Cost less diminution; Previous year at Cost less diminution		
@Current year: at Cost less diminution; Previous year at Cost		
Aggregate amount of quoted investments	64.15	78.98
Aggregate market value of quoted investments	211.17	240.31
Aggregate amount of unquoted investments	2,475.88	5,524.53
Aggregate provision for diminution in the value of investments	44.42	30.06

* 6 year National Savings Certificates are in the names of employees of the Company and the Certificates in respect of face value of Rs 3.19 lakhs (Previous year Rs. 3.19 lakhs) were pledged with various Government Departments as security.

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 17 LONG TERM LOANS AND ADVANCES		
Secured, considered good		
Capital Advances	582.96	-
(Unsecured, considered good)		
Capital Advances		
Other advances	2,589.67	11,864.63
Security Deposits	784.15	792.33
Other loans and advances		
Loan to a non-corporate body	2,897.04	-
Staff loans	168.63	125.60
Total	7,022.45	12,782.56

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 18 OTHER NON-CURRENT ASSETS		
Non-current bank balances (refer note 22)	177.89	69.96
Total	177.89	69.96



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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 19 CURRENT INVESTMENTS		
(Valued at lower of Cost or Market Value)		
DSP Black Rock FMP-Series 42	250.00	-
IDFC Fixed Maturity Plan - Series 74	100.00	-
Kotak Floater Short Term	50.03	-
Reliance Quarterly Interval Funnr Series-III	960.00	-
Taurus Quarterly Interval Fund	954.22	-
Canara Robeco Quarterly Interval Scheme Series-2	-	950.00
Kotak Floater Long Term	-	952.02
Birla Sunlife Short Term Opportunities Fund -1	-	541.43
Birla Sunlife Short Term Opportunities Fund -2	-	1,042.58
Exim Bank of India	-	441.22
State Bank of India PERP FRN and EMTN	1,121.41	982.18
ICICI Bank UK FRN	1,986.48	2,453.56
Axis Bank EMTN	381.53	1,492.43
Bank of Baroda	518.87	2,231.11
Bank of India FRN EMTN	1,025.54	455.26
Standard Chartered Bank PERP	-	833.39
IDBI Bank FRN	1,025.54	898.93
Reliance Holdings USA	-	898.31
Canara Bank	508.19	-
Barclays Bank	495.98	-
Add: Fair value adjustment in respect of investments held by a foreign subsidiary	(349.89)	87.98
	9,027.90	14,260.40

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 20 INVENTORIES		
At cost:		
Raw Materials	7,226.74	11,885.96
Raw Material-in-transit	13.28	648.71
Fuel for power generation	7,885.95	2,784.08
Work in Progress	53.25	38.65
Finished Goods	12,023.50	8,570.73
Stock-in-trade	1,049.27	1,580.79
Stores and Spares	3,602.95	2,882.19
Spares-in-transit	19.30	-
Others	18.04	150.63
At realisable value:		
Finished Goods	1,072.45	1,082.07
Scrap	0.89	1.63
Total	32,965.62	29,625.44

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 21 TRADE RECEIVABLES		
(Unsecured, considered good)		
Due over six months	105.82	846.28
Due for less than six months	7,295.32	7,219.28
Total	7,401.14	8,065.56
NOTE 22 CASH AND CASH EQUIVALENTS		
Current portion		
Balances with Banks:		
On Current accounts	12,674.91	19,810.21
On Unpaid Dividend Accounts	171.80	162.98
On Cash Credit accounts	71.18	110.59
Deposits with maturity of less than 3 months *	41,843.65	29,515.70
Cheques/Drafts on hand	6.32	115.58
Cash on Hand	2.36	5.52
Other bank balances:		
Deposits with maturity of more than 12 months	-	12,024.96
Deposits with maturity of more than 3 months and less than 12 months	192.39	5,029.01
Margin Money Deposits	401.14	434.90
Total	55,363.75	67,209.45
Non- Current portion		
Other Bank Balances		
Margin Money Deposits	177.89	69.96
Total	177.89	69.96
NOTE 23 SHORT TERM LOANS AND ADVANCES		
Loans and Advances to related parties:		
(Unsecured, considered good)		
Other Advances	19.78	-
	19.78	-
Other loans and advances:		
(Secured, considered good)		
Loans to contractors	16.55	16.14
(Unsecured, considered good)		
Loans to other Corporates	11.87	-
Advances recoverable in cash or kind	7,841.69	5,613.24
Loans to service providers	12.25	27.25
Advance Income Tax (net of provision)	1,128.95	-
MAT Credit Entitlement	15,351.21	14,080.21
Staff Advances	86.66	123.81
Prepaid Expenses	571.21	479.93
Balance with Central Excise Dept	193.98	186.38
	25,214.37	20,526.96
Total	25,234.15	20,526.96

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 24 OTHER CURRENT ASSETS		
Other Receivables	8,606.80	1,550.69
Accrued Job Charges	429.37	-
Interest Accrued	1,443.96	404.61
Others	2,067.47	-
Total	12,547.60	1,955.30

	₹ in lakhs	
	31st March, 2012	31st March, 2011
NOTE 25 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	27,302.39	53,147.41
Energy	52,881.60	65,603.15
	80,183.99	118,750.56
Less: Inter Divisional transfers	13,832.11	8,783.00
	66,351.88	109,967.56
Traded goods	26,723.47	313.61
Sale of services	6,332.94	-
Other Operating Revenue		
Export Incentives	1,845.75	399.85
Revenue from Operations (Gross)	101,254.04	110,681.02
Less: Excise Duty	1,773.22	1,634.36
Revenue from Operations (Net)	99,480.82	109,046.66

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 26 OTHER INCOME		
Interest Income:		
Bank Deposits	2,203.05	836.91
Non Current Investments	39.78	35.43
Others	540.98	78.23
Dividend Income:		
Non Current Investments	149.94	2,374.76
Current investments	989.51	1,415.32
Net Gain/(loss) on Sale of non current investments	8,058.70	7,890.93
Net Gain/(loss) on Sale of current investments	3,155.39	23.58
Other Non Operating Income (net of expenses)		
Claims received/receivable	1.46	56.23
Net Gain on Sale of Tangible Assets	169.01	-
Rents earned	52.49	46.59
Excess provisions/credit balances written back	70.61	69.30
Miscellaneous Receipts	1,618.59	949.12
Total	17,049.51	13,776.40

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 27 COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	12,793.14	11,995.96
Add: Purchases of materials	22,767.75	34,794.31
	35,560.89	46,790.27
Less: Inventory at the end of the year	8,182.73	12,793.14
Cost Of Materials Consumed	27,378.16	33,997.13

	₹ in lakhs	
	31st March, 2012	31st March, 2011
NOTE 28 PURCHASE OF TRADED GOODS		
Fertilisers	426.10	251.31
PVC Pipes	65.36	30.19
Others	51.40	23.59
Total	542.86	305.09

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 29 (INCREASE)/DECREASE IN INVENTORIES		
Inventories at the end of the year		
Traded goods	53.25	38.65
Finished Goods	9,485.01	9,652.80
Work in Progress	1,049.27	1,580.79
Scrap	0.89	1.63
	10,588.42	11,273.87
Inventories at the beginning of the year		
Traded goods	38.65	29.86
Finished Goods	9,652.80	10,164.44
Work in progress	1,580.79	462.30
Scrap	1.63	-
	11,273.87	10,656.60
(Increase)/decrease in inventories	685.45	(617.27)

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 30 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	7,993.78	6,004.41
Contribution to Provident and Other Funds	329.19	286.81
Staff Welfare Expenses	413.28	463.03
Retirement Benefits	417.31	339.18
Total	9,153.56	7,093.43

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 31 FINANCE COSTS		
Interest	1,919.24	2,867.15
Bank Charges and Commission	217.86	339.22
Prompt Payment Rebate	665.09	898.30
Applicable loss on foreign currency fluctuation	0.20	0.17
Total	2,802.39	4,104.84

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 32 DEPRICIATION AND AMORTISATION EXPENSE		
Depreciation on Tangible Assets	4,979.30	4,553.55
Amortisation of Intangible Assets	166.50	152.55
	5,145.80	4,706.10

	₹ in lakhs	
	31st March, 2012	31st March, 2011
NOTE 33 OTHER EXPENSES		
Power and Fuel	27,036.39	23,632.02
Other Manufacturing Expenses	1,977.34	1,772.14
Central Excise Duty*	(17.30)	1.48
Administrative Expenses	2,153.72	-
Rent	224.96	149.23
Rates and Taxes	1,190.36	1,101.03
Freight and Transportation	1,607.39	1,756.33
Cane Development Expenses	911.78	785.95
Insurance	431.33	431.71
Payments to Auditors		
as auditors	29.24	28.71
for tax audit	6.74	5.51
for tax representation	2.39	2.80
for certification and other services	7.89	6.19
for expenses	0.25	0.25
Repairs and Maintenance to:		
Machinery	2,771.81	2,601.84
Buildings	983.45	703.40
Other Assets	54.76	45.61
General Charges	2,847.08	4,727.67
Foreign Exchange Fluctuations	1,653.32	679.59
Assets Discarded	3.20	22.10
Net Loss on Sale of Assets	-	111.85
Expenditure relating to earlier years	52.41	3.98
Total	43,928.51	38,569.39

* Excise Duty represents the aggregate of Excise Duty borne by the Company and the difference between Excise Duty on opening and closing stock of finished/saleable goods.

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

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 34 TRANSFERRED TO CAPITAL WORK-IN-PROGRESS:		
Salaries, Wages and Bonus	59.84	39.23
Contribution to Provident and Other Funds	6.88	5.47
Staff Welfare Expenses	1.20	3.57
Interest	297.45	259.76
Bank Charges and Commission	38.10	40.02
Power and Fuel	2.14	6.33
Rent	-	0.35
Rates and Taxes	6.90	140.69
Insurance	38.07	65.58
General Charges	23.84	4.43
	474.42	565.43
Less: Miscellaneous Receipts	49.29	40.04
Total	425.13	525.39

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
NOTE 35 EXCEPTIONAL ITEMS:		
Mineral royalty taxes forgiveness	35.34	-
PAYE penalties forgiveness	1,433.71	-
Corporate tax liability forgiveness	2,568.69	-
Excess provision now reversed	1,194.83	-
Total	5,232.57	-

NOTE 36

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.

NOTE 37

- i) Disclosure of Sundry Creditors under Trade Payables 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".

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

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	506.31	657.59
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

NOTE 38

The Company uses derivative financial instruments such as forward contracts and currency swap to hedge currency exposures, present and anticipated, denominated mostly in USD 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:

- Derivative contracts outstanding as at the year end: nil (previous year: nil)
- Foreign currency exposure not hedged by derivative instruments:

Particulars	Currency	(lakhs)	
		31st March, 2012	31st March, 2011
Term Loans repayable	JPY	6,665.60	11,207.20
	USD	242.78	70.12
Payables on account of import of goods	JPY	-	502.40
	USD	17.40	31.30

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

NOTE 39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
i) Contingent liabilities:		
a) Claims against the Company not acknowledged as debts	1,328.22	1,033.08
b) Guarantees	69,243.04	33,072.86
c) Other money for which the Company is contingently liable:		
i) Demand from Income Tax department disputed	2,555.00	1,191.51
ii) Showcause notices received from Central Excise Dept.	12,149.96	10,169.35
iii) Others	386.12	585.95
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	6,971.33	21,424.23
b) Other commitments:		
Customs duty payable on imports-in-transit	-	0.62
c) Export obligation	1,362.28	3,097.23

c) (ii) Contingent liabilities represent showcause notices received to issue demand notices are pending for final consideration and the Company has already submitted its objections in writing against the said demands.

NOTE 40 EMPLOYEE DEFINED BENEFITS AS PER AS-15 (REVISED): GRATUITY

	(₹ in lakhs)	
Particulars	31st March, 2012	31st March, 2011
a) The amounts recognised in the Balance Sheet are as under:		
Present value of obligation	1,340.09	1,162.14
Fair value of Plan Assets	417.98	356.14
Net Assets/(liability) recognised in Balance Sheet as provision	(922.11)	(806.00)
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	1,162.14	1,129.71
Interest cost	87.52	81.50
Current Service Cost	157.56	67.15
Benefits paid	(149.99)	(152.22)
Actuarial (gain)/loss on obligation	82.86	36.00
Present value of obligation as at the end of the year	1,340.09	1,162.14
Fair value of plan assets as at the beginning of the year	356.14	337.98
Return on plan assets	34.51	12.79
Actuarial gain/(loss)	0.83	12.31
Contributions	88.49	145.28
Benefits paid	(61.99)	(152.22)
Fair value of plant assets at the end of the year	417.98	356.14

**NOTES** to Consolidated Financial Statements for the year ended 31st March, 2012**NOTE 40 EMPLOYEE DEFINED BENEFITS AS PER AS-15 (REVISED): GRATUITY (Contd.)**

Particulars	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
c) The amounts recognised in the Statement of Profit and Loss are as under:		
Current Service Cost	157.56	67.15
Interest cost	87.52	81.50
Expected return on Plan Assets	(34.51)	(12.79)
Actuarial (gain)/loss on benefits paid	80.18	23.70
Expenses recognised in the Statement of Profit and Loss	290.75	159.56
d) Principal actuarial assumptions at the Balance Sheet date are as follows:		
Mortality Table (LIC)	1994-96	1994-96
Discount rate per annum	8.00%	8.05%
Rate of escalation in Salary (per annum)	6.00%	6.00%
Rate of return (expected) on plan assets	9.25%	
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.

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

NOTE 41 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.

Particulars	31st March, 2012						31st March, 2011					
	Ferro Alloys	Power	Sugar	Others	Total		Ferro Alloys	Power	Sugar	Others	Total	
1. Segment Revenue (gross)	48,485.66	54,822.32	13,503.34	2,931.89	119,743.21		45,626.16	66,177.60	9,160.88	535.76	121,500.40	
Less: Inter segment revenue	-	13,832.11	-	-	13,832.11		-	8,783.00	-	-	8,783.00	
Segment Revenue (net)	48,485.66	40,990.21	13,503.34	2,931.89	10,591.10		45,626.16	57,394.60	9,160.88	535.76	112,717.40	
2. Segment Result	48,485.66	14,742.53	954.36	1,644.84	65,827.39		520.14	30,088.96	(104.35)	(3,209.82)	27,294.93	
3. Segment Result excluding inter segment margin	11,043.87	9,108.40	877.00	1,644.84	22,674.11		4,541.39	26,083.27	(119.91)	(3,209.82)	27,294.93	
Add:												
Other unallocable Income					12,393.32						11,740.02	
Less:												
a) Finance Charges					2,466.84						3,805.06	
b) Other unallocable expenditure					551.29						22.71	
Profit before tax					32,049.30						35,207.19	
Taxation for the year					6,875.72						2,187.36	
Net Profit					25,173.58						33,019.83	
4. Segment Assets	30,331.09	135,992.74	18,981.03	91,641.28	276,946.14		43,959.94	95,526.43	16,132.31	47,401.42	203,020.10	
Unallocated					67,756.07						81,234.77	
Total Assets					344,702.21						284,254.87	
5. Segment Liabilities	3,384.55	42,631.22	2,987.43	67,639.90	116,643.10		3,003.61	3,089.07	2,590.31	75,697.57	84,380.56	
Unallocated					228,059.11						199,874.31	
Total liabilities					344,702.21						284,254.87	
6. Capital expenditure	270.17	40,807.16	1,301.86	25,337.32	67,716.51		659.52	14,062.07	1,253.14	27,278.84	43,253.57	
Depreciation	823.52	3,441.71	471.59	408.97	5,145.79		890.33	3,408.11	393.09	14.56	4,706.09	
Non-cash expenses other than depreciation	0.94	8.06	9.56	0.95	19.51		30.88	54.91	77.93	0.42	164.14	

**NOTES** to Consolidated Financial Statements for the year ended 31st March, 2012**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	31st March, 2012			31st March, 2011		
	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.	792.97	165.78	22,274.63	279.07	438.63	34,511.86
Ferro Alloy Plant Kharagprasad, Dhenkanal Dist. Odisha	17.03	13.26	8,056.46	19.10	6.45	9,448.08
Power Plant Paloncha, Khammam Dist., A.P.	742.27	14.23	28,035.24	428.11	863.79	27,038.91
Power Plant Kharagprasad, Dhenkanal Dist. Odisha	211.40	2,624.10	52,312.97	134.06	11,914.41	50,522.43
Power Plant Dharmavaram, East Godavari Dist. A.P.	48.32	29.72	12,259.69	27.63	37.85	11,605.21

NOTE 42

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 statement of Profit and Loss.

NOTE 43

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

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

a) Names of related parties and description of relationship: (Contd.)

Name of the related party	Nature of relationship
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	
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 Private 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

b) Particulars of transactions during the year:

Nature of transactions	₹ in lakhs	
	31st March, 2012	31st March, 2011
i) Transactions with Key Management personnel:		
Sri D Ashok		
Remuneration	548.65	774.73
Sri P Trivikrama Prasad		
Remuneration	547.80	775.25
Sri C V Durga Prasad		
Remuneration	145.39	101.45
Sri G R K Prasad		
Remuneration	205.38	100.29
Sri D Ashwin		
Remuneration	254.37	24.44
ii) Transactions with relatives of Key Management personnel:		
Dr. D Rajasekhar		
Rent	14.94	14.94
Smt C Umamaheswari		
Rent	39.60	28.80

**NOTES** to Consolidated Financial Statements for the year ended 31st March, 2012**b) Particulars of transactions during the year: (Contd.)**

Nature of transactions	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
Smt G S P Kumari		
Rent	39.60	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	112.42	114.13

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

Sl. No.	Name of the party	(₹ in lakhs)	
		31st March, 2012	31st March, 2011
1.	Key Management personnel:		
	Sri D Ashok	(421.82)	(648.30)
	Sri P Trivikrama Prasad	(421.82)	(648.30)
2.	Associates:		
	M/s. Brahmani Skyline Constructions Private Limited	200.00	200.00
	M/s. Brahmani Infrastructure Projects Private Limited	250.00	250.00
	M/s. Brahmani Infotech Private Limited	250.00	250.00

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

NOTE 44 EARNINGS PER SHARE (E.P.S.)

	(₹ in lakhs)	
	31st March, 2012	31st March, 2011
a) Net Profit as per Statement of Profit and Loss available for Equity Shareholders (₹ in lakhs)	28,412.92	34,336.43
b) Weighted average number of Equity Shares for Basic EPS	84,270,588	76,351,424
Add:		
Adjustment for Foreign Currency Convertible Bonds issued	-	6,450,449
Weighted average number of Equity Shares for diluted EPS	84,270,588	82,801,873
c) Nominal value of the share (₹)	2.00	2.00
d) Basic earnings per share (₹)	33.72	44.97
e) Diluted earnings per share (₹)	33.72	41.47

NOTE 45

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

Firms' Registration Number - 000513S

P. Chandramouli

Partner

Membership Number 025211

Place : Hyderabad

Date : 30th May 2012

T.Hari Babu

Chief Financial Officer

M. Subrahmanyam

Company Secretary & Vice President

for and on behalf of the Board

G.R.K. Prasad

Executive Director

P. Trivikrama Prasad

Managing Director

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 of incorporation
1	Nava Bharat (Singapore) Pte Limited	INR USD mn	16,074.92 31.60	1,884.39 3.70	48,066.87 94.49	48,066.87 94.49	6,713.65 13.20	28,088.06 55.22	527.71 1.04	181.61 0.36	346.10 0.68	-	Singapore
2	Maamba Collieries Limited	INR USD mn	22,227.44 43.69	(35,141.34) (69.08)	39,025.84 76.72	39,025.84 76.72	-	6,508.88 12.80	(854.70) (1.68)	44.70 0.09	(899.40) (1.77)	-	Zambia
3	PT Nava Bharat Sungai Cuka	INR USD mn	278.47 0.55	-	1,038.21 2.04	1,038.21 2.04	-	-	-	-	-	-	Indonesia
4	PT Nava Bharat Indonesia	INR USD mn	278.47 0.55	-	453.01 0.89	453.01 0.89	-	-	-	-	-	-	Indonesia
5	Nava Bharat Africa Resources Pvt. Limited	INR USD mn	0.51 0.001	(310.88) (0.61)	151.68 0.30	151.68 0.30	-	(310.88) (0.61)	-	-	(310.88) (0.61)	-	Mauritius
6	Kobe Green Power Co. Limited	INR USD mn	12.41 0.02	-	1,049.42 2.06	1,049.42 2.06	-	-	-	-	-	-	Japan
7	Nava Bharat Projects Limited	INR	9,080.40	13,590.31	22,741.62	22,741.62	6,896.50	9,055.28	8,471.94	1,813.58	6,658.36	-	India
8	Nava Bharat Energy India Limited	INR	5,005.00	(237.71)	43,386.64	43,386.64	-	54.50	(255.99)	-	(255.99)	-	India
9	Brahmani Infratech Private Limited	INR	6,312.50	532.28	7,567.33	7,567.33	2,314.25	418.31	323.41	88.83	234.58	-	India
10	Kinnera Power Company Limited	INR	3,219.13	(27.00)	3,193.97	3,193.97	3,191.25	-	0.85	-	0.85	-	India
11	Nava Bharat Realty Limited	INR	5.00	(19.83)	2.56	2.56	-	-	(0.56)	-	(0.56)	-	India
12	Nava Bharat Sugar and Bio Fuels Limited	INR	5.00	(2.52)	2.65	2.65	-	-	(0.32)	-	(0.32)	-	India

Note: Indian Rupee equivalent figures have been arrived at by applying the year end interbank exchange rate of USD = ₹ 50.87.

for and on behalf of the Board

G.R.K. Prasad
Executive Director

T. Hari Babu
Chief Financial Officer

P. Trivikrama Prasad
Managing Director

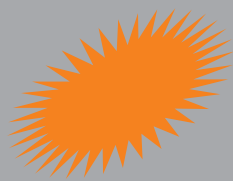
M. Subrahmanyam
Company Secretary & Vice President

D. Ashok
Chairman

Place : Hyderabad
Date : 30th May 2012

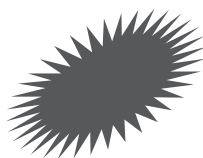


Nava Bharat Eye Center



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 40th Annual General Meeting of the Members of Nava Bharat Ventures Limited will be held on Wednesday, the 8th August, 2012 at 10.00 a.m. at Marigold Hotel, By and Beside Green Park Hotel, 7-1-25, Greenlands, Begumpet, Hyderabad – 500 016 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares.
3. To appoint a Director in place of Sri G.R.K.Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr.D.Nageswara Rao, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Special Business:

6. Borrowing powers:

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

“RESOLVED THAT in supersession of all resolutions passed earlier in this regard, the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, to borrow periodically from time to time for the purpose of the business of the Company such sums of money, including without limitation, from any Banks and/or public financial institutions as defined under Section 4A of the Companies Act, 1956 and/or any foreign financial institution(s) and/or any entity/entities or authority/authorities and/or through suppliers credit, Securities including FCCBs, instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments, etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution(s), either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board of Directors for an aggregate amount not exceeding ₹ 10,000 Crores (Rupees Ten Thousand Crores Only) notwithstanding that the money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.”

7. Constitution of Nava Bharat Ventures Employee Welfare Trust:

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 and in terms of the Memorandum and Articles of the Association of the Company and any other law in force, and subject to such other approvals, consents, permissions and sanctions, if any, as may be required from appropriate authorities and subject to such other conditions and modifications, as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as “The Board” which term shall include any Committee of the Board including Remuneration/Compensation Committee), the formation or creation of Nava Bharat Ventures Employee Welfare Trust, (hereinafter referred to as “The Trust”) be and is hereby approved on such terms and in such manner as decided by the Board of Directors of the Company.”

“FURTHER RESOLVED THAT the appointment of Barclays Wealth Trustees (India) Private Limited as Trustee, to act in accordance with the “Nava Bharat Ventures Employee Welfare Trust Deed”, be and is hereby approved.”

“FURTHER RESOLVED THAT the Trust created by the Company for the welfare and benefit of the existing and future employees of the Company and its affiliates shall, inter-alia, make investment by subscribing to and/or purchasing fully paid-up shares of the Company and as well as the shares of the other listed companies and hold the same for the welfare and benefit of the employees of the Company and its Affiliates and may invest proceeds thereof remaining surplus in such securities as may be recommended to it by an Investment Committee set up in accordance with the Employee Welfare Scheme(s) devised from time to time and in the manner and on the terms and conditions provided in the Trust Deed for the welfare and benefit of the employees of the Company.”

“RESOLVED FURTHER THAT the Master Scheme in relation to the Trust known as Nava Bharat Ventures Employee Welfare Trust – Employee Welfare Master Scheme (s), as framed by the Board of Directors, be and is/are hereby approved and consent of the Company be and is hereby accorded to formulate any further employee welfare scheme(s) / plan(s) by whatever name called, pursuant to the Nava Bharat Ventures Employee Welfare Trust – Employee Welfare Master Scheme(s) being administered through the Trust to extend inter-alia, the incentives, benefits and amenities to such eligible employees of the Company, as may be determined or decided from time to time.”

“RESOLVED FURTHER THAT for implementing the Employee Welfare Master Scheme, or such further Schemes/Plans as may be formulated, the Company may from time to time provide Loans to the Trust not exceeding ₹ 50 crores on such terms and conditions as may be mutually agreed. The Trust is hereby authorised to accept Loans or make fresh borrowings/raise funds, and such trust funds may be invested in all avenues including deposits, mutual funds, money market instruments, shares, debentures, convertible instruments or any other investment grade assets or securities of any company including the Company or its subsidiary companies, affiliate companies, or group companies as may be permissible for the purposes of generating value for employee welfare activities.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, frame, evolve, decide upon, join and bring into effect Employee Welfare Master Scheme/Plan or such further Welfare Schemes/ Plans on such broad terms and conditions as it deems fit in its own discretion from time to time and to make any modification(s)/ variations(s)/ alterations(s) / revision(s) in the terms and conditions of any such Employee Welfare Schemes/Plans from time to time, including but not limiting to make amendment(s) to eligibility criteria or to suspend, withdraw, terminate or revise any Employee Welfare Scheme/ Plan.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolutions and to settle any question, difficulty or doubt that may arise in this regard, the Board of Directors of the Company or the Chairman or Managing Director as delegated by the Board be and is hereby authorized severally to do all such act(s), deed(s), matter(s) and thing(s) and execute deeds, agreements, all such documents, authorization letters, instruments and writings as they may in their sole and absolute discretion deem fit, necessary or expedient.”

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

Hyderabad
May 30, 2012

M. Subrahmanyam
Company Secretary & Vice President

Registered Office:

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

NOTES

1. The Explanatory Statement in respect of the special business in the Notice, pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll only, on his/her behalf and such Proxy need not be a Member of the Company. The Proxy Form duly completed and signed must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. The Share Transfer Register and the Register of Members of the Company will remain closed from 01.08.2012 to 08.08.2012 (both days inclusive) in connection with the Annual General Meeting and Dividend.
4. The dividend for the year ended 31st March, 2012 as recommended by the Board, i.e. ₹ 4/- per Equity Share of ₹ 2/- each (200%) 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 31.07.2012. 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 31.07.2012 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 16.08.2012.
5. The unclaimed equity dividend for the year ended 31st March, 2005 will be transferred on 27th August, 2012 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 27th August, 2012, 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:
Sri G.R.K.Prasad, Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. 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. Sri G.R.K.Prasad is highly experienced over 3 decades in all facets of finance, Corporate Affairs and he is a Director on the Board of Maamba Collieries Limited.
Directors commend the re-appointment of Sri G.R.K.Prasad, as Director liable to retire by rotation.
Dr.D.Nageswara Rao, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Dr.D.Nageswara Rao is a Post Graduate in Electronic Engineering from Birla Institute of Science & Technology, Pilani, and a Doctorate from University of Strathclyde, UK with over 37 years of experience.
Directors commend the re-appointment of Dr.D.Nageswara Rao, as 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, Sri G.R.K.Prasad and Dr.D.Nageswara Rao, who are proposed to be appointed / re-appointed, are given below:

a	Name	Sri G.R.K. Prasad	Dr.D.Nageswara Rao
b	Brief Resume:		
	i) Age	54 years	64 years
	ii) Qualification	B.Sc., FCA, FCS	M.E., Ph.D
	iii) Experience in Specific Functional area	31 years	37 years
	iv) Date of appointment on the Board of the Company (Nava Bharat Ventures Ltd.)	28.06.2003	25.07.2008
c	Nature of expertise in Specific Functional areas	Highly experienced over 31 years in all facets of Finance, Corporate Affairs and Overseas Operations	Expertise in Electronic Engineering, Science and Technology, Electricity Equipment, monitoring and management systems and power plant operations
d	Name(s) of other Companies in which Directorships held (as per Sections 275 and 278 of the Companies Act, 1956)	M/s.Maamba Collieries Limited	M/s.X_Design Ventures Pvt.Ltd.
		M/s.Nava Bharat Kobe Green Power Pte.Limited	M/s.Kushaiguda Electronics Pvt. Ltd.
		M/s.Nava Bharat Projects Limited	M/s. Jayem Automotives Limited
		M/s.Nava Bharat Energy India Limited	M/s.Jayem Aerospace India Limited
		M/s. Brahmani Infratech Private Limited	M/s.Drive Lozics Private Limited
		M/s. PT Nava Bharat Indonesia	
		M/s. PT Nava Bharat Walalindo	
		M/s.PT Nava Bharat Sungai Cuka	
e	Name(s) of companies in which Committee Membership(s)/ Chairmanship(s) held	Chairman of the Audit Committee of M/s.Nava Bharat Energy India Limited Allotment Committee of Nava Bharat Ventures Limited	Nil
f	No. of shares of ₹ 2/- each held by : the Director his relatives Total	 32,586 1,08,000 1,40,586	Nil
g	No. of ESOPs granted on 05.01.2007 and converted into equity	39,600	Nil
h	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Nil	Nil

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

Borrowing powers:

In addition to the existing capital intensive projects, the Company has plans to take up other expansion, modernization and diversification schemes in the near future. The Company has to raise necessary funds, inter-alia through borrowings by way of Term Loans / Debentures / Deferred Payment Guarantees / Equipment Finance / Asset Credit Schemes of Financial Institutions / Euro Convertible Bonds / Global Deposit Receipts and other debt instruments. The Members at the Extraordinary General Meeting held on 30th June, 2006 authorised the Board of Directors in terms of Section 293 (1) (d) of the Companies Act, 1956, to borrow monies in excess of the paid up equity share capital and free reserves upto a limit of ₹ 3,000 crores (Rupees Three thousand crores). It is now proposed to increase this limit to ₹ 10,000 crores (Rupees Ten thousand crores only).

The Board commends the Ordinary Resolution for members' approval.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No.7

Constitution of Nava Bharat Ventures Employee Welfare Trust:

Nava Bharat Ventures Limited by itself and through its affiliates has its operations spread in India, Southeast Asia and Africa. In order to manage these geographically dispersed operations, the Group positioned key management personnel with professional competence in the respective functional areas. However, employee retention poses a significant challenge in the backdrop of potential competition and wide ranging needs of employees, which may not conform to a standard across the Group. To meet such challenge, the Board of Directors decided on 3rd October, 2011 to constitute "Nava Bharat Employee Welfare Trust" under "Nava Bharat Employee Welfare Scheme" as a globally positioned entity to cater to the needs of employees of the group at various levels and across business segments. In order that the welfare scheme and the Trust constituted thereunder discharge their set objectives effectively, the Trust should be provided with reasonable disposable fund/securities. Such fund/securities would enable the Welfare Trust to make reasonable surpluses in course of time and such surplus could form the core of the corpus of the Trust eventually.

The Trust initially invested in the shares of the Company to afford good potential for capital appreciation in view of the ongoing and planned investment initiatives of the Group across India, Southeast Asia and Africa. The Trust holds the investment in the shares of the Company for a reasonable length of time before unlocking the value and form the corpus. Till such time as the intended targeted objective was achieved, all accruals and benefits related to those holdings could be made use of by the Trust in pursuit of the welfare of the employees of the Group.

In order that the Trust was able to operate on a reasonable scale, the Board approved to extend a loan upto ₹ 50 Crores from the internal generations of the company to the Trust with a direction that the Trust should deploy the proceeds of the loan initially in secondary market including the purchase of the Company's shares. The Trust should repay the loan extended by the Company by liquidating such shares as are necessary for such repayment and to retain the surplus. Such surplus would constitute the core corpus of the Trust, which the Trust would be free to deploy in various investments including in the shares of the Company from time to time while meeting the employee welfare needs of the group.

Such extension of loan, though attracting the provisions of the Section 77 of the Companies Act, 1956 which prohibits purchase by the Company of its own shares, was exempted under the same Section as it was deemed to be a 'Loan to Employees' Shareholding Trust' as provided therein.

Your Company has always believed in motivating employees and always cared for welfare of its employees for their continuous hard work, dedication and support, which has led the Company on the growth path. To enable more and more employees to enjoy the fruit of the growth which the Company has witnessed in the recent past, your Company proposed to implement several schemes relating to welfare measures for extending, inter alia, various incentives, benefits and amenities for the employees under any employee welfare plan(s) set up/to be set up by the Company either individually or in conjunction with the subsidiary companies, affiliate companies or group companies. Such Plan(s)/Schemes may be amended from time to time in a manner prescribed under the plan/trust deed.

It is expected that such employee welfare measures will create a sense of commitment and partnership among the employees towards the Company, paving the way for long term association and for further fuelling the growth of the Company. The benefits will be extended to such employees of Company or its Subsidiary Companies and Directors, (excluding promoter Directors) including all their respective families as may be defined under the Employee Welfare Master Scheme or subsequent welfare schemes.

The beneficiaries under the welfare scheme/plans may be determined on the basis of seniority, performance, position and responsibilities, nature of service to the Company or its group companies, period of service of the Employees and the Employees' present and potential contribution to the growth and success of the Company or its subsidiary companies, and other similar parameters. Your Company therefore proposed to implement the Employee Welfare Master Scheme through a Trust, either existing or to be set up for various classes of Employees.

The Scheme/ Plan would be to deploy the funds of the Trust in all avenues (including deposits, mutual funds, money market instruments, shares, debentures, convertible instruments or any other investment grade assets or securities of any company including the Company, its subsidiary companies, affiliate companies and group companies whether by a fresh subscription or secondary acquisition) and to ultimately build up the holdings in a suitable manner with the objective of employee welfare. Where required, the investment decisions of the Trust could be supported by expert advice and the Trust may in its own discretion, devise a fund utilization strategy and review it at periodical intervals and all modifications to the Employee Welfare Master Scheme or formation of further welfare schemes will be subject to approval of the Board or any Committee thereof.

Pursuant to the recommendations of the Remuneration Committee and subject to and in compliance with the Companies Act, 1956, Indian Trusts Act, 1882, and other applicable laws, if any, the Memorandum of Association of the Company and Articles of Association of the Company, the approval of the Board was accorded to create the "Nava Bharat Ventures Employee Welfare Trust" for implementing the "Nava Bharat Ventures Employee Welfare Master Scheme" and any other welfare scheme as may be envisaged thereunder from time to time for the benefit of the employees of the Company and its Affiliates upon the terms and conditions set out in the Trust Deed.

"Nava Bharat Ventures Employee Welfare Trust Deed" and "Nava Bharat Ventures Employee Welfare Master Scheme" were approved by the Board and the Chairman, Managing Director and Executive Director were severally authorised to finalise the same after making such modifications as they may severally deem fit.

Barclays Wealth Trustees (India) Private Limited was appointed as the Trustee, to act in accordance with the "Nava Bharat Ventures Employee Welfare Trust Deed" and M/s.Khaitan & Co., Solicitors & Advocates, Mumbai, was appointed as the Legal Counsels.

A loan not exceeding ₹ 50 crores was sanctioned which may be disbursed in one or more tranches to "Nava Bharat Ventures Employee Welfare Trust" by the Board on such terms with the Trustees of the "Nava Bharat Ventures Employee Welfare Trust" as mutually agreed upon.

The Chairman, Managing Director and Executive Director were severally authorised to do all such acts, deeds and things and execute all such documents as may be deemed necessary to conclude the transaction, form and constitute the "Nava Bharat Ventures Employee Welfare Master Scheme", "Nava Bharat Ventures Employee Welfare Trust" and also to provide the loan not exceeding ₹ 50 crores in one or more tranches to the "Nava Bharat Ventures Employee Welfare Trust".

The Company extended a loan of ₹ 28.70 crores to the Trust initially, and the Trust acquired 14,00,000 equity shares of the Company through the Trustee, "Barclays Wealth Trustees (India) Private Limited" from the secondary market on 9th March, 2012.

In this regard, your Company seeks the approval of its members to authorize the Board of Directors of the Company to implement Employee Welfare Master Scheme or other Welfare Schemes/Plans through "Nava Bharat Ventures Employee Welfare Trust" and to give a loan of not exceeding ₹ 50 crores in one or more tranches.

The copies of the Trust Deed, Welfare Scheme and other documents mentioned above are available for inspection at the Registered Office of the company on all working days except holidays between 11.00 A.M and 1.00 P.M till the passing of the resolutions.

The Board commends the Special Resolution for members' approval.

None of the Directors of the Company is in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company and/or to the extent of the benefits that may be offered to them under the Employee Welfare Master Scheme/such further Welfare Schemes/Plans as may be formulated from time to time.

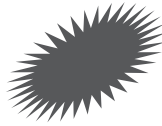
By order of the Board
For **NAVA BHARAT VENTURES LIMITED**

Hyderabad
May 30, 2012

M. Subrahmanyam
Company Secretary & Vice President

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 8th August, 2012 at 10.00 a.m. at Marigold Hotel, By and Beside Green Park Hotel, 7-1-25, Greenlands, Begumpet, Hyderabad – 500 016

Name of the Shareholder

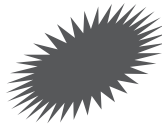
Folio No./Client I.D.No.
No. of Shares :

- 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 time fixed for commencement of the meeting. Please ensure that the proxy brings this Attendance Slip for the meeting.

I hereby record my presence at the 40th Annual General Meeting of the Company, on 8th August, 2012.

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 40th Annual General Meeting of the Company to be held on the 8th August,
2012 and at any adjournment thereof.

Signed this.....day of2012 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 fixed for commencement of the Meeting.

