NAVA BHARAT

NAVA BHARAT VENTURES LIMITED

Annual Reports of the Subsidiary Companies 2012-13

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General Information

Directors

Ashwin Devineni

Ashok Devineni

Pinnamaneni Trivikrama Prasad

Chalasani Venu Durga Prasad

Company Secretary

Cecilia Chan Kim Hong

Independent Auditor

Sashi Kala Devi Associates

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Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Nava Bharat (Singapore) Pte. Limited (the "Company") and its subsidiaries (collectively, the "Group") and statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for financial year ended at 31st March, 2013.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Ashwin Devineni

Ashok Devineni

Pinnamaneni Trivikrama Prasad

Chalasani Venu Durga Prasad

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year/period, or date of appointment if later, or at end of the financial year as follows:

Holding Company

Nava Bharat Ventures Limited

Held in the names of Directors
Shares of ₹ 2 each

Name of the Director	At beginning of year	At end of year
Pinnamaneni Trivikrama Prasad	1,677,822	1,708,836
Pinnamaneni Trivikrama Prasad (HUF)	351,315	351,315
Ashwin Devineni	1,436,735	1,590,718
Ashok Devineni	859,632	1,081,989
Chalasani Venu Durga Prasad	70,915	70,915

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

5. OPTIONS ON SHARES TO TAKE UP UNISSUED SHARES

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

6. OPTIONS EXERCISED

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

7. UNISSUED SHARES UNDER OPTION

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

8. INDEPENDENT AUDITOR

The independent auditor, Sashi Kala Devi Associates has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Ashwin Devineni
Director

Ashok Devineni
Director

Statement by Directors

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

(a) the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and the statement of changes in equity of the Company together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st March, 2013 and the results of the business, changes in equity of the Group and Company and statement of cash flows of the Group for the year ended on that date, and

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

On behalf of the Board of Directors

Ashwin Devineni	Ashok Devineni
Director	Director

Independent Auditor's Report

To the members of

Nava Bharat (Singapore) Pte. Limited
(Co. Reg. No.200409999D)

Report on the Consolidated Financial Statements

We were engaged to audit the accompanying financial statements of Nava Bharat (Singapore) Pte. Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31st March, 2013, and the statements of comprehensive income, statements of changes in equity of the Group and the Company, and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordancce with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The consolidated financial statements included the unaudited financial statements of the subsidiaries, PT Nava Bharat Sungai Cuka, PT Nava Bharat Indonesia and Kobe Green Power Co. Ltd which were not required to be audited in their respective jurisdictions, accordingly, audited financial information to be prepared in accordance with International Financial Reporting Standards were not available. Due to the limitations placed on the scope of our audit, we were unable to carry out additional procedures necessary to satisfy ourselves as to whether the unaudited management accounts of these subsidiaries are in form and content appropriate and proper for inclusion in the consolidated financial statements of the Group for the financial year ended 31st March, 2013.

We were unable to perform satisfactory procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to the valuation of goodwill on consolidation for impairment amounting to USD 55,299,909 as disclosed in note 9 to the financial statements. Consequently, we were unable to determine whether any adjustment to this amount was necessary in respect of goodwill on consolidation.

Disclaimer Opinion

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

Emphasis of matters

We draw attention to Note I in the financial statements, the Group has incurred net loss and total comprehensive loss of USD 9,750,747 (INR 530,099,360) and USD 6,835,174 (INR 321,594,235) respectively during the financial year ended 31st March, 2013, and as at 31st March, 2013, the Group's current liabilities exceeded its current assets by USD 125,051,193 (INR 6,798,408,107). The validity of the going concern assumption on which the financial statements are prepared depends on the continual financial support of the holding Company and its lenders. In the event that there is no such financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Group's assets and further costs which might arise.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters referred to the Basis for Disclaimer of Opinion paragraph, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with provisions of the Act.

Sashi Kala Devi Associates
Public Accountants and
Certified Public Accountants

Singapore
20th May, 2013

Consolidated Statement of Financial Position

as at 31st March, 2013

Particulars	Note	Group 31st March, 2013 USD	31st March, 2013 INR	31st March, 2012 USD (Restated)	31st March, 2012 INR	1st April, 2011 USD (Restated)	31st March, 2011 INR
NON-CURRENT ASSETS							
Property, plant and equipment	4	113,842,553	6,189,050,394	41,568,861	2,114,607,959	12,100,614	539,566,378
Investment in unquoted shares	6	99	5,382	99	5,036	99	4,414
Other investments	7	4,812,487	261,630,856	3,426,607	174,311,498	1,272,319	56,732,704
Intangible assets	8	55,441	3,014,050	69,301	3,525,342	-	-
Goodwill on consolidation	9	55,299,909	3,006,379,553	55,299,909	2,813,106,371	55,299,909	2,465,822,942
		174,010,489	9,460,080,235	100,364,777	5,105,556,206	68,672,941	3,062,126,438
CURRENT ASSETS							
Inventories	10	26,934,116	1,464,273,216	7,493,735	381,206,299	308,036	13,735,325
Trade receivables	11	2,962,432	161,052,616	1,274,754	64,846,736	3,077,093	137,207,577
Other receivables	12	16,376,128	890,288,199	24,003,486	1,221,057,333	7,235,530	322,632,283
Amounts due from related parties	14	5,480	297,920	5,480	278,768	18,149	809,264
Short term investments	15	6,934,362	376,986,590	13,197,662	671,365,066	30,163,203	1,344,977,222
Cash and cash equivalents	16	12,379,011	672,984,933	10,942,111	556,625,187	42,100,848	1,877,276,812
		65,591,529	3,565,883,474	56,917,228	2,895,379,389	82,902,859	3,696,638,483
CURRENT LIABILITIES							
Trade payables	17	971,102	52,793,960	692,649	35,235,055	9,780,879	436,129,395
Other payables	18	3,044,501	165,514,297	4,137,319	210,465,418	19,882,710	886,570,039
Amounts due to holding Company	19	18,859,149	1,025,277,635	9,992,085	508,297,364	33,916,838	1,512,351,806
Amounts due from related parties	21	46,031,088	2,502,480,099	22,789,730	1,159,313,565	17,007,748	758,375,483
Interests bearing loans and borrowings	22	121,048,123	6,580,781,207	30,412,326	1,547,075,024	8,738,389	389,644,766
Tax payable		688,759	37,444,383	418,420	21,285,025	5,546,903	247,336,405
		190,642,722	10,364,291,581	68,442,529	3,481,671,451	94,873,467	4,230,407,894
Net current liabilities		**(125,051,193)**	**(6,798,408,107)**	(11,525,301)	(586,292,062)	(11,970,608)	(533,769,411)
NON-CURRENT LIABILITIES							
Interests bearing loans and borrowings	22	-	-	70,185,126	3,570,317,360	60,000,000	2,675,400,000
Long term payables	23	3,195,318	173,713,463	3,967,291	201,816,093	42,207	1,882,010
Environmental rehabilitation provisions	24	3,538,907	192,392,679	4,606,075	234,311,035	4,651,946	207,430,272
		6,734,225	366,106,142	78,758,492	4,006,444,488	64,694,153	2,884,712,282
Net assets/(liabilities)		**42,225,071**	**2,295,565,985**	10,080,984	512,819,656	7,991,820	356,355,254
Equity attributable to owners of the Company							
Share capital	25	55,600,000	3,022,694,000	31,600,000	1,607,492,000	19,100,000	851,669,000
Accumulated (losses)/profits		(9,464,515)	(514,538,358)	(3,434,454)	(174,710,675)	500,041	22,296,828
Foreign currency translation reserve		9,291,050	505,107,933	7,420,720	377,492,026	(44,710)	(1,993,619)
		55,426,535	3,013,263,575	35,586,266	1,810,273,351	19,555,331	871,972,209
		55,426,535	3,013,263,575	35,586,266	1,810,273,351	19,555,331	871,972,209
Non-controlling interests		(13,201,464)	(717,697,590)	(25,505,282)	(1,297,453,695)	(27,547,151)	(1,228,327,463)
TOTAL EQUITY/(EQUITY DEFICITS)		**42,225,071**	**2,295,565,985**	10,080,984	512,819,656	(7,991,820)	(356,355,254)

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

Consolidated Statement of Comprehensive Income

for the financial year ended 31st March, 2013

Particulars	Note	2013 USD	2013 INR	2012 USD (Restated)	2012 INR
REVENUE	26	39,755,889	2,161,328,905	52,224,362	2,656,653,295
Cost of sales		(33,163,473)	(1,802,932,210)	(52,023,337)	(2,646,427,153)
Gross profit		6,592,416	358,396,695	201,025	10,226,142
Other operating income	27	1,786,425	97,118,995	8,122,895	413,211,669
Other credits	28	387,497	21,066,274	136,323	6,934,751
Administrative expenses		(16,032,667)	(871,615,940)	(12,895,482)	(655,993,170)
Finance costs	29	(2,018,701)	(109,746,680)	(6,110,621)	(310,847,291)
Loss before tax	30	**(9,285,030)**	**(504,780,656)**	**(10,545,860)**	**(536,467,899)**
Income tax expense	31	(465,717)	(25,318,705)	4,604,648	234,238,444
Loss for the year		**(9,750,747)**	**(530,099,361)**	**(5,941,212)**	**(302,229,455)**
Other comprehensive income		2,915,573	158,505,126	11,510,016	585,514,514
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(6,835,174)**	**(371,594,235)**	5,568,804	283,285,059
Loss for the year attributable to:					
Owners of the Company		(6,030,061)	(327,824,266)	(3,934,495)	(200,147,761)
Non-controlling interests		(3,720,686)	(202,275,094)	(2,006,717)	(102,081,694)
		(9,750,747)	(530,099,360)	(5,941,212)	(302,229,455)
TOTAL COMPREHENSIVE (IOSS)/ INCOME ATTRIBUTABLE TO:					
Owners of the Company		(4,159,731)	(226,143,776)	3,530,935	179,618,663
Non-controlling interests		(2,675,443)	(145,450,459)	2,037,869	103,666,396
		(6,835,174)	(371,594,235)	5,568,804	283,285,059

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

Consolidated Statement of Changes in Equity

for the financial year ended 31st March, 2013

Particulars	Share Capital	Accumulated (losses) / profits	Foreign currency translation reserve	Total	Non-Controlling Interests	Total equity	Total equity
	(Attributable to owners of the Company)						
	USD	USD	USD	USD	USD	USD	INR
Balance at 1st April, 2011 (Restated)	19,100,000	500,041	(44,710)	19,555,331	(27,547,151)	(7,991,820)	(434,475,294)
Issue of ordinary shares	12,500,000	-	-	12,500,000	4,000	12,504,000	679,779,960
Loss for the year	-	(3,934,495)	-	(3,934,495)	(2,006,717)	(5,941,212)	(322,993,990)
Other comprehensive income:							
Foreign currency translation reserve	-	-	7,465,430	7,465,430	4,044,586	11,510,016	625,742,020
Other comprehensive income for the year, net of tax	-	-	7,465,430	7,465,430	4,044,586	11,510,016	625,742,020
Total comprehensive income for the year	-	(3,934,495)	7,465,430	3,530,935	2,037,869	5,568,804	302,748,029
Balance at 31st March, 2012 (Restated)	31,600,000	(3,434,454)	7,420,720	35,586,266	(25,505,282)	10,080,984	548,052,695
Issue of ordinary shares	24,000,000	-	-	24,000,000	14,979,261	38,979,261	2,119,107,524
Loss for the year	-	(6,030,061)	-	6,030,061	(3,720,686)	(9,750,747)	(530,099,361)
Other comprehensive income:							
Foreign currency translation reserve	-	-	1,870,330	1,870,330	1,045,243	2,915,573	158,505,126
Other comprehensive income for the year, net of tax	-	-	1,870,330	1,870,330	1,045,243	2,915,573	158,505,126
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	(6,030,061)	1,870,330	(4,159,731)	(2,675,443)	(6,835,174)	(371,594,235)
Balance at 31st March, 2013	**55,600,000**	**(9,464,515)**	**9,291,050**	**55,426,535**	**(13,201,464)**	**42,225,071**	**2,295,565,985**

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

Consolidated Cash Flow Statement

for the financial year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD (Restated)	2012 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(9,285,030)	(504,780,656)	(10,545,860)	(536,467,898)
Adjustments for :				
Depreciation of property, plant and equipment	1,908,755	103,769,466	779,865	39,671,733
Loss on sale of property, plant and equipment	57,228	3,111,200	1,743	88,666
Amortisation of intangible assets	13,860	753,499	-	-
Loan interests	1,221,490	66,406,304	1,493,680	75,983,502
Non-cash flow other income	(685,300)	(37,256,335)	(5,834,656)	(296,808,951)
Corporate tax liability forgiveness	-	-	5,049,527	256,869,438
Under/(over) provision for income tax expenses	93,934	5,106,722	(8,000)	(406,960)
Unrealised exchange gain	-	-	(45,871)	(2,333,458)
Exchange differences in translation	3,247,987	176,576,813	11,732,166	596,815,284
Operating (loss)/profit before working capital changes	**(3,427,076)**	**(186,312,987)**	2,622,594	133,411,356
Increase in inventories	**(19,440,381)**	**(1,056,876,313)**	(7,185,699)	(365,536,508)
Decrease/(Increase) in trade and other receivables	5,939,680	322,910,703	(14,965,617)	(761,300,937)
Decrease in trade and other payables	(814,365)	(44,272,953)	(24,833,621)	(1,263,286,300)
Decrease in amounts due from related parties	-	-	12,669	644,472
Increase/(Decrease) in amounts due to holding Company	8,867,064	482,057,934	(23,924,753)	(1,217,052,185)
Increase amounts due to related parties	23,241,358	1,263,516,428	5,781,982	294,129,424
Cash used in operations	14,366,280	781,022,812	(62,492,445)	(3,178,990,678)
Tax paid	(58,676)	(3,189,921)	(172,339)	(8,766,885)
Tax refunded	126,349	6,868,963	-	-
Net cash flows from/(used in) operating activities	**14,433,953**	**784,701,854**	**(62,664,784)**	**(3,187,757,563)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(74,439,498)	(4,046,903,309)	(30,313,622)	(1,542,053,951)
Proceeds on sale of property, plant & equipment	199,051	10,821,408	283,250	14,408,928
Purchase of intangible assets	-	-	(69,301)	(3,525,342)
Short term investments	6,263,300	340,504,305	16,965,541	863,037,071
Other investments	(1,389,207)	(75,524,239)	(2,154,288)	(109,588,631)
Net Cash Flows used in Investing Activities	(69,366,354)	(3,771,101,835)	(15,288,420)	(777,721,925)

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

Consolidated Cash Flow Statement

for the financial year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD (Restated)	2012 INR
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares	24,000,000	1,304,760,000	12,500,000	635,875,000
Capital contribution from non-controlling interests	14,979,261	814,347,524	4,000	203,480
Long term payables	(771,973)	(41,968,312)	3,925,084	199,669,023
Payment on environment rehabilitation provision	(1,067,168)	(58,016,588)	-	-
Loan interests paid	(1,221,490)	(66,406,304)	(1,493,680)	(75,983,502)
Proceed from interest bearing loans and borrowings	20,450,671	1,111,800,729	31,859,063	1,620,670,535
Net cash from financing activities	56,369,301	3,064,517,049	46,794,467	2,380,434,536
Net increase/(decrease) in cash and cash equivalents	1,436,900	78,117,069	(31,158,737)	(1,585,044,951)
Cash and cash equivalents at beginning of year	10,942,111	594,867,864	42,100,848	2,141,670,138
Cash and cash equivalents at end of year	**12,379,011**	**672,984,933**	10,942,111	556,625,187

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

Statement of Financial Position

as at 31st March, 2013

Particulars	Note	31st March, 2013 USD	Company 31st March, 2013 INR	31st March, 2012 USD (Restated)	31st March, 2012 INR	31st March, 2011 USD (Restated)	31st March, 2011 INR
NON CURRENT ASSETS							
Property, plant and equipment	4	402,059	21,857,938	409,657	20,839,252	421,025	18,773,505
Investment in subsidiaries	5	30,883,505	1,678,981,749	5,204,056	264,730,329	5,187,056	231,290,827
Investment in unquoted shares	6	99	5,382	99	5,036	99	4,414
Other investments	7	-	-	-	-	17,000	758,030
		31,285,663	1,700,845,069	5,613,812	285,574,617	5,625,180	250,826,776
CURRENT ASSETS							
Trade receivables	11	1,684,400	91,572,406	1,239,740	63,065,574	3,032,310	135,210,703
Other receivables	12	6,076,827	330,366,700	5,390,551	274,217,329	5,747,866	256,297,345
Amounts due from subsidiaries	13	69,655,955	3,786,845,994	62,011,551	3,154,527,599	28,883,013	1,287,893,550
Amounts due from related parties	14	5,480	297,920	5,480	278,768	18,149	809,264
Short term investments	15	6,934,362	376,986,590	13,197,662	671,365,066	30,163,203	1,344,977,222
Cash and cash equivalents	16	6,597,134	358,653,190	4,337,067	220,626,598	41,709,658	1,859,833,650
		90,954,158	4,944,722,800	86,182,051	4,384,080,934	109,554,199	4,885,021,734
CURRENT LIABILITIES							
Other payables	18	394,625	21,453,788	289,876	14,745,992	1,101,719	49,125,650
Amounts due to holding Company	19	18,859,149	1,025,277,635	9,992,085	508,297,364	33,916,838	1,512,351,806
Amount due to a subsidiary	20	267,436	14,539,158	267,436	13,604,469	267,436	11,924,971
Interests bearing loans and borrowings	22	44,000,000	2,392,060,000	13,073,932	665,070,921	-	-
Tax payable		615,429	33,457,798	365,000	18,567,550	220,000	9,809,800
		64,136,639	3,486,788,379	23,988,329	1,220,286,296	35,505,993	1,583,212,227
Net current assets		26,817,519	1,457,934,420	62,193,722	3,163,794,638	74,048,206	3,301,809,506
NON-CURRENT LIABILITIES							
Interests bearing loans and borrowings	22	-	-	35,185,126	1,789,867,360	60,000,000	2,675,400,000
Net Assets		58,103,182	3,158,779,489	32,622,408	1,659,501,895	19,673,386	877,236,282
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Share Capital	25	55,600,000	3,022,694,000	31,600,000	1,607,492,000	19,100,000	851,669,000
Accumulated profits		2,503,182	136,085,489	1,022,408	52,009,895	573,386	25,567,282
TOTAL EQUITY		58,103,182	3,158,779,489	32,622,408	1,659,501,895	19,673,386	877,236,282

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

Statement of Comprehensive Income

for the financial year ended 31st March, 2013

Particulars	Note	2013 USD	2013 INR	2012 USD (Restated)	2012 INR
REVENUE	26	36,678,856	1,994,046,006	51,368,899	2,613,135,892
Cost of sales		(36,254,115)	(1,970,954,962)	(50,818,164)	(2,585,120,003)
Gross profit		424,741	23,091,044	550,735	28,015,889
Other operating income	27	4,567,335	248,303,167	4,901,957	249,362,553
Other credit/(charge)	28	685,300	37,256,335	(1,055,488)	(53,692,675)
Administrative expenses		(1,502,776)	(81,698,417)	(986,998)	(50,208,588)
Finance costs	29	(2,301,262)	(125,108,109)	(2,604,184)	(132,474,840)
Profit before tax	30	1,873,338	101,844,020	806,022	41,002,339
Income tax expense	31	(392,564)	(21,341,742)	(357,000)	(18,160,590)
Profit for the year		1,480,774	80,502,278	449,022	22,841,749
Other comprehensive income		-	-	-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,480,774**	**80,502,278**	449,022	22,841,749

Statement of Changes in Equity

for the financial year ended 31st March, 2013

Particulars	Share Capital USD	Accumulated Profits USD	**Total** USD	**Total** INR
Balance at 1st April, 2011 (Restated)	19,100,000	573,386	19,673,386	1,069,543,630
Issue ordinary shares	12,500,000	-	12,500,000	679,562,500
Total comprehensive income for the year	-	449,022	449,022	24,411,081
Balance at 31st March, 2012 (Restated)	31,600,000	1,022,408	32,622,408	1,773,517,211
Issue ordinary shares	24,000,000	-	24,000,000	1,304,760,000
Total comprehensive income for the year	-	1,480,774	1,480,774	80,502,278
Balance at 31st March, 2013	**55,600,000**	**2,503,182**	**58,103,182**	**3,158,779,489**

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

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to the Financial Statements for the year ended 31st March, 2013

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

1. FUNDAMENTAL ACCOUNTING CONCEPT

The Group incurred net loss and total comprehensive loss of USD 9,750,747 and USD 6,835,174 respectively during the financial year ended 31st March, 2013 and as at that date, the Group's current liabilities exceeded its current assets by USD 125,051,193. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern depends on the holding Company undertaking to provide continuing financial support and obtains continuous financial support from its lenders to enable the Group to continue as a going concern.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. CORPORATE INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in the Republic of Singapore. The immediate and ultimate holding is Nava Bharat Ventures Limited, incorporated in India.

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

The principal activities of the Company are to carry on the business of general trading and exporters of natural minerals, coal, ferro alloys, ores and alloys.

There have been no significant changes in the principal activities during the financial year.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position, the statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ('FRS').

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or US$) and all values are rounded to the nearest one-dollar as indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year except during the current financial year beginning 1st April, 2012, the Group and Company have adopted all applicable new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS does not result in any changes to the Group and Company's accounting policies and have no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

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

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to the Financial Statements for the year ended 31st March, 2013

Amendment to FRS 1	Effective date (Annual periods beginning on or after)
Presentations of Items of Other Comprehensive Income	1st July, 2012
FRS 19 Employee Benefits	1st January, 2013
FRS 113 Fair Value Measurement	1st January, 2013
Improvements to FRSs issued in 2012:	
Amendment to FRS I Presentation of Financial Statements	1st January, 2013
Amendment to FRS 16 Property, Plant and Equipment	1st January, 2013
Amendment to FRS 32 Financial Instruments: Presentation	1st January, 2013

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS is described below.

Amendment to FRS I Presentation of Items of Other Comprehensive Income.

The amendment to FRS I Presentation of Items of Other Comprehensive Income requires for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss. It is effective for annual periods beginning on or after 1st July, 2012. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company when implemented.

FRS I 13 Fair Value Measurement

FRS I 13 Fair Value Measurement provides guidance on how to measure fair values for including those for both financial and non-financial items and introduces significantly enhanced disclosures about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1st January, 2013. The Company is in the process of assessing the impact on the financial statements. As for the disclosures, it will not have any impact on the financial performance or the financial position of Company when implemented.

(b) Significant accounting estimates and judgements

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

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Useful lives of property, plant and equipment

  The cost of property, plant and equipment is depreciated on a

Notes

to the Financial Statements for the year ended 31st March, 2013

straight-line basis over the useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 60 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements.

- Income taxes

  The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Impairment of investment in subsidiary

  The Group assesses at the end of each reporting period whether there is any objective evidence that the investments in a subsidiary is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the industry/sector performance, operational and financing cash flow. Management will exercise significant judgement to evaluate the financial conditions and business prospects of the investments.

  Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary Company. The carrying amounts of the Group's investment in subsidiaries and investment in unquoted shares at the end of the reporting period are disclosed in Notes 5 and 6 to the financial statements.

(ii) Judgement made in applying accounting policies

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

(c) Basis of consolidation and business Combinations

i) Basis of consolidation from 1st January, 2010

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

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

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

Notes

to the Financial Statements for the year ended 31st March, 2013

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1st January, 2010

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

- Acquisition of non-controlling interests, prior to 1st January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1st January, 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportion share of net asset value at the date control was lost. The carrying values of such investments as at 1st January, 2010 have not been restated.

ii) Business combinations

Business combinations from 1st January, 2010

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the

Notes

to the Financial Statements for the year ended 31st March, 2013

contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(o). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date

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

Business combinations are accounted for by applying the purchase method.

Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

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

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

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

(d) Transactions with non-controlling interests

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

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

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to the Financial Statements for the year ended 31st March, 2013

(e) Foreign currency

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

i) Transactions and balances

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

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

ii) Consolidated financial statements

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

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

(f) Subsidiary

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

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

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less any impairment losses.

Notes

to the Financial Statements for the year ended 31st March, 2013

(g) Property, plant and equipment

All items of Property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of a property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold buildings	30/60 years
Plant & machinery	5-20 years
Motor vehicles	5-10 years
Geological equipment	4-5 years
Office equipment	5 years
Furniture & fittings	5 years
Tools and equipment	5 years
Renovation	3 years
Computer	1 year

Fully depreciated assets are retained in the financial statements until they are no longer in use.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(h) Financial assets

Initial recognition and measurement

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

When a financial asset is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset.

Subsequent measurement

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

i) **Financial assets at fair value through profit or loss**

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

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

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

Notes

to the Financial Statements for the year ended 31st March, 2013

the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

ii) Held-to-maturity investment

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

iii) Loans and receivables

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

iv) Available-for-sale financial assets

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

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

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

Derecogniton

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

Regular way purchase and sale of a financial asset

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

(i) Financial liabilities

Initial recognition and measurement

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

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to the Financial Statements for the year ended 31st March, 2013

When a financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial liability.

Subsequent measurement

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

(i) Financial liabilities at fair value through profit or loss

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

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

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

(ii) Other financial liabilities

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

Derecognition

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

j) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

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

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

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

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

(ii) Financial assets carried at cost

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

(iii) Available-for-sale financial assets

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

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

(k) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when

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to the Financial Statements for the year ended 31st March, 2013

an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount.That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(l) Trade and other payables

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

(m) Inventories

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs

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to the Financial Statements for the year ended 31st March, 2013

incurred in bringing the inventories to their present location.

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

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

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(o) Goodwill on consolidation

Goodwill arises on the acquisition of subsidiaries. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost Goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(p) Provisions

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

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

(q) Contingencies

A contingent liability is:

(a) a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event or events not wholly within the control of the Company, or

(b) a present obligation that arises from past events but is not recognised because;

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(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

(r) Coal reserve estimates

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

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

(s) Environmental expenditure

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

(t) Exploration and evaluation assets

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

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

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

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

Costs are relating to property acquisitions are capitalised within the developments costs.

(u) Decommissioning costs

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

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

(v) Restoration costs

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

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

(w) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The group has concluded that it is acting as a Principal in all of its revenue arrangements. The follow specific recognition criteria must also be met before revenue is recognised.

- Sale of goods

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

  - Trading in securities

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

  - Interest income

    Interest income is recognised using the effective interest method.

(x) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that

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the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other operating income". Alternatively, they are deducted in reporting the related expenses.

(y) Income taxes

(i) Current income tax

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

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

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

(iii) Sales tax

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

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

The net amount of sales tax recoverable form, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(z) Related parties

A related party is defined as follows:

(a) A person or a:

(i) Has control or close member of that person's family is related to the Group and Company if that person joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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4. PROPERTY, PLANT AND EQUIPMENT

The Group

Particulars	Leasehold building	Leasehold Land & building	Plant & machinery	Office equipment	Computer	Motor vehicles	Renovation	Tools & Instruments	Furniture & Fittings	Geological equipment	Aircraft	Construction in Progress	**TOTAL**	**TOTAL**
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	INR
COST														
As at April 2011	463,528	539,229	1,781,189	8,049	4,558	773,021	87,437	-	3,901	868	-	10,240,057	13,901,837	755,773,369
Additions	-	953,202	3,579,816	2,480	-	868,937	-	12,711	109,832	-	-	24,786,644	30,313,622	1,648,000,060
Currency realignment	-	-	(3)	(1,877)	-	-	(194)	-	(1,522)	-	-	(1)	(3,597)	(195,551)
Disposals	-	-	-	-	-	(61,913)	-	-	-	-	-	-	(61,913)	(3,365,900)
As at March 2012 and 1st April, 2012	463,528	1,492,431	5,361,002	8,652	4,558	1,580,045	87,243	12,711	112,211	868	-	35,026,700	44,149,949	2,400,211,977
Additions	-	475,802	23,815,221	-	1,068	255,001	-	2,405	23,299	-	2,925,819	46,940,883	74,439,498	4,046,903,309
Currency realignment	-	-	-	(770)	-	(1)	-	-	(1)	-	-	-	(772)	(41,970)
Transfer	-	-	5,051,725	9,909	-	-	(4,009)	-	(5,032)	(868)	-	(5,051,725)	-	-
Disposals	-	-	-	-	-	(345,547)	-	-	(101,588)	-	-	-	(447,135)	(24,308,494)
As at 31st March, 2013	**463,528**	**1,968,233**	**34,227,948**	**17,791**	**5,626**	**1,489,498**	**83,234**	**15,116**	**28,889**	**-**	**2,925,819**	**76,915,858**	**118,141,540**	**6,422,764,822**
Accumulated depreciation														
As at 1st April, 2011	46,353	31,002	1,168,119	2,656	3,624	463,886	84,437	-	946	200	-	-	1,801,223	97,923,488
Charge for the year	7,725	17,070	517,124	5,189	934	209,068	0	0	22,755	0	0	0	779,865	42,397,361
As at 31st March, 2012 and 1st April, 2012	54,078	48,072	1,685,243	7,845	4,558	672,954	84,437	-	23,701	200	-	-	2,581,088	140,320,849
Charge for the year	7,725	57,424	1,429,111	1,765	734	276,814	-	-	14,234	-	120,948	-	1,908,755	103,769,466
Transfer	-	-	-	3,871	-	-	(1,203)	-	(2,468)	(200)	-	-	-	-
Disposals	-	-	-	-	-	(171,440)	-	-	(19,416)	-	-	-	(190,856)	(10,375,886)
As at 31st March, 2013	**61,803**	**105,496**	**3,114,354**	**13,481**	**5,292**	**778,328**	**83,234**	**-**	**16,051**	**-**	**120,948**	**-**	**4,298,987**	**233,714,428**
Net carrying amount														
As at 31st March, 2012	409,450	1,444,359	3,675,759	807	-	907,091	2,806	12,711	88,510	668	-	35,026,700	41,568,861	2,259,891,128
As at 31st March, 2013	**401,725**	**1,862,737**	**31,113,594**	**4,310**	**334**	**711,170**	**0**	**15,116**	**12,838**	**0**	**2,804,871**	**76,915,858**	**113,842,553**	**6,189,050,394**

The coal processing and handling plant, heavy earth moving machinery; and related equipment are pledged as security for Standard Chartered Bank Zambia Plc loan (note 22).

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4. PROPERTY, PLANT AND EQUIPMENT

The Company

Particulars	Leasehold building USD	Office equipment USD	Computer USD	Renovation USD	Total USD	Total INR
COST:						
At 1st April, 2011	463,528	5,495	4,558	84,033	557,614	30,314,685
Additions	-	2,480	-	-	2,480	134,825
At 31st March, 2012 and **1st April, 2012**	463,528	7,975	4,558	84,033	560,094	30,449,510
Additions	-	-	1,068	-	1,068	58,062
At 31st March, 2013	**463,528**	**7,975**	**5,626**	**84,033**	**561,162**	**30,507,572**
Accumulated depreciation:						
As 1st April, 2011	46,353	2,579	3,624	84,033	136,589	7,425,661
Charge for the year	7,725	5,189	934	-	13,848	752,847
At 31st March, 2012 and **1st April, 2012**	54,078	7,768	4,558	84,033	150,437	8,178,508
Charge for the year	7,725	207	734	-	8,666	471,127
At 31st March, 2013	**61,803**	**7,975**	**5,292**	**84,033**	**159,103**	**8,649,635**
Net carrying amount :						
At 31st March, 2012	409,452	206	-	-	409,657	22,271,003
At 31st March, 2013	**401,725**	**0**	**334**	**0**	**402,059**	**21,857,938**

Particulars	Company			
	2013 USD	**2013** INR	**2012** USD (Restated)	**2012** INR
5. INVESTMENT IN SUBSIDIARIES				
Unquoted shares, at cost	30,883,505	1,678,981,749	5,204,056	264,730,329

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Details of the subsidiaries at 31st March, 2013 are as follows:-

Name and principal activities	Country of Incorporation	Cost of investments				Effective equity interest held by Company	
		2013 USD	**2013** INR	2012 (Restated) USD	2012 INR	**2013** %	2012 %
*PT Nava Bharat Sungai Cuka (Dormant)	Indonesia	475,000	25,823,375	475,000	24,163,250	95	95
*PT Nava Bharat Indonesia (Dormant)	Indonesia	475,000	25,823,375	475,000	24,163,250	95	95
*Kobe Green Power & Co Ltd. (Hydropower plant)	Japan	16,000	869,840	16,000	813,920	80	80
+Maamba Collieries Limited (Mining activity)	Zambia	29,916,505	1,626,410,794	4,237,056	215,539,039	65	65
+Nava Bharat Africa Resources Pvt. Ltd. (Dormant)	Mauritius	1,000	54,365	1,000	50,870	100	100
		30,883,505	**1,678,981,749**	5,204,056	264,730,329		

+: Audited by firm other than Shashi Kala Devi Associates

*: Unaudited financial statements

Particulars	Group				Company			
	2013 USD	**2013** INR	2012 USD (Restated)	2012 INR	**2013** USD	**2013** INR	2012 USD (Restated)	2012 INR
6. INVESTMENT IN UNQUOTED SHARES								
Indo Coal Venture Pte Ltd.	99	5,382	99	5,036	99	5,382	99	5,036

Particulars	Group			
	2013 USD	**2013** INR	2012 USD (Restated)	2012 INR
7. OTHER INVESTMENTS				
Investment in progress				
- Hydropower	3,072,452	167,033,853	1,957,301	99,567,902
- Coal Mine	1,740,035	94,597,003	1,469,306	74,743,596
	4,812,487	**261,630,856**	3,426,607	174,311,498

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Particulars	Group			
	2013 USD	**2013** INR	**2012** USD (Restated)	**2012** INR
8. INTANGIBLE ASSETS				
Computer software	55,441	3,014,050	69,301	3,525,342
	Computer Software USD	Total USD	Total INR	
Cost:				
At 1st April, 2011	-	-	-	
Additions	69,301	69,301	3,767,549	
At 31st March, 2012 and 1st April, 2012	69,301	69,301	3,767,549	
Additions	-	-		
At 31st March, 2013	**69,301**	**69,301**	3,767,549	
Accumulated amortisation and impairment :				
At 1st April, 2011	-	-	-	
Amortisation	-	-	-	
At 31st March, 2012 and 1st April, 2012	-	-	-	
Amortisation	13,860	13,860	753,499	
Written off	-	-	-	
At 31st March, 2013	**13,860**	**13,860**	753,499	
Net carrying amount:				
At 31st March, 2012	69,301	69,301	3,767,549	
At 31st March, 2013	**55,441**	**55,441**	3,014,050	

Particulars	Group			
	2013 USD	**2013** INR	**2012** USD (Restated)	**2012** INR
9. GOODWILL ON CONSOLIDATION				
Goodwill on consolidation, at cost at end of the financial year	55,299,909	3,006,379,553	55,299,909	2,813,106,371

The subsidiary provides feasibility studies for the project and projected a forecast of the revenue generated when the project started in May 2012. However, the figures are still unable to match the forecasted figures and unable to ascertain the recoverability of the goodwill.

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Particulars	Group 2013 USD	2013 INR	2012 USD (Restated)	2012 INR
10. INVENTORIES				
Coal	25,785,986	1,401,855,129	7,098,369	361,094,031
Spare parts and consumables	981,887	53,380,287	395,366	20,112,268
Goods-in-transit	166,243	9,037,800	-	-
	26,934,116	1,464,273,216	7,493,735	381,206,299
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	32,978,954	1,792,900,834	52,023,337	2,646,427,153

11. TRADE RECEIVABLES

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

Trade receivables denominated in foreign currencies as at 31st March are as follows:

Particulars	Group 2013 USD	Group 2013 INR	Group 2012 USD (Restated)	Group 2012 INR	Company 2013 USD	Company 2013 INR	Company 2012 USD (Restated)	Company 2012 INR
Zambia Kwacha (ZMW)	1,278,032	69,480,210	35,014	1,781,162	-	-	-	-

Receivables that are past due but not impaired

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

Particulars	Group 2013 USD	Group 2013 INR	Group 2012 USD (Restated)	Group 2012 INR	Company 2013 USD	Company 2013 INR	Company 2012 USD (Restated)	Company 2012 INR
12. OTHER RECEIVABLES								
Prepayment	846,909	46,042,208	747,025	38,001,162	39,744	2,160,683	874	44,460
Deposit	11,833	643,301	252,629	12,851,237	-	-	2,671	135,873
Deferred revenue expenditure	6,867,989	373,378,222	4,064,216	206,746,668	-	-	-	-
Interests receivable	148,360	8,065,591	280,571	14,272,647	148,360	8,065,591	280,571	14,272,647
Provision from legal claims (Note 32)	5,319,876	289,215,059	4,777,656	243,039,361	5,319,876	289,215,059	4,777,655	243,039,310
Advance to suppliers	343,990	18,701,016	-	-	-	-	-	-
VAT Receivable	-	-	4,973,797	253,017,053	-	-	-	-
Other receivables	2,837,171	154,242,802	8,907,592	453,129,205	568,847	30,925,367	328,780	16,725,039
	16,376,128	890,288,199	24,003,486	1,221,057,333	6,076,827	330,366,700	5,390,551	274,217,329

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Other receivables denominated in foreign currencies as at 31st March are as follows:

Particulars	Group				Company			
	2013	**2013**	2012	2012	**2013**	**2013**	2012	2012
	USD	INR	USD (Restated)	INR	USD	INR	USD (Restated)	INR
Singapore Dollar (SGD)	-	-	1,045	53,159	-	-	1,045	53,159
Mauritian Rupee (MUR)	5,927	322,221	22,219	1,130,281	-	-	-	-
Zambia Kwacha (ZMW)	9,461,729	514,386,897	17,790,930	905,024,609	-	-	-	-
Japanese Yen (YEN)	-	-	20,209	1,028,032	-	-	-	-
Indonesia Rupiah (IDR)	831,645	45,212,380	779,577	39,657,082	-	-	-	-
	10,299,301	**559,921,498**	**18,613,980**	**946,893,163**	**-**	**-**	**1,045**	**53,159**

13. AMOUNTS DUE FROM SUBSIDIARIES

Amounts due from subsidiaries are non-trade, unsecured, interest-free and convertible into investments at future date and interests-free except for an amount of USD 63,334,855 which is charged at interest rate of 6% (2012: 6%) per annum.

14. AMOUNTS DUE FROM RELATED PARTIES

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

Particulars	Group				Company			
	2013	**2013**	2012	2012	**2013**	**2013**	2012	2012
	USD	INR	USD (Restated)	INR	USD	INR	USD (Restated)	INR
15. SHORT TERM INVESTMENTS								
Costs of bonds	6,920,465	376,231,080	13,885,465	706,353,605	6,920,465	376,231,080	13,885,465	706,353,605
Change in fair	13,897	755,510	(687,803)	(34,988,539)	13,897	755,510	(687,803)	(34,988,539)
	6,934,362	**376,986,590**	**13,197,662**	**671,365,066**	**6,934,362**	**376,986,590**	**13,197,662**	**671,365,066**

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Particulars	Group				Company			
	2013 USD	**2013** INR	2012 USD (Restated)	2012 INR	**2013** USD	**2013** INR	2012 USD (Restated)	2012 INR
16. CASH AND CASH EQUIVALENTS								
Cash at Bank	12,360,077	671,955,586	10,930,676	556,043,488	6,596,391	358,612,797	4,335,854	220,564,893
Cash in Hand	18,934	1,029,347	11,435	581,698	743	40,393	1,213	61,705
	12,379,011	672,984,933	10,942,111	556,625,186	6,597,134	358,653,190	4,337,067	220,626,598
Cash and cash equivalents were denominated in the following currencies:								
Singapore Dollar (SGD)	96,694	5,256,769	222,070	11,296,701	96,694	5,256,769	222,070	11,296,701
Australian Dollar (AUD)	-	-	146	7,427	-	-	146	7,427
Mauritius Rupee (MUR)	1,749	95,084	4,297	218,588	-	-	-	-
Japan Yen (YEN)	1,722	93,617	5,844	297,284	-	-	-	-
Laos Kip (KIP)	17,304	940,732	12,877	655,053	-	-	-	-
Indonesia Rupiah (!DR)	4,753	258,397	33,823	1,720,576	-	-	-	-
Zambia Kwacha (ZMW)	1,515,492	82,389,723	672,876	34,229,202	-	-	-	-
South Africa Rand (ZAR)	906,407	49,276,817	-	-	-	-	-	-
	2,544,121	**138,311,139**	951,933	48,424,831	**96,694**	**5,256,769**	222,216	11,304,128

Particulars	Group				Company			
	2013 USD	**2013** INR	2012 USD (Restated)	2012 INR	**2013** USD	**2013** INR	2012 USD (Restated)	2012 INR
17. TRADE PAYABLES								
Trade payable denominated in foreign currencies as at 31st March are as follows:								
Zambia Kwacha (ZMW)	**971,102**	**52,793,960**	692,649	35,235,055	-	-	-	-

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Particulars	Group 2013 USD	Group 2013 INR	Group 2012 USD (Restated)	Group 2012 INR	Company 2013 USD	Company 2013 INR	Company 2012 USD (Restated)	Company 2012 INR
18. OTHER PAYABLES								
Accruals	12,000	652,380	8,000	406,960	12,000	652,380	8,000	406,960
Salary and related cost	801,754	43,587,356	749,747	38,139,630	4,322	234,966	3,973	202,107
Interest payable	90,933	4,943,573	257,903	13,119,526	90,933	4,943,573	257,903	13,119,526
Deposit	291,981	15,873,547	96,114	4,889,319	-	-	-	-
Advance from customers	347,029	18,866,232	61,754	3,141,426	287,370	15,622,870	-	-
Sundry payable	1,500,804	81,591,209	2,963,801	150,768,557	-	-	20,000	1,017,400
	3,044,501	165,514,297	4,137,319	210,465,418	394,625	21,453,789	289,876	14,745,993
Other payable denominated in foreign currencies as at 31st March are as follows:								
Singapore Dollar (SGD)	16,321	887,291	11,973	609,067	16,321	887,291	11,973	609,067
Mauritian Rupee (MUR)	-	-	3,906	198,698	-	-	-	-
Zambia Kwacha (ZMW)	2,138,557	116,262,651	3,833,954	195,033,240	-	-	-	-
Japanese Yen (YEN)	22,545	1,225,659	-	-	-	-	-	-
Indonesia Rupiah (IDR)	6,999	380,501	9,583	487,487	-	-	-	-
	2,184,422	**118,756,102**	3,859,416	196,328,492	**16,321**	**887,291**	11,973	609,067

Particulars	Group 2013 USD	Group 2013 INR	Group 2012 USD (Restated)	Group 2012 INR	Company 2013 USD	Company 2013 INR	Company 2012 USD (Restated)	Company 2012 INR
19. AMOUNTS DUE TO HOLDING COMPANY								
Trade	18,650,995	1,013,961,343	9,650,774	490,934,873	18,650,995	1,013,961,343	9,650,774	490,934,873
Non-trade	208,154	11,316,292	341,311	17,362,491	208,154	11,316,292	341,311	17,362,491
	18,859,149	1,025,277,635	9,992,085	508,297,364	18,859,149	1,025,277,635	9,992,085	508,297,364

20. AMOUNT DUE TO A SUBSIDARY

Amount due to a subsidiary is non-trade, unsecured, interest-free, repayable on demand and to be settled in cash.

21. AMOUNTS DUE TO RELATED PARTIES

Amounts due to related parties are non-trade, unsecured, interest-free, repayable on demand and to be settled in cash.

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Particulars	Group				Company			
	2013 USD	2013 INR	2012 USD (Restated)	2012 INR	2013 USD	2013 INR	2012 USD (Restated)	2012 INR
22. INTEREST BEARING LOANS AND BORROWINGS								
Current liability								
Interests bearing loans and borrowings	121,048,123	6,580,781,207	30,412,326	1,547,075,024	44,000,000	2,392,060,000	13,073,932	665,070,921
Non-current liability								
Interests bearing loans and borrowings	-	-	70,185,126	3,570,317,360	-	-	35,185,126	1,789,867,360
The details of the loans and borrowings were as follows:								
Unsecured loans								
a) ICICI Bank (Facility A)	-	-	12,001,000	610,490,870	-	-	12,001,000	610,490,870
b) ICICI Bank (Facility B)	-	-	4,000,000	203,480,000	-	-	4,000,000	203,480,000
c) Standard Chartered Bank	-	-	12,258,058	623,567,410	-	-	12,258,058	623,567,410
d) ANZBank	-	-	20,000,000	1,017,400,000	-	-	20,000,000	1,017,400,000
e) State Bank ofIndia (Loan I)	32,000,000	1,739,680,000	-	-	32,000,000	1,739,680,000	-	-
f) State Bank ofIndia (Loan 2)	12,000,000	652,380,000	-	-	12,000,000	652,380,000	-	-
g) International Development Agency	1,600,000	86,984,000	1,600,000	813,92,000	-	-	-	-
h) Zambia Development Agency	31,832	1,730,547	47,411	2,411,798	-	-	-	-
i) Government of the Republic of Zambia- Mof1	157,189	8,545,580	161,073	8,193,784	-	-	-	-
j) Government of the Republic of Zambia-Mof2	4,300,000	233,769,500	4,300,000	218,741,000	-	-	-	-
k) Scheme of Arrangement - MOF	10,959,102	595,791,580	11,229,910	571,265,522	-	-	-	-
		-		-		-		-
Secured loan		-		-		-		-
l) Standard Chartered Bank Zambia (loan 1)	35,000,000	1,902,775,000	35,000,000	1,780,450,000	-	-	-	-
m) Standard Chartered BankZambia (loan 2)	25,000,000	1,359,125,000	-	-	-	-	-	-
	121,048,123	6,580,781,207	100,597,452	5,117,392,384	44,000,000	2,392,060,000	48,259,058	2,454,938,280

a) to d) These bank loans were secured by a corporate guarantee by the holding Company and an exclusive first ranking charge over the Debt Service Reserve Account (DSRA) of the Company, however these loans were fully repaid during the financial year.

e) and f) These bank loans are secured by a corporate guarantee by the holding Company.

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The interest rate and repayment schedule are as follows:

	Interest rate	Fully repayable by
State Bank ofIndia (loan 1)	2.4% + Libor	October 2013
State Bank ofIndia (loan 2)	2.4% + Libor	November 2013

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

h) The funds were obtained from the Zambia Privatisation Agency for the purpose of liquidating the liabilities arising from retirement benefits and group insurance. The loan is unsecured, interest free with no fixed repayment terms.

i) This represents loans obtained from the African Development Bank and the African Development Fund through ZCCM Investment Holdings Plc for capitalisation and is unsecured, interest free with no fixed repayment terms.

j) The money was advanced to the Subsidiary by the government through ZCCM-Investment Holdings Plc. The amount advanced was USD 4.3 million and is unsecured, interest free with no fixed repayment terms.

k) The loan was received from the Ministry of Finance for funding the creditors' scheme of arrangement. The loan is unsecured, interest free with no fixed repayment terms.

l) The loan was obtained to finance the acquisition of the coal preparation plant and coal handling plant equipment, heavy earth moving machinery and related equipment to restore mining operations of the subsidiary Company (MCL). The loan is secured by a charge on the equipment acquired and by the corporate guarantee of Nava Bharat Ventures Limited. The loan interest rate is at 4.76% above the LIBOR rate. The loan amounting to USD 35 million is to be fully repaid by February 2014.

m) The loan was obtained to finance for operating expenditure on the coal mine. The loan is secured by a charge on the equipment acquired and by Deed of debenture to secure USD 40 million. The loan interest rate is at 4% above the LIBOR rate. The loan amounting to USD 25 million is to be fully repaid by July 2013.

23. LONG TERM PAYABLES

These statutory liabilities are payable over a period of seven and ten years beginning May 2012. The fair values of the long term payables have been stated as the present value of all future cash payments discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the long term payables and their settlement amounts has been recognised in the income statement.

The details of the long term payables were as follows:

	Group			
Particulars	**2013**	**2013**	2012	2012
	USD	INR	USD (Restated)	INR
National Pension Scheme Authority	3,112,416	169,206,496	3,859,875	196,351,841
Workmen's Compensation Fund	82,902	4,506,967	107,416	5,464,252
	3,195,318	173,713,463	3,967,291	201,816,093

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Particulars	Group			
	2013	**2013**	**2012**	**2012**
	USD	INR	USD (Restated)	INR
National Pension Scheme Authority				
At beginning of year	3,859,875	209,842,104	2,415,260	122,864,276
Transfer from short term	-	-	3,688,934	187,656,073
Fair Value gain adjustment to income statement	280,049	15,224,864	(1,310,463)	(66,663,253)
Paid during the year	(1,027,508)	(55,860,472)	(933,856)	(47,505,255)
At end of year	3,112,416	169,206,496	3,859,875	196,351,841
Workmen's Compensation Fund				
At beginning of year	107,416	5,839,671	95,018	4,833,566
Fair Value adjustment to income statement	3,894	211,697	207,577	10,559,442
Paid during the year	(28,408)	(1,544,401)	(195,179)	(9,928,756)
At end of year	82,902	4,506,967	107,416	5,464,252

24. ENVIRONMENTAL REHABILITATION PROVISIONS

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

The details of the environmental rehabilitation provisions were as follows:

Particulars	Group			
	2013	**2013**	**2012**	**2012**
	USD	INR	USD (Restated)	INR
At beginning of year	4,606,075	250,409,267	4,651,946	236,644,493
Payment incurred on Kanzinze breaches restoration works and sewerage system	(1,067,168)	(58,016,588)	-	-
Exchange (gain)	-	-	(45,871)	(2,333,458)
At the end of the year	3,538,907	192,392,679	4,606,075	234,311,035

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Particulars	Group and Company					
	2013			2012		
	Number of Shares	USD	INR	Number of Shares	USD	INR
25. SHARE CAPITAL						
Issued and fully paid ordinary shares:						
At beginning of year	31,606,870	31,600,000	1,717,934,000	19,106,870	19,100,000	971,617,000
Issued during the year	24,000,000	24,000,000	1,304,760,000	12,500,000	12,500,000	635,875,000
At end of year	55,606,870	55,600,000	3,022,694,000	31,606,870	31,600,000	1,607,492,000

During the year, 24,000,000 ordinary shares were isssued for total cash consideration of USD 24,000,000. The proceeds were used for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary carry one vote per share without restrictions. The ordinary shares have no par value.

26. REVENUE

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

Particulars	Group				Company			
	2013 USD	**2013** INR	2012 USD (Restated)	2012 INR	**2013** USD	**2013** INR	2012 USD (Restated)	2012 INR
27. OTHER OPERATING INCOME								
Interest income from bonds	973,804	52,940,854	1,638,122	83,331,266	973,804	52,940,854	1,638,122	83,331,266
Income from investments	361,652	19,661,211	785,097	39,937,884	361,652	19,661,211	785,097	39,937,884
Interest income from loans to subsidiary	-	-	-	-	3,206,338	174,312,565	2,477,395	126,025,084
Interest income from bank	3	163	1,219	62,011	3	163	1,219	62,011
Government job credit	152	8,263	124	6,308	152	8,263	124	6,308
Others	450,814	24,508,503	5,698,333	289,874,200	25,386	1,380,110	-	-
	1,786,425	97,118,994	8,122,895	413,211,669	4,567,335	248,303,166	4,901,957	249,362,553

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Particulars	Group 2013 USD	2013	2012 USD (Restated)	2012	Company 2013 USD	2013	2012 USD (Restated)	2012
28. OTHER CREDITS/ (CHARGES)								
Fair value gain/(loss) in bonds	401,357	21,819,773	136,323	6,934,751	658,300	35,788,480	(1,055,488)	(53,692,675)
Impairment loss on intangible assets	(13,860)	(753,499)	-	-	-	-	-	-
	387,497	21,066,274	136,323	6,934,751	658,300	35,788,480	(1,055,488)	(53,692,675)

Particulars	Group 2013 USD	2013	2012 USD (Restated)	2012	Company 2013 USD	2013	2012 USD (Restated)	2012
29. FINANCE COSTS								
Interest expense	1,221,490	66,406,304	5,459,114	277,705,129	1,504,051	81,767,733	1,952,677	99,332,679
Facility fee	72,309	3,931,079	21,507	1,094,061	72,309	3,931,079	21,507	1,094,061
Guarantee commission	724,902	39,409,297	630,000	32,048,100	724,902	39,409,297	630,000	32,048,100
	2,018,701	109,746,680	6,110,621	310,847,290	2,301,262	125,108,109	2,604,184	132,474,840

30. (LOSS)/ PROFIT BEFORE TAX

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

Particulars	Group 2013 USD	2013	2012 USD (Restated)	2012	Company 2013 USD	2013	2012 USD (Restated)	2012
Consultancy fee	156,910	8,530,412	95,762	4,871,413	156,910	8,530,412	75,517	3,841,550
Foreign exchange loss	4,361,243	237,098,976	4,621,857	235,113,866	15,028	816,997	4,613	234,663
Legal expenses	-	-	101,343	5,155,318	-	-	48,267	2,455,342
Loss on sale of property, plant and equipment	57,228	3,111,200	-	-	-	-	-	-
Project expenditure	338,039	18,377,490	231,337	11,768,113	338,039	18,377,490	231,337	11,768,113
Overseas travel expenses	370,824	20,159,847	380,742	19,368,346	97,925	5,323,693	161,680	8,224,662

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to the Financial Statements for the year ended 31st March, 2013

31. INCOME TAX EXPENSE

(i) Major components of income tax expense

The major components of income tax expense for the years ended 31st March, 2013 and 2012 are:

Particulars	Group				Company			
	2013 USD	2013	2012 USD (Restated)	2012	2013 USD	2013	2012 USD (Restated)	2012
Current year	339,368	18,449,741	452,879	23,037,955	266,215	14,472,778	365,000	18,567,550
Tax refund	(4,000)	(217,460)	-	-	(4,000)	(217,460)	-	-
Withholding tax	36,415	1,979,701	-	-	36,415	1,979,701	-	-
Corporate tax liability forgiveness	-	-	(5,049,527)	(256,869,438)	-	-	-	-
Under/(over) provision for prior years	93,934	5,106,722	(8,000)	(406,960)	93,934	5,106,722	(8,000)	(406,960)
Tax expenses / (benefits)	465,717	25,318,704	(4,604,648)	(234,238,443)	392,564	21,341,741	357,000	18,160,590

A reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate for the years ended 31st March as follows :

Particulars	Group				Company			
	2013 USD	2013	2012 USD (Restated)	2012	2013 USD	2013	2012 USD (Restated)	2012
(Loss) / Profit before tax	(9,285,030)	(504,780,656)	(10,545,860)	(536,467,898)	1,873,338	101,844,020	806,022	41,002,339
Tax at 17%	(1,578,455)	(85,812,706)	(1,792,796)	(91,199,533)	318,468	17,313,513	137,024	6,970,411
Less: effect of tax on:		-		-		-		-
- wear & tear allowances	(1,560,103)	(84,815,000)	(981,165)	(49,911,864)	(727)	(39,523)	(416)	(21,162)
- deferred tax benefits not recognised	-	-	1,751,939	89,121,137	-	-	-	-
- non-taxable income	(550,978)	(29,953,919)	(3,600,201)	(183,142,225)	(116,658)	(6,342,112)	-	-
- tax exempt income	(20,847)	(1,133,347)	(20,735)	(1,054,789)	(20,847)	(1,133,347)	(17,561)	(893,328)
- non-deductible expenses	4,012,129	218,119,393	5,095,837	259,225,228	85,979	4,674,248	245,953	12,511,629
- tax refunded	(4,000)	(217,460)	-	-	(4,000)	(217,460)	-	-
- under/(over) provision for prior year	93,934	5,106,722	(8,000)	(406,960)	93,934	5,106,722	(8,000)	(406,960)
- withholding tax	36,415	1,979,701	-	-	36,415	1,979,701	-	-
- corporate tax liability forgiveness	-	-	(5,049,527)	(256,869,438)	-	-	-	-
- difference in tax rate	37,622	2,045,320	-	-	-	-	-	-
TOTAL TAX EXPENSE / (BENEFIT)	**465,717**	**25,318,704**	(4,604,648)	(234,238,444)	**392,564**	**21,341,742**	357,000	18,160,590

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As at the end of reporting period, the Group has unutilised tax losses carry forward amounting to approximately USD 13,058,556 (2012: USD 17,039,362) that are available for offsetting against future taxable profits one of its subsidiary in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverabilility.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the subsidiary operates.

The realisation of these future income tax benefits will only be obtained if the Group derives future taxable income of a nature and of sufficient amount to enable the tax benefits to be realised and the Group continues to comply with the conditions imposed by the law.

32. CONTINGENT ASSETS

The Group is involved in lawsuits and claims against third parties in respect of the legally of the coal mine ownership and for the money paid, and compensate for the conspiracy on the rights of the coal mine. The Group is claiming for an amount of approximate USD 5.3 million for amount paid for the rights of the coal mine, and amount of approximate USD 62.8 million for compensation future continuing loss of profits. Base on the legal advice, the Directors of the Company believes that the Company has a relatively strong case against the third parties.

As at the date of this report, the above lawsuits are still on going.

33. CONTINGENT LIABILITIES

One of the subsidiaries has several pending litigation legal proceedings as at 31st March, 2013, the major one being the litigation against the subsidiary relating to underpayment of terminal benefits to former employees. The plaintiffs are claiming that they are entitled to claim salaries and arrears from the date of redundancy to the present. The total claim is in excess of USD 11 million, the subsidiary's lawyer and management consider the likelihood of the action against the subsidiary being successful as unlikely.

34. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31st March, 2013 and 31st March, 2012. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group is not subjected to externally imposed capital requirements.

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

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Particulars	Group 2013 USD	Group 2013 INR	Group 2012 USD (Restated)	Group 2012 INR	Company 2013 USD	Company 2013 INR	Company 2012 USD (Restated)	Company 2012 INR
Trade payables	971,102	52,793,960	692,649	35,235,055	-	-	-	-
Other payables	3,044,501	165,514,297	4,137,319	210,465,418	1,010,054	54,911,586	654,876	33,313,542
Amount due to holding Company	18,859,149	1,025,277,635	9,992,085	508,297,364	18,859,149	1,025,277,635	9,992,085	508,297,364
Amounts due to related parties	46,031,088	2,502,480,099	22,789,730	1,159,313,565	-	-	-	-
Amount due to a subsidiary	-	-	-	-	267,436	14,539,158	267,436	13,604,469
Interest bearing loans and borrowings	121,048,123	6,580,781,207	100,597,452	5,117,392,383	44,000,000	2,392,060,000	48,259,058	2,454,938,280
Less: Cash and cash equivalents	(12,379,011)	(672,984,933)	(10,942,111)	(556,625,187)	(6,597,134)	(358,653,190)	(4,337,067)	(220,626,598)
Net debt	177,574,952	9,653,862,265	127,267,124	6,474,078,598	57,539,505	3,128,135,189	54,836,388	2,789,527,058
Equity attributable to the owners of the Company	(55,426,535)	(3,013,263,575)	(35,586,266)	(1,810,273,351)	58,103,182	(3,158,779,489)	32,622,408	(1,659,501,895)
Capital and net debt	122,148,417	6,640,598,690	91,680,858	4,663,805,246	115,642,687	6,286,914,679	87,458,796	4,449,028,953
Gearing ratio	145%		139%		50%		63%	

35. RELATED PARTY DISCLOSURES

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

i) Sales and purchase of goods and services

Particulars	Group 2013 USD	Group 2013 INR	Group 2012 USD (Restated)	Group 2012 INR	Company 2013 USD	Company 2013 INR	Company 2012 USD (Restated)	Company 2012 INR
Ultimate holding Company								
- Purchases	36,254,115	1,970,954,962	50,818,164	2,585,120,003	36,254,115	1,970,954,962	50,818,164	2,585,120,003
- Guarantee commission	724,902	39,409,297	630,000	32,048,100	724,902	39,409,297	630,000	32,048,100
- Expenses paid by Subsidiaries	33,944	1,845,366	-	-	33,944	1,845,366	-	-

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Particulars	Group				Company			
	2013 USD	2013 INR	2012 USD (Restated)	2012 INR	2013 USD	2013 INR	2012 USD (Restated)	2012 INR
- Expenses paid on behalf	-	-	-	-	703,932	38,269,263	1,128,158	57,389,397
- Received payment from	-	-	-	-	6,011,986	326,841,619	-	-
- Loan to related party	-	-	-	-	35,475,586	1,928,630,233	30,216,583	1,537,117,577
- Loan to	-	-	-	-	247,408	13,450,336	308,770	15,707,130

ii) Amount paid to key management personnel

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

Particulars	Group				Company			
	2013 USD	2013 INR	2012 USD	2012 INR	2013 USD	2013 INR	2012 USD	2012 INR
Director' fees	554,820	30,162,789	486,543	24,750,442	554,820	30,162,789	145,308	7,391,818
Short term employee benefits	141,114	7,671,663	-	-	-	-	-	-

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise loans and borrowings, investments and cash and short-term deposits. The Group has various other financial assets and liabilities, such as trade debtors and creditors, and other debtors and creditors.

The main financial risks arising from the Group's operations and the use of financial instruments are credit risk, foreign currency risk, interest rate risk, liquidity risk, and market price risk.

i) Credit risk

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

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

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

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

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

ii) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells their products in several countries other than Singapore and transacts in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States dollar. However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before of tax to a reasonably possible change in the Singapore dollar (SGD), Australia dollar (AUD), Mauritian Rupee (MUR), Japanese Yen (YEN), Lao Kip (KIP), Indonesian Rupiah (IDR), Zambian Kwacha (ZMW) and South African Rand (ZAR) exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

Particulars	Group Loss net of tax				Company Profit net of tax			
	2013 USD	**2013** INR	2012 USD	2012 INR	**2013** USD	**2013** INR	2012 USD	2012 INR
SGD								
-strengthened 2% (2012: 1%)	(37,454)	(2,036,187)	(10,770)	(547,870)	(37,454)	(2,036,187)	(10,770)	(547,870)
-weakened 2% (2012: 1%)	37,454	2,036,187	10,770	547,870	37,454	2,036,187	10,770	547,870
AUD								
-strengthened 2% (2012: 4%)	-	-	10	509	-	-	10	509
-weakened 2% (2012: 4%)	-	-	(10)	(509)	-	-	(10)	(509)
MUR								
-strengthened 8% (2012: 8%)	537	29,194	1,583	80,527	-	-	-	-
-weakened 6% (2012: 6%)	(537)	(29,194)	(1,583)	(80,527)	-	-	-	-
YEN								
-strengthened 13% (2012: 2%)	(1,458)	(79,264)	1,824	92,787	-	-	-	-
-weakened 13% (2012: 2%)	1,458	79,264	(1,824)	(92,787)	-	-	-	-
KIP								
-strengthened 3% (2012: 1%)	1,211	65,836	901	45,834	-	-	-	-
-weakened 3% (2012: 1%)	(1,211)	(65,836)	(901)	(45,834)	-	-	-	-

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	Group				Company			
	Loss net of tax				Profit net of tax			
	2013	**2013**	2012	2012	**2013**	**2013**	2012	2012
	USD	INR	USD	INR	USD	INR	USD	INR
IDR								
-strengthened 6% (2012: 6%)	57,472	3,124,465	56,008	2,849,127	-	-	-	-
-weakened 6% (2012: 6%)	(57,472)	(3,124,465)	(56,008)	(2,849,127)	-	-	-	-
ZMW								
- strengthened I% (2012: 12%)	635,698	34,559,722	974,575	49,576,630	-	-	-	-
-weakened I% (2012: 12%)	(635,698)	(34,559,722)	(974,575)	(49,576,630)	-	-	-	-
ZAR								
-strengthened 19% (2012: 15%)	63,448	3,449,351	-	-	-	-	-	-
-weakened 19% (2012: 15%)	(63,448)	(3,449,351)	-	-	-	-	-	-

iii) Interest rate risk

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

Sensitivity analysis for interest rate risk

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

Particulars	Group				Company			
	2013	**2013**	2012	2012	**2013**	**2013**	2012	2012
	USD	INR	USD	INR	USD	INR	USD	INR
Interest bearing loans								
- Effect on (loss)/profit net of tax	439,900	23,915,164	345,525	17,576,857	182,600	9,927,049	200,275	10,187,989

iv) Market price risk

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

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

Notes

to the Financial Statements for the year ended 31st March, 2013

v) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a level of cash to meet the obligations and commitments due and to ensure cash efficiency whereby maximisation of cash flow position can be achieved.

The Group's liquidity risk management policy is to monitor its working capital projections, taking into account the available banking and other borrowings facilities of the Group, and ensuring that the Group has adequate working capital to meet obligations and commitments due.

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

Particulars	Carrying amounts		Total Undiscounted cash flow		Within 1 Year		Within 2 Years to 5 Years	
	USD	INR	USD	INR	USD	INR	USD	INR
Group								
2013								
Interests bearing loans and borrowings	121,048,123	6,580,781,207	138,658,792	7,538,185,227	138,658,792	7,538,185,227	-	-
Long term payables	3,195,318	173,713,463	3,195,318	173,713,463	-	-	3,195,318	173,713,463
Trade and other payables	4,704,362	255,752,640	4,704,362	255,752,640	4,704,362	255,752,640	-	-
Amount due to holding Company	18,859,149	1,025,277,635	18,859,149	1,025,277,635	18,859,149	1,025,277,635	-	-
Amount due to related parties	46,031,088	2,502,480,099	46,031,088	2,502,480,099	46,031,088	2,502,480,099	-	-
	193,838,040	**10,538,005,044**	**211,448,709**	**11,495,409,064**	**208,253,391**	**11,321,695,601**	**3,195,318**	**173,713,463**
2012								
Interests bearing loans and borrowings	100,547,452	5,466,262,228	121,549,187	6,608,021,551	84,313,795	4,583,719,465	37,235,392	2,024,302,086
Long term payables	3,967,291	215,681,775	3,967,291	215,681,775	-	-	3,967,291	215,681,775
Trade and other payables	5,248,388	285,328,614	5,248,388	285,328,614	5,248,388	285,328,614	-	-
Amount due to holding Company	9,992,085	543,219,701	9,992,085	543,219,701	9,992,085	543,219,701	-	-
Amount due to related parties	22,789,730	1,238,963,671	22,789,730	1,238,963,671	22,789,730	1,238,963,671	-	-
	142,544,946	**7,749,455,989**	**163,546,681**	**8,891,215,312**	**122,343,998**	**6,651,231,451**	**41,202,683**	**2,239,983,861**

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	Carrying amounts		Total Undiscounted cash flow		Within 1 Year		Within 2 Years to 5 Years	
	USD	INR	USD	INR	USD	INR	USD	INR
Company								
2013								
Interests bearing loans and borrowings	44,000,000	2,392,060,000	44,561,600	2,422,591,384	44,561,600	2,422,591,384	-	-
Other payables	1,010,054	54,911,586	1,010,054	54,911,586	1,010,054	54,911,586	-	-
Amount due to holding Company	18,859,149	1,025,277,635	18,859,149	1,025,277,635	18,859,149	1,025,277,635	-	-
Amount due to related parties	267,436	14,539,158	267,436	14,539,158	267,436	14,539,158	-	-
	64,136,639	**3,486,788,379**	**64,698,239**	**3,517,319,763**	**64,698,239**	**3,517,319,763**	**-**	**-**
2012								
Interests bearing loans and borrowings	48,259,058	2,623,603,688	51,872,400	2,820,043,026	14,637,008	795,740,940	37,235,392	2,024,302,086
Other payables	654,876	35,602,334	654,876	35,602,334	654,876	35,602,334	-	-
Amount due to holding Company	9,992,085	543,219,701	9,992,085	543,219,701	9,992,085	543,219,701	-	-
Amount due to related parties	267,436	14,539,158	267,436	14,539,158	267,436	14,539,158	-	-
	59,173,455	3,216,964,881	62,786,797	3,413,404,219	25,551,405	1,389,102,133	37,235,392	2,024,302,086

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

However, the Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

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

38. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the statement of comprehensive income, balance sheet and the related notes to the financial statements. Comparative figures have been adjusted to conform with current year's presentation.

Notes

to the Financial Statements for the year ended 31st March, 2013

The items reclassified for the Group were as follows:

Particulars	Group			
	Previously reported USD	Reclasification USD	After reclasification USD	INR
Statement of financial position				
Non-Current Assets				
Property, plant and equipment	44,447,689	(2,878,828)	41,568,861	2,114,607,959
Other investment	-	3,426,607	3,426,607	174,311,498
Intangible assets	133,096	(63,795)	69,301	3,525,342
Investment in progress	15,059,445	(15,059,445)	-	-
Goodwill on consolidation	51,077,175	4,222,734	55,299,909	2,813,106,371
Current Assets				
Trade and other receivables	20,167,296	(20,167,296)	-	-
Trade receivables	-	1,274,754	1,274,754	64,846,736
Other receivables	-	24,003,486	24,003,486	1,221,057,333
Cash and cash equivalents	10,942,112	(1)	10,942,111	556,625,187
Current Liabilities				
Trade and other payable	(22,002,058)	22,002,058	-	-
Trade payables	-	(692,649)	(692,649)	(35,235,055)
Other payables	-	(4,137,319)	(4,137,319)	(210,465,418)
Amount due to holding Company	-	(9,992,085)	(9,992,085)	(508,297,364)
Amount due to related parties	-	(22,789,730)	(22,789,730)	(1,159,313,565)
Interest bearing loans and borrowings	(13,073,932)	(17,338,394)	(30,412,326)	(1,547,075,024)
Accruals	(289,875)	289,875	-	-
Tax payables	(414,713)	(3,707)	(418,420)	(21,285,025)
Non Current liabilities				
Interest bearing loans and borrowings	(87,548,741)	17,363,615	(70,185,126)	(3,570,317,360)
Equity				
(Accumulated profits) / Accumulated losses	(859,852)	4,294,306	3,434,454	174,710,675
Foreign currency translation reserve	(11,244,075)	3,823,355	(7,420,720)	(377,492,026)
Non-controlling interests	13,082,823	12,422,459	25,505,282	1,297,453,695
	19,476,390	-	**19,476,390**	**990,763,959**

Notes

to the Financial Statements for the year ended 31st March, 2013

The items reclassified for the Company were as follows:

Particulars	Company			
	Previously reported USD	Reclasification USD	After reclasification USD	INR
Statement of financial position				
Non-Current Assets				
Investment in progress	11,696,632	(11,696,632)	-	-
Investment in subsidiaries	978,847	4,225,209	5,204,056	264,730,329
Current Assets				
Trade and other receivables	5,363,019	(5,363,019)	-	-
Trade receivables	-	1,239,740	1,239,740	63,065,574
Other receivables	-	5,390,551	5,390,551	274,217,329
Amounts due from subsidiaries	58,501,167	3,510,384	62,011,551	3,154,527,599
Current Liabilities				
Trade and other payable	(10,003,932)	10,003,932	-	-
Amount due to holding company	-	(9,992,085)	(9,992,085)	(508,297,364)
Accruals	(289,876)	289,876	-	-
Other payables	-	(289,876)	(289,876)	(14,745,992)
Equity				
Accumulated profits	(3,704,328)	2,681,920	(1,022,408)	(52,009,895)
	62,541,529	-	**62,541,529**	**3,181,487,580**

39. RESTATEMENT OF ERRORS

During the year, the Company discovered that the investment amounting to USD 5,329,412 was wrongly capitalised and required to restate the expenses to the respective year at the financial year ended 31st March, 2012 and 31st March, 2011. The financial statements of 2012 and 2011 have been restated to correct this omission.

The effect of the restatement on these financial statements is summarised below:

Particulars	Group effect in				Company effect in			
	2012 USD	2012 INR	2011 USD	2011 INR	2012 USD	2012 INR	2011 USD	2011 INR
Statement of financial position								
Non-current Assets								
Property, plant and equipment	-	-	(2,878,829)	(128,366,985)	-	-	-	-
Decrease in investment in progress	(2,681,920)	(136,429,270)	(2,450,583)	(109,271,496)	(2,681,920)	(136,429,270)	(2,450,583)	(109,271,496)
Equity								
Decrease in accumulated profits	2,450,583	12,4661,157	-	-	2,450,583	124,661,157	-	-
Increase in foreign currency translation reserve	2,92,127	14,860,500	-	-	-	-	-	-
	60,790	**3,092,387**	**(5,329,412)**	**(237,638,481)**	**(231,337)**	**(11,768,113)**	**(2,450,583)**	**(109,271,496)**
Statement of comprehensive income								
Increase in interest expense	-	-	2,878,829	128,366,985	-	-	-	-
Increase in project expenditure	231,337	11,768,113	2,450,583	109,271,496	231,337	11,768,113	2,450,583	109,271,496
Increase in foreign currency translation reserve	(292,127)	(14,860,500)	-	-	-	-	-	-
	(60,790)	**(30,92,387)**	**5,329,412**	**237,638,481**	**231,337**	**11,768,113**	**2,450,583**	**109,271,496**

40. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31st March, 2013 were authorised for issue in accordance with a resolution of the Directors on 20th May, 2013.

General Information

Country of Incorporation and Domicile	Zambia
Company Registration Number	6364
Nature of Business and Principal Activities	Coal mining and power generation
Directors	A. Devineni R. Mushinge V. Mutambo D. Ashok ESS Nebwe Prasad R.K.Gorthi
Registered Office	P.O.Box99 Maamba
Business Address	Maamba Mine Maamba
Bankers	Standard Chartered Bank Zambia Plc Barclays Bank Zambia Plc Zambia National Commercial Bank Plc JP Morgan Chase Singapore
Auditors	BDO
Advocates	Kalakoni and Co
Secretary	Wilson and Cornhill
Holding Company	Moores Rowland Corporate Services Limited Nava Bharat (Singapore) Pte Ltd Incorporated in Singapore (65%), ZCCM Investment Holdings Plc (35%)
Ultimate Holding Company Investment Licence	Nava Bharat Ventures Limited incorporated in India ZDA639/01/2010

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The reports and statements set out below comprise the financial statements presented to the members:

Independent Auditor's Report

To the members of Maamba Collieries Limited

We have audited the financial statements of Maamba Collieries Limited which comprise the statement of financial position as at 31st March, 2013, the statement of comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to31.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Zambian Companies Act.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion :

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maamba Collieries Limited as at 31st March, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Zambian Companies Act.

Other legal and regulatory requirements:

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

BDO
Chartered Accountants
Sd/-
WP Saunders
Partner

Date : 17th May, 2013

Directors' Responsibilities and Approval

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

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

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Directors have reviewed the Company's cash flow forecast for the year to 31st March, 2014 and, in the light of this review and the current financial position, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

The financial statements set out on pages 6 to 31, which have been prepared on the going concern basis, were approved by the Board of Directors on 17th May, 2013 and were signed on its behalf by:

A. Devineni
Director

V. Mutambo
Director

Date : 17th May, 2013

Note: Page nos. 3 and 4 and 6 to 31 stated in the above statement may be referred as 54 & 55 and 56 to 83 in this Annual Report respectively.

Directors' Report

The Directors submit their report for the year ended 31st March, 2013.

1. REVIEW OF ACTIVITIES

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

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

The Company's turnover for the year was USD2,892,514 - INR 157,251,524 (2012 : USD296,544 - INR 15,085,193) and its loss after tax was USD10,629,299 - INR 577,861,840 (2012 : USD1,768,042 - INR 89,940,297).

2. PROPERTY, PLANT AND EQUIPMENT

During the year, the Company acquired property, plant and equipment amounting to USD27,471,843 - INR1,493,506,745 (2012-USD 33,908,023 - INR 1,724,901,130)and disposed of property, plant and equipment with an original cost of USD113,404 - INR 6,165,208 (2012-USD61,913 - INR3,149,514).

3. AUTHORISED AND ISSUED SHARE CAPITAL

In April 2012, the Company's shareholders resolved to convert the shareholders' loans to equity in proportion to their current shareholding. This amount has been accounted for in share capital and subscriptions.

On 11th July, 2012, shareholders' loans amounting to USD40,677,412 - INR2,211,427,503 were converted into ordinary shares and alloted 214,403,818 ordinary shares at an average of ZMVI/ 1 per share.

4. POST BALANCE SHEET EVENTS

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

5. HEALTH AND SAFETY

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

6. STAFF

The average number of employees during the year was 179 (2012:168) and the total remuneration paid was USD3,056,391 - INR166,160,697 (2012: USD 2,443,909 - INR124,321,651).

7. DIRECTORS

The Directors of the Company during the year and to the date of this report were as follows:

Name	Nationality	
R Mushinge	Zambian	Appointed on 31st August, 2012
A Devineni	Singaporean	
M Chilambe	Zambian	Retired on 31st August, 2012
V Mutambo	Zambian	
D Ashok	Indian	
E S S Nebwe	Zambian	
Prasad RK Gorthi	Indian	

8. DIRECTORS INTEREST

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

9. HOLDING COMPANY

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

10. SECRETARY

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

11. EXPORTS

USD 323,151 - INR17,568,104 (2012 : USD273,865 - 13,931,513) worth of coal were exported by the Company from Zambia during the year.

12. AUDITORS

Having indicated their willingness to continue in office, a resolution proposing the re-appointment of BDO as auditors will be put to the Annual General Meeting.

By order of the board

Date : 17th May, 2013

Secretary

Statement of Financial Position

for the year ended 31st March, 2013

Particulars	Note(s)	2013 USD	2013 INR	2012 USD	2012 INR
ASSETS					
Non-current assets					
Property, Plant and Equipment	3	117,361,568	6,380,361,645	44,819,762	2,279,981,293
Intangible Assets	4	55,441	3,014,050	69,301	3,525,342
Inventories	5	24,370,308	1,324,891,794	6,852,379	348,580,520
		141,787,317	7,708,267,489	51,741,442	2,632,087,155
Current Assets					
Inventories	5	2,563,808	139,381,422	641,356	32,625,780
Trade and Other Receivables	6	10,739,760	583,867,053	17,825,944	906,805,771
Cash and Cash Equivalents	14	5,731,152	311,574,078	6,508,066	331,065,317
		19,034,720	3,586,763,657	24,975,366	1,270,496,868
TOTAL ASSETS		**160,822,037**	**8,743,090,042**	76,716,808	3,902,584,023
EQUITY AND LIABILITIES					
Equity					
Share Capital and Subscriptions	7	146,485,750	7,963,697,799	43,694,589	2,222,743,742
Translation Reserve		14,250,243	774,714,461	11,263,835	572,991,286
Accumulated Loss		(90,973,803)	(4,945,790,800)	(80,344,504)	(4,087,124,918)
		69,762,190	3,792,621,460	(25,386,080)	(1,291,389,890)
Non-Current Liabilities					
Amount due to related parties	9	-	-	33,664,303	1,712,503,094
Long Term Payables	10	3,195,318	173,713,463	3,967,291	201,816,093
Environmental Rehabilitation Provisions	13	3,538,907	192,392,679	4,606,075	234,311,035
		6,734,225	366,106,142	42,237,669	2,148,630,222
Current Liabilities					
Trade and Other Payables	8	3,109,659	169,056,612	4,526,604	230,268,345
Amounts due to related parties	9	4,103,650	223,094,932	2,950,508	150,092,342
Borrowings	11	77,048,123	4,188,721,207	52,338,394	2,662,454,103
Current tax payable	15	64,190	3,489,689	49,713	2,528,900
		84,325,622	4,584,362,440	59,865,219	3,045,343,690
TOTAL LIABILITIES		**91,059,847**	**4,950,468,582**	102,102,888	5,193,973,912
TOTAL EQUITY AND LIABILITIES		**160,822,037**	**8,743,090,042**	76,716,808	3,902,584,023

The resposibility of the Company's Directors with regard to the preparation of the financial statements is set out on Page No.5

The financial statements on pages 6 to 31 were approved by the Board of Directors on 17th May, 2013 and were signed on its behalf by :

A. Devineni
Director

V. Mutambo
Director

Date : 17th May, 2013

Note: Page nos. 5 and 6 to 31 stated above statement may be referred as 55 and 56 to 83 in this Annual Report respectively.

Statement of Comprehensive Income

for the year ended 31st March, 2013

Particulars	Note(s)	2013 USD	2013 INR	2012 USD	2012 INR
Revenue	18	2,892,514	157,251,524	296,544	15,085,193
Cost of Sales	19	1,390,381	75,588,063	(1,205,173)	(61,307,151)
Gross Profit / (Loss)		**4,282,895**	**232,839,587**	**(908,629)**	**(46,221,958)**
Other trading income		425,428	23,128,393	558,919	28,432,210
Operating expenses		(12,021,046)	(653,524,166)	(11,251,726)	(572,375,302)
Operating (loss)		**(7,312,723)**	**(397,556,186)**	**(11,601,436)**	**(590,165,050)**
Other income	20	-	-	11,939,671	607,371,064
Finance charges	21	(3,243,423)	(176,328,691)	(2,018,398)	(102,675,906)
(Loss) before tax		**(10,556,146)**	**(573,884,877)**	**(1,680,163)**	**(85,469,892)**
Taxation	16	(73,153)	(3,976,963)	(87,879)	(4,470,405)
(Loss) for the year		**(10,629,299)**	**(577,861,840)**	**(1,768,042)**	**(89,940,297)**
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		**(10,629,299)**	**(577,861,840)**	**(1,768,042)**	**(89,940,297)**

Statement of Changes in Equity

for the year ended 31st March, 2013

Particulars	Share Capital and Subscriptions USD	Foreign currency translation reserve USD	Asset replacement reserve USD	Accumulated loss USD	Total USD	Total INR
Balance at 1st April, 2011	18,702	(292,126)	3,807	(78,580,269)	(78,849,886)	(4,286,674,052)
Total comprehensive (loss) for the year	-	-	-	(1,768,042)	(1,768,042)	(96,119,603)
Subscription awaiting allotment	43,675,887	-	-	-	43,675,887	2,374,439,597
Translation reserve	-	11,555,961	-	-	11,555,961	628,239,820
Transfer to revenue reserve	-	-	(3,807)	3,807	-	-
TOTAL CHANGES	**43,675,887**	**11,555,961**	(3,807)	**(1,764,235)**	**53,463,806**	**(1,380,114,238)**
Balance at 1st April, 2012	**43,694,589**	**11,263,835**	-	**(80,344,504)**	**(25,386,080)**	**(1,380,114,239)**
Changes in equity						
Total comprehensive (loss) for the year	-	-	-	(10,629,299)	(10,629,299)	(577,861,840)
Issued during the year	40,677,412	-	-	-	40,677,412	2,211,427,503
Translation reserve	-	2,986,408	-	-	2,986,408	162,356,071
Subscription awaiting allotment	62,113,749	-	-	-	62,113,749	3,376,813,964
TOTAL CHANGES	**102,791,161**	**2,986,408**	-	**10,629,299**	**95,148,270**	**5,172,735,699**
Balance at 31st March, 2013	**146,485,750**	**14,250,243**	**-**	**(90,973,803)**	**69,762,190**	**3,792,621,459**

Statement of Cash Flows

for the year ended 31st March, 2013

Particulars	Note(S)	2013 USD	2013 INR	2012 USD	2012 INR
CASH FLOWS (USED IN) OPERATING ACTIVITIES					
Cash used in operations	22	(16,247,114)	(883,274,353)	(22,022,286)	(1,120,273,689)
Taxation paid	15	(58,676)	(3,189,921)	(35,189)	(1,790,064)
Net cash (used in) operating activities		**(16,305,790)**	**(886,464,274)**	(22,057,475)	(1,122,063,753)
CASH FLOWS (USED IN) INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(74,412,726)	(4,045,447,849)	(33,908,023)	(1,724,901,130)
Proceeds from disposal of property, plant and equipment		34,437	1,872,168	56,084	2,852,993
Purchase of other intangible assets	4	-	-	(69,301)	(3,525,342)
Amounts due to / from related parties - (net)		(32,511,161)	(1,767,469,268)	(8,278,382)	(421,121,292)
Net cash (used in) investing activities		**(106,889,450)**	**(5,811,044,949)**	(42,199,622)	(2,146,694,771)
CASH FLOWS FROM FINANCING ACTIVIITES					
Proceeds on share issue	7	40,677,412	2,211,427,503	-	-
Subscriptions awaiting allotment	7	62,113,749	3,376,813,964	43,675,887	2,221,792,372
Movement in borrowings and long term borrowings		22,870,588	1,243,359,517	28,720,041	1,460,988,485
Interest paid		(3,243,423)	(176,328,691)	(2,018,398)	(102,675,906)
Net cash from financing activities		**122,418,326**	**6,655,272,293**	70,377,530	3,580,104,951
TOTAL CASH MOVEMENT FOR THE YEAR		**(776,914)**	**(42,236,930)**	6,120,433	311,346,427
Cash at the beginning of the year		6,508,066	353,811,008	387,633	19,718,890
TOTAL CASH AT END OF THE YEAR	14	**5,731,152**	**311,574,078**	6,508,066	331,065,317

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to the Financial Statements for the year ended 31st March, 2013

ACCOUNTING POLICIES

1. Presentation of financial statements

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

These accounting policies are consistent with the previous period.

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

1.1 Going concern

Basis of preparation

The Company meets its financial requirements through financial support from the shareholders. On the basis of the business plan for the foreseeable future, the Directors have formed a judgement that shareholders support will continue for the foreseeable future. The Directors are satisfied that at the time of approval of these financial statements, there was no significant concern that the shareholders will not continue providing financial support. On this basis, the Directors consider it appropriate to prepare these statements on a going concern basis.

1.2 Significant judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The more significant areas requiring the use of management estimates and assumptions relate to Ore Reserve that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; estimates of recoverable carol and other materials in heap leach pads; asset impairments/reversals; write-downs of inventory to net realisable value; post-employement, post-retirement and other employee benefit liabilities and the fair value of financial instruments.

Significant judgements include:

Trade receivables

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

Allowance for slow moving, damaged and obsolete inventory

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

Taxation

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

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

Carrying value of tangible assets

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

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

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

These factors could include:

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

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

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

In the production stage of the open-pit operations, further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to preproduction mine development. The costs of such unusually high

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to the Financial Statements for the year ended 31st March, 2013

overburden removal activity are deferred and charged in subsequent periods.

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

1.3 Property, plant and equipment

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

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Item	Average useful life
Leasehold Land and buildings	3.33%
Machinery	20%
Motor vehicles	25%
Office equipment, furniture and fixtures	20%
Computer software	20%
Plant	5%
Mine developments	Life of mine
Aircraft	10%

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

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

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to the Financial Statements for the year ended 31st March, 2013

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

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

1.4 Financial instruments

Classification

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

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

Loans to / (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, Directors, managers and employees.

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially

Notes

to the Financial Statements for the year ended 31st March, 2013

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

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

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

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

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

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

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

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

Tax expenses

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

1.6 Inventories

Thermal grade coal inventories are measured at the lower of cost and net realisable value.

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

Thermal grade coal inventories is transfered to non current assets as it will only be consumed by the thermal power plant currently in construction and expected to be commissioned in the year 2015.

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

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

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

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to the Financial Statements for the year ended 31st March, 2013

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

1.7 Coal Reserve estimates

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

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

1.8 Environmental expenditure

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

1.9 Exploration and evaluation assets

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

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

  Costs relating to extensions of mineral deposits, which are already being mined or developed, including expenditure on

Notes

to the Financial Statements for the year ended 31st March, 2013

the definition of mineralisation of such mineral deposits, are capitalised as a mine development cost. Costs relating to property acquisitions are capitalised within development costs.

1.10 Decommissioning costs

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

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

Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

1.11 Restoration costs

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

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

1.12 Deferred revenue expenditures

Deferred costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of a mine. These costs are amortised from the date on which commercial production begins. Deferred stripping costs are accounted for as a current asset and are expensed based on the life of mining areas.

1.13 Share capital and equity

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

1.14 Employee benefits

Defined contribution plans

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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to the Financial Statements for the year ended 31st March, 2013

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when the entity:

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

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

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

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

1.16 Turnover

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

Revenue is measured at the fair value of the the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebate, mineral royalties and value added tax.

1.17 Translation of foreign currencies

Foreign currency transactions

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

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to the Financial Statements for the year ended 31st March, 2013

2. CHANGES IN ACCOUNTING POLICY

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

	effective for the periods beginning
IFRS's Annual Improvement Project- May 2010 Mostly	1st January, 2011
IAS 24 Related Party Disclosures	1st January, 2011
IFRIC 14 Prepayments of a minimum funding requirement- amendment	1st January, 2011
IFRS 7 Amendment - Derecognition disclosures	1st July, 2011

New and revised IFRS in issue but not yet effective

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

	effective for the periods beginning
IFRS 7 Amendment - Disclosures - Financial Instruments Offsetting	1st January, 2013
IFRS 9 Financial Instruments	1st January, 2015
IFRS 9 Amendment- Accounting for financial liabilities	1st January, 2015
IFRS 11 Joint Arrangements	1st January, 2013
IFRS 12 Disclosure of Interests in Other Entities	1st January, 2013
IFRS 13 Fair Value Measurement	1st January, 2013
IAS 1 Amendment - Financial Statement Presentation	1st July, 2012
IAS 12 Amendment- Deferred tax: Recovery of Underlying assets	1st January, 2012
IAS 19 Employee Benefits (revised)	1st January, 2013
IAS 27 Separate Financial Statements (Revised 2011)	1st January, 2013
IAS 32 Amendment- Financial Instruments Offsetting	1st January, 2014
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1st January, 2013

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

Notes

to the Financial Statements for the year ended 31st March, 2013

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	2013			2012		
	Cost/ Valuation	Accumulated depreciation	Carrying Value	Cost/ Valuation	Accumulated depreciation	Carrying Value
	USD	USD	USD	USD	USD	USD
Leasehold buildings	1,968,233	(105,496)	1,862,737	1,492,431	(48,072)	1,444,359
Plant and machinery	34,227,948	(3,114,354)	31,113,594	5,361,002	(1,685,243)	3,675,759
Motor vehicles	1,475,633	(776,559)	699,074	1,334,036	(626,526)	707,510
Aircrafts	2,925,819	(120,948)	2,804,871	-	-	-
Capital work in progress	80,881,292	-	80,881,292	38,992,134	-	38,992,134
TOTAL	**121,478,925**	**(4,117,357)**	**117,361,568**	47,179,603	(2,359,841)	44,819,762
TOTAL INR	**6,604,201,758**	**(223,840,113)**	**6,380,361,645**	2,400,026,405	(120,045,112)	2,279,981,293

Reconciliation of property, plant and equipment - 2013

Particulars	Opening Balance	Additions	Disposals	Depreciation write back on disposal	Depreciation	Total
	USD	USD	USD	USD	USD	USD
Leasehold buildings	1,444,359	475,802	-	-	(57,424)	1,862,737
Plant and machinery	3,675,759	28,866,946	-	-	(1,429,111)	31,113,594
Motor vehicles	707,510	255,001	(113,404)	113,404	(263,437)	699,074
Aircrafts	-	2,925,819	-	-	(120,948)	2,804,871
Capital work in progress	38,992,134	41,889,158	-	-	-	80,881,292
TOTAL	**44,819,762**	**74,412,726**	**(113,404)**	**113,404**	**(1,870,920)**	**117,361,568**
TOTAL INR	**2,436,626,361**	**4,045,447,849**	**(6,165,208)**	**6,165,208**	**(101,712,566)**	**6,380,361,644**

Reconciliation of property, plant and equipment - 2012

Notes

to the Financial Statements for the year ended 31st March, 2013

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

Assets pledged as security

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

4. INTANGIBLE ASSETS

Particulars	2013			2012		
	Cost/ Valuation USD	Accumulated amortisation USD	Carrying Value USD	Cost/ Valuation USD	Accumulated amortisation USD	Carrying Value USD
Computer Software	69,301	(13,860)	55,441	69,301	-	69,301
TOTAL	**69,301**	**(13,860)**	**55,441**	69,301	-	69,301
TOTAL INR	**3,767,549**	**(753,499)**	**3,014,050**	3,525,342	-	3,525,342

Reconciliation of intangible assets - 2013

Particulars	Opening Balance USD	Other changes movements USD	Total USD
Computer software, other	69,301	(13,860)	55,441
TOTAL	**69,301**	**(13,860)**	**55,441**
TOTAL INR	**3,767,549**	**(753,499)**	**3,014,050**

Notes

to the Financial Statements for the year ended 31st March, 2013

Reconciliation of intangible assets - 2012

Particulars	Opening Balance USD	Additions USD	Total USD
Computer software, other	-	69,301	69,301
TOTAL	-	**69,301**	**69,301**
TOTAL INR	-	**3,525,342**	**3,525,342**

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
5. INVENTORIES				
Coal	25,785,986	1,401,855,129	7,098,369	361,094,031
Spare Parts And Consumables	981,887	53,380,287	395,366	20,112,268
Goods In Transit	166,243	9,037,800	-	-
	26,934,116	**1,464,273,216**	7,493,735	381,206,299
Thermal Grade Coal - Non Current	(24,370,308)	(1,324,891,794)	(6,852,379)	(348,580,520)
	2,563,808	**139,381,422**	641,356	32,625,779

All inventory and coal stockpiles are stated at the lower of cost and net realisable value and are expected to be realised within the next twelve months. The cost of spares recognised as an expense in respect of write downs to net realisable value, was nil (2012 : same). Thermal grade coal stock pile will be consumed by the thermal power plant on its commissioning in the year 2015.

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
6. TRADE AND OTHER RECEIVABLES				
Trade receivables	1,278,032	69,480,210	35,014	1,781,162
Deferred revenue expenditure	6,867,989	373,378,222	4,064,216	206,746,668
VAT receivable	2,119,863	115,246,352	4,973,797	253,017,053
Other receivables	426,220	23,171,451	8,511,802	432,995,368
Maamba Development Trust	47,656	2,590,818	241,115	12,265,520
	10,739,760	**583,867,053**	17,825,944	906,805,771

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

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

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
7. SHARE CAPITAL AND SUBSCRIPTIONS				
Authorised				
5,000,000,000 ordinary shares of K1 each	948,231,305	51,550,594,896	948,231,305	48,236,526,485
- unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Issued, subscribed and fully paid, 214,491,996 shares of				
ZMW1 each (2012: 88,178 shares)	40,677,412	2,211,427,503	18,702	951,371
Subscriptions awaiting allotment	105,808,338	5,752,270,295	43,675,887	2,221,792,371
	146,485,750	**7,963,697,798**	43,694,589	2,222,743,742

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
8. TRADE AND OTHER PAYABLES				
Trade payables	971,102	52,793,960	692,649	35,235,054
Other payables	2,138,557	116,262,651	3,833,955	195,033,291
	3,109,659	**169,056,611**	4,526,604	230,268,345

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

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
9. AMOUNTS DUE (TO) / FROM RELATED COMPANIES				
Nava Bharat (Singapore) Pte. Limited	-	-	(28,414,303)	(1,445,435,594)
The immediate holding company of Maamba Collieries Limited				
ZCCM Investments Holdings Plc	-	-	(5,250,000)	(267,067,500)
35% shareholder				
Due to related parties for various services	(1,707,412)	(92,823,453)	(2,950,508)	(150,092,342)
ZCCM Investments Holdings Plc	(1,459,229)	(79,330,985)	-	-
35% shareholder				
Nava Bharat (Singapore) Pte. Limited	(937,009)	(50,940,494)	-	-
The immediate holding company of Maamba Collieries Limited				
	(4,103,650)	**(223,094,932)**	(36,614,811)	(1,862,595,436)
Non-current liabilities	-	-	(33,664,303)	(1,712,503,094)
Current liabilities - interest on intercompany loans	(4,103,650)	(223,094,932)	(2,950,508)	(150,092,342)
	(4,103,650)	**(223,094,932)**	(36,614,811)	(1,862,595,436)
Other related party transactions				
Directors' fees	28,493	1,549,022	17,486	889,513
Nava Bharat (Singapore) Pte. Ltd.	73,208	3,979,953	-	-
Nava Bharat Ventures Limited	1,270,634	69,078,017	1,493,517	75,975,210
Nava Bharat Projects Limited	815,203	44,318,511	548,631	27,908,859
Interest charged on related party loans NBS	3,841,060	208,819,227	2,924,016	148,744,694
Interest charged on related party loans ZCCM	1,605,411	87,278,169	779,352	39,645,636
Interest charged on related party loans E Nebwe	-	-	45,000	2,289,150
	7,634,009	**415,022,899**	5,808,002	295,453,062

Notes

to the Financial Statements for the year ended 31st March, 2013

10. LONG TERM PAYABLES

These statutory liabilities are payable over a period of seven and ten years beginning May 2012. The fair values of the long term payables have been stated as the present value of all future cash payments discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the long term payables and their settlement amounts has been recognised in the income statement.

Particulars	2013		2012	
	USD	INR	USD	INR
National Pension Scheme Authority	3,112,416	169,206,496	3,859,875	196,351,841
Workmen's Compenstion Fund	82,902	4,506,967	107,416	5,464,252
	3,195,318	**173,713,463**	3,967,291	201,816,093
National Pension Scheme Authority				
At start of the year	3,859,875	209,842,104	2,415,260	122,864,276
Transfer from short term	-	-	3,688,934	187,656,073
Fair value gain adjustment to income statement	280,049	15,224,864	(1,310,463)	(66,663,253)
Paid during the year	(1,027,508)	(55,860,472)	(933,856)	(47,505,255)
	3,112,416	**169,206,496**	3,859,875	196,351,841
Workmen's Compensation Fund				
At start of the year	107,416	5,839,671	95,018	4,833,566
Fair value adjustment to income statement	3,894	211,697	207,577	10,559,442
Paid during the year	(28,408)	(1,544,401)	(195,179)	(9,928,756)
	82,902	4,506,967	107,416	5,464,252

Particulars	2013		2012	
	USD	INR	USD	INR
11. BORROWINGS				
Unsecured Loans				
Zambia Development Agency (Zambia Privatisation Agency)	31,832	1,730,547	47,411	2,411,798
The funds were obtained from the Zambia Privatisation Agency for the purpose of liquidating the liabilities arising from retirement benefits and group insurance. This amount loan is unsecured, interest free with no fixed repayment terms.				

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013		2012	
	USD	INR	USD	INR
International Development Agency This loan was granted to the Company through ZCCM - Investment Holdings Plc. The loan amount of USD 1.6 million was advanced to the Company in 1993. It is unsecured, interest free with no fixed repayment terms.	1,600,000	86,984,000	1,600,000	81,392,000
Government of Republic of Zambia - MOF 2 The money was advanced to the Company by the Government through ZCCM - Investment Holdings Plc. The amount advanced was USD 4.3 million. It is unsecured, interest free with no fixed repayment terms.	4,300,000	233,769,500	4,300,000	218,741,000
Government of the Republic of Zambia - MOF 1 This represents loans obtained from the African Development Bank and the African Development Fund through ZCCM Investment Holdings Plc for capitalisation. The amount is unsecured, interest free with no fixed repayment terms.	157,189	8,545,580	161,073	8,193,783
Scheme of arrangement - MOF The loan was received from the Ministry of Finance for funding the creditors' scheme of arrangement. The loan is unsecured, interest free with no fixed repayment terms.	10,959,102	595,791,580	11,229,910	571,265,522
	17,048,123	**926,821,207**	17,338,394	882,004,103

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
Secured loans				
Standard Chartered Bank Zambia Plc - loan 1	35,000,000	1,902,775,000	35,000,000	1,780,450,000
The loan was acquired to finance the acquisition of the coal preparation plant and coal handling plant equipment, heavy earth moving machinery and related equipment to restore mining operations of the Company. The loan is secured by a charge on the equipment acquired and by corporate guarantee of Nava Bharat Ventures Limited. The loan attracts interest at 4.76% above the LIBOR rate. The loan was due to be fully repayable by March 2013, the Company has renegotiated the terms and it is now due to be fully paid by February 2014.				
Standard Chartered Bank Zambia Plc - loan 2	25,000,000	1,359,125,000	-	-
The loan was acquired to finance for operating expenditure on the coal mine. The loan is secured by a charge on the equiplment acquired and by Deed of debenture to secure USD40,000,000 plus interest covering all assets and Deed of valuation varying security assets attached by the Deed of debenture. The loan attracts interest at 4% above the LIBOR rate. The loan is fully repayable by July 2013.				
	60,000,000	**3,261,900,000**	35,000,000	1,780,450,000
	77,048,123	**4,188,721,207**	52,338,394	2,662,454,103
Current liabilities				
Unsecured loans	17,048,123	926,821,207	17,338,394	882,004,103
Secured loan	60,000,000	3,261,900,000	35,000,000	1,780,450,000
	77,048,123	**4,188,721,207**	52,338,394	2,662,454,103

Notes

to the Financial Statements for the year ended 31st March, 2013

12. PROVISION FOR POST RETIREMENT BENEFITS

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

13. ENVIRONMENTAL REHABILITATION PROVISIONS

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

Particulars	2013		2012	
	USD	INR	USD	INR
At start of the year	4,606,075	250,409,267	4,651,946	236,644,493
Payment incurred on Kanzinze breaches restoration works and sewerage system	(1,067,168)	(58,016,588)	-	-
Increase in provisions	-	-	-	-
Exchange (gain)	-	-	(45,871)	(2,333,458)
	3,538,907	**192,392,679**	4,606,075	234,311,035

Particulars	2013		2012	
	USD	INR	USD	INR
14. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	11,705	636,342	9,056	460,679
Bank balances	5,719,447	310,937,736	6,499,010	330,604,638
	5,731,152	**311,574,078**	6,508,066	331,065,317

Particulars	2013		2012	
	USD	INR	USD	INR
15. CURRENT TAX PAYABLE				
At 1st April, 2012	49,713	2,702,647	5,326,903	270,979,555
Charge for the year	73,153	3,976,963	87,879	4,470,405
Paid during the year	(58,676)	(3,189,921)	(35,189)	(1,790,064)
Prior years' liabilities forgiven by Zambia Revenue Authority	-	-	(5,329,880)	(271,130,996)
	64,190	**3,489,689**	49,713	2,528,900

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013		2012	
	USD	INR	USD	INR
16. TAXATION				
Major components of the tax (credit)/ charge comprise:				
Current				
Current tax	73,153	3,976,963	87,879	4,470,405
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense				
Accounting loss	(10,556,146)	(573,131,378)	(1,680,163)	(85,469,892)
Tax at the applicable tax rate of 35% (2012: 35%)	(3,694,651)	(200,595,977)	(588,057)	(29,914,459)
Tax effect of adjustments on taxable income				
Disallowable expenses	114,544	6,227,185	3,248,982	165,275,714
Non taxable income	(894,189)	(48,612,585)	(3,600,201)	(183,142,225)
Depreciation	659,716	35,865,460	245,323	12,479,581
Exchange difference	2,034,730	110,618,096	-	-
Capital allowances	(3,210,480)	(174,537,745)	(980,749)	(49,890,701)
Tax losses	5,063,483	275,012,529	1,762,581	89,662,495
	73,153	**3,976,963**	**87,879**	**4,470,405**

There is no liability to taxation on the Company's ordinary activities for the year as it has incurred a loss for taxation purposes. The estimated tax loss available for set off against future taxable income is USD38,284,502 - (2012: USD 26,242,523).

17. DEFERRED TAXATION

Reconciliation of deferred tax asset

Deferred tax (liability)/tax - for disclosure only

Particulars	2013		2012	
	USD	INR	USD	INR
Property, plant and equipment	(15,660,154)	(851,364,272)	1,131,164	57,542,313
Unrealised forex loss	(1,136,448)	(61,782,996)	(403,964)	(20,549,649)
Tax losses	29,855,158	1,623,075,665	16,312,162	829,799,681
	13,058,556	**709,928,397**	**17,039,362**	**866,792,345**

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

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
18. REVENUE				
Coal sold	3,077,033	167,282,899	304,584	15,494,188
Mineral royalty tax	(184,519)	(10,031,375)	(8,040)	(408,995)
	2,892,514	**157,251,524**	296,544	15,085,193

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

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
19. COST OF SALES				
Opening stocks	7,493,735	407,396,903	-	-
Cost of goods sold	83,951	23,119,260	198,398	10,092,506
Depreciation	1,884,780	102,466,065	700,923	35,655,953
Electricity consumption charges	316,292	17,195,215	267,023	13,583,460
Laboratory expenses	53,326	2,899,068	280	14,244
Mining expenses	15,664,521	833,046,420	7,494,034	381,221,510
Safety expenses	47,130	2,562,222	1,190	60,535
Transport charges	-	-	37,060	1,885,242
Closing stocks	(26,934,116)	(1,464,273,216)	(7,493,735)	(381,206,299)
	(1,390,381)	**(75,588,063)**	1,205,173	61,307,151

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
20. OTHER INCOME				
Fair value adjustment of non interest bearing long term liabilities	-	-	1,191,811	60,627,426
Previous years' mineral royalty taxes forgiveness	-	-	69,473	3,534,091
Previous years' PAYE penalties forgiveness	-	-	2,818,370	143,370,482
Previous years' corporate tax liability forgiveness	-	-	5,049,527	256,869,438
Other ZRA liabilities forgiveness	-	-	2,348,787	119,482,795
Previous years excess provision now reversed	-	-	461,703	23,486,832
	-	-	11,939,671	607,371,064

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013		2012	
	USD	INR	USD	INR
21. FINANCE CHARGES				
Interest costs	2,923,777	158,951,137	2,000,089	101,744,527
Bank charges	35,703	1,940,993	18,309	931,379
Fair value adjustments of non interest bearing long term liabilities	283,943	15,436,561	-	-
	3,243,423	**176,328,691**	2,018,398	102,675,906

Particulars	2013		2012	
	USD	INR	USD	INR
22. CASH USED IN OPERATIONS				
(Loss) before tax	(10,556,146)	(573,884,877)	(1,680,163)	(85,469,892)
Adjustments for:				
Profit on sale of assets	(34,437)	(1,872,168)	1,743	88,666
Finance charges	3,243,423	176,328,691	2,018,398	102,675,906
Depreciation	1,884,780	102,466,065	700,923	35,655,953
Previous years' corporate tax liability forgiven	-	-	(5,329,880)	(271,130,995)
Changes in working capital:				
Inventories	(19,440,381)	(1,056,876,313)	(7,185,699)	(365,536,508)
Trade and other receivables	7,086,184	385,240,393	(16,849,294)	(857,123,586)
Trade and other payables	(1,416,945)	(77,032,215)	(5,254,275)	(267,284,969)
Translation reserve	2,986,408	162,356,071	11,555,961	587,851,736
	(16,247,114)	**883,274,353**	(22,022,286)	(1,120,273,689)

23. CONTINGENT LIABILITIES

The Company had several pending legal proceedings at 31st March, 2013, the major one being the litigation against the Company relating to underpayment of terminal benefits to former employees. The plaintiffs are claiming that they are entitled to claim salaries and arrears from the date of redundancy to the present. The total claim is in excess of USD 11 million, the Company's lawyers and management consider the likelihood of the action against the Company being successful as unlikely.

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to the Financial Statements for the year ended 31st March, 2013

24. RISK MANAGEMENT

Capital risk management

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

The capital structure of the Company consists of debt, which includes borrowings (excluding derivative financial liabilities) disclosed in note 9, cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position.

The gearing ratio at 31st March, 2013 was as follows:

Particulars	2013		2012	
	USD	INR	USD	INR
Debts (i)	83,782,348	4,554,827,349	102,102,888	5,193,973,913
Cash and bank	5,731,152	311,574,078	6,508,066	331,065,317
Net debt	78,051,196	4,243,253,271	95,594,822	4,862,908,596
Equity (ii)	69,762,190	3,792,621,459	(25,386,080)	(1,291,389,890)
(i) Includes long term and short term debts (excluding related parties)				
(ii) Equity includes share capital and reserves				
Financial assets				
Trade and other receivables	10,739,760	583,867,053	17,825,944	906,805,771
Cash and cash equivalents	5,731,152	311,574,078	6,508,066	331,065,317
	16,470,912	**895,441,131**	24,334,010	1,237,871,088
Financial liabilities				
Trade and other payables	3,109,659	169,056,612	4,526,604	230,268,345
Amount due to related parties	4,103,650	223,094,932	36,614,811	1,862,595,436
Borrowings	77,048,123	4,188,721,207	52,338,394	2,662,454,103
	84,261,432	**4,580,872,751**	93,479,809	4,755,317,884

Financial risk management objectives

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

Notes

to the Financial Statements for the year ended 31st March, 2013

Liquidity risk

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

At 31 March 2013	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
	USD	INR	USD	INR	USD	INR	USD	INR
Borrowings	77,048,123	4,188,721,207	-	-	-	-	-	-
Long term payables	-	-	-	-	3,195,318	173,713,463	-	-
Trade and other payables	3,109,659	169,056,612	-	-	-	-	-	-
Amounts due to related parties	4,103,650	223,094,932	-	-	-	-	-	-

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

25. POST BALANCE SHEET EVENTS

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

26. CAPITAL COMMITTMENTS

As at year end, the Company had an approved and contracted capital committment of USD 357 million in respect of the construction of the power generation plant which commenced on 26th April, 2012 and is expected to commission in the year 2015.

NAVA BHARAT

Balance Sheet

as at 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
CURRENT ASSETS:				
Cash	41	2,229	44	2,238
Bank	4,711	256,114	33,779	1,718,338
Advance for Expenses	758,833	41,253,956	711,102	36,173,759
Prepaid Tax	17,166	933,230	10,102	513,889
Other Receivable	1,803	98,020	1,922	97,772
TOTAL CURRENT ASSETS	**782,554**	**42,543,549**	756,949	38,505,996
NON-CURRENT ASSETS:				
Deposits Recoverable	2,417	131,400	3,132	159,325
Related Parties Receivable	328,350	17,850,748	341,680	17,381,262
Project Cost	1,217,635	66,196,727	933,397	47,481,905
Fixed Assets	8,807	478,793	9,388	477,567
Accumulated Depreciation	(4,600)	(250,079)	(3,629)	(184,607)
TOTAL NON-CURRENT ASSETS	**1,552,609**	**84,407,589**	1,283,968	65,315,452
TOTAL ASSETS	**2,335,163**	**126,951,138**	2,040,917	103,821,448
CURRENT LIABILITIES:				
Tax payable	7,346	399,366	3,707	188,575
Jamsostek Payable	1,028	55,887	2,191	111,456
Salary Payable	1,005	54,637	1,062	54,024
Other Payable	4,617	251,003	4,900	249,263
TOTAL CURRENT LIABILITIES	**13,996**	**760,893**	11,860	603,318
NON-CURRENT LIABILITIES:				
Long term Liabilities	1,807,610	98,270,718	1,481,639	75,370,976
TOTAL LIABILITIES	**1,821,606**	**99,031,611**	1,493,499	75,974,294
EQUITY:				
Authorised Capital 2.000.000 issued 500.000 with par value 9.963	513,557	27,919,527	547,718	27,847,154
TOTAL LIABILITIES & EQUITY	**2,335,163**	**126,951,138**	2,040,917	103,821,448

Date : 10th May, 2013
Place : Jakarta

Mohana Sundaram Paranjoty
Director

Ashwin Devineni
Director

Note: Indian rupee equivalent figures have been arrived at by applying the year end interbank exchange rate US$ 1 = ₹ 54.365 (previous year US$ 1 = ₹ 50.87) and do not form part of the report of PT Nava Sungai Cuka as made out in accordance with laws of country of incorporation.

Balance Sheet

as at 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
CURRENT ASSETS:				
Prepaid Tax	14,863	808,027	14,346	729,781
TOTAL CURRENT ASSETS	**14,863**	**808,027**	14,346	729,781
NON-CURRENT ASSETS:				
Deposit Recoverable	77	4,186	83	4,222
Related Parties Receivable	267,798	14,558,838	300,421	15,282,416
Long term Receivable	36,485	1,983,507	38,890	1,978,335
Project Cost	523,957	28,484,922	535,910	27,261,742
Fixed Assets	2,885	156,843	3,075	156,425
Accumulated Depreciation	(2,782)	(151,243)	(2,196)	(111,711)
TOTAL NON-CURRENT ASSETS	**828,420**	**45,037,053**	876,183	44,571,429
TOTAL ASSETS	**843,283**	**45,845,080**	890,529	45,301,210
CURRENT LIABILITIES:				
Salary Payable	1,005	54,637	1,062	54,024
Tax Payable	371	20,169	368	18,720
TOTAL CURRENT LIABILITIES	**1,376**	**74,806**	1,430	72,744
NON-CURRENT LIABILITIES:				
Related Parties Liabilities	328,350	17,850,748	341,681	17,381,312
Total Liabilities	**329,726**	**17,925,554**	343,111	17,454,056
EQUITY:				
Authorised Capital 2.000.000 issued 500.000 with par value 9.963	513,557	27,919,526	547,418	27,847,154
TOTAL EQUITY	**513,557**	**27,919,526**	547,418	27,847,154
TOTAL LIABILITIES & EQUITY	**843,283**	**45,845,080**	890,529	45,301,210

Date : 10th May, 2013
Place : Jakarta

Mohana Sundaram Paranjoty
Director

Ashwin Devineni
Director

Note: Indian rupee equivalent figures have been arrived at by applying the year end interbank exchange rate US$ 1 = ₹ 54.365 (previous year US$ 1 = ₹ 50.87) and do not form part of the report of PT Nava Bharat Indonesia as made out in accordance with laws of country of incorporation.

Balance Sheet

as at 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
CURRENT ASSETS :				
Cash & Deposits				
Cash	5,994	325,864	819	41,662
Deposits	38,229	2,078,320	58,040	2,952,495
Other Current Assets				
Accounts Due	-	-	20,209	1,028,032
TOTAL CURRENT ASSETS	**44,223**	**2,404,184**	**79,068**	**4,022,189**
NON CURRENT ASSETS :				
Fixed Assets				
Vehicles	12,096	657,599	13,866	705,363
Tools and Instruments	15,116	821,781	12,711	646,609
Other Non Current assets				
Investments in Progress	3,074,222	167,130,079	1,957,301	99,567,902
(Namphak Hydropower)				
TOTAL NON CURRENT ASSETS	**3,101,434**	**168,609,459**	1,983,878	100,919,874
TOTAL ASSETS	**3,145,657**	**171,013,643**	2,062,946	104,942,063
CURRENT LIABILITIES :				
Short Term Loan - Maruyama	464,171	25,234,656	321,439	16,351,602
Short Term Loan - NBS	2,155,122	117,163,208	1,514,837	77,059,758
Short Term Loan- Others	481,776	26,191,752	177,060	9,007,042
Entrust	-	-	25,220	1,282,942
Other Payables	23,311	1,267,303	-	-
TOTAL CURRENT LIABILITIES	3,124,380	169,856,919	2,038,556	103,701,344
Equity	21,277	1,156,724	24,390	1,240,719
TOTAL LIABILITIES & EQUITY	**3,145,657**	**171,013,643**	2,062,946	104,942,063

Date : 2nd May, 2013

Susumu Maruyama
Director

Ashwin Devineni
Director

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rate US$1 = ₹ 54.365(Previous year US$1 = ₹ 50.87) and do not form part of the reports of Kobe Green Power Co., Ltd as made out in accordance with the laws of country of incorporation.

Commentary of the Directors

year ended 31st March, 2013

1. The Directors are pleased to present their commentary together with the audited financial statements of Nava Bharat Africa Resources Pvt. Limited ("the Company") for the year ended 31st March, 2013.

2. PRINCIPAL ACTIVITY

Its principal activity is that of investment holding.

3. RESULTS AND DIVIDENDS

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

The Directors do not recommend the payment of a dividend for the year under review (2012: Nil).

4. STATUS

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

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

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

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

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

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

6. AUDITORS

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

CERTIFICATE FROM THE SECRETARY - YEAR ENDED 31ST MARCH, 2013

We certify that to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 for the year ended 31st March, 2013.

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

Date : 30th April, 2013

Independent Auditor's Report

To

The Members

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

Report on the Financial Statements

We have audited the financial statements of Nava Bharat Africa Resources Pvt Limited on pages 5 to 17 which comprise the statement of financial position at 31st March, 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 5 to 17 give a true and fair view of the financial position of the Company at 31st March, 2013, and of its financial performance and its cash flows for the year then ended in accordance with

Independent Auditor's Report

International Financial Reporting Standards and comply with the Companies Act 2001.

Emphasis of matter- Going concern

The Company had a shareholder's deficit of USD 805,492 as at 31st March, 2013 (2012: USD 610,117). The financial statements have been prepared on a going concern basis following written confirmation from the shareholder that it will continue to support the Company financially so as to enable the Company to meet its present liabilities as and when they fall due and to carry on its business without any significant curtailment for the foreseeable future. We consider that this should be drawn to your attention but our opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

BDO&CO
Chartered Accountants

Port Louis, Mauritius.
30th April, 2013

Kaneya Hawabhay, FCA
Licensed by FRC

Statement of Financial Position

at 31st March, 2013

Particulars	Notes	2013 USD	2013 INR	2012 USD	2012 INR
ASSETS:					
Non-current assets					
Equipment	4	12,838	697,938	271,661	13,819,395
Current assets					
Other receivables	5	5,927	322,221	22,219	1,130,281
Cash and cash equivalents		1,749	95,084	4,297	218,588
		7,676	417,305	26,516	1,348,869
TOTAL ASSETS		**20,514**	**1,115,243**	298,177	15,168,264
EQUITY AND LIABILITIES:					
Capital and Reserves					
Stated capital	6	1,000	54,365	1,000	50,870
Revenue deficit		(806,492)	(43,844,938)	(611,117)	(31,087,522)
TOTAL EQUITY		(805,492)	(43,790,573)	(610,117)	(31,036,652)
Non-current liability					
Borrowings	7	826,006	44,905,816	904,388	46,006,218
Current liability					
Other payables	8	-	-	3,906	198,698
TOTAL EQUITY AND LIABILITIES		**20,514**	**1,115,243**	298,177	15,168,264

These financial statements have been approved by the Board of Directors on 30th April, 2013 and signed on its behalf by:

Thierry Koenig	Camille Pouletty
Director	Director

The notes on pages 9 to 17 form an integral part of these financial statements (corresponding pages in this Annual Report 94 to 100).

Independent Auditors' Report on pages 4 and 4(a) (corresponding pages in this Annual Report 88 to 89).

Statement of Comprehensive Income

for the year ended 31st March, 2013

Particulars	Notes	Year ended 31st March, 2013 USD	Year ended 31st March, 2013 INR	Period from 28th January, 2011 (date of incorporation) to 31st March, 2012 USD	Period from 28th January, 2011 (date of incorporation) to 31st March, 2012 INR
EXPENSES:					
Loss on disposal of equipment		91,666	4,983,422	-	-
Rental and accommodation expenses		31,101	1,690,806	100,415	5,108,111
Depreciation of equipment	4	25,842	1,404,900	69,183	3,519,339
Salaries and bonuses		17,496	951,170	361,372	18,382,994
Professional expenses		16,075	873,917	15,927	810,206
Other administrative expenses		13,366	726,643	45,605	2,319,926
		195,546	10,630,858	592,502	30,140,576
Loss before foreign exchange difference		(195,546)	(10,630,858)	(592,502)	(30,140,576)
Foreign exchage gain/(loss)		171	9,296	(18,615)	(946,945)
		(195,375)	(10,621,562)	(611,117)	(31,087,521)
Taxation		-		-	
Loss for the year / period		(195,375)	(10,621,562)	(611,117)	(31,087,521)
Other comprehensive income		-		-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		**(195,375)**	**(10,621,562)**	**(611,117)**	**(31,087,521)**

The notes on pages 9 to 17 form an integral part of these financial statements (corresponding pages in this Annual Report 94 to 100).

Independent auditors' report on pages 4 and 4(a) (corresponding pages in this Annual Report 88 to 89).

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end Interbank Exchange Rate US$1 = ₹ 54.365 (previous year US$ 1 = ₹ 50.87) and do not form part of the report of Nava Bharat Africa Resources Pvt Limited as made out in accordance with the laws of country of incorporation.

Statement of Changes in Equity

for the year ended 31st March, 2013

Particulars	Stated capital USD	Revenue deficit USD	TOTAL USD	TOTAL INR
Balance at April, 2012	**1,000**	**(611,117)**	**(610,117)**	**(33,169,011)**
Total comprehensive income for the year - Loss for the year	-	(195,375)	(195,375)	(10,621,562)
Balance at March, 2013	**1,000**	**(806,492)**	**(805,492)**	**(43,790,573)**
Issue during the period	1,000	-	1,000	50,870
Total comprehensive income for the year - Loss for the period	-	(611,117)	(611,117)	(31,087,522)
Balance at March, 2012	**1,000**	**(611,117)**	**(610,117)**	**(31,036,652)**

The notes on pages 9 to 17 form an integral part of these financial statements (corresponding pages in this Annual Report 94 to 100).

Independent auditors' report on pages 4 and 4(a) (corresponding pages in this Annual Report 88 to 89).

Cash Flow Statement

for the year ended 31st March, 2013

Particulars	NOTES	Year ended 31st March, 2013	Year ended 31st March, 2013	Period from 28th January, 2011 (date of incorporation) to 31st March, 2012	
		USD	INR	USD	INR
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(195,375)	(10,621,562)	(611,117)	(31,087,522)
Adjustments for:					
Loss on disposal of equipment		91,666	4,983,422	-	-
Depreciation	4	25,842	1,404,900	69,183	3,519,339
		(77,867)	(4,233,240)	(541,934)	(27,568,183)
Changes in working capital:					
- Other receivables		16,292	885,715	(22,219)	(1,130,281)
- Other payables		(3,906)	(212,350)	3,906	198,698
Net cash used in operating activities		**(65,481)**	**(3,559,875)**	(560,247)	(28,499,766)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of equipment		164,614	8,949,240	-	-
Purchase of equipment	4	(23,299)	(1,266,650)	(340,844)	(17,338,734)
Net cash generated from/(used in) investing activities		**141,315**	**7,682,590**	(340,844)	(17,338,734)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of ordinary shares	6	-		1,000	50,870
Repayment of borrowings	7	(162,128)	(8,814,089)	-	
Proceed from borrowings	7	83,746	4,552,851	904,388	46,006,218
Net cash (used in)/generated from financing activities		**(78,382)**	**(4,261,238)**	905,388	46,057,088
Net (decrease)/increase in cash and cash-equivalents		(2,548)	(138,523)	4,297	218,588
Movement in cash and cash-equivalents					
At start of year/period		4,297	233,606	-	-
(Decrease)/increase in cash and cash equivalents		**(2,548)**	**(138,522)**	4,297	218,588
At 31st March		1,749	95,084	4,297	218,588

The notes on pages 9 to 17 form an integral part of these financial statements (corresponding pages in this Annual Report 94 to 100).

Independent auditors' report on pages 4 and 4(a) (corresponding pages in this Annual Report 88 to 89).

Notes

to the Financial Statements for the year ended 31st March, 2013

1. COMPANY PROFILE

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

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

Basis of preparation

The financial statements of the Company comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention except where relevant financial assets and liabilites are stated at fair value.

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

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

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

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

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

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Company's financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measred using the fair value model in accordance with IAS 40. Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments are unlikely to have an impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1st January, 2013 or later periods, but which the Company has not early adopted.

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

Notes

to the Financial Statements for the year ended 31st March, 2013

Amendments to IAS1 Presentation of Items of Other Comprehensive Income (Effective 1st July, 2012)

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interest in Other Entities

IFRS 13 Fair Value Measurement

IAS19 Employee Benefits (Revised 2011)

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

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

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

Amendment to IFRS 1 (Government Loans)

Annual Improvements to IFRSs 2009-2011 Cycle

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

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

(b) Revenue recognition

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

(c) Financial instruments

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

(i) Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of other receivables is established when-there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

(ii) Cash and cash equivalents

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

(iii) Stated capital

Ordinary shares are classified as equity.

(iv) Other payables

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(v) Borrowings

Borrowings are recognised at fair value being their issue proceeds net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

(d) Foreign currency translation

(i) Functional and presentation currency

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

Notes

to the Financial Statements for the year ended 31st March, 2013

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

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

(e) Taxation

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

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

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

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

(f) Related parties

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

(g) Provision

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

(h) Equipment

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

Motor vehicles	5 years
Furniture and fittings	2-3 years

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

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

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation are reviewed for impairment whenever events or

Notes

to the Financial Statements for the year ended 31st March, 2013

changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash generating units).

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Curreny risk

At 31st March, 2013 and 2012, the Company is substantially independent to changes in foreign exchange rates as most of its financial assets and liabilities are denominated in USD.

(b) Liquidity risk

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

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

At 31st March, 2013 and 2012, the financial liabilities of the Company consist solely of other payables which are payable within one year and borrowings which have no fixed terms of repayment.

(c) Credit risk

At 31st March, 2013 and 2012, the Company's credit risk is primarily attributable to its other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

3.2 Capital risk management

The Company's objecives when managing capital are:

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

At 31st March, 2013 and 2012, the Company is financed by borrowings from holding company.

3.3 Fair value estimation

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

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	Motor Vehicles USD	Furniture and Fittings USD	TOTAL USD	TOTAL INR
4. EQUIPMENT				
Cost				
At 1st April, 2012	232,143	108,701	340,844	18,529,984
Additions	-	23,299	23,299	1,266,650
Disposal	(232,143)	(101,588)	(333,731)	(18,143,286)
At 31st March, 2013	**-**	**30,412**	**30,412**	**1,653,348**
Depreciation				
At 1st April, 2012	46,428	22,755	69,183	3,761,134
Charge for the year	11,607	14,235	25,842	1,404,900
Disposal adjustment	(58,035)	(19,416)	(77,451)	(4,210,624)
At 31st March, 2013	**-**	**17,574**	**17,574**	**955,410**
Net Book Value				
At 31st March, 2013	**-**	**12,838**	**12,838**	**697,938**
Cost				
At 28th January, 2011	-	-	-	-
Additions	232,143	108,701	340,844	18,529,984
At 31st March, 2012	232,143	108,701	340,844	18,529,984
Depreciation				
At 28th January, 2011	-	-	-	-
Charge for the period	46,428	22,755	69,183	3,761,134
At 31st March, 2012	46,428	22,755	69,183	3,761,134
Net Book Value				
At 31st March, 2012	185,715	85,946	271,661	14,768,850

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
5. OTHER RECEIVABLES				
Prepayments	-	-	10,601	539,273
Deposit account	5,250	285,416	8,761	445,672
Other receivables	677	36,805	2,857	145,336
	5,927	**322,221**	22,219	1,130,281

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

(b) At 31st March, 2013 and 2012, there were no past due or impaired receivables.

Notes

to the Financial Statements for the year ended 31st March, 2013

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
6. STATED CAPITAL				
Issued and fully paid share capital 100 ordinary shares of USD 10 each	1,000	54,365	1,000	50,870

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
7. BORROWINGS				
At start of year/ period	904,388	49,167,054	-	-
Received during the year/period	83,746	4,552,851	904,388	46,006,218
Repaid during the year/ period	(162,128)	(8,814,089)	-	-
At 31st, March	**826,006**	**44,905,816**	904,388	46,006,218

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

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
8. OTHER PAYABLES				
Accruals	-	-	3,906	198,698

The carrying amounts of other payables are denominated in USD.

9. TAXATION

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

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

Particulars	2013 USD	2013 INR	2012 USD	2012 INR
Loss before taxation	(195,375)	(10,621,562)	(611,117)	(31,087,522)
Tax calculated at a rate of 15%	(29,306)	(1,593,221)	(91,667)	(4,663,100)
Expenses not deductible for tax purposes	15,945	866,850	2,419	123,055
Deferred tax asset not recognised	13,361	726,371	89,248	4,540,045
	-	-	-	-

Notes

to the Financial Statements for the year ended 31st March, 2013

At 31st March, 2013, the Company has accumulated tax losses of USD 684,449 (2011: USD 595,377) in respect of which no deferred tax asset has been recognised due to unpredictability of future profit streams.

The tax losses available for set off against future profits are analysed as follows:

Year of assessment	Year of expiry	**TOTAL** USD
2012	2017	595,377
2013	2018	89,072
		684,449

10. RELATED PARTY TRANSACTIONS

During the year ended 31st March, 2013, the Company had transactions with related parties. The nature, volume of transactions and the balances with the related parties is as follows:

Particulars	**2013** USD	**2013** INR	2012 USD	2012 INR
(i) Borrowings from holding company				
At Start of year / period	904,388	49,167,054	-	-
Received during the year / period	83,746	4,552,851	904,388	46,006,218
Repaird during the year / period	(162,128)	(8,814,089)	-	-
At 31st March,	826,006	44,905,816	904,388	46,006,218
(ii) Key management personnel compensation				
Director salaries	-	-	341,235	17,358,624
Rental and accommodation expenses for Director	4,079	221,755	83,368	4,240,930

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

11. HOLDING COMPANY

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

12. COMPARATIVE

The comparative figures cover the period from 28th January, 2011 to 31st March, 2012. As such, the figures for the year ended March, 2013 are not comparable with the last period figures in the statement of comprehensive income and statement of cash flows.

Notice to Shareholders

Notice is hereby given that the Seventh Annual General Meeting of the Company will be held on Thursday, the 8th August, 2013 at 4 p.m. at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500 082 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in the place of Sri K. Balarama Reddi, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in the place of Sri P. J. V. Sarma, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration.

Special Business:

5. **Appointment of Sri S. Ramesh, Additional Director, as Director of the Company:**

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

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

6. **Appointment of Sri S. Ramesh, as Managing Director of the Company:**

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII including amendments thereof, and other applicable provisions, if any, of the Companies Act, 1956, the consent and approval of the Company be and is hereby accorded to the appointment of Sri. S. Ramesh, as Managing Director of the Company, for a period of 2 years with effect from 1st June, 2013 on the remuneration, perquisites and other allowances detailed hereunder:

A Salary:

Basic Salary ₹ 303,000/- per month

B Allowances:

1. HRA 35% of salary per month.
2. Special Allowance ₹ 60,300/- per month
3. Conveyance reimbursement ₹ 12,000/- per month.
4. Reimbursement of business/entertainment expenses ₹ 10,000/- per month
5. Medical Expenses one month salary per annum.
6 LTA one month salary per annum.

"RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites and other allowances shall be paid and allowed to Sri. S. Ramesh, Managing Director, as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period of 2 years."

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

By order of the Board

for Nava Bharat Projects Limited

Hyderabad
20th May, 2013

P. Viswanath
Company Secretary

Regd. Office:

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

Notice to Shareholders

Notes :

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

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

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

Item No. 5

Appointment of Sri S. Ramesh, Additional Director, as Director of the Company:

Sri S. Ramesh was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company on 20th May, 2013 and he would hold office upto the date of the Annual General Meeting.

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

The Board commends the resolution for your approval.

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

Item No. 6

Appointment of Sri S. Ramesh, as Managing Director of the Company:

Pursuant to recommendations of the Remuneration Committee, the Board of Directors of the Company on 20th May, 2013, subject to approval of the members appointed Sri S. Ramesh, as Managing Director of the Company, for a period of 2 years with effect from 1st June, 2013 on the remuneration, perquisites and other allowances as set out in the proposed Special Resolution.

Sri S. Ramesh, Vice President (Power Projects) M Tech (Power Systems) from I.I.T Madras is looking after operations of the Company in respect of project management and maintenance services being rendered by the Company. He has over 24 years of technical expertise in relation to Power Projects including 3 years in the Company. He does not have any interest in the Capital of the Company nor related to any Director or promoter in any way either in the Company or its holding Company. Apart from the remuneration payable, Sri S. Ramesh does not have any other pecuniary relationship with the Company.

Statement as per proviso (iv) of Para (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956:

I. General Information:

1) Nature of industry: Commercial & Industrial, The Company was engaged in project management and maintenance services. Presently such services are being rendered to companies in India and outside India within Nava Bharat Group under the flag ship Company, Nava Bharat Ventures Limited.

2) Date or expected date of commencement of commercial Production: 1st September, 2007.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA.

4) Financial performance based on given indicators:

Particulars	FY 2012-13	FY 2011-12	FY 2010-11
Turnover/Income	137,547,866	905,527,882	892,105,608
Net Profit / (Loss) before Tax & Appropriation	56,217,694	847,193,842	837,407,373

Notice to Shareholders

5) Export performance and net foreign exchange earning: ₹ 4,31,11,906/-

6) Foreign investments or collaborators, if any: None

II. Information about the appointee:

1) **Background details:**

Sri S. Ramesh has been working for the Company as Vice President (Power Projects) since 17th May, 2010. He is an M Tech (Power Systems) from I.I.T Madras and has about 24 years of experience including 3 years in the Company.

2) **Past remuneration:**

Particulars	FY 2012-13	FY 2011-12	FY 2010-11
Salary	26.88	21.70	17.50
Perquisites & Allowances	21.54	17.80	12.30
Performance Linked incentive	NA	NA	NA
Contribution to Provident & other funds	NA	NA	NA
TOTAL	**48.42**	39.50	29.80

3) Recognition or awards: None

4) Job profile and his suitability:

Sri S. Ramesh is looking after operations of the Company in respect of project management and maintenance services being rendered to companies in India and outside India within Nava Bharat Group. He has over 24 years of technical expertise in relation to Power Projects including 3 years in the Company. In view of his post graduate qualification in Power Systems from a premier Institute of Technology (IIT Madras) and vast experience in Projects, he is found to be suitable for the position of Managing Director of the Company.

5) Remuneration proposed:

A Salary:

Basic Salary ₹ 303,000/- per month

B Allowances:

1. HRA 35% of salary per month.
2. Special Allowance ₹ 60,300/- per month
3. Conveyance reimbursement ₹ 12,000/- per month.
4. Reimbursement of business/entertainment expenses ₹ 10,000/- per month
5. Medical Expenses one month salary per annum.
6. LTA one month salary per annum.

subject to approval of the members.

6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of Sri S. Ramesh, responsibility shouldered by him and the industry benchmark, the remuneration proposed is commensurate with the remuneration package paid to similar, senior level appointees in other Companies.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personal, if any:

Notice to Shareholders

Apart from the remuneration payable, the Managing Director does not have any other pecuniary relationship with the Company or its managerial personnel.

Sri S. Ramesh, Managing Director, does not have any interest in the Capital of the Company. He is not related to any Director or promoter in any way either in the Company or its holding Company or any relationship whatsoever.

III. Other Information:

1) Reasons of loss or inadequate profits: The Company is in the process of strengthening its functions gradually.

2) Steps taken or proposed to be taken for improvement: The Company proposes to expand its services profile to cover O & M services and expects to receive incremental revenues.

3) Expected increase in productivity and profits in measurable terms: The Company is expanding its services profile to cover O & M services and expects to receive incremental revenues being spearheaded by Sri S. Ramesh.

The Company has never accepted deposits, nor obtained term loans from any banks or financial institutions and has not defaulted in repayment either interest or principal thereof.

The resolution set out at item No.6 together with explanatory statement constitute abstract of terms of the remuneration and the Memorandum of Interest of Sri S. Ramesh, Managing Director under Section 302 of the Companies Act 1956.

The Board commends the resolution for your approval.

None of the Directors, except Sri S. Ramesh, is in any way, concerned or interested in the above resolution.

By order of the Board
for Nava Bharat Projects Limited
P. Viswanath
Company Secretary

Hyderabad
20th May, 2013

Regd. Office:

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Seventh Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2013 and the Auditors' Report thereon.

OPERATIONS:

The Company has been engaged in project management and maintenance services. These cover a wide spectrum of services such as project conceptualisation, project management including financial planning, contract documentation, contract management, trading of equipment, O & M activity, technical services etc. Presently such services are being rendered to companies in India and outside India within Nava Bharat Group under the flag ship Company, Nava Bharat Ventures Limited.

REVIEW OF FINANCIAL PERFORMANCE:

During the year under review, the aggregate earnings stood at ₹ 137,547,866/- and the total outgoings stood at ₹ 81,330,172/-. The year resulted in a net profit of ₹ 40,438,626/- after taxation.

Background information on Enquiry/Investigations into the allotment of Coal Blocks to M/s. Navabharat Power Private Limited:

Members are aware that Navabharat Power Private Limited (NPPL) was the erstwhile joint venture Company between Nava Bharat (held through the Company) and Malaxmi Group. NPPL was implementing a 1,040 MW capacity Power Plant in Odisha. NPPL obtained various clearances, including Long Term Coal Linkage for the entire project from Mahanadhi Coalfields Limited, and also obtained the allocation of a captive coal block in Rampia and Dipside of Rampia, to be shared with 5 other leading power developers. However, intractable differences between the JV partners arose following some precipitative actions by Malaxmi Group. The Company and individual associate holding 50% of equity stake in the aggregate in NPPL, disposed the stake to Essar Power Limited (EPL) in two tranches, first on 12th July, 2010 for ₹ 84 crores and balance on 19th April, 2011 for ₹ 85 crores in terms of the Share Purchase Agreement entered into with EPL on 12th July, 2010. NPPL has since been under the control of Essar group and implementing the 1,040 MW Power Project in Odisha.

During the FY 2012-13, an enquiry and investigation by CBI and ED have been initiated against the erstwhile Directors of NPPL alleging misrepresentations for obtaining coal block. The representative of Nava Bharat group Sri P. Trivikrama Prasad was a Non- executive Chairman of NPPL throughout the investment holding period and had no role in the day to day affairs of NPPL. This passive management position and the corporate differences involving the intervention of Hon'ble CLB have been furnished to the investigating authorities to refute any role of Nava Bharat and its representative in the coal block transaction.

DIRECTORS:

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

The Board at its meeting held on 20th May, 2013, appointed Sri. S. Ramesh, as Additional Director and he holds office of Director till the date of Annual General Meeting. Further, pursuant to the recommendations of the Remuneration Committee he was also appointed as Managing Director for a period of 2 years effective from 1st June, 2013 by the Board of Directors on the remuneration, perquisites/ allowances as set out in the proposed Special Resolution, subject to the approval of the members.

The Company has received notice from a member with necessary deposit proposing Sri S. Ramesh's appointment, as Director of the Company, not liable to retire by rotation at the Annual General Meeting, pursuant to the provisions of Section 257 of the Companies Act, 1956.

AUDIT COMMITTEE:

The Board of Directors constituted the Audit Committee pursuant to section 292A of the Companies Act, 1956. The Audit Committee comprises three Directors as under:

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

The Committee met twice during the FY 2012-13 on 15th June, 2012 and 23rd October, 2012 and reviewed inter alia the annual and half yearly financial statements.

Directors' Report

REMUNERATION COMMITTEE:

Pursuant to Schedule XIII and other relevant provisions of the Companies Act, 1956, the Board of Directors constituted the Remuneration Committee comprising three Directors as under:

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

The role of the Remuneration Committee includes the review and recommendation of the managerial remuneration. The Committee may follow such Policy as it may deem fit and recommend the remuneration of the Directors from time to time.

FIXED DEPOSITS:

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

AUDITORS:

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

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

During the year, there was no Technology Absorption or conservation of Energy. The foreign exchange earnings were ₹ 43,111,906/- and outgo was ₹ 2,520/-.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March, 2013:

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

PARTICULARS OF EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

for and on behalf of Board of

Nava Bharat Projects Limited

P. Trivikrama Prasad
Director

D. Ashok
Director

Hyderabad
20th May, 2013

Regd. Office:

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

Independent Auditor's Report

To the Members of

NAVA BHARAT PROJECTS LIMITED , HYDERABAD.

Report on the Financial Statements:

We have audited the accompanying financial statements of NAVA BHARAT PROJECTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

b. in the case of the Statement of Profit and Loss , of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Independent Auditor's Report

2. As required by section 227(3) of the Act, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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 ;

   c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e. On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date ,to the members NAVA BHARAT PROJECTS LIMITED, HYDERABAD, for the year ended 31st March, 2013.

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

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

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

2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.

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

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

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

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

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

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

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

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

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

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in

Annexure to the Auditor's Report

arrears , as at 31st March, 2013 for a period of more than six months from the day they became payable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

Balance Sheet

as at 31st March, 2013

₹

Particulars	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Share Holders Funds			
Share Capital	04	908,040,000	908,040,000
Reserves and Surplus	05	1,399,469,267	1,359,030,641
		2,307,509,267	2,267,070,641
Non-Current Liabilities			
Long - term provisions	06	1,201,777	1,901,231
		1,201,777	1,901,231
Current Liabilities			
Trade Payables	07	4,382,737	2,548,309
Other Current liabilities	08	3,536,072	2,523,544
Short - term provisions	09	34,377	118,461
		7,953,186	5,190,314
TOTAL		**2,316,664,230**	2,274,162,186
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	10	156,624	933,845
Non - Current Investments	11	1,590,150,000	689,650,000
Deferred Tax Assets (Net)	12	722,545	383,503
Long-term loans and advances	13	6,000	1,501,561,000
Other non current assets	14	19,629,745	27,426,677
		1,610,664,914	2,219,955,025
Current Assets			
Current investments	15	238,461,960	-
Inventories	16	2,034,242	-
Trade Receivable	17	44,538,020	27,339,249
Cash and cash equivalents	18	399,367,300	23,646,252
Short-term loans and advances	19	2,258,303	2,763,889
Other current assets	20	19,339,491	457,771
		705,999,316	54,207,161
TOTAL		**2,316,664,230**	2,274,162,186
Notes Forming Part of Financial Statements	01 - 39		

for and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Place : Hyderabad
Date : 20th May, 2013

per our report of even date

for Brahmayya & Co.,
Chartered Accountants
Firms' Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Statement of Profit and Loss

for the year ended 31st March, 2013

₹

Particulars	Notes	31st March, 2013	31st March, 2012
INCOME			
Operating Income	21	106,152,444	87,727,618
Other Income	22	31,395,422	823,516,764
TOTAL REVENUE		**137,547,866**	911,244,382
EXPENSES			
Operating Expenses	23	52,203,286	38,671,471
Purchase of Traded Goods (Project Equipment)		7,867,825	-
(Increase)/Decrease in Inventories	24	(2,034,242)	-
Employee Benefit Expense	25	12,728,408	16,550,897
Depreciation expense	26	88,780	611,268
Other Expenses	27	10,476,115	8,216,904
TOTAL EXPENSES		**81,330,172**	64,050,540
Profit Before Tax		**56,217,694**	847,193,842
Tax Expense			
Current Tax		16,000,000	181,500,000
Deferred Tax		(339,042)	(142,162)
Earlier years adjustment		118,110	-
		15,779,068	181,357,838
Profit for the year After Tax		**40,438,626**	665,836,004
Earnings per Share (Face Value ₹ 2/-)			
Basic and diluted (in ₹)		**0.09**	**243.93**
Notes Forming Part of Financial Statements	01 - 39		

for and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Place : Hyderabad
Date : 20th May, 2013

per our report of even date

for Brahmayya & Co.,
Chartered Accountants
Firms' Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Cash Flow Statement

for the year ended 31st March, 2013

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	Particulars	31st March, 2013	31st March, 2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	56,217,694	847,193,842
	Adjustments for:		
	Depreciation	88,780	611,268
	Dividends from current investments	(7,270,510)	(12,450,071)
	Interest on Bank deposits	(11,432)	(476,713)
	Interest on Others	(20,840,548)	-
	Interest from Non Current Investments	(600,000)	(544,521)
	Net gain on Sale of non Current Investments	-	(804,937,700)
	Net Loss on sale of Tangible Assets	2,797	-
	Net Loss on sale of current investments	85,555	-
	Operating Profit Before Working Capital Changes	27,672,336	29,396,105
	Adjustments for:		
	Increase/(decrease) in long term provisions	(699,454)	1,901,231
	Increase/(decrease) in Trade payables	1,834,428	(962,404)
	Increase/(decrease) in Other Current liabilities	1,012,528	753,741
	Increase/(decrease) in short term provisions	(84,084)	118,461
	(Increase)/decrease in long term loans and advances	1,501,555,000	(1,169,975,000)
	(Increase)/decrease in Inventories	(2,034,242)	-
	(Increase)/decrease in Trade receivables	(17,198,771)	16,542,316
	(Increase)/decrease in short term loans and advances	505,586	(2,069,205)
	(Increase)/decrease in Other Current assets	(114,938)	1,631
	Direct Taxes Paid (net of refunds)	(6,237,123)	(203,493,627)
	Net Cash from Operating Activities (A)	**1,506,211,266**	(1,327,786,751)

Cash Flow Statement

for the year ended 31st March, 2013

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Particulars		31st March, 2013	31st March, 2012
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	(89,100)	(67,872)
	Purchase of Investments	(1,423,500,000)	(825,000,000)
	Sale of Investments	286,414,445	1,667,242,500
	Sale of Fixed Assets	774,744	-
	Income from current investments	5,308,550	12,450,071
	Interest received	601,143	806,302
	Net Cash Used in Investing Activities (B)	**(1,130,490,218)**	855,431,001
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from Share Application	-	-
	Proceeds from Share Capital	-	468,500,000
		-	468,500,000
	Net Increase in Cash and Cash Equivalents (A+B+C)	375,721,048	(3,855,750)
	Cash and Cash equivalents as at beginning of the year	23,646,252	27,502,002
	Cash and Cash equivalents as at the end of the year	399,367,300	23,646,252

for and on behalf of the Board

P. Trivikrama Prasad
Director

D. Ashok
Director

Place : Hyderabad
Date : 20th May, 2013

per our report of even date

for Brahmayya & Co.,
Chartered Accountants
Firms' Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Notes

to the Financial Statements for the year ended 31st March, 2013

1. NATURE OF OPERATIONS :

Nava Bharat Projects Limited (the Company) has been incorporated on 12th January, 2007 as a subsidiary to Nava Bharat Ventures Limited. The entire equity share capital is held by the Holding Company viz., Nava Bharat Ventures Limited, Hyderabad. At present the Company is engaged in the business of rendering services to power plants as operation and maintenance contractors and "Investment Consultancy Services".

2. BASIS OF ACCOUNTING:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates

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

b) Fixed Assets

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

c) Depreciation

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

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

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

d) 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.

e) Impairment

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

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

f) Investments

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

g) 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:

Notes

to the Financial Statements for the year ended 31st March, 2013

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

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

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

h) Retirement and Other Employee Benefits

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

i) Leases

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

j) 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.

k) 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.

l) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not 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.

m) Earnings per Share (Basic and Diluted)

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

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

n) Cash Flow Statement

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

Notes

to the Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
4. SHARE CAPITAL:		
Authorised:		
500,000,000 Equity Shares of ₹ 2/- each	1,000,000,000	1,000,000,000
TOTAL	**1,000,000,000**	1,000,000,000
Issued ,Subscribed and Paid - Up:		
454,020,000 Equity Shares of ₹ 2/- each Fully paid up:	908,040,000	908,040,000
TOTAL	**908,040,000**	908,040,000

a. **Rights attached to equity shares:**

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

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

b. **Shares held by holding Company:**

No of Shares

Particulars	31st March, 2013	31st March, 2012
Nava Bharat Ventures Limited	454,020,000	454,020,000

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

Particulars	31st March, 2013		31st March, 2012	
	No of Shares	% in the class	No of Shares	% in the class
Equity Shares of ₹ 2/- each fully paid				
Nava Bharat Ventures Limited	454,020,000	100%	454,020,000	100%

₹

Particulars	31st March,2013	31st March, 2012
5. RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	1,359,030,641	693,194,637
Add: Net profit transferred from Statement of Profit and Loss	40,438,626	665,836,004
Amount available for appropriation	1,399,469,267	1,359,030,641
Less: Appropriations	-	-
Closing Balance	1,399,469,267	1,359,030,641
TOTAL	**1,399,469,267**	1,359,030,641

Notes

to the Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March,2013	31st March, 2012
6. LONG TERM PROVISIONS:		
Provisions for employee benefits:		
Provision for Gratuity	875,267	879,034
Provision for Leave encashment	326,510	1,022,197
TOTAL	**1,201,777**	1,901,231

₹

Particulars	31st March,2013	31st March, 2012
7. TRADE PAYABLES:		
Creditors for Supplies and Services (refer Note : 30)	4,087,937	2,423,469
Creditors for Accrued Wages and Salaries	294,800	124,840
TOTAL	**4,382,737**	2,548,309

₹

Particulars	31st March,2013	31st March, 2012
8. OTHER CURRENT LIABILITIES:		
Retention Deposits	2,856,336	2,393,024
Others:		
TDS Payable	217,811	102,329
Other statutory dues	57,177	28,191
Other Payables	404,748	
TOTAL	**3,536,072**	2,523,544

₹

Particulars	31st March,2013	31st March, 2012
9. SHORT TERM PROVISIONS:		
Provisions for employee benefits:		
Provision for Gratuity	12,286	8,519
Provision for Leave encashment	22,091	109,942
TOTAL	**34,377**	118,461

Notes

to the Financial Statements for the year ended 31st March, 2013

10. TANGIBLE ASSETS:

(amount in ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2012	Additions	Deductions	**As at 31st March, 2013**	Up to 31st March, 2012	For the year	On Deductions	**Up to 31st March, 2013**	**As at 31st March, 2013**	As at 31st March, 2012
1 Office Equipment	42,300	35,700	-	78,000	9,846	7,898	-	17,744	60,256	32,454
2 Computers	160,572	53,400	-	213,972	71,886	45,718	-	117,604	96,368	88,686
3 Motor Car	1,344,592	-	1,344,592	-	531,887	35,164	567,051	-	-	812,705
TOTAL	**1,547,464**	**89,100**	**1,344,592**	**291,972**	**613,619**	**88,780**	**567,051**	**135,348**	**156,624**	**933,845**
Previous Year	2,747,292	67,872	-	2,815,164	1,270,051	611,268	-	1,881,319	933,845	1,477,241

11. NON CURRENT INVESTMENTS:
(at cost net of diminution) (Un-quoted)

Particulars	Face Value	31st March, 2013		31st March, 2012	
	₹	Nos	₹	Nos	₹
i. Government Securities;					
Investments in Rural Electrification Bonds (non trade)	10,000	1,000	10,000,000	1,000	10,000,000
		1,000	10,000,000	1,000	10,000,000
ii. Investment in Equity Shares:(fully paid up) (trade)					
Subsidiary Companies:					
Nava Bharat Energy India Limited #	2	740,000,000	1,480,000,000	250,250,000	500,500,000
		740,000,000	1,480,000,000	250,250,000	500,500,000
iii. Preference Shares in Other Companies: (fully paid up) (trade)					
(6 % Cumulative redeemable preference Shares)					
Rio Realty Private Limited	100	135,500	13,550,000	135,500	13,550,000
Juventus Infrastructure and Projects Private Limited	100	130,000	13,000,000	130,000	13,000,000
A9 Realty Private Limited	100	736,000	73,600,000	736,000	73,600,000
Downtown Infrastructure and Projects Private Limited	100	-	-	90,000	9,000,000
Srigruha Homes Private Limited	100	-	-	700,000	70,000,000
		1,001,500	100,150,000	1,791,500	179,150,000
TOTAL		**741,002,500**	**1,590,150,000**	252,042,500	689,650,000
Aggregate provision for diminution in the value of investments			NIL		NIL

260,000,000 Shares are pledged with the IDBI Trusteeship Services Limited as security for the Term loans of ₹ 466 crores obtained by Nava Bharat Energy India Limited.

Notes

to the Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March,2013	31st March, 2012
12. DEFERRED TAX ASSETS (NET):		
Asset:		
Difference between book and tax depreciation	302,924	383,503
Provision for retirement benefits	401,070	-
Other Provisions	18,551	-
TOTAL	**722,545**	383,503

₹

Particulars	31st March,2013	31st March, 2012
13. LONG TERM LOANS AND ADVANCES: (Unsecured ,Considered good)		
Advances for Investments:		
Nava Bharat Energy India Limited #	-	1,499,500,000
Srigruha Private Limited	-	1,875,000
Security Deposits	6,000	186,000
TOTAL	**6,000**	1,501,561,000

Subsidiary Company

₹

Particulars	31st March,2013	31st March, 2012
14. OTHER NON CURRENT ASSETS:		
Advance Income Tax	19,629,745	27,426,677
TOTAL	19,629,745	27,426,677

Particulars	Face Value	No of Units		
15. CURRENT INVESTMENTS: (At cost net of diminution) (Un-quoted)				
Investments in Mutual Funds:				
Templeton India LD Fund	10	2,764,667	28,648,468	-
UTI Floating Rate Fund	1,000	93,421	100,602,715	-
TATA Fixed Maturity Fund	10	5,000,000	50,000,000	
HDFC Floating Rate Fund	10	893,610	9,008,394	-
Birla Sunlife Floating Rate Fund	100	501,207	50,202,383	-
TOTAL			**238,461,960**	-
Aggregate provision for diminution in the value of investments			NIL	NIL

Notes

to the Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
16. INVENTORIES:		
Stock-in trade (Project Equipment) at Cost	2,034,242	-
TOTAL	**2,034,242**	-

₹

Particulars	31st March, 2013	31st March, 2012
17. TRADE RECEIVABLE: (UNSECURED, CONSIDERED GOOD)		
Due for less than six months		
Maamba Collieries Limited (an associate)	44,318,532	27,092,249
Others	219,488	247,000
TOTAL	**44,538,020**	27,339,249

₹

Particulars	31st March, 2013	31st March, 2012
18. CASH AND CASH EQUIVALENTS:		
Balances with Banks:		
On Current accounts	399,098,326	23,551,096
Cash on Hand	18,974	95,156
Other Bank balances:		
Margin Money Deposits	250,000	-
TOTAL	**399,367,300**	23,646,252

₹

Particulars	31st March, 2013	31st March, 2012
19. SHORT TERM LOANS AND ADVANCES: (Unsecured, Considered good)		
Loans and Advances to other bodies corporate	1,210,260	1,187,210
Other advances	-	1,034,654
Loans to employees	76,800	97,200
Balances with Statutory authorities	791,243	444,825
Security Deposits	180,000	-
	2,258,303	2,763,889

Notes

to the Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
20. OTHER CURRENT ASSETS:		
Due from Subsidiary	18,756,493	-
Interest Accrued	460,289	450,000
Prepaid expenses	-	7,771
Other Assets	122,709	
TOTAL	**19,339,491**	457,771

₹

Particulars	31st March, 2013	31st March, 2012
21. OPERATING INCOME:		
Operations and Maintenance Contracts	62,359,800	61,216,500
Financial Services	680,738	1,329,910
Project Support Services	35,595,484	25,181,208
Sale of Traded Goods(Project Exports)	7,516,422	-
TOTAL	**106,152,444**	87,727,618

₹

Particulars	31st March, 2013	31st March, 2012
22. OTHER INCOME:		
Interest Income:		
Bank deposits	11,432	476,713
Bonds	600,000	544,521
Others	20,840,548	13,500
Dividends from current investments	7,270,510	12,450,071
Net gain/(loss) on Sale of Non Current Investments	(85,555)	804,937,700
Other Non Operating Income (Net of expenses)		
Exchange fluctuations	2,702,779	5,094,259
Miscellaneous Income	55,708	-
TOTAL	**31,395,422**	823,516,764

Notes

to the Financial Statements for the year ended 31st March, 2013

₹

Particulars		31st March,2013	31st March, 2012
23.	**OPERATING EXPENSES:**		
	Operations and Maintenance Contract Expenses	52,203,286	38,671,471
	TOTAL	**52,203,286**	38,671,471

₹

Particulars		31st March,2013	31st March, 2012
24.	**(INCREASE)/DECREASE IN INVENTORIES:**		
	Closing Inventory:		
	Stock-in-Trade (Project Equipment)	2,034,242	-
		2,034,242	-
	Opening Inventory	-	-
	TOTAL	**2,034,242**	-

₹

Particulars		31st March, 2013	31st March, 2012
25.	**EMPLOYEE BENEFIT EXPENSE:**		
	Salaries, Wages and Bonus	12,091,331	15,326,699
	Staff Welfare Expenses	637,077	92,059
	Gratuity expenses	-	1,132,139
	TOTAL	**12,728,408**	16,550,897

₹

Particulars		31st March,2013	31st March, 2012
26.	**DEPRECIATION AND AMORTISATION EXPENSE:**		
	Depreciation on tangible assets	88,780	611,268
	TOTAL	**88,780**	611,268

Notes

to the Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
27. OTHER EXPENSES		
Rent	360,000	360,000
Insurance	22,828	28,275
Rates and Taxes	7,152,796	5,845,476
Legal and Professional Charges	1,651,354	540,592
Payments to Auditors : as auditors	168,540	112,360
Payments to Auditors : for tax audits	78,652	-
Net Loss on sale of Tangible Assets	2,797	-
Miscellaneous expenses	1,039,148	1,330,201
TOTAL	**10,476,115**	8,216,904

28. 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.

29. 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.

30. DETAILS OF TOTAL OUTSTANDING DUES TO MICRO AND SMALL ENTERPRISES AS PER MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006.

₹

Particulars	31st March, 2013	31st March, 2012
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	3,836,000	2,423,469
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

Notes

to the Financial Statements for the year ended 31st March, 2013

31. CALCULATION OF EARNINGS PER SHARE

₹

Particulars		31st March, 2013	31st March, 2012
a)	Net profit available to Equity shareholders (in ₹)	40,438,626	665,836,004
b)	Weighted average number of Equity shares (Nos.)	454,020,000	2,729,617
c)	Face value as per share (in ₹)	2	2
d)	Earnings per share (Basic and Diluted) (in ₹)	0.09	243.93

32. DISCLOSURE RELATING TO THE GRATUITY LIABILITY (NOT FUNDED) AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"

₹

Particulars		31st March, 2013	31st March, 2012
a)	The amounts recognised in the Balance Sheet		
	Present Value of obligation	596,919	887,553
	Amount recognised in the Balance sheet	**887,553**	**887,553**
b)	Changes in the present value of the defined obligation		
	Opening defined benefit obligation	**887,553**	-
	Current service Cost	343,665	346,494
	Actuarial (gains)/Losses on obligation	(634,299)	541,059
	Closing defined benefit obligation	**596,919**	**887,553**
c)	Principal actuarial assumptions		
	Rate of escalation in Compensation	6%	6%
	Discount Rate	8%	8%
	Attrition Rate	5%	5%
	Retirement Age in years	58	58

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

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

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

Notes

to the Financial Statements for the year ended 31st March, 2013

35. THE DETAILS OF RELATED PARTY TRANSACTIONS IN TERMS OF ACCOUNTING STANDARD (AS 18) ARE AS FOLLOWS:

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

i.	Key Management Personnel:	Sri D. Ashok, Director
		Sri P. Trivikrama Prasad, Director
		Sri G. R. K. Prasad, Director
ii.	Relatives of Key Management Personnel:	Smt. D. Ramaa - wife of Sri D. Ashok
		Sri D. Ashwin - son of Sri D. Ashok
		Sri D. Nikhil - son of Sri D. Ashok
		Dr. D. Rajasekhar - brother of Sri D. Ashok
		Smt. D. Bhaktapriya - mother of Sri D. Ashok
		Smt. A. Nilima - sister of Sri D. Ashok
		Smt. P. Rajashree - wife of Sri P. Trivikrama Prasad
		Smt. P. Sruthi – daughter of Sri P Trivikrama Prasad
		Smt. G.S.P. Kumari - wife of Sri G.R.K. Prasad
iii.	Enterprises controlling the reporting Enterprise:	
	Holding Company:	M/s. Nava Bharat Ventures Limited
	Subsidiary Company:	M/s. Nava Bharat Energy India Limited
	Fellow Subsidiaries:	M/s. Brahmani Infratech Private Limited
		M/s. Nava Bharat Realty Limited
		M/s. Kinnera Power Company Private Limited
		M/s. Nava Bharat Sugar and Bio Fuels Limited
		M/s. Nava Bharat (Singapore) Pte Limited
		M/s. PT Nava Bharat Sungai Cuka
		M/s. PT Nava Bharat Indonesia
		M/s. Maamba Collieries Limited
		M/s. Kobe Green Power Co. Limited
		M/s. Nava Bharat Africa Resources Private Limited
		M/s. Kariba Infrastructure Development Limited
		M/s. NB Rufiji Private Limited
		M/s. Tanagro Private Limited

Notes

to the Financial Statements for the year ended 31st March, 2013

Enterprises over which KMP/relatives of KMP exercise significant influence:	M/s. Nava Bharat Natural Resources India Limited
	M/s. Nav Developers Limited
	M/s. S.R.T. Investments Private Limited
	M/s. A N Investments Private Limited
	M/s. V9 Avenues Private Limited
	M/s. A9 Homes Private Limited
	M/s. AV Dwellings Private Limited
	M/s. Brahmani Skyline Constructions Private Limited
	M/s. Brahmani Infrastructure Projects Private Limited
	M/s. Brahmani Infotech Private Limited
	M/s. V9 Infra Ventures Private Limited
	M/s. Dr. Pinnamaneni Healthcare Private Limited
	M/s. Malaxmi Highway Private Limited
	M/s. Operation Eyesight Universal(up to 15.11.12)
	Dr. Devineni Subba Rao Trust
	M/s.Gunnam Subbarao and Ramayamma Trust

₹

b. Particulars of Transactions during the year:	31st March, 2013	31st March, 2012
i Transactions with relatives of key management personnel:		
Smt. P. Sruthi – Rent	360,000	360,000
ii Transactions with Holding Company:		
Nava Bharat Ventures Limited		
Service Contract Receipts	62,359,800	61,216,500
Share Application Money received	-	468,500,000
iii Transactions with Subsidiary:		
Nava Bharat Energy India Limited		
Share Application Money paid	-	1,209,500,000
Interest received on Share Application Money	20,840,548	-
iv Transactions with Associates:		
Maamba Collieries Limited		
Project Supporting Charges	35,595,484	25,181,208
Project Exports (Traded goods)	7,516,422	-
c. Balances due from / (due to) as at the yearend:		
Nava Bharat Energy India Limited	18,756,493	1,499,500,000
Maamba Collieries Limited	44,318,531	27,092,249

Notes

to the Financial Statements for the year ended 31st March, 2013

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

₹

Particulars			31st March, 2013	31st March, 2012
37.	**EARNINGS IN FOREIGN EXCHANGE:**			
	a.	Professional and consultation fees	35,595,484	25,181,208
	b.	Export of goods calculated on F.O.B. basis	7,516,422	-

38. Expenditure in Foreign Currency on account of Bank Charges ` 2,520/- (Previous Year ` Nil)

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

for and on behalf of the Board
P. Trivikrama Prasad
Director

D. Ashok
Director

Place : Hyderabad
Date : 20th May, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Statement Pursuant

to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

1	Name of the Subsidiary		Nava Bharat Energy India Limited
2	Financial year of the subsidiary ended on		31st March, 2013
3	Shares of the subsidiary held by the Company:		
	a)	Number of shares	739,999,994
		Face value	₹ 2/- each
	b)	Extent of Holding	74%
4	Net aggregate amount of Profits/(Losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company:		
	a)	dealt within the accounts of the Company for the year ended 31st March, 2013	N.A.
	b)	not dealt within the accounts of the Company for the year ended 31st March, 2013	₹ (32,368,649/-)
5	Net aggregate amount of Profits/(Losses) for previous years of the subsidiary, since it became a subsidiary so far as they concern members of the Company:		
	a)	dealt within the accounts of the Company for the year ended 31st March, 2013	N.A.
	b)	not dealt within the accounts of the Company for the year ended 31st March, 2013	₹ (17,590,806)/-
6	Change in the interest of the Company in the subsidiary between the end of the financial year of the subsidiary and that of the Company		NIL
7	Material changes between the end of the financial year of the subsidiary and end of the financial year of the Company in respect of the subsidiary's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities.		NIL
8	Remarks		* Note:- The Company holds 74% stake in Nava Bharat Energy India Limited as at the end of the financial year 31st March, 2013 (100% in the previous year ending 31st March, 2012).

for and on behalf of the Board
Nava Bharat Projects Limited

P. Trivikrama Prasad
Director

D. Ashok
Director

Place : Hyderabad
Date : 20th May, 2013

Notice to Shareholders

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held on Thursday, the 8th August, 2013 at 12.00 Noon at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500 082 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri G.R.K. Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri J. Ramesh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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

R. Tulasi Maha Lakshmi
Company Secretary

Place : Hyderabad
Date : 20th May, 2013

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

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Fifth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2013 and the Auditors' Report thereon.

OPERATIONS:

The Company's 150MW Power Plant at Paloncha was successfully commissioned and synchronised with grid on 28th February, 2013 and optimal load was achieved by end of March, 2013. The Unit started commercial operations from 1st April, 2013. At present, power is being sold to APPCC on short term contract basis up to 31st May, 2013. The Company has also participated against tender floated by APPCC on behalf of AP Discoms for supply of power during the period from June 2013 to May 2014 and obtained contractual commitment.

The SPV incurred a sum of ₹ 635 crores on this project up to 31st March, 2013 as against the estimate of ₹ 666 crores.

The feed stock for the Company's Power Plant being imported coal predominantly, cost of generation is very high. It is hence necessary for the Company to obtain cost reflective tariffs to obtain reasonable returns on equity, going forward. Also, the Company would explore ways and means of cost containment and reduction to stay competitive.

DIRECTORS:

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

AUDITORS:

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

AUDIT COMMITTEE:

The Committee met thrice during the FY 2012-13 i.e. on 28th May, 2012, 25th October, 2012, 31st January, 2013 and reviewed annual and half yearly financial statements, and recommended the appointment of the Internal Auditor.

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

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

FIXED DEPOSITS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March, 2013:

- Applicable accounting standards have been followed.
- The accounting policies framed in accordance with the guidelines of the Institute of Chartered Accountants of India have been applied.

Directors' Report

- Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the Company.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, as applicable.
- The accounts have been prepared on 'a going concern' basis.

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

Technology absorption and conservation of energy are nil, as the Company has not started the commercial operations in the FY 2012-13.

During the year, the foreign exchange earnings are nil and foreign exchange used on account of interest (accrued) and travelling expenditure is ₹ 12,864,607/-.

PARTICULARS OF EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

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

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 20th May, 2013

A. Venkata Rao
Managing Director

Independent Auditor's Report

To

The Members of

Nava Bharat Energy India Limited,

Hyderabad.

Report on the Financial Statements:

We have audited the accompanying financial statements of NAVA BHARAT ENERGY INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

b. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. 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;
   c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for Brahmayya & Co.

Chartered Accountants

Firms' Registration Number: 000513S

(P. Chandramouli)

Partner

Membership Number: 025211

Place : Hyderabad

Date : 20th May, 2013

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date , to the members of NAVA BHARAT ENERGY INDIA LIMITED, HYDERABAD, for the year ended 31st March, 2013.

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

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

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

2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.

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

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

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

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

   b. In respect of the transactions made in pursuance of such contracts or arrangements exceeding value 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. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. As the Company is not yet commenced commercial operations, maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company is not applicable to the Company for the time being.

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

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2013 for a period of more than six months from the day they became payable.

Annexure to the Auditor's Report

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

10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial Institutions.
16. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for Brahmayya & Co.
Chartered Accountants
Firms' Registration Number: 000513S

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

Balance Sheet

as at 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Share holders funds			
Share capital	04	2,000,000,000	500,500,000
Reserves and Surplus	05	(67,512,778)	(23,771,360)
		1,932,487,222	476,728,640
Non Current liabilities			
Long term borrowings	06	3,830,534,170	180,500,000
Long-term provisions	07	559,867	144,126
		3,831,094,037	180,644,126
Current liabilities			
Short term borrowings	08	677,258,575	1,644,763,759
Trade Payables	09	317,143,582	279,315,605
Other Current liabilities	10	607,934,029	1,757,181,097
Short - term provisions	11	6,076,821	30,345
		1,608,413,007	3,681,290,806
TOTAL		**7,371,994,266**	4,338,663,572
ASSETS			
Non - Current assets			
Fixed assets			
Tangible assets	12	75,775,277	74,566,227
Intangible assets	13	121,628	94,969
Capital Work in Progress	14	6,447,725,834	3,882,239,525
Long -term loans and advances	15	114,876,037	282,216,469
Other non current assets	16	110,373	-
		6,638,609,149	4,239,117,190
Current assets			
Inventories	17	209,813,033	214,578
Trade receivables	18	200,401,799	-
Cash and cash equivalents	19	280,122,124	97,232,568
Short-term loans and advances	20	40,396,405	-
Other current assets	21	2,651,756	2,099,236
		733,385,117	99,546,382
TOTAL		**7,371,994,266**	4,338,663,572
Notes forming part of Financial Statements	01 - 45		

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

for and on behalf of the Board

A.Venkata Rao
Managing Director

P.Trivikrama Prasad
Director

Statement of Profit and Loss

for the year ended 31st March, 2013

₹

Particulars	Notes	31st March, 2013	31st March, 2012
INCOME			
Other Income	22	20,482,218	5,449,864
TOTAL REVENUE		**20,482,218**	5,449,864
EXPENSES			
Employee benefit expense	23	2,030,498	1,275,662
Finance costs	24	2,409,569	1,352,795
Depreciation expense	25	706,021	498,282
Other expenses	26	52,157,648	27,922,147
TOTAL EXPENSES		**57,303,736**	31,048,886
PROFIT/(LOSS) BEFORE TAX		(36,821,518)	(25,599,022)
TAX EXPENSE			
Current tax		6,500,000	-
Earlier years tax		419,900	-
		6,919,900	-
Profit/(Loss) for the year after tax		**(43,741,418)**	(25,599,022)
Earnings per share of face value of ₹ 2/- each:			
Basic and Diluted (in ₹)		(0.06)	(0.10)
Notes forming part of Financial Statements	01 - 45		

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

for and on behalf of the Board

A.Venkata Rao
Managing Director

P.Trivikrama Prasad
Director

Cash Flow Statement

for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax	(36,821,518)	(25,599,022)
Adjustments for:		
Depreciation	706,021	498,282
Interest	(2,225,832)	(1,801,818)
Profit from sale of Investments	(17,325,333)	-
Income from Investments	-	(3,170,283)
Operating Profit before Working Capital Changes	(55,666,662)	(30,072,841)
Adjustments for:		
Increase/(Decrease) in Long Term Provisions	415,741	144,126
Increase/(Decrease) in Trade Payables	37,827,977	269,414,645
Increase/(Decrease) in Other Current Liabilities	(140,250,264)	257,336,604
Increase/(Decrease) in Short Term Provisions	(12,210)	(41,933)
(Increase)/Decrease in Long Term Loans and Advances	167,340,432	124,781,657
(Increase)/Decrease in Short Term Loans and Advances	(40,396,405)	-
(Increase)/Decrease in Inventories	(209,598,455)	(214,578)
Increase/(Decrease) in Trade Receivables	(200,401,799)	-
Increase/(Decrease) in Other Non Current Assets	(110,374)	-
Increase/(Decrease) in Other Current Assets	(481,106)	(144,807)
Direct Taxes paid (net of refunds)	(680,416)	(180,798)
Net Cash from Operating Activities (A)	**(442,013,541)**	621,022,075
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(2,505,670,836)	(3,727,115,822)
Purchase of Investments	(2,350,000,000)	(390,000,000)
Sale of Investments	2,367,325,333	548,401,142
Income from Current Investments	-	3,170,283
Interest received	2,352,946	180,182
Net Cash used in Investing Activities (B)	**(2,485,992,557)**	(3,565,364,215)

Cash Flow Statement

for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	1,499,500,000	-
Proceeds from Share Application	(1,499,500,000)	1,209,500,000
Proceeds from Long Term Borrowings	4,078,400,838	180,500,000
Repayment of Short Term Borrowings	(128,505,184)	1,644,751,738
Repayment of Unsecured Loan	(839,000,000)	-
Net Cash generated in Financing Activities (C)	**3,110,895,654**	3,034,751,738
Net Increase in Cash and Cash Equivalents (A+B+C)	182,889,556	90,409,598
Cash and Cash equivalents as at beginning of the year	97,232,568	6,822,970
Cash and Cash equivalents as at the end of the year #	**280,122,124**	97,232,568
# includes restricted amounts	11,569,740	36,632,746

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

for and on behalf of the Board

A. Venkata Rao
Managing Director

P. Trivikrama Prasad
Director

Notes

to Financial Statements for the year ended 31st March, 2013

1. NATURE OF OPERATIONS:

Nava Bharat Energy India Limited (the Company) has been incorporated on 08th April, 2008. Out of the total paid up capital, 740,000,000 Equity Shares of ₹ 2/- each fully paid up shares, are held by the Holding Company viz., Nava Bharat Projects Limited, Hyderabad. The Company is in the process of setting up a 150 MW Power generating facility.

2. BASIS OF ACCOUNTING:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates

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

b) Fixed Assets

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

Other indirect expenditure attributable to the project under implementation is treated as capital work-in-progress pending allocation to the assets.

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

c) Depreciation

i. Depreciation on Fixed Assets is provided on written down value/straight line method as per Schedule XIV of the Companies Act, 1956.

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

iii. Civil constructions on leasehold land are amortised over the Primary lease period.

d) 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.

e) Impairment

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

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

Notes

to Financial Statements for the year ended 31st March, 2013

f) Investments

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

g) Revenue Recognition

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

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

h) 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.

i) Retirement and Other Employee Benefits

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

j) Borrowing Costs

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

k) Leases

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

l) Taxes on Income

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

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

Notes

to Financial Statements for the year ended 31st March, 2013

m) Provisions

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

n) 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.

o) Earnings per Share (Basic and Diluted)

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

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

p) Cash Flow Statement

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

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Particulars	31st March, 2013	31st March, 2012
4. SHARE CAPITAL:		
Authorised		
1,000,000,000 Equity Shares of ₹ 2/- each	2,000,000,000	2,000,000,000
TOTAL	**2,000,000,000**	2,000,000,000
Issued, Subscribed and Paid - Up:		
1,000,000,000 (Previous Year 250,250,000)		
Equity Shares of ₹ 2/- each fully paid up.	2,000,000,000	500,500,000
TOTAL	**2,000,000,000**	500,500,000

Notes

to Financial Statements for the year ended 31st March, 2013

a. Rights attached to equity shares:

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

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

b. Shares held by holding Company

Particulars	No of Shares	
	31st March, 2013	31st March, 2012
Nava Bharat Projects Limited	740,000,000	250,250,000

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

Particulars	31st March, 2013		31st March, 2012	
	No. of shares	% in the class	No. of shares	% in the class
Equity Shares of ₹ 2/- each fully paid				
Nava Bharat Projects Limited	740,000,000	74	250,250,000	100
Nava Bharat Ventures Limited	260,000,000	26	-	-

₹

Particulars	31st March, 2013	31st March, 2012
5. RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(23,771,360)	1,827,662
Add: Net profit transferred from Statement of Profit and Loss	(43,741,418)	(25,599,022)
Amount available for appropriation	(67,512,778)	(23,771,360)
Less: Appropriations	-	-
Closing balance	(67,512,778)	(23,771,360)
TOTAL	**(67,512,778)**	**(23,771,360)**

Notes

to Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
6. LONG TERM BORROWINGS:		
Secured:		
Term Loans from Banks	4,258,900,838	180,500,000
Less: Current maturities	428,366,668	-
TOTAL	**3,830,534,170**	180,500,000

a. The above loans from IDBI Bank Limited, Andhra Bank, Bank of Baroda, State Bank of Hyderabad, Bank of India, State Bank of Mysore, UCO Bank, and Punjab & Sind Bank are secured by a first charge created in favour of security trustee on the present and future fixed assets and a second charge on the currents assets of the Company, an equitable mortgage on the lease rights of land of 170 acres obtained from Nava Bharat Ventures Limited, by a registered mortgage of the flat No:102, admeasuring 303 Sq.feet situated at plot No:458 - C,III Avenue Road.., Indira Nagar, Madras - 600020 and also pledge of 260,000,000 equity shares held by the promoter representing 26% of issued and paid up share capital of the Company with trustee, ranking pari passu with all the lenders.

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

b. All the above term loans carry interest @13.5% payable monthly. The loans are repayable in 36 quarterly equal installments with effect from 1st April, 2013.

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Particulars	31st March, 2013	31st March, 2012
7. LONG TERM PROVISIONS:		
Provision for employee benefits:		
Provision for gratuity	340,785	129,229
Provision for leave salary	219,082	14,897
TOTAL	**559,867**	144,126

₹

Particulars	31st March, 2013	31st March, 2012
8. SHORT TERM BORROWINGS:		
Secured:		
Andhra Bank-Buyers Credit #	676,793,961	805,610,894
Unsecured:		
Loan from related parties	-	839,000,000
Deposits from employees	464,614	152,865
TOTAL	**677,258,575**	1,644,763,759

\# 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.

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
9. TRADE PAYABLES:		
Creditors for supplies and services (refer Note :31)*	316,648,274	278,920,967
Creditors for accrued wages and salaries	495,308	394,638
TOTAL	**317,143,582**	279,315,605
* includes due to related party	218,055	

₹

Particulars	31st March, 2013	31st March, 2012
10. OTHER CURRENT LIABILITIES:		
Share application money from holding Company	-	1,499,500,000
Current maturities of long term borrowings	428,366,668	-
Others:		
Interest accrued but not due #	85,247,449	23,110,921
Retention Deposits	71,259,287	226,726,646
Withholding taxes payable	14,347,382	3,260,620
Other statutory dues	250,944	4,527,579
Other payables	8,462,299	55,331
TOTAL	**607,934,029**	1,757,181,097
# includes the amount of interest on loans from a related parties	74,382,940	16,884,178

In ₹

Particulars	31st March, 2013	31st March, 2012
11. SHORT TERM PROVISIONS:		
Provision for employee benefits:		
Provision for gratuity	738	29,137
Provision for leave salary	17,397	1,208
Other provisions:		
Provision for taxation (net of advance tax)	6,058,686	-
TOTAL	**6,076,821**	30,345

Notes

to Financial Statements for the year ended 31st March, 2013

12. TANGIBLE ASSETS:

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S.No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 31st March, 2012	Additions	**As at 31st March, 2013**	Up to 31st March, 2012	for the year	**Up to 31st March, 2012**	**As at 31st March, 2013**	As at 31st March, 2012
1	Land	57,386,557	-	57,386,557	-	-	-	57,386,557	57,386,557
2	Plant and Machinery	15,021,145	1,661,870	16,683,015	329,743	835,763	1,165,506	15,517,509	14,691,402
3	Furniture and Fixtures	499,840	322,719	822,559	81,722	184,453	266,175	556,384	418,118
4	Vehicles	362,035	68,722	430,757	76,724	75,378	152,102	278,655	285,311
5	Office equipment	88,649	25,225	113,874	14,037	18,562	32,599	81,275	74,612
6	Data Processing equipment	352,900	65,690	418,590	119,129	93,432	212,561	206,029	233,771
7	Air conditioners and Coolers	122,000	123,200	245,200	3,815	28,764	32,579	212,621	118,185
8	Other Assets	1,791,455	429,034	2,220,489	433,184	251,058	684,242	1,536,247	1,358,271
TOTAL		75,624,581	2,696,460	**78,321,041**	1,058,354	1,487,410	2,545,764	**75,775,277**	74,566,227
Previous Year		38,331,935	37,292,646	75,624,581	262,604	795,750	1,058,354	74,566,227	38,069,331

13. INTANGIBLE ASSETS:

₹

S.No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 31st March, 2012	Additions	**As at 31st March, 2013**	Up to 31st March, 2012	for the year	**Up to 31st March, 2012**	**As at 31st March, 2013**	As at 31st March, 2012
1	Computer Software	127,244	81,033	208,277	32,275	54,374	86,649	121,628	94,969
TOTAL		127,244	81,033	**208,277**	32,275	54,374	**86,649**	**121,628**	94,969
Previous Year		-	127,244	127,244	-	32,275	32,275	94,969	-

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
14. CAPITAL WORK IN PROGRESS: (refer note:27)		
Direct costs	5,974,465,947	3,743,114,740
Other attributable revenue costs	145,083,204	116,918,546
Borrowing Costs	318,273,356	21,876,496
Depreciation on Construction equipment	1,165,506	329,743
Test run expenditure (net of income)	8,737,821	-
TOTAL	**6,447,725,834**	3,882,239,525

₹

Particulars	31st March, 2013	31st March, 2012
15. LONG - TERM LOANS AND ADVANCES:		
Considered Good		
Secured		
Advance for Capital goods	-	58,296,089
Unsecured		
Advance for Capital goods	102,866,037	223,910,380
Security Deposits	12,010,000	10,000
TOTAL	**114,876,037**	282,216,469

₹

Particulars	31st March, 2013	31st March, 2012
16. OTHER NON CURRENT ASSETS:		
Prepaid expenses	110,373	-
TOTAL	**110,373**	-

₹

Particulars	31st March, 2013	31st March, 2012
17. INVENTORIES: AT COST		
Stock of Raw Materials	118,202,396	-
Raw Materials in transit	77,847,565	-
Stores and Spares	13,662,236	-
Others	100,836	214,578
TOTAL	**209,813,033**	214,578

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
18. TRADE RECEIVABLES:		
(Unsecured, Considered good)		
Due for less than six months	200,401,799	-
TOTAL	**200,401,799**	-

₹

Particulars	31st March, 2013	31st March, 2012
19. CASH AND CASH EQUIVALENTS:		
Balances with Banks:		
On Current accounts	268,324,849	60,572,418
Cash on hand	227,535	27,404
Other Bank balances:		
Margin Deposits	11,569,740	36,632,746
TOTAL	**280,122,124**	97,232,568

₹

Particulars	31st March, 2013	31st March, 2012
20. SHORT TERM LOANS AND ADVANCES:		
(Unsecured, Considered good)		
Advance for purchases and expenses	38,729,208	-
Other loans and advances:		
Other receivables	1,667,197	-
TOTAL	**40,396,405**	-

₹

Particulars	31st March, 2013	31st March, 2012
21. OTHER CURRENT ASSETS:		
Prepaid expenses	753,413	272,307
Interest accrued	1,898,343	1,646,131
Advance Income tax (net)	-	180,798
TOTAL	**2,651,756**	2,099,236

Notes

to Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
22. OTHER INCOME:		
Interest Income from Bank deposits	2,605,157	1,801,818
Other Non Operating Income:		
Dividends from current investments	-	3,170,283
Net gain on sale of current investments	17,325,333	-
Agricultural Income (Net)	549,500	472,763
Miscellaneous receipts	2,228	5,000
TOTAL	**20,482,218**	5,449,864

₹

Particulars	31st March, 2013	31st March, 2012
23. EMPLOYEE BENEFIT EXPENSE:		
Salaries, Wages and Bonus	1,756,187	606,741
Staff Welfare expenses	91,154	510,555
Gratuity expense	183,157	158,366
TOTAL	**2,030,498**	1,275,662

₹

Particulars	31st March, 2013	31st March, 2012
24. FINANCE COSTS:		
Interest	379,325	-
Bank Charges and Commission	1,527,112	1,352,795
Applicable loss on foreign currency fluctuation	503,132	-
TOTAL	**2,409,569**	1,352,795

₹

Particulars	31st March, 2013	31st March, 2012
25. DEPRECIATION AND AMORTISATION EXPENSE:		
Depreciation on Tangible assets	1,487,410	795,750
Amortisation of Intangible assets	54,374	32,275
	1,541,784	828,025
Less: Amount Capitalised	835,763	329,743
TOTAL	**706,021**	498,282

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
26. OTHER EXPENSES:		
Professional charges	312,044	911,239
Land lease	193,886	193,128
Filing fee	4,674	4,006,550
Communication expenses	452,105	255,398
Travelling and Conveyance expenses	797,368	1,283,681
Printing and Stationery	42,028	237,794
Rates and Taxes	477,317	510,475
Repairs to other assets	35,000	-
Auditors remuneration : as auditors	112,360	56,180
Auditors remuneration : for certification	43,259	3,860
Exchange fluctuations	48,113,127	19,000,430
Capital expenditure written off	-	1,024,334
Miscellaneous expenses	1,574,480	439,078
TOTAL	**52,157,648**	27,922,147

27. During the year, the 150 MW thermal power generating plant is synchronised with the power grid and the test run expenditure net of revenue is adjusted in the capital cost of the Plant. However the Company has not declared any commercial operations during the year as the generation process is not stabilised to commercial scale.

28. 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.

29. Advance for land amounting to ₹ 10,505,500/-(previous year ₹ 10,505,500/-) includes an amount of ₹ 5,505,500/- (previous year ₹ 5,505,500/-) which is not covered by any agreement.

30. 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.

Notes

to Financial Statements for the year ended 31st March, 2013

31. DETAILS OF TOTAL OUTSTANDING DUES TO MICRO AND SMALL ENTERPRISES AS PER MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006.

₹

Particulars	31st March, 2013	31st March, 2012
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	NIL	NIL
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

₹

Particulars	31st March, 2013	31st March, 2012
32. CALCULATION OF EARNINGS PER SHARE:		
a) Net profit available to Equity shareholders (in ₹)	(43,741,418)	(25,599,022)
b) Weighted average number of Equity shares (Nos.)	695,991,781	250,250,000
c) Face value per share (in ₹)	2	2
d) Earnings per share (Basic and Diluted) (in ₹)	(0.06)	(0.10)

Notes

to Financial Statements for the year ended 31st March, 2013

33. DISCLOSURE RELATING TO THE GRATUITY LIABILITY (NOT FUNDED) AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":

₹

	Particulars	31st March, 2013	31st March, 2012
a)	The amounts recognised in the Balance Sheet		
	Present value of obligation	341,523	158,366
	Amount recognised in the Balance Sheet	341,523	158,366
b)	Changes in the present value of the defined obligation		
	Opening defined benefit obligation	158,366	--
	Current service cost	250,707	149,788
	Interest cost	12,669	--
	Actuarial (gains)/losses on obligation	(80,219)	8,578
	Closing defined benefit obligation	341,523	158,366
c)	Principal actuarial assumptions		
	Rate of escalation in compensation	6.00%	6.00%
	Discount rate	8.00%	8.00%
	Attrition rate	5.00%	5.00%
	Retirement age in years	58	58

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

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

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

36. THE DETAILS OF RELATED PARTY TRANSACTIONS IN TERMS OF ACCOUNTING STANDARD (AS 18) ARE AS FOLLOWS:

a) Names of related parties and relation with the Company:

i.	Key Management Personnel:	Sri A. Venkata Rao, Managing Director
		Sri D. Ashok, Director
		Sri P. Trivikrama Prasad, Director
		Sri G. R. K. Prasad, Director
ii.	Relatives of Key Management Personnel:	Smt. A. Rama Devi - wife of Sri A. Venkata Rao
		Smt. D. Ramaa - wife of Sri D. Ashok
		Sri D. Ashwin - son of Sri D. Ashok
		Sri D. Nikhil - son of Sri D. Ashok
		Dr. D. Rajasekhar - brother of Sri D. Ashok
		Smt. D. Bhaktapriya - mother of Sri D. Ashok

36. THE DETAILS OF RELATED PARTY TRANSACTIONS IN TERMS OF ACCOUNTING STANDARD (AS 18) ARE AS FOLLOWS:

a) Names of related parties and relation with the Company:

	Smt. A. Nilima - sister of Sri D. Ashok
	Smt. P. Rajashree - wife of Sri P. Trivikrama Prasad
	Smt. P. Sruthi – daughter of Sri P Trivikrama Prasad
	Smt. G.S.P. Kumari - wife of Sri G.R.K. Prasad
iii. Enterprises controlling the reporting Enterprise:	
Holding Company:	M/s. Nava Bharat Ventures Limited (Ultimate)
	M/s. Nava Bharat Projects Limited
Fellow Subsidiaries:	M/s. Nava Bharat Realty Limited
	M/s. Kinnera Power Company Private Limited
	M/s. Nava Bharat Sugar and Bio Fuels Limited
	M/s. Brahmani Infratech Private Limited
	M/s. Nava Bharat (Singapore) Pte Limited
	M/s. PT Nava Bharat Sungai Cuka
	M/s. PT Nava Bharat Indonesia
	M/s. Maamba Collieries Limited
	M/s. Kobe Green Power Co. Limited
	M/s. Nava Bharat Africa Resources Private Limited
	M/s. Kariba Infrastructure Development Limited
	M/s. NB Rufiji Private Limited
	M/s. Tanagro Private Limited
Enterprises over which KMP/relatives of KMP exercise significant influence:	M/s. Nava Bharat Natural Resources India Limited
	M/s. Nav Developers Limited
	M/s. S.R.T. Investments Private Limited
	M/s. A N Investments Private Limited
	M/s. V9 Avenues Private Limited
	M/s. A9 Homes Private Limited
	M/s. AV Dwellings Private Limited
	M/s. Brahmani Skyline Constructions Private Limited
	M/s. Brahmani Infrastructure Projects Private Limited
	M/s. Brahmani Infotech Private Limited
	M/s. V9 Infra Ventures Private Limited
	M/s. Dr. Pinnamaneni Healthcare Private Limited
	M/s. Malaxmi Highway Private Limited
	M/s. Operation Eyesight Universal(up to 15.11.12)

Notes

to Financial Statements for the year ended 31st March, 2013

36. THE DETAILS OF RELATED PARTY TRANSACTIONS IN TERMS OF ACCOUNTING STANDARD (AS 18) ARE AS FOLLOWS:

a) Names of related parties and relation with the Company:

Dr. Devineni Subba Rao Trust

M/s. Gunnam Subbarao and Ramayamma Trust

b) Particulars of Transactions during the year:

₹

Particulars	31st March, 2013	31st March, 2012
Transactions with ultimate Holding Company:		
Nava Bharat Ventures Limited		
Land Lease Rentals (expense)	188,386	193,128
Land Lease Rentals paid in advance	143,259	140,633
Inter Corporate loan received	--	839,000,000
Inter Corporate loan repaid	839,000,000	--
Interest paid on Inter Corporate Loan	61,807,163	18,760,198
Utility Charges paid	218,055	--
Value of Shares allotted	520,000,000	--
Cost of Electric Power purchased	6,038,944	--
Cost of Fly Ash Bricks purchased	4,838,484	--
Cost of Spares and materials purchased	1,464,137	--
Transactions with Holding Company:		
Nava Bharat Projects Limited		
Value of shares allotted	979,500,000	--
Share application money received	--	1,209,500,000
Share application money returned	520,000,000	--
Interest paid on share application money	20,840,548	--

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

₹

Particulars	31st March, 2013	31st March, 2012
Nava Bharat Ventures Limited	(55,626,447)	(855,743,545)
Nava Bharat Projects Limited	(18,756,493)	(1,499,500,000)

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
37. DETAILS OF OPERATING LEASES:		
a. Lease payments debited to in the accounts		
Land Lease	193,886	193,128
b. Future minimum lease payments under non cancelable operating leases :		
i. Due not later than One year.	205,136	191,012
ii. Due later than One year and not later than Five years.	820,543	764,048
iii. Due later than Five years.	4,691,127	4,528,816

38. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE BALANCE SHEET DATE:

Particulars	Amount in USD		Amount in INR	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
Trade Payables	1,114,141	2,156,860	60,570,248	109,719,468
Un-secured Loan	11,149,065	15,836,660	606,118,919	805,610,894

39. PARTICULARS OF OUTSTANDING DERIVATIVE INSTRUMENTS AS AT THE BALANCE SHEET DATE:

₹

Particulars	Amount in foreign Currency	
	31st March, 2013	31st March, 2012
Foreign Currency Contracts - USD/INR (Buy)	1,300,000	-

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

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.

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
42. CONTINGENT LIABILITIES AND COMMITMENTS:		
Contingent liabilities:		
Bank guarantees and Letters of credit;	83,791,740	1,192,334,358
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for;	--	693,961,410

₹

Particulars	31st March, 2013	31st March, 2012
43. VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF:		
Capital Items	182,141,507	1,366,235,077
Raw Materials	302,967,373	-

₹

Particulars	31st March, 2013	31st March, 2012
44. EXPENDITURE INCURRED IN FOREIGN CURRENCY:		
Travelling	105,758	513,650
Interest (accrual basis)	12,758,849	6,740,392

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

for and on behalf of the Board
A.Venkata Rao
Managing Director

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 20th May, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

NAVA BHARAT

Notice to Shareholders

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Thursday, the 8th August, 2013 at 10.00 a.m. at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500082, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri G. R. K. Prasad, who retires by rotation and, being eligible, offered himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

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

G. Chaitanya Reddy
Managing Director

Place : Hyderabad
Date : 29th April, 2013

Notes:

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2013 along with the Auditors' Report thereon.

OPERATIONS:

IT/ITES SEZ Project:

The Board of Directors of the Company pursuant to the authorisation by the shareholders of the Company at the 13th Annual General Meeting once again sought extension of time upto 2021 from the Govt. of A.P. / APIIC for implementation of the IT/ITES SEZ Project in the extended timelines / if the Govt. of A.P. could not extend the time as sought for, mentioning in the same communication that, it could be treated as Letter of surrender of land (250 acres).

As per the terms of the agreement the due date for completion of the IT/ITES Project was 6th November, 2012. As there was no response from the Govt. of A.P./APIIC for extension of time, the Board of Directors in the interest of the shareholders and to secure the money paid towards cost of land, made a conclusive request to APIIC to accept the surrender the land (250 acres) allotted to it during FY 2006-07 as per the terms of the Agreement of Sale cum Power of Attorney dated 6th November, 2006. Upon the said conclusive surrender request by the Company, the APIIC accepted and concluded the surrender formalities and refunded ₹ 49.75 crores to the Company against the land of 250 acres. For the cost of walls and structures completed by the Company or on its behalf, APIIC directed the Company to pursue an independent valuation for settlement in due course.

The Company is exploring other viable options in the real estate sector.

TERMINATION OF CO-DEVELOPER:

Members are aware that the Company entered into joint development agreement with M/s. Mantri Technology Parks Private Limited for development of IT/ITES SEZ Project as co-developer. The Co-Developer i.e, MTPL/MDPL, agreed to develop the Project and assumed responsibility to market the built up area of the Project.

MTPL was to complete the construction of minimum built-up space of 4.5 million square feet of IT/ITES office space in 150 acres SEZ area before May, 2012. As there had been little or no activity on the Project, the Company repeatedly advised Co-Developer to atleast achieve minimum milestones under the Mandate, to enable the Company to seek additional time from the Government of Andhra Pradesh for completion of the Project. MTPL did not even achieve the minimum milestones excepting a small incubation space and sought to exit from the Project, citing purported impediments and setting untenable conditions, in utter violation of the terms of JDA which gave rise to material breach of the JDA.

The Co-Developer did not comply with the obligations and responsibilities envisaged in and undertaken by them in the Joint Development Agreement and failed to develop the Project. They further expressed that they were no longer interested in the Project and categorically stated to rescind the JDA for which they were not entitled to in the JDA. Pursuant to the authorisation by the General Body, the Company invoked its rights under the JDA and initiated suitable action against MTPL and MDPL by terminating the co-developer/technical associate i.e., M/s. Mantri Technology Parks Private Limited and M/s. Mantri Developers Private Limited and issued the notice to forfeit the security deposit of ₹ 30 crores. This development was intimated to the Govt. of A.P. and APIIC.

MTPL by invoking the arbitration clause of the JDA, filed an application in the Hon'ble High Court of Andhra Pradesh seeking for appointment of Arbitrator under the Arbitration and Conciliation Act, 1996 due to lack of consensus among the parties. The said application is pending before the Hon'ble High Court. MTPL has also filed petitions in the Hon'ble City Civil Court seeking injunction Orders against to deal in property either by way of surrender of land or by replacing the developer for the Project and also for refund of security deposit of ₹ 30 crores. The matter is pending before the said Court. The Company having already surrendered the land and obtained consideration from APIIC there for expects the dispute being resolved through Arbitration in due course.

Directors' Report

REVIEW OF FINANCIAL PERFORMANCE:

During the year under review, the aggregate earnings for the year stood at ₹ 47,619,846/- and the total outgoings stood at ₹ 24,687,801/-. The year resulted in a net profit of ₹ 14,032,045/- after taxation (before taxation ₹ 22,932,045/-), mainly derived from the interest income.

INVESTIGATION BY THE CENTRAL BUREAU OF INVESTIGATION AND THE ENFORCEMENT DIRECTORATE;

Following the Orders of Hon'ble High Court of Andhra Pradesh, CBI and ED conducted investigations into the association of Mantri Group in the IT/ITES Project and required information was furnished by the Company to the Investigating Authorities.

DIRECTORS:

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

FIXED DEPOSITS:

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

AUDITORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March, 2013:

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

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

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

PARTICULARS OF EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

for and on behalf of
Brahmani Infratech Private Limited

G. Chaitanya Reddy
Managing Director

Place : Hyderabad
Date : 29th April, 2013

P. Trivikrama Prasad
Chairman

Compliance Certificate

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

CIN: U40109AP1999PTC032289

Paid-up Capital: ₹ 631,250,000/-

To

The Members
M/s. Brahmani Infratech Private Limited
Hyderabad

I have examined the registers, records, books and papers of **M/s. Brahmani Infratech Private Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.

3. The Company being private limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 12 (Twelve) and the Company during the period under scrutiny:

    a. has not invited public to subscribe for its shares or debentures; and

    b. has not invited or accepted any deposits from persons other than its members, directors or their relatives.

4. The Board of Directors duly met 5 times on 23rd May, 2012, 9th July, 2012, 27th August, 2012, 28th December, 2012 and 30th March, 2013 relating to which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for that purpose.

5. Being a closely held limited Company, the Company was not required to close its Register of Members, and/or Debenture holders during the financial year.

6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 6th July, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.

7. No Extra-ordinary General Meeting was held during the financial year.

8. The Company has not advanced any loan to its Directors and/or Persons or Firms or Companies referred in the Section 295 of the Act.

9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.

10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.

12. The Company has not issued any duplicate share certificates during the financial year.

13. During the year:

    - The Company has delivered all the share certificates on lodgment thereof for transfer of shares in accordance with the provisions of the Act .

    - The Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.

    - The Company has duly complied with the requirements of Section 217 of the Act.

Compliance Certificate

14. The Board of Directors of the Company is duly constituted and there were no changes occurred in the Board during the year under review.
15. The appointment of managing director has been made in compliance with the provisions of the Act and there is no change during the year under review.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/ or such authorities under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares during the financial year under review and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year under review.
21. There was no redemption of preference shares/ debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration for transfer of shares.
23. The Company has not invited/accepted any deposits including unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not borrowed any amount from Directors, members, public, financial institutions, banks and others during the financial year ended 31st March, 2013 as per Section 293(1)(d) of the Act.
25. The Company has not made any investments in other bodies corporate except mutual fund investments and hence no entries were made in the register kept for that purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under review and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the year.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the Company during the year under the scrutiny.
32. The Company has not received any amount as security from its employees during the year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year as the same is not applicable.

Place : Hyderabad
Date : 29th April, 2013

P. Renuka
C.P. No.3460

Compliance Certificate

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

ANNEXURE A

[Forming part of Compliance Certificate]

Registers as maintained by the Company:

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

Place : Hyderabad
Date : 29th April, 2013

P. Renuka
C.P. No.3460

ANNEXURE B

[Forming part of Compliance Certificate]

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2013.

Sl. No.	Form/ Return Number	Filed under relevant section of the Act.	Particulars	Date of filing	Whether filed within the prescribed time	If delay, whether requisite additional fee paid (Yes/N.A)
1	Form no. 23	293 (1) (a)	Ordinary resolution under section 293 (1) (a) of the Companies Act, 1956	3rd August, 2012	Yes	N.A
2	Form no. 66	383A	Compliance Certificate	3rd August, 2012	Yes	N.A
3	Form no.20B	159	Annual Return for the AGM held on 6th July, 2012	31st August, 2012	Yes	N.A
4	Form no. 23ACXbrl & ACAXbrl	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2012.	13th January, 2013	Yes	N.A

Place : Hyderabad
Date : 29th April, 2013

P. Renuka
C.P. No.3460

Independent Auditor's Report

To

The Members of

Brahmani Infratech Private Limited,

Hyderabad.

Report on the Financial Statements:

We have audited the accompanying financial statements of BRAHMANI INFRATECH PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

b. in the case of the Statement of Profit and Loss , of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b. 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.

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

   e. On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for Brahmayya & Co.

Chartered Accountants

Firm's Registration Number: 000513S

(P. Chandramouli)

Place : Hyderabad — Partner

Date : 29th April, 2013 — Membership Number: 025211

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date , to the members of BRAHMANI INFRATECH PRIVATE LIMITED, HYDERABAD, for the year ended 31st March, 2013.

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. No material discrepancies were noticed on such verification.

   c) During the year the Company has not disposed off any substantial part of fixed assets that would affect the going concern status of the Company.

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

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

   b) In view of our comment in paragraph 3(a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.

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

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

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

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

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

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

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

   b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

Annexure to the Auditor's Report

c) According to the records of the Company and the information and explanations given to us, there were no 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

Balance Sheet

as at 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Share Holders Funds			
Share Capital	06	631,250,000	631,250,000
Reserves and Surplus	07	67,260,370	53,228,325
		698,510,370	684,478,325
Current Liabilities			
Trade Payables	08	14,572	6,384
Other Current liabilities	09	301,635,955	70,468,365
Short - term provisions	10	-	1,780,392
		301,650,527	72,255,141
TOTAL		**1,000,160,897**	756,733,466
ASSETS			
Non - Current Assets			
Fixed assets			
Tangible assets	11	140,834	510,653,874
Intangible assets	12	25,202	10,875
Deferred Tax assets (Net)	13	-	-
Long-term loans and advances	14	3,000	177,600
		169,036	510,842,349
Current Assets			
Current investments	15	673,277,510	231,425,194
Cash and cash equivalents	16	26,088,734	6,365,923
Short-term loans and advances	17	300,174,600	-
Other current assets	18	451,017	8,100,000
		999,991,861	245,891,117
TOTAL		**1,000,160,897**	756,733,466
Notes Forming Part of Financial Statements	01-29		

per our report of even date

for Brahmayya & Co.,
Chartered Accountants
Firms' Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

for and on behalf of the Board

P.Trivikrama Prasad
Chairman

G.Chaitanya Reddy
Managing Director

NAVA BHARAT

Statement of Profit and Loss

for the year ended 31st March, 2013

₹

Particulars	Notes	31st March, 2013	31st March, 2012
INCOME			
Other Income	19	47,619,846	41,830,602
TOTAL REVENUE		47,619,846	**41,830,602**
EXPENSES			
Employee Benefit Expense	20	5,845,555	6,060,071
Depreciation expense	21	61,225	324,419
Other Expenses	22	18,781,021	3,105,079
TOTAL EXPENSES		**24,687,801**	**9,489,569**
Profit Before Tax		22,932,045	32,341,033
Tax Expense			
Current Tax		8,800,000	9,000,000
Earlier years Tax		100,000	(116,649)
		8,900,000	8,883,351
Profit for the Year After Tax		14,032,045	23,457,682
Earnings Per Share (Face Value ₹ 10/-)			
Basic and diluted (in ₹)		0.22	0.37
Notes Forming Part of Financial Statements	01-29		

per our report of even date

for Brahmayya & Co.,
Chartered Accountants
Firms' Registration Number: 000513S

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

for and on behalf of the Board

P. Trivikrama Prasad
Chairman

G. Chaitanya Reddy
Managing Director

Cash Flow Statement

for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax	22,932,045	32,341,033
Adjustments for:		
Depreciation	61,225	324,419
Loss/(Profit) on Sale of Investments (Net)	1,053	(278,503)
Loss on surrender of Land	13,016,558	-
Interest	(27,000,000)	(27,000,000)
Dividends on current investments	(20,620,899)	(14,552,099)
Operating Profit before Working Capital Changes	(11,610,018)	(9,165,150)
Adjustments for:		
Increase/(Decrease) in Trade Payables	8,188	182,131
Increase/(Decrease) in Other Current Liabilities	301,167,590	156,120
(Increase)/Decrease in Long Term Loans and Advances	174,600	-
(Increase)/Decrease in Short Term Loans and Advances	(300,174,600)	10,000,000
(Increase)/Decrease in Other Assets	(6,735)	-
Direct Taxes Paid (net of refunds)	(11,124,674)	(5,510,000)
NET CASH FROM OPERATING ACTIVITIES (A)	**(21,565,649)**	**(4,336,899)**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(83,469)	(165,827)
Purchase of Investments	(1,156,000,000)	(256,000,000)
Sale of Fixed Assets	497,504,399	-
Sale of Investments	719,119,377	216,892,263
Income from current investments	15,648,153	12,715,696
Interest received	35,100,000	18,900,000
NET CASH USED IN INVESTING ACTIVITIES (B)	**111,288,460**	**(7,657,868)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Share Application	(70,000,000)	-
	(70,000,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	19,722,811	(11,994,767)
Cash and Cash equivalents as at beginning of the year	6,365,923	18,360,690
Cash and Cash equivalents as at the end of the year	**26,088,734**	**6,365,923**

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

for and on behalf of the Board

P. Trivikrama Prasad
Chairman

G. Chaitanya Reddy
Managing Director

Notes

to Financial Statements for the year ended 31st March, 2013

1. NATURE OF OPERATIONS:

Brahmani Infratech Private Limited (the Company or BIPL) has been incorporated on 12th August, 1999 to carry on the business of Infrastructure Development. At present the Company is a subsidiary of Nava Bharat Ventures Limited.

During the FY 2006-07 the Company was allotted 250 Acres of land by APIIC Limited to develop 150 Acres as Special Economic Zone (SEZ) area and 100 Acres as Non SEZ area. Sale deed in respect of 150 Acres has been executed in favour of the Company and in respect of balance 100 Acres of land, will be executed as per the terms of allotment. However APIIC Limited is entitled to cancel the allotment of entire land in case of non-fulfillment or breach of any terms and conditions or obligations set forth while allotting the land.

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

As per the terms of AOSPOA, the agreed date of completion of development of the project is 6th November, 2012, however the Company has sought an extension of time up to November 2021 by an application dated 07th March, 2011 to the concerned authorities for which there is no response from the concerned.

In the mean time the Co – developer Viz. M/s. Mantri Technology Parks Private Limited., Bangalore, by their letter dated 2nd May, 2012 have opted for termination of the Joint Development agreement with a request to return the Security Deposit.

During the year the Company (BIPL) after protracted correspondence with the Co – developer Viz. M/s. Mantri Technology Parks Private Limited., Bangalore, terminated the Contract with effect from 9th July, 2012 under the Joint Development agreement dated 27th February, 2008 read with the Supplementary Agreement dated 28th February, 2008 on account of failure of M/s. Mantri Technology Parks Private Limited to Complete the Project of IT/ITES/SEZ at Hyderabad as Co-Developer under the patronage of M/s. Mantri Developers Private Limited as Technical Associate in accordance with the terms of agreement and were informed forfeiture of the Security Deposit of ₹ 30 crores (Thirty crores) paid by Co – developer.

Against such termination, M/s. Mantri Technology Parks Private Limited., Bangalore, invoked the arbitration clause of the agreement requesting for Conciliation process to settle the issue and due to lack of consensus among the Parties regarding the arbitrator to be appointed as per the arbitration clause of the agreement, made an application to the Hon'ble High Court of Andhra Pradesh to appoint an arbitrator under Section 11 (5) & (6) of the Arbitration and Conciliation Act 1996 read with Scheme for appointment of Arbitrators , 1996. The said application is pending for adjudication by the Hon'ble High Court .

In the meantime M/s. MTPPL, Bangalore, has also filed a Petition in the Hon'ble City Civil Court Praying to grant injunction restraining BIPL from disposing MTPPL from the property either by way of surrender of the same to APIIC Ltd.,or by way of the replacement of a fresh Developer and also to direct BIPL to deposit the Security Deposit of ₹ 30 crores (Thirty crores) paid by them in pursuance of the Joint Development Agreement, in the Hon'ble Court. The matter is sub-judice in the Court.

2. SURRENDER OF THE LAND ALLOTTED FOR DEVELOPMENT OF SPECIAL ECONOMIC ZONE:

During the year, the Company surrendered the land to APIIC Limited and sought refund of ₹ 51.72 crores being the Cost of acquisition. Accordingly the land was surrendered and deeds of Cancellation were executed

Notes

to Financial Statements for the year ended 31st March, 2013

in favour of APIIC Limited ,pursuant to which APIIC Limited refunded an amount of ₹ 49.75 crores.

M/s.Mantri Technology Parks Private Limited, has filed a Petition before the Hon'ble City Civil Court at Hyderabad, seeking direction to direct BIPL to keep aside the amount of ₹ 49.75 crores refunded by APIIC Limited, by not utilising and also to furnish a Security for ₹ 49.75 crores in the form of a Bank guarantee or in any other manner as deemed fit by the Hon'ble Court. This matter is also sub - judice in Court.

3. PETITIONS BY SHARE HOLDERS:

M/s. Malaxmi Infra Ventures (India) Private Limited, one of the shareholders holding 20.79% Shares in the Company and Mr.Y.Harish Chandra Prasad, filed a Company petition on 12th May, 2011 under Sections 397 and 398 of the Companies Act,1956.,before the Company Law Board Additional Principal Bench at Chennai making several allegations and praying to direct the Company to implement Certain remedial Corporate actions relating to internal administration and seeking remuneration for Services rendered by him to the Company.

4. 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.

5. SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates:

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

b) Tangible Fixed Assets

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

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.

c) Depreciation on Tangible Fixed Assets

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

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

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

d) Intangible assets

Costs incurred towards purchases of computer software are amortised over a period of 3 years which is the estimated useful life of such software.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is 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

Notes

to Financial Statements for the year ended 31st March, 2013

estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

f) Investments

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

g) Revenue Recognition

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

i. Interest:

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

ii. Dividends:

Dividend is recognised when the right to receive the same is established.

h) Government Grants and Subsidies

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

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

i) Borrowing Costs

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

j) Retirement and Other Employee Benefits

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

k) Leases

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

l) Taxes on Income

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred

Notes

to Financial Statements for the year ended 31st March, 2013

tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

m) Provisions

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

n) Earnings per Share (Basic and Diluted)

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

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

o) Cash Flow Statement

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

p) Contingent liabilities

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

Notes

to Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
6. SHARE CAPITAL:		
Authorised:		
70,000,000 Equity Shares of ₹ 10/- each	700,000,000	700,000,000
TOTAL	**700,000,000**	700,000,000
Issued, Subscribed and Paid - Up:		
63,125,000 Equity Shares of ₹ 10/- each Fully paid up:	631,250,000	631,250,000
TOTAL	**631,250,000**	631,250,000

a. Rights attached to equity shares:

The Company has only one class of equity shares having a face value of ₹ 10/- per share and with one vote per each Share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

b. Shares held by holding Company:

Particulars	31st March, 2013	31st March, 2012
	No. of Shares	No. of Shares
Nava Bharat Ventures Limited, the holding Company	41,499,998	41,499,998

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

Particulars	31st March, 2013		31st March, 2012	
	No. of shares	% in the class	No. of shares	% in the class
Equity Shares of ₹ 10/- each fully paid				
Nava Bharat Ventures Limited	41,499,998	65.74%	41,499,998	65.74%
Mr.Sushil Mantri	5,100,000	8.08%	5,100,000	8.08%
Malaxmi Infra Ventures(India) Private Limited	13,125,000	20.79%	13,125,000	20.79%

Notes

to Financial Statements for the year ended 31st March, 2013

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Particulars		31st March, 2013	31st March, 2012
7.	**RESERVES AND SURPLUS:**		
	Surplus i.e. balance in Statement of Profit and Loss		
	Opening balance	53,228,325	29,770,643
	Add: Net profit after tax transferred from Statement of Profit and Loss	14,032,045	23,457,682
	Amount available for appropriation	67,260,370	53,228,325
	Appropriations:	-	-
	Closing Balance	67,260,370	53,228,325
	TOTAL	**67,260,370**	53,228,325

₹

Particulars		31st March, 2013	31st March, 2012
8.	**TRADE PAYABLES:**		
	Creditors for Supplies and Services (refer note : 24)	3,572	6,384
	Creditors for accrued wages and Salaries	11,000	-
	TOTAL	**14,572**	6,384

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Particulars		31st March, 2013	31st March, 2012
9.	**OTHER CURRENT LIABILITIES:**		
	Share Application Money	-	70,000,000
	Security Deposits	300,000,000	-
	Other liabilities:		
	Professional Tax	2,500	600
	TDS Payable	404,302	164,393
	Other Payables	1,229,153	303,372
	TOTAL	**301,635,955**	70,468,365

₹

Particulars		31st March, 2013	31st March, 2012
10.	**SHORT TERM PROVISIONS:**		
	Other Provisions:		
	Provision for Income Tax (net)	-	1,780,392
	TOTAL	**-**	1,780,392

11. TANGIBLE ASSETS:

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Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2012	Additions	Deductions	**As at 31st March, 2013**	Upto 31st March, 2012	For the year	On deductions	**Upto 31st March, 2013**	**As at 31st March, 2013**	As at 31st March, 2012
1 Land	510,520,957	-	510,520,957	-	-	-	-	-	-	510,520,957
2 Office Equipment	5,990	59,908	-	65,898	169	1,153	-	1,322	64,576	5,821
3 Computers	250,967	-	-	250,967	123,871	50,838	-	174,709	76,258	127,096
4 Improvements To Leased Premises (Interiors)	1,229,600	-	-	1,229,600	1,229,600	-	-	1,229,600	-	-
TOTAL	512,007,514	59,908	510,520,957	**1,546,465**	1,353,640	51,991	-	**1,405,631**	**140,834**	510,653,874
Previous Year	511,855,187	152,327	-	512,007,514	1,031,846	321,794	-	1,353,640	510,653,874	510,823,341

12. INTANGIBLE ASSETS:

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Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 1st April, 2012	Additions	Deductions	**As at 31st March, 2013**	Upto **31st March, 2012**	For the year	On deductions	**Upto 31st March, 2013**	**As at 31st March, 2013**	As at **31st March, 2012**
1 Computer Software	13,500	23,561	-	37,061	2,625	9,234	-	11,859	25,202	10,875
TOTAL	13,500	23,561	-	**37,061**	2,625	9,234	-	**11,859**	**25,202**	10,875
Previous Year	-	13,500	-	13,500	-	2,625	-	2,625	10,875	-

Notes

to Financial Statements for the year ended 31st March, 2013

13. DEFERRED TAX ASSETS (NET):

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

₹

Particulars	31st March, 2013	31st March, 2012
14. LONG TERM LOANS AND ADVANCES:		
(Unsecured ,Considered good)		
Security Deposits	3,000	177,600
TOTAL	**3,000**	177,600

₹

Particulars	Face Value in ₹	31st March, 2013		31st March, 2012	
		No of Units	**Value**	No of Units	Value
15. CURRENT INVESTMENTS:					
(Valued at lower of Cost or Market Value)					
Un Quoted Mutual Funds					
HDFC Floating Rate Income Fund	10	19,533,356	196,913,813	-	-
Birla Sunlife Floating Rate Fund	100	2,556,158	256,032,152	-	-
IDBI Ultra Short Term Fund	1000	101,153	101,240,156	-	-
Kotak Floater Short Term	1000	18,276	18,488,674	-	-
UTI-Floating Rate Fund	1000	93,421	100,602,715	-	-
DSP Black Rock FMP-Series 42	10	-	-	2,500,000	25,000,000
IDFC Fixed Maturity Plan - Series 74	10	-	-	1,000,000	10,000,000
Kotak Floater Short Term	10	-	-	494,530	5,002,764
Reliance Quarterly Interval Fund Series -III	10	-	-	9,587,632	96,000,000
Taurus Quarterly Interval Fund	10	-	-	9,542,243	95,422,430
TOTAL			**673,277,510**		231,425,194

₹

Particulars	31st March, 2013	31st March, 2012
16. CASH AND CASH EQUIVALENTS:		
Balances with Banks:		
On Current accounts	26,085,119	6,357,131
Cash on Hand	3,615	8,792
TOTAL	**26,088,734**	6,365,923

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
17. SHORT TERM LOANS AND ADVANCES:		
(Unsecured ,Considered good)		
Security Deposits	174,600	
Other Deposits with Holding Company	300,000,000	-
TOTAL	**300,174,600**	-

₹

Particulars	31st March, 2013	31st March, 2012
18. OTHER ASSETS		
Advance Income Tax (net of Provision)	444,282	-
Prepaid Expenses	6,735	
Interest receivable:		
From Holding Company	-	8,100,000
TOTAL	**451,017**	8,100,000

₹

Particulars	31st March, 2013	31st March, 2012
19. OTHER INCOME:		
Other Non Operating Income(net of expenses)		
Interest from deposits	27,000,000	27,000,000
Dividends on current investments	20,620,899	14,552,099
Net Gain/(loss) on Sale of current investments	(1,053)	278,503
TOTAL	**47,619,846**	41,830,602

₹

Particulars	31st March, 2013	31st March, 2012
20. EMPLOYEE BENEFIT EXPENSE:		
Salaries, Wages and Bonus	5,654,987	5,907,874
Staff Welfare Expenses	190,568	152,197
TOTAL	**5,845,555**	6,060,071

Notes

to Financial Statements for the year ended 31st March, 2013

₹

Particulars	31st March, 2013	31st March, 2012
21. DEPRECIATION AND AMORTISATION EXPENSE:		
Depreciation on tangible assets	51,991	321,794
Amortisation of Intangible Assets	9,234	2,625
TOTAL	**61,225**	324,419

₹

Particulars	31st March, 2013	31st March, 2012
22. OTHER EXPENSES:		
Rent and Service Charges	349,200	349,200
Rates and Taxes	2,500	2,500
Travelling and Conveyance	472,954	461,820
Legal and Professional Charges	3,662,259	1,552,171
Filing Fees	2,500	8,500
Payments to Auditors : as auditors	337,080	337,080
Advertisement and Business Promotion Expenses	174,840	148,674
Loss on Surrender of Land (refer note :2)	13,016,558	-
Miscellaneous expenses	763,130	245,134
TOTAL	**18,781,021**	3,105,079

Notes

to Financial Statements for the year ended 31st March, 2013

23. 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.

24. There were no outstanding dues to Micro and Small Enterprises as at the year end which are to be as per Micro, Small and Medium Enterprise Development Act, 2006.

₹

Particulars	31st March, 2013	31st March, 2012
25. CALCULATION OF EARNINGS PER SHARE		
a) Net profit available to Equity shareholders (₹)	14,032,045	23,457,682
b) Weighted average number of Equity shares (Nos.)	63,125,000	63,125,000
c) Face value as per share (₹)	10	10
d) Earnings per share (₹) - Basic and Diluted	0.22	0.37

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

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

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

i.	Key Management Personnel:	Sri P.Trivikrama Prasad, Chairman
		Sri G.Chaitanya Reddy, Managing Director
		Sri D Ashok, Director
		Sri G R K Prasad, Director
ii.	Relatives of Key Management Personnel:	Smt. P. Rajashree - wife of Sri P. Trivikrama Prasad
		Smt. P. Sruthi – daughter of Sri P Trivikrama Prasad
		Smt.G. Sabita Reddy -wife of Sri G.Chaitanya Reddy
		Smt. D. Ramaa - wife of Sri D. Ashok
		Sri D. Ashwin - son of Sri D. Ashok
		Sri D. Nikhil - son of Sri D. Ashok
		Dr. D. Rajasekhar - brother of Sri D. Ashok
		Smt. D. Bhaktapriya - mother of Sri D. Ashok
		Smt. A. Nilima - sister of Sri D. Ashok
		Smt. G.S.P. Kumari - wife of Sri G.R.K. Prasad
iii.	Enterprises controlling the reporting Enterprise:	
	Holding Company:	M/s. Nava Bharat Ventures Limited
	Fellow Subsidiaries:	M/s. Nava Bharat Sugar and Bio Fuels Limited
		M/s. Nava Bharat Energy India Limited
		M/s. Nava Bharat Realty Limited
		M/s. Kinnera Power Company Private Limited

Notes

to Financial Statements for the year ended 31st March, 2013

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

	M/s. Nava Bharat (Singapore) Pte Limited
	M/s. PT Nava Bharat Sungai Cuka
	M/s. PT Nava Bharat Indonesia
	M/s. Maamba Collieries Limited
	M/s. Kobe Green Power Co. Limited
	M/s. Nava Bharat Africa Resources Private Limited
	M/s. Kariba Infrastructure Development Limited
	M/s. NB Rufiji Private Limited
	M/s. Tanagro Private Limited
Enterprises over which KMP/relatives of KMP exercise significant influence:	M/s. Nava Bharat Natural Resources India Limited
	M/s. Nav Developers Limited
	M/s. S.R.T. Investments Private Limited
	M/s. A N Investments Private Limited
	M/s. V9 Avenues Private Limited
	M/s. A9 Homes Private Limited
	M/s. AV Dwellings Private Limited
	M/s. Brahmani Skyline Constructions Private Limited
	M/s. Brahmani Infrastructure Projects Private Limited
	M/s. Brahmani Infotech Private Limited
	M/s. V9 Infra Ventures Private Limited
	M/s. Dr. Pinnamaneni Healthcare Private Limited
	M/s. Malaxmi Highway Private Limited
	M/s. Operation Eyesight Universal (up to 15.11.12)
	Dr. Devineni Subba Rao Trust
	M/s.Gunnam Subbarao and Ramayamma Trust

Notes

to Financial Statements for the year ended 31st March, 2013

b. Transactions with related Parties during the year:

₹

Particulars	31st March, 2013	31st March, 2012
Enterprises controlling the reporting enterprise		
M/s.Nava Bharat Ventures Limited		
Interest Received	35,100,000	27,000,000
M/s.Brahmani Skyline Constructions Private Limited		
Repayment of Share Application Money	20,000,000	--
M/s.Brahmani Infrastructure Projects Private Limited		
Repayment of Share Application Money	25,000,000	--
M/s.Brahmani Infotech Private Limited		
Repayment of Share Application Money	25,000,000	--
c. Balances due to/(due from) related parties as at the year end.		
M/s.Nava Bharat Ventures Limited	(300,000,000)	(8,100,000)
M/s.Brahmani Skyline Constructions Private Limited	-	20,000,000
M/s.Brahmani Infrastructure Projects Private Limited	-	25,000,000
M/s.Brahmani Infotech Private Limited	-	25,000,000

28. 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.

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

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

for and on behalf of the Board

P. Trivikrama Prasad
Chairman

G. Chaitanya Reddy
Managing Director

Notice to Shareholders

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Thursday, the 8th August, 2013 at 9.30 a.m at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad - 500 082 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in the place of Sri D. Suresh, who retires by rotation and, being eligible, offers himself for re-appointment.

3. To appoint a Director in the place of Sri K. S. Rao, who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration.

for and on behalf of the Board of
Kinnera Power Company Private Limited

Hyderabad
20th May, 2013

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

B. Srinivas
Director

Notes :

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Balance Sheet of the Company as on 31st March, 2013 and Auditors' Report thereon.

OPERATIONS:

During the year under review, the Company continued to be an investment arm of Meenakshi Infrastructure Private Limited (MIPL). MIPL implemented the road project of National Highway Authority of India (NHAI) through Malaxmi Highway Private Limited (MHPL). Meenakshi Group funded the Project, through a combination of redeemable preference shares and their share of equity aside from long term project debt without any contribution from the Company.

The road project had since been commercialised and there being no economic interest, Nava Bharat Ventures Limited (NBVL) offloaded part of its stake to MIPL in the Company by retaining 26% stake, whereby the Company ceased to be subsidiary of NBVL.

The status of the Company has been converted into Private Limited Company during the year under review.

DIRECTORS:

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

Sri B. Srinivas, was appointed as Managing Director effective from 18th April, 2008 for a period of 5 years i.e., upto 17th April, 2013 and he continued as Director of the Company since then.

Dr. M. V. G. Rao and Sri J. Ramesh, Directors of the Company, resigned from the Board, due to their pre-occupations effective from 25th April, 2013.

AUDIT COMMITTEE:

The Audit Committee met twice during the FY 2012-13 on 28th May, 2012 and 18th October, 2012 respectively and reviewed, inter alia, annual and half yearly financial statements. Since the Company has been converted into Private Limited Company, the Board dissolved the Audit Committee effective from 30th March, 2013.

FIXED DEPOSITS:

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

AUDITORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March, 2013:

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

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

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

PARTICULARS OF EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

for and on behalf of the Board of
Kinnera Power Company Private Limited

B. Srinivas
Director

C. S. Prasad
Director

Hyderabad
20th May, 2013

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

Compliance Certificate

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

CIN: U40100AP1993PTC016204

Paid-up Capital: ₹ 321,913,000/-

To

The Members

M/S. Kinnera Power Company Private Limited,

Hyderabad

I have examined the registers, records, books and papers of M/s. Kinnera Power Company Private Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st, March 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being private limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 9 excluding its present and past employees and the Company during the year under scrutiny:
   i. has not invited public to subscribe for its shares or debentures; and
   ii. has not invited or accepted any deposits from persons other than its members, Directors or their relatives.
4. The Board of Directors duly met 7 times on 28th May, 2012, 7th August, 2012, 5th October, 2012, 18th October, 2012, 22nd November, 2012, 9th January, 2013 and 30th March, 2013, relating to which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for that purpose.
5. Being a private Limited Company, the Company was not required to close its Register of Members, and/or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 25th July, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. One Extra-ordinary General Meeting was held on 16th March, 2013 during the financial year and the necessary resolutions passed there at were duly recorded in the minutes book maintained for that purpose.
8. The Company has not advanced any loan to its Directors and/or Persons or Firms or Companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. During the year:
    i. The Company has delivered all the share certificates on lodgment thereof for transfer of shares in accordance with the provisions of the Act.
    ii. The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

Compliance Certificate

iii. The Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.

iv. Duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and there is no change in the constitution of the Board during the year under review.

15. The Company being a private company, provisions of Section 269 of the Act with regard to appointment of Managing Director/Whole Time Director/Manager are not applicable.

16. The Company has not appointed any sole-selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.

18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

19. The Company has not issued any shares during the financial year under review.

20. The Company has not bought back any shares during the financial year under review.

21. There was no redemption of preference shares/ debentures during the year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration for transfer of shares.

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

24. The Company being a private limited company the borrowings made during year do not attract the provisions of section 293(1)(d) of the Act.

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

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

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

28. The Company has altered the provisions of the Memorandum with respect to name of the Company during the year and complied with the provisions of the act.

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

30. The Company has altered its Articles of Association during the year under review and complied with the provisions of the act.

31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the Company during the year under the scrutiny.

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

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

Hyderabad
20th May, 2013

P. Renuka
C.P. No.3460

Annexure A

[Forming part of Compliance Certificate]

Registers as maintained by the Company:

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

Hyderabad
20th May, 2013

P. Renuka
C.P. No.3460

Annexure B

[Forming part of Compliance Certificate]

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 31st March, 2013.

Sl. No.	Form / Return Number	Filed under relevant section of the Act.	Particulars	Date of filing	Whether filed within the prescribed time	If delay, whether requisite additional fee paid (Yes/N.A)
1	Form no. 66	383A	Compliance Certificate	20th August, 2012	Yes	N.A
2	Form no.20B	159	Annual Return for the AGM held on 25.07.2012.	16th September, 2012	Yes	N.A
3	Form no. 23AC Xbrl & ACA Xbrl	220	Balance Sheet and P&L A/c for the Financial year ended 31st March 2012.	13th January, 2013	Yes (xbrl filings)	N.A
4	Form No. 23	21 & 31	Conversion of public Company into private limited Company	16th March, 2013	Yes	N.A
5	Form IB	21 or 31	Conversion of public Company into private limited Company	16th March, 2013	Yes	N.A

No Forms and Returns were filed by the Company with the Regional Director, Central Government or other authorities during the financial year ended 31st March, 2013.

Hyderabad
20th May, 2013

P. Renuka
C.P. No.3460

Independent Auditor's Report

To the Members of

KINNERA POWER COMPANY PRIVATE LIMITED,

HYDERABAD

Report on the Financial Statements:

We have audited the accompanying financial statements of KINNERA POWER COMPANY PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013,

b. In the case of the Statement of Profit and Loss , of the loss for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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;

   c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e. On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date ,to the members of KINNERA POWER COMPANY PRIVATE LIMITED, HYDERABAD, for the year ended 31st March, 2013.

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

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

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

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

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

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

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

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

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

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

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

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2013 for a period of more than six months from the day they became payable.

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

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

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

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

Annexure to the Auditor's Report

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

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

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

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

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

18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.

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

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

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

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 20th May, 2013

Balance Sheet

as at 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Share Holders Funds			
Share Capital	04	321,913,000	321,913,000
Reserves and Surplus	05	(2,842,756)	(2,700,166)
		319,070,244	319,212,834
Current Liabilities			
Other Current liabilities	06	234,102	183,950
		234,102	183,950
TOTAL		**319,304,346**	319,396,784
ASSETS			
Non - Current Assets			
Non - current investments	07	319,125,000	319,125,000
		319,125,000	319,125,000
Current Assets			
Cash and cash equivalents	08	179,346	271,784
		179,346	271,784
TOTAL		**319,304,346**	319,396,784
Notes Forming Part of Financial Statements	01 - 18		

for and on behalf of the Board

B. Srinivas
Director

C. S. Prasad
Director

Place : Hyderabad
Date : 20th May, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Statement of Profit and Loss

for the year ended 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
INCOME		NIL	NIL
TOTAL REVENUE		-	-
EXPENSES			
Other Expenses	09	142,590	85,484
TOTAL EXPENSES		**142,590**	85,484
Profit Before Tax		**(142,590)**	(85,484)
Tax Expense		-	-
Profit for the year after Tax		**(142,590)**	(85,484)
Earnings per share (Face Value ₹ 10/-)			
Basic and diluted		(1.43)	(0.86)
Notes Forming Part of Financial Statements	01 - 18		

for and on behalf of the Board

B. Srinivas
Director

C. S. Prasad
Director

Place : Hyderabad
Date : 20th May, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Cash Flow Statement

for the year ended 31st March, 2013

Particulars		31st March, 2013	31st March, 2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	(142,590)	(85,484)
	Adjustments :	-	-
	Operating Profit Before Working Capital Changes	**(142,590)**	(85,484)
	Adjustments for:		
	Increase/(decrease) in Trade Payables		
	Increase/(decrease) in other current liabilities	50,152	52,165
	Net Cash from Operating Activities (A)	**(92,438)**	(33,319)
B	**CASH FLOW FROM INVESTING ACTIVITIES:**	-	-
	Net Cash used in Investing Activities (B)	-	-
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Increase/(decrease) in long term borrowings	-	(50,000)
	Proceeds from Share Capital	-	50,000
	Net Cash Generated In Financing Activities (C)	-	-
	Net Increase In Cash And Cash Equivalents (A+B+C)	(92,438)	(33,319)
	Cash and Cash equivalents as at beginning of the year	271,784	305,103
	Cash and Cash equivalents as at the end of the year	**179,346**	271,784

for and on behalf of the Board

B. Srinivas
Director

C. S. Prasad
Director

Place : Hyderabad
Date : 20th May, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Notes

to the Financial Statements for the year ended 31st March, 2013

1. NATURE OF OPERATIONS:

Kinnera Power Company Private Limited (the Company) has been incorporated on 26th August, 1993 with an objective to carry on the business of Generation and Supply of Power. At present the Company is acting as an investment vehicle for the holding Company, for the National Highway Project which is being implemented by a Special Purpose Vehicle, viz. M/s. Malaxmi Highway Private Limited which is an indirect subsidiary of the holding Company, viz. Nava Bharat Ventures Limited. However by virtue of Share transfer Meenakshi Infrastructures Private Limited has became the holding with effect from 18th October, 2012 and Nava Bharat Ventures Limited ceased to be the holding Company.

2. BASIS OF ACCOUNTING:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates:

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

b) Impairment:

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

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

c) 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.

d) Revenue Recognition:

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

i. Interest:

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

ii. Dividends:

Dividend is recognised when the right to receive the same is established.

Notes

to the Financial Statements for the year ended 31st March, 2013

e) Government Grants and Subsidies:

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

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

f) Taxes on Income:

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

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

g) Provisions:

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

h) Prior period items:

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

i) 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.

j) Cash Flow Statement:

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

k) 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 by way of a note and will be provided/paid on crystalisation.

Notes

to the Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
4. SHARE CAPITAL:		
Authorised:		
322,500 - 0.001% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 1,000/- each	322,500,000	322,500,000
250,000 - Equity Shares of ₹ 10/- each	2,500,000	2,500,000
	325,000,000	325,000,000
Issued ,Subscribed and Paid Up: (Fully Paid)		
320,919 – 0.001% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹1,000/- each	320,919,000	320,919,000
99,400 - Equity Shares of ₹ 10/- each	994,000	994,000
	321,913,000	321,913,000

a. **Shares held by holding Company:**

Particulars	31st March, 2013	31st March, 2012
	Nos	Nos
Equity Shares:		
Meenakshi Infrastructures Private Limited	72,856	48,700
Nava Bharat Ventures Limited	25,844	50,000

b. **Details of Shareholders holding more than 5% Shares:**

Particulars	31st March, 2013		31st March, 2012	
	No. of shares	% in the class	No. of shares	% in the class
Equity Shares:				
Meenakshi Infrastructures Private Limited	72,856	73.30	48,700	49.00
Nava Bharat Ventures Limited	25,844	26.00	50,000	50.30
Preference Shares:				
Meenakshi Infrastructures Private Limited	232,414	72.42	232,414	72.42
Meenakshi ventures and holdings Pvt. Limited	88,475	27.57	88,475	27.57

Notes

to the Financial Statements for the year ended 31st March, 2013

c. **Rights of Equity Shareholders:**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

Rights of Preference Shareholders:

The Preference Shares having a par value of ₹ 1,000/- per share shall carry a fixed non cumulative dividend of 0.001% per annum.

In the event of liquidation of the Company, the holders of Preference Shares will be entitled to receive in priority to the Equity Shares to the extent of the Capital but shall not confer any further right to participate in the profits or assets.

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

S.No.	**Number of shares**	Date of allotment
01	87,763	23rd April, 2007
02	15,000	03rd January, 2008
03	23,041	03rd March, 2008
04	16,759	26th March, 2008
05	16,700	25th April, 2008
06	16,100	02nd June, 2008
07	4,526	30th June, 2008
08	5,792	30th August, 2008
09	750	29th September, 2008
10	9,482	01st November, 2008
11	8,600	29th December, 2008
12	10,600	22nd January, 2009
13	11,750	28nd February, 2009

S.No.	**Number of shares**	Date of allotment
14	6,875	25th March, 2009
15	1,600	29th April, 2009
16	10,250	01st June, 2009
17	1,800	29th June, 2009
18	1,900	31st July, 2009
19	7,800	31st August, 2009
20	23,250	29th September, 2009
21	15,200	22nd, November, 2009
22	2,000	21st December, 2009
23	2,250	27th January, 2010
24	18,800	10th March, 2010
25	2,331	30th March, 2012
TOTAL	**320,919**	

Notes

to the Financial Statements for the year ended 31st March, 2013

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Particulars	31st March,2013	31st March, 2012
5. RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(2,700,166)	(2,614,682)
Add: Net profit transferred from Statement of Profit and Loss	(142,590)	(85,484)
Amount available for appropriation	(2,842,756)	(2,700,166)
Appropriations:	-	-
Closing Balance	(2,842,756)	(2,700,166)
TOTAL	**(2,842,756)**	(2,700,166)

₹

Particulars	31st March,2013	31st March, 2012
6. OTHER CURRENT LIABILITIES:		
Share Application Money	-	27,000
Other Payables	225,675	151,332
TDS payable	8,427	5,618
TOTAL	**234,102**	183,950

₹

Particulars	31st March,2013	31st March, 2012
7. NON CURRENT INVESTMENTS:		
(Non-Trade, Un-quoted) (at cost net of diminution in value if any) 31,912,500 Equity Shares of ₹ 10/-each fully paid in		
Malaxmi Highways Private Limited #	319,125,000	319,125,000
TOTAL	**319,125,000**	319,125,000

18,510,000 Shares are pledged with a bank as security for the Term loans of ₹ 21,192/- lakhs availed by another body corporate.

Notes

to the Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
8. CASH AND CASH EQUIVALENTS:		
Balances with Banks:		
On Current accounts	172,063	257,265
Cash on Hand	7,283	14,519
TOTAL	**179,346**	271,784

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Particulars	31st March, 2013	31st March, 2012
9. OTHER EXPENSES:		
Professional Charges	27,281	10,654
Rates and Taxes	2,500	2,500
Auditors Remuneration: as Auditors	84,270	56,180
Miscellaneous Expenses	28,539	16,150
TOTAL	**142,590**	85,484

10. 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.

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

12. During the year, there were no transactions with Micro and Small Enterprises; hence the disclosures as per Micro, Small and Medium Enterprise Development Act, 2006, are not applicable for the time being.

Particulars	31st March, 2013	31st March, 2012
13. CALCULATION OF EARNINGS PER SHARE		
a) Net profit available to Equity shareholders (in ₹)	(142,590)	(85,484)
b) Weighted average number of Equity shares	99,400	99,400
c) Face value as per share (in ₹)	10	10
d) Earnings per share (in ₹) - Basic and Diluted	(1.43)	(0.86)

Notes

to the Financial Statements for the year ended 31st March, 2013

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

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

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

i. Key Management Personnel:	Sri B. Srinivas, Managing Director Sri K. Sreenivasa Rao, Director Sri C. S. Prasad, Director
ii. Enterprises controlling the reporting Enterprise:	
Holding Company:	M/s. Nava Bharat Ventures Limited (up to 18th October, 2012) M/s. Meenakshi Infrastructures Private Limited (w.e.f .19th October 2012)
Enterprises over which KMP/relatives of KMP exercise significant influence:	M/s. Hemanth Avenues Private Limited M/s. Meenakshi Panyor Power Private Limited M/s. Meenakshi IT Parks Private limited M/s. Pujitha Avenues (India) Private Limited M/s. Meenakshi Ventures and Holdings India Private Limited M/s. Meenakshi Milk Products Private Limited M/s. Venkat Constructions Private Limited M/s. Seshamamba Foundation

b. Transactions with related Parties during the year:

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Particulars	**31st March, 2013**	31st March, 2012
Enterprises controlling the reporting enterprise M/s.Meenakshi Infrastructures Private Limited Cost of Investments	--	2,301,000
c. Balances due to / (due from) related parties as at the year end, as part of Current Liabilities.		
M/s.Meenakshi Infrastructures Private Limited	-	-
Outstanding guarantees	1,400,000,000	1,400,000,000
Sri P.Trivikrama Prasad	-	27,000

Notes

to the Financial Statements for the year ended 31st March, 2013

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

17. 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.

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

for and on behalf of the Board

B. Srinivas
Director

C. S. Prasad
Director

Place : Hyderabad
Date : 20th May, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Notice to Shareholders

Notice is hereby given that the Seventh Annual General Meeting of the Company will be held on Thursday, the 8th August, 2013 at 11.00 A.M. at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500 082, to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in the place of Sri K. Balarama Reddi, who retires by rotation and, being eligible, offers himself for re-appointment.

3. To appoint Auditors and fix their remuneration.

for and on behalf of the Board of
Nava Bharat Realty Limited

Hyderabad
29th April, 2013

P. Trivikrama Prasad
Director

Regd. Office:
Road No. 7, IDA Nacharam
Survey Nos. 617/3 to 617/13
Next to Nacharam Telephone Exchange
Hyderabad – 500 076

Notes :

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

NAVA BHARAT

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Seventh Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2013 and the Auditors' Report thereon.

OPERATIONS:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and proposes to be engaged in realty focused investments. There have been no operations in this Company during the year under review.

DIRECTORS:

Sri K. Balarama Reddi, Director, retires by rotation at the Annual General Meeting and being eligible, offered himself for re-appointment.

FIXED DEPOSITS:

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

AUDITORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March, 2013:

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

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

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

PARTICULARS OF EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

for and on behalf of the Board of
Nava Bharat Realty Limited

T. Hari Babu
Director

P. Trivikrama Prasad
Director

Hyderabad
29th April, 2013

Regd. Office:
Road No. 7, IDA Nacharam
Survey Nos. 617/3 to 617/13
Next to Nacharam Telephone Exchange
Hyderabad – 500 076

Independent Auditor's Report

To the Members of

Nava Bharat Realty Limited, Hyderabad

Report on the Financial Statements:

We have audited the accompanying financial statements of NAVA BHARAT REALTY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

b. in the case of the Statement of Profit and Loss , of the loss for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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 ;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date ,to the members of NAVA BHARAT REALTY LIMITED, HYDERABAD, for the year ended 31st March, 2013.

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

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

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

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

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

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

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

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

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

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

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

   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears , as at 31st March, 2013 for a period of more than six months from the day they became payable.

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

10. The accumulated losses of the Company at the end of the financial year are more than fifty percent of net worth of the Company. The Company has incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.

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

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

Annexure to the Auditor's Report

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

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

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

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

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

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

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

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

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

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

Balance Sheet

as at 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Share Holders Funds			
Share Capital	04	500,000	500,000
Reserves and Surplus	05	(2,052,404)	(1,983,006)
		(1,552,404)	(1,483,006)
Current liabilities			
Other Current Liabilities	06	1,739,326	1,739,326
		1,739,326	1,739,326
TOTAL		**186,922**	256,320
ASSETS			
Current Assets			
Cash and Cash Equivalents	07	186,922	256,320
		186,922	256,320
TOTAL		**186,922**	256,320
Notes Forming Part of Financial Statements	01 - 16		

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Statement of Profit and Loss

for the year ended 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
INCOME		NIL	NIL
TOTAL REVENUE		-	-
EXPENSES			
Other Expenses	08	69,398	56,262
TOTAL EXPENSES		**69,398**	56,262
Profit Before Tax		**(69,398)**	(56,262)
Tax Expense		-	-
Profit for the year After Tax		**(69,398)**	(56,262)
Earnings per equity share (Face Value ₹ 2/-)			
Basic and diluted		(0.28)	(0.23)
Notes Forming Part of Financial Statements	01 - 16		

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Cash Flow Statement

for the year ended 31st March, 2013

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	Particulars	31st March, 2013	31st March, 2012
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit/(Loss) before Tax	(69,398)	(56,262)
	Operating Profit Before Working Capital Changes	(69,398)	(56,262)
	Adjustments for:		
	Increase in Current Liabilities	-	721
	Net Cash from Operating Activities (A)	(69,398)	(55,541)
B	**CASH FLOW FROM INVESTING ACTIVITIES:**	-	-
	Net Cash used in Investing Activities (B)	-	-
C	**CASH FLOW FROM FINANCING ACTIVITIES:**	-	-
	Net Cash Generated in Financing Activities (C)	-	-
	Net Increase in Cash and Cash Equivalents (A+B+C)	(69,398)	(55,541)
	Cash and Cash equivalents as at beginning of the year	256,320	311,861
	Cash and Cash equivalents as at the end of the year	**186,922**	**256,320**

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Notes

to the Financial Statements for the year ended 31st March, 2013

1. NATURE OF OPERATIONS:

Nava Bharat Realty Limited (the Company) has been incorporated on 18th April, 2006 as a subsidiary to Nava Bharat Ventures Limited (NBVL), to do the business of Real Estate. The total paid up equity share Capital of ₹ 500,000 is held by the Holding Company viz., NBVL, Hyderabad. The Company is yet to begin its commercial operations.

2. BASIS OF ACCOUNTING:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates:

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

b) Taxes on Income:

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

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

c) Provisions:

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

d) Earnings per Share (Basic and Diluted):

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

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

e) Cash Flow Statement:

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

Notes

to the Financial Statements for the year ended 31st March, 2013

f) 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.

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Particulars	31st March, 2013	31st March, 2012
4. SHARE CAPITAL:		
Authorised:		
100,000,000 Equity Shares of ₹ 2/- each	200,000,000	200,000,000
TOTAL	**200,000,000**	200,000,000
Issued, Subscribed and Paid Up:		
250,000 Equity Shares of ₹ 2/- each -fully paid up	500,000	500,000
TOTAL	**500,000**	500,000

a. Rights attached to equity shares:

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

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

b. Shares held by holding Company:

Particulars	31st March, 2013	31st March, 2012
	No of Shares	No of Shares
Nava Bharat Ventures Ltd	250,000	250,000

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

Particulars	31st March, 2013		31st March, 2012	
	No of Shares	% in the class	No of Shares	% in the class
Equity Shares of ₹ 2/- each fully paid				
Nava Bharat Ventures Ltd	250,000	100%	250,000	100%

Notes

to the Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
5. RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(1,983,006)	(1,926,744)
Add: Net profit after tax transferred from Statement of Profit and Loss	(69,398)	(56,262)
Amount available for appropriation	(2,052,404)	(1,983,006)
Less: appropriations	-	-
Closing Balance	(2,052,404)	(1,983,006)
TOTAL	**(2,052,404)**	**(1,983,006)**

₹

Particulars	31st March, 2013	31st March, 2012
6. OTHER CURRENT LIABILITIES:		
Share Application Money from Holding Company	1,700,000	1,700,000
Other liabilities:		
TDS Payable	3,933	3,933
Other payables	35,393	35,393
TOTAL	**1,739,326**	**1,739,326**

₹

Particulars	31st March, 2013	31st March, 2012
7. CASH AND CASH EQUIVALENTS:		
Balances with Banks:		
On Current account	186,922	256,320
TOTAL	**186,922**	**256,320**

Notes

to the Financial Statements for the year ended 31st March, 2013

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Particulars		31st March, 2013	31st March, 2012
8.	**OTHER EXPENSES:**		
	Professional Charges	19,483	6,000
	Rates and Taxes	2,500	2,500
	Filing Fees	1,500	2,500
	General Expenses	2,589	1,936
	Conveyance	4,000	4,000
	Auditors Remuneration: as Auditors	39,326	39,326
	TOTAL	**69,398**	56,262

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

10. During the year, there were no transactions with Micro and Small Enterprises; hence the disclosures as per Micro, Small and Medium Enterprise Development Act, 2006, are not applicable for the time being.

Particulars			31st March, 2013	31st March, 2012
11.	**CALCULATION OF EARNINGS PER SHARE:**			
	a)	Net profit available to Equity shareholders (₹)	(69,398)	(56,262)
	b)	Weighted average number of Equity shares (Nos)	250,000	250,000
	c)	Face value as per share (in ₹)	2	2
	d)	Earnings per share (in ₹) - Basic and Diluted	(0.28)	(0.23)

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

Notes

to the Financial Statements for the year ended 31st March, 2013

13. Segment Reporting as per the Accounting Standard (AS 17) is not applicable to the Company for the time being.

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

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

i.	Key Management Personnel :	Sri P. Trivikrama Prasad, Director
		Sri T. Hari Babu, Director
ii.	Relatives of Key Management Personnel:	Smt. P. Rajashree (wife of Sri P. Trivikrama Prasad)
		Smt. P. Shruthi (Daughter of Sri P. Trivikrama Prasad.)
iii.	Enterprises controlling the reporting Enterprise:	
	Holding Company:	M/s. Nava Bharat Ventures Limited
	Fellow Subsidiaries:	M/s. Nava Bharat Projects Limited
		M/s. Nava Bharat Energy India Limited
		M/s. Brahmani Infratech Private Limited
		M/s. Nava Bharat Sugar and Bio Fuels Limited
		M/s. Kinnera Power Company Private Limited
		M/s. Nava Bharat (Singapore) Pte Limited
		M/s. PT Nava Bharat Sungai Cuka
		M/s. PT Nava Bharat Indonesia
		M/s. Maamba Collieries Limited
		M/s. Kobe Green Power Co. Limited
		M/s. Nava Bharat Africa Resources Private Limited
		M/s. Kariba Infrastructure Development Limited
		M/s. NB Rufiji Private Limited
		M/s. Tanagro Private Limited
	Enterprises over which KMP/relatives of KMP exercise significant influence:	M/s. Nava Bharat Natural Resources India Limited
		M/s. Nav Developers Limited
		M/s. S.R.T. Investments Private Limited
		M/s. A N Investments Private Limited
		M/s. V9 Avenues Private Limited
		M/s. A9 Homes Private Limited
		M/s. AV Dwellings Private Limited
		M/s.Brahmani Skyline Constructions Private Limited
		M/s. Brahmani Infrastructure Projects Private Limited
		M/s. Brahmani Infotech Private Limited

Notes

to the Financial Statements for the year ended 31st March, 2013

M/s. V9 Infra Ventures Private Limited

M/s. Dr. Pinnamaneni Healthcare Private Limited

M/s. Malaxmi Highway Private Limited

M/s. Operation Eyesight Universal(up to 15.11.12)

Dr. Devineni Subba Rao Trust

M/s.Gunnam Subbarao and Ramayamma Trust

b. There were no transactions with related Parties during the year and also in the previous year.

15. Accounting Standard (AS 28) "Impairment of Assets" is not applicable to the Company for the time being.

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

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Notice to Shareholders

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held on Thursday, the 8th August, 2013 at 11.30 a.m. at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad – 500 082, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Sri P. Trivikrama Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

For and on behalf of the Board of
Nava Bharat Sugar and Bio Fuels Limited

P. Trivikrama Prasad
Director

Place : Hyderabad
Date : 29th April, 2013

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

Notes:

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Fifth Annual Report together with the Audited Balance Sheet of the Company as at 31st March, 2013 and the Auditors' Report thereon.

OPERATIONS:

The Company is a Wholly Owned Subsidiary of Nava Bharat Ventures Limited and proposes to be engaged in sugar, biofuel and agri based investments. There have been no operations in this Company, during the year under review.

DIRECTORS:

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

FIXED DEPOSITS:

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

AUDITORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that in the preparation of Annual Accounts for the year ended 31st March, 2013:

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

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

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

PARTICULARS OF EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

for and on behalf of the Board of
Nava Bharat Sugar and Bio Fuels Limited

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

P. Trivikrama Prasad
Director

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

Independent Auditor's Report

To

The Members of

Nava Bharat Sugar and Bio Fuels Limited,

Hyderabad.

Report on the Financial Statements:

We have audited the accompanying financial statements of NAVA BHARAT SUGAR AND BIO FUELS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

b. in the case of the Statement of Profit and Loss , of the loss for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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 ;

   c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply

Independent Auditor's Report

with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e. On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date ,to the members NAVA BHARAT SUGAR AND BIO FUELS LIMITED, HYDERABAD, for the year ended 31st March, 2013.

1. The Company does not hold any fixed assets. Therefore, the provisions of clause (i) (a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
2. The Company does not carry any inventory during the year. Therefore, the provisions of clause (ii) (a), (b) and (c) of paragraph 4 of the of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
3. a. During the year, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.
4. The provisions of clause 4(iv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for the time being, as there were no transactions of purchase of inventory and fixed assets and sale of goods.
5. a. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

   b. In view of our comment in paragraph (a) above, clause V (b) of aforesaid Order, in our opinion, is not applicable.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits)

Annexure to the Auditor's Report

Rules, 1975, do not apply to this Company.

7. Since the paid-up capital and reserves of the Company not exceeded ₹ 50.00 lakhs at the beginning of the year and the average annual turnover does not exceed ₹ 5.00 crores for a period of three consecutive financial years immediately preceding the financial year concerned, the question of internal audit system does not arise.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the activities of the Company.
9. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
   b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, wealth tax, Sales tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2013 for a period of more than six months from the day they became payable.
   c. According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute .
10. The Company is not in existence for more than five years from the date of registration till the last day of the financial year covered by this report. Therefore, the provisions of clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
11. As the Company has no borrowings, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial Institutions.
16. During the year the Company has not obtained any term loans. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
17. In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, therefore the question of creating security or charge in respect thereof does not arise.
20. During the year, the Company has not made any public issue, therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

(P. Chandramouli)
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

Balance Sheet

as at 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Share Holders Funds			
Share Capital	04	500,000	500,000
Reserves and Surplus	05	(295,906)	(251,909)
		204,094	248,091
Current Liabilities			
Other Current Liabilities	06	16,854	16,854
		16,854	16,854
TOTAL		**220,948**	264,945
ASSETS			
Current Assets			
Cash and cash equivalents	07	220,948	264,945
		220,948	264,945
TOTAL		**220,948**	264,945
Notes Forming Part of Financial Statements	01 - 15		

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Statement of Profit and Loss

for the year ended 31st March, 2013

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Particulars	Notes	31st March, 2013	31st March, 2012
INCOME		**NIL**	**NIL**
TOTAL REVENUE		**–**	**–**
EXPENSES			
Other Expenses	08	43,997	32,034
TOTAL EXPENSES		**43,997**	32,034
Profit Before Tax		(43,997)	(32,034)
Tax Expense		-	-
Profit for the year After Tax		**(43,997)**	(32,034)
Earnings Per Equity Share (Face Value ₹ 2/-)			
Basic and Diluted		(0.18)	(0.13)
Notes Forming Part of Financial Statements	01 - 15		

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Cash Flow Statement

for the year ended 31st March, 2013

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	Particulars	31st March, 2013	31st March, 2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	(43,997)	(32,034)
	Operating Profit Before Working Capital Changes	**(43,997)**	(32,034)
	Adjustments for:		
	Increase in other Current Liabilities	–	309
	Net Cash From Operating Activities (A)	**(43,997)**	(31,725)
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Net Cash Used in Investing Activities (B)	**–**	–
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net Cash Generated In Financing Activities (C)	**–**	–
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(43,997)	(31,725)
	Cash and Cash equivalents as at beginning of the year	264,945	296,670
	Cash and Cash equivalents as at the end of the year	**220,948**	264,945

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

Place : Hyderabad
Date : 29th April, 2013

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

P. Chandramouli
Partner
Membership Number: 025211

Notes

to Financial Statements for the year ended 31st March, 2013

1. NATURE OF OPERATIONS:

Nava Bharat Sugar and Bio Fuels Limited (the Company) has been incorporated on 8th April, 2008 as a subsidiary to Nava Bharat Ventures Limited (NBVL) to carry on the business of manufacturing of sugar and bio fuels. The entire equity shares are held by the Holding Company viz., NBVL, Hyderabad. The Company is yet to begin its commercial operations.

2. BASIS OF ACCOUNTING:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates:

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

b) Impairment:

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

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

c) Provisions:

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

d) Earnings per Share (Basic and Diluted):

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

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

e) Cash Flow Statement:

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

Notes

to Financial Statements for the year ended 31st March, 2013

f) 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.

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Particulars	31st March, 2013	31st March, 2012
4. SHARE CAPITAL:		
Authorised:		
2,500,000 Equity Shares of ₹ 2/- each	5,000,000	5,000,000
TOTAL	**5,000,000**	5,000,000
Issued, Subscribed and Paid Up:		
250,000 Equity Shares of ₹ 2/- each -fully paid up	500,000	500,000
TOTAL	**500,000**	500,000

a. Rights attached to Equity Shares:

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

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

b. Shares held by holding Company:

Particulars	31st March, 2013	31st March, 2012
	No of Shares	No of Shares
Nava Bharat Ventures Ltd	250,000	250,000

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

Particulars	31st March, 2013		31st March, 2012	
	No. of shares	% in the class	No. of shares	% in the class
Equity Shares of ₹ 2/- each fully paid				
Nava Bharat Ventures Ltd	250,000	100	250,000	100

Notes

to Financial Statements for the year ended 31st March, 2013

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Particulars	31st March, 2013	31st March, 2012
5. RESERVES AND SURPLUS:		
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(251,909)	(219,875)
Add: Net profit after tax transferred from Statement of Profit and Loss	(43,997)	(32,034)
Amount available for appropriation	(295,906)	(251,909)
Less: appropriations	-	-
Closing Balance	(295,906)	(251,909)
TOTAL	**(295,906)**	(251,909)

₹

Particulars	31st March, 2013	31st March, 2012
6. OTHER CURRENT LIABILITIES:		
Other Payables	16,854	16,854
TOTAL	**16,854**	16,854

₹

Particulars	31st March, 2013	31st March, 2012
7. CASH AND CASH EQUIVALENTS:		
Balances with Banks:		
On Current account	220,948	264,945
TOTAL	**220,948**	264,945

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Particulars	31st March, 2013	31st March, 2012
8. OTHER EXPENSES:		
Professional Charges	19,483	6,000
Rates and Taxes	2,500	2,500
Auditors Remuneration: as Auditors	16,854	16,854
Miscellaneous	5,160	6,680
	43,997	32,034

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

10. During the year, there were no transactions with Micro and Small Enterprises; hence the disclosures as per Micro, Small and Medium Enterprise Development Act, 2006, are not applicable for the time being.

Notes

to Financial Statements for the year ended 31st March, 2013

11.

Calculation of Earnings per share	31st March, 2013	31st March, 2012
a) Net profit available to Equity shareholders (₹)	(43,997)	(32,034)
b) Weighted average number of Equity shares (Nos.)	250,000	250,000
c) Face value as per share (in ₹)	2	2
d) Earnings per share (in ₹) - Basic and Diluted	(0.18)	(0.13)

12. Segment Reporting as per the Accounting Standard (AS 17) is not applicable to the Company for the time being.

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

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

i.	Key Management Personnel:	Sri P. Trivikrama Prasad, Director Sri T. Hari Babu, Director
ii.	Relatives of Key Management Personnel:	Smt. P. Rajashree (wife of Sri P. Trivikrama Prasad) Smt. P. Shruthi (Daughter of Sri P. Trivikrama Prasad)
iii.	Enterprises controlling the reporting Enterprise:	
	Holding Company:	M/s. Nava Bharat Ventures Limited
	Fellow Subsidiaries:	M/s. Nava Bharat Projects Limited M/s. Nava Bharat Energy India Limited M/s. Brahmani Infratech Private Limited M/s. Nava Bharat Realty Limited M/s. Kinnera Power Company Private Limited M/s. Nava Bharat (Singapore) Pte Limited M/s. PT Nava Bharat Sungai Cuka M/s. PT Nava Bharat Indonesia M/s. Maamba Collieries Limited M/s. Kobe Green Power Co. Limited M/s. Nava Bharat Africa Resources Private. Limited M/s. Kariba Infrastructure Development Limited M/s. NB Rufiji Private Limited M/s. Tanagro Private Limited

Notes

to Financial Statements for the year ended 31st March, 2013

Enterprises over which KMP/relatives of KMP exercise significant influence:	M/s. Nava Bharat Natural Resources India Limited M/s. Nav Developers Limited M/s. S.R.T. Investments Private Limited M/s. A N Investments Private Limited M/s. V9 Avenues Private Limited M/s. A9 Homes Private Limited M/s. AV Dwellings Private Limited M/s.Brahmani Skyline Constructions Private Limited M/s. Brahmani Infrastructure Projects Private Limited M/s. Brahmani Infotech Private Limited M/s. V9 Infra Ventures Private Limited M/s. Dr. Pinnamaneni Healthcare Private Limited M/s. Malaxmi Highway Private Limited M/s. Operation Eyesight Universal(up to 15.11.12) Dr. Devineni Subba Rao Trust M/s.Gunnam Subbarao and Ramayamma Trust

b. There were no transactions with related Parties during the year and also in the previous year.

14. Accounting Standard (AS 28) "Impairment of Assets", is not applicable to the Company for the time being.

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

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

P. Chandramouli
Partner
Membership Number: 025211

Place : Hyderabad
Date : 29th April, 2013

for and on behalf of the Board

P. Trivikrama Prasad
Director

T. Hari Babu
Director

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NAVA BHARAT

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