



# NAVA BHARAT VENTURES LIMITED

NAVA BHARAT CHAMBERS, RAJ BHAVAN ROAD, HYDERABAD-500082, TELANGANA, INDIA

NAVA BHARAT

NBV/SECTL/ 122 /2020-21

August 9, 2020

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, G Block  
Bandra Kurla Complex, Bandra (E)  
MUMBAI – 400 051  
**NSE Symbol : ‘NBVENTURES’**

Dept.of Corp.Services  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
MUMBAI – 400 001

**Scrip Code: ‘513023’/‘NBVENTURE’**

Dear Sir,

**Sub: Submission of Annual Report along with notice of Annual General Meeting  
(AGM) of the Company for FY 2019-20.**

-o0o-

Pursuant to regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed copy of annual report of the Company for FY 2019-20, together with notice for the 48th AGM to be held on Wednesday, September 2, 2020, at 10.00 a.m. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The same is also made available on the website of the Company at:

[https://www.nbventures.com/wp-content/uploads/2020/08/ar\\_pdf\\_01\\_2019-20\\_Annual\\_Report.pdf](https://www.nbventures.com/wp-content/uploads/2020/08/ar_pdf_01_2019-20_Annual_Report.pdf)

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,  
for NAVA BHARAT VENTURES LTD.,

VSN Raju  
Company Secretary  
& Vice President

Encl : as above.

CC : National Securities Depository Limited - Mumbai  
Central Depository Services (India) Limited – Mumbai  
KFin Technologies Private Limited - Hyderabad



NAVA BHARAT

# NAVA BHARAT VENTURES LIMITED

Determined  
to Deliver...

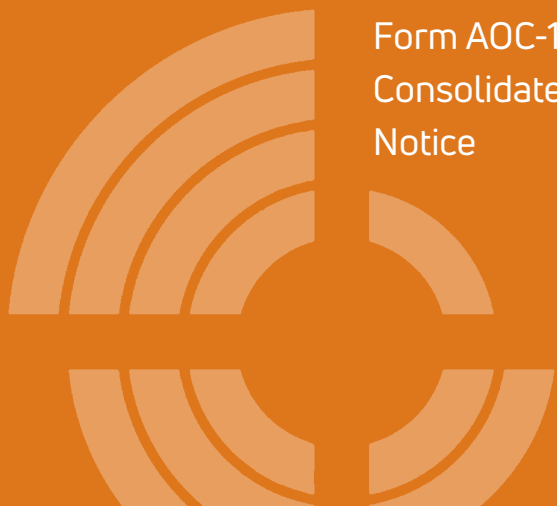


ANNUAL REPORT 2019-20



# Contents

Determined to Deliver	02
Company Overview	04
Corporate Social Responsibility Report	36
Directors' Report	53
Management Discussion and Analysis	92
Business Responsibility Report	107
Report on Corporate Governance	117
Standalone Financial Statements	134
Form AOC-1	198
Consolidated Financial Statements	199
Notice	281



# Corporate Information

## BOARD OF DIRECTORS

### WHOLE-TIME DIRECTORS

**Mr D Ashok** *Chairman*  
**Mr P Trivikrama Prasad** *Managing Director*  
**Mr Ashwin Devineni** *Chief Executive Officer*  
**Mr GRK Prasad** *Executive Director*  
**Mr CV Durga Prasad** *Director (Business Development)*

### INDEPENDENT DIRECTORS

**Dr D Nageswara Rao**  
**Dr CV Madhavi** *(upto August 7, 2019)*  
**Mr K Durga Prasad**  
**Mr GP Kundargi**  
**Mr A Indra Kumar**  
**CA (Mrs) B Shanti Sree** *(w.e.f October 30, 2019)*

## BOARD COMMITTEES

### AUDIT

**Dr D Nageswara Rao** *Chairman of the Committee*  
**Mr K Durga Prasad**  
**Mr A Indra Kumar**

### NOMINATION AND REMUNERATION

**Dr D Nageswara Rao** *Chairman of the Committee*  
**Mr K Durga Prasad**  
**Mr A Indra Kumar**

### CORPORATE SOCIAL RESPONSIBILITY

**Mr D Ashok** *Chairman of the Committee*  
**Dr D Nageswara Rao**  
**Mr K Durga Prasad**

### STAKEHOLDERS RELATIONSHIP

**Mr K Durga Prasad** *Chairman of the Committee*  
**Mr P Trivikrama Prasad**  
**Mr GP Kundargi**

### CHIEF FINANCIAL OFFICER

**Mr T Hari Babu** *(upto January 29, 2020)*  
**Mr Sultan A. Baig** *(w.e.f January 30, 2020)*

### COMPANY SECRETARY

**Mr VSN Raju**

### STATUTORY AUDITORS

**M/s Walker Chandio & Co LLP**  
Chartered Accountants, Hyderabad

### COST AUDITORS

**M/s Narasimha Murthy & Co**  
Cost Accountants, Hyderabad

### SECRETARIAL AUDITORS

**M/s PS Rao & Associates**  
Company Secretaries, Hyderabad

### REGISTERED OFFICE

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

### WORKS

#### FERRO ALLOY DIVISION

Ferro Alloy Plant (Telangana)  
Paloncha - 507 154  
Bhadradi Kothagudem District, Telangana

Ferro Alloy Plant (Odisha)  
Kharagprasad Village - 759 121  
Dhenkanal District, Odisha

#### POWER DIVISION

Power Plant (Telangana)  
Paloncha - 507 154  
Bhadradi Kothagudem District, Telangana

Power Plant (Odisha)  
Kharagprasad Village - 759 121  
Dhenkanal District, Odisha

#### SUGAR DIVISION

*(Ceased operations w.e.f March 31, 2020)*  
Samalkot - 533 440  
East Godavari District, Andhra Pradesh

#### MACHINE BUILDING DIVISION

Nacharam, Hyderabad - 500 076, Telangana

### BANKERS

State Bank of India  
Andhra Bank  
Bank of India  
UCO Bank  
ICICI Bank

### REGISTRARS & SHARE TRANSFER AGENTS

KFin Technologies Private Limited  
Selenium Tower B  
Plot 31-32, Financial District, Nanakramguda  
Serilingampally Mandal  
Hyderabad - 500032, Telangana, India



Determined  
to Deliver!

**Our 48-year-long past stands testimony to how, with steely determination, a never-give-up attitude, operational efficiency and strong work ethic, we surmounted every obstacle that stood in our path to where we stand today.**

---

### *We are no strangers to challenges...*

Every problem that we encountered only gave us a chance to fight even harder. Rather than look at it as a stumbling block, we welcomed it as a stepping-stone to success. No problem was a 'stop' sign for us; it only served as a guideline to refine our response and future action. When we ran into a wall, we didn't turn around and give up. We figured out how to climb it or work around it.

### *We are living in unprecedented times...*

COVID-19 pandemic is posing a global challenge of a kind never witnessed before. It has shaken the way we live our lives, and continues to spread uncertainty and apprehension about what lies ahead.

### *We remain focused...*

We have taken a hard look at the reality thrown up by COVID-19 that has challenged us significantly for the past few months.

During these testing times, we at Nava Bharat have remained focused on the core vision of our business – 'to develop our competencies in industrial sector and grow into a well-diversified conglomerate with a strong global presence'. We have stayed active and productive.

We are now cautiously looking forward to a more sustainable business in the days ahead, in terms of market demand and value creation.

While we move ahead, we need to tread with uncertainty and volatility in the global economy. We are quickly adapting our operational strategies to the 'new normal' that is becoming visible on the horizon. We are continuing to strengthen our core capabilities and create long-term value for all our stakeholders.

All these proactive measures will prove helpful once economic activity resumes full steam.

### *We are determined to deliver...*

We have delivered yesterday. We are continuing to deliver today. We are committed to deliver tomorrow...



# Indian Spirit. International Imprint



Nava Bharat took its first step in 1972 as a Ferro alloys manufacturer. It has since leapt forward in leaps and bounds year after year and firmly entrenched itself today as a Multinational Group with a footprint straddling India, South-East Asia and Africa.

Today...



Our veritable 'journey of excellence' has been embellished with many milestones, as we weathered every turbulence that came our way. We have been driven by a firm conviction of pursuing nothing short of excellence in everything we did.

Given our growth ambitions, all our endeavours are focussed on expanding our global footprint and constantly evolving our operating landscape to achieve long-term growth.

Our consistent growth strategies have enabled us to stay ahead of the curve and grow, despite a highly competitive environment. We are confident that the outcomes will be encouraging in the coming years, too. At the same time, we have sharpened our focus in areas where we have relevant experience and expertise. We strongly believe that this is critical for our success.

As we move ahead with renewed optimism, we shall continue to invest our energy and resources in fostering enduring relationships with all our stakeholders and enrich India in all our business segments: Ferro alloys, Power, Mining and Healthcare.



# Our Subsidiaries

- ◆ **Nava Bharat Projects Limited**
- ◆ **Nava Bharat Energy India Limited**
- ◆ **Brahmani Infratech Private Limited**
- ◆ **Nava Bharat (Singapore) Pte. Limited**
- ◆ **Maamba Collieries Limited**
- ◆ **Nava Energy Pte. Limited**
- ◆ **Nava Energy Zambia Limited**
- ◆ **Nava Agro Pte. Limited**
- ◆ **Kawambwa Sugar Limited**
- ◆ **Nava Holding Pte. Limited**
- ◆ **Tiash Pte. Limited**

We look back with justifiable pride at the years that have rolled by since our inception in 1972. We have since come a long way indeed, unrelentingly expanding our business operations and scaling new heights.

Year after year, we have been registering a steady rise in Revenue, matched with impressive performances in other key performance indicators like EBIDTA, Net Profit, Net Worth, DE Ratio, RONW and consistently healthy Dividend payouts.



*Largest Independent Power Producer in Zambia – Providing energy security and diversity to the energy mix*



*Women miner at work – inclusive work environment*



*Together... we can*



# A Strong Vision Guides Us

We will be a diversified company with operations in different geographies and adding the best value to the available natural resources.



01

We will ensure that our operations benefit the local community and the nation while rewarding the stakeholders.



02

Minimizing the impact on the environment shall be a guiding principle in all our business endeavours.

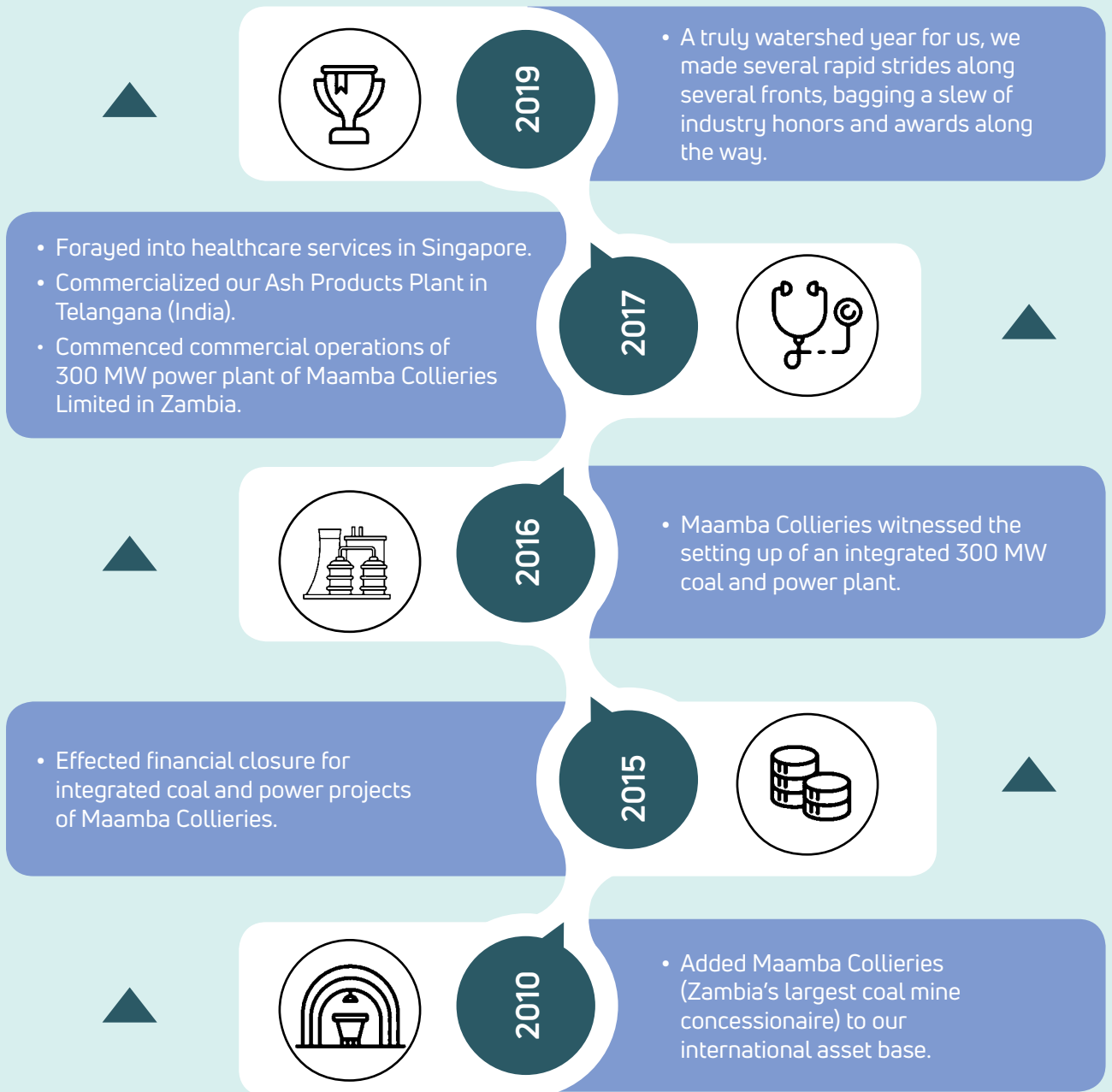


03



# Every Step a Milestone

Our road to success has been embellished with many milestones, of which a few in recent years are listed below...



# Awards and Accolades in 2019-20



**'Silver Award'**  
for Best Co-Generation  
in Andhra Pradesh State  
from South Indian Sugarcane &  
Sugar Technologists Association  
(SISSTA) for the season 2018-19.

**'Energy Efficient Unit'**  
Award under the category of  
Power Sector – Captive Power Plant,  
from Confederation of Indian Industry  
(CII), at the 20<sup>th</sup> National Award for  
Excellence in Energy Management.



**'Energy Efficient Unit'**  
Award under the category of Metal Sector, from Confederation of Indian Industry (CII) at the 20<sup>th</sup> National Award for Excellence in Energy Management.



**'Energy Efficient Plant'**  
for achieving Four Star Rating under the category 'Large Scale Companies', from CII (Eastern Region)



**'Star Performer'**  
(in large enterprises category)  
Award from Engineering Export Promotion Council, India (EEPC) for the year 2017-18 towards excellence in export of Ferro Alloys.

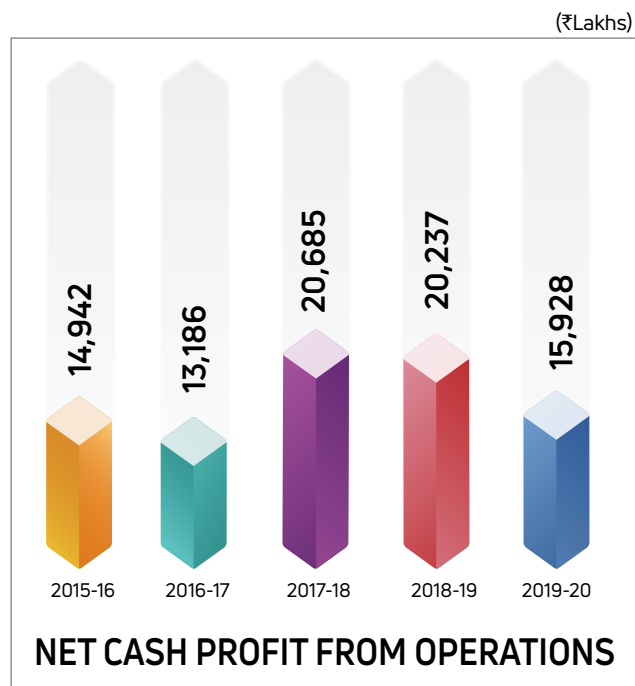
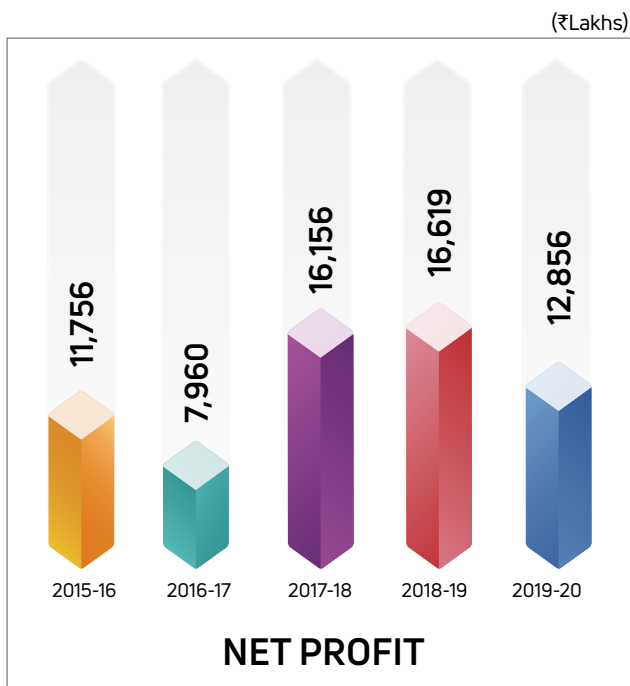
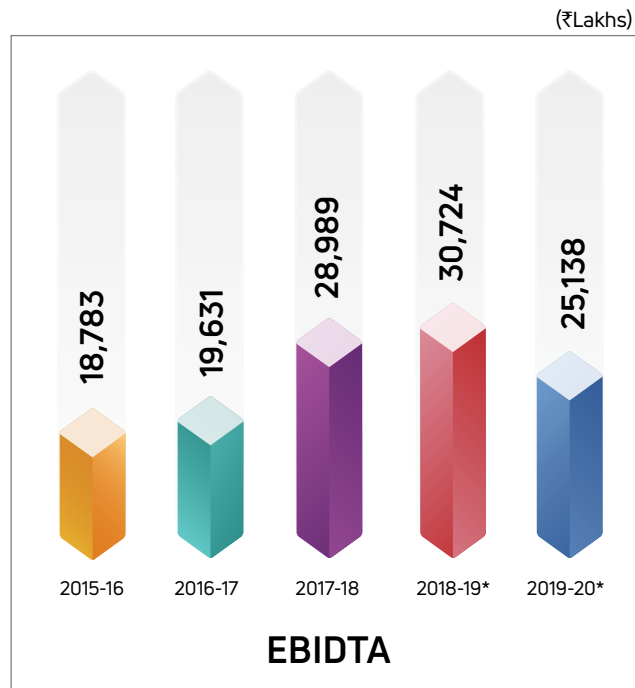
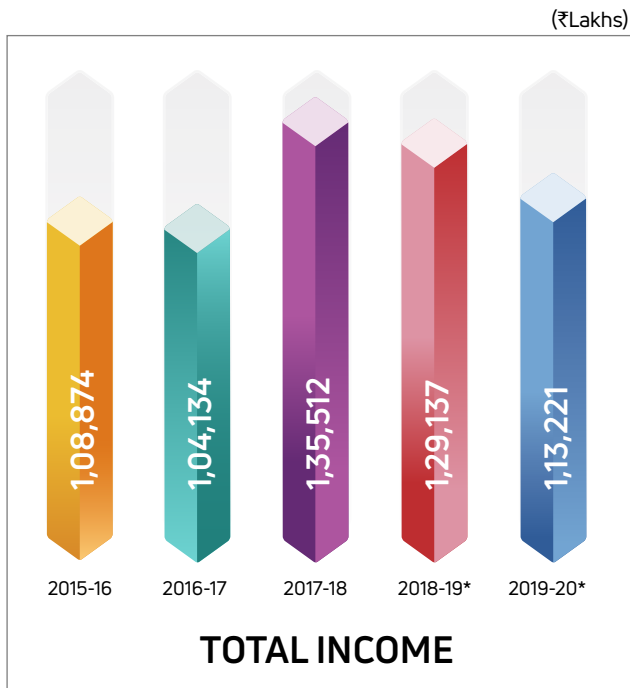
**Since 1999-2000, we have received this award 16 times.**





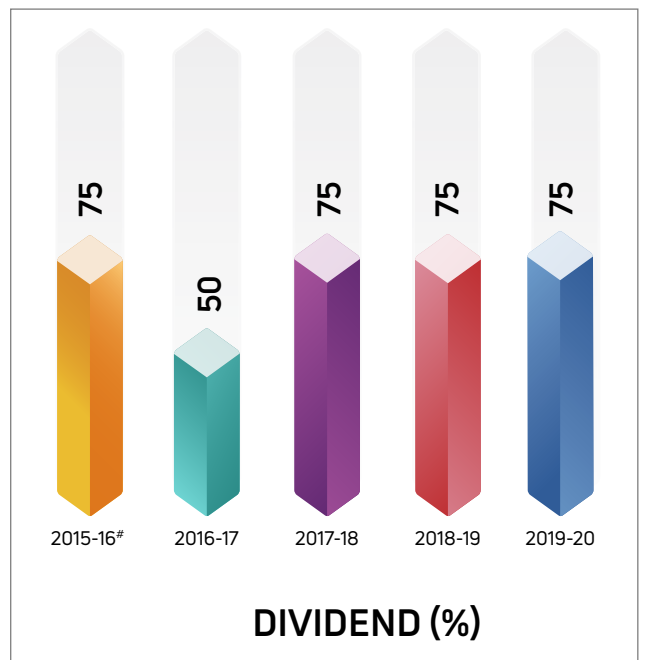
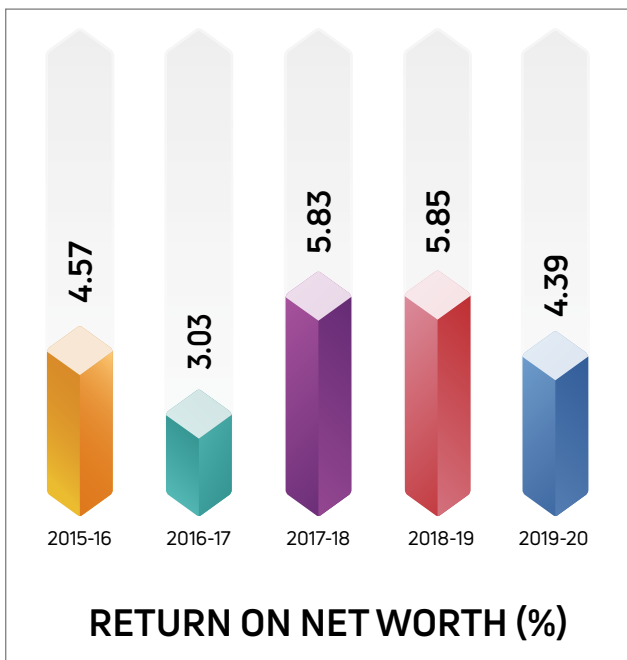
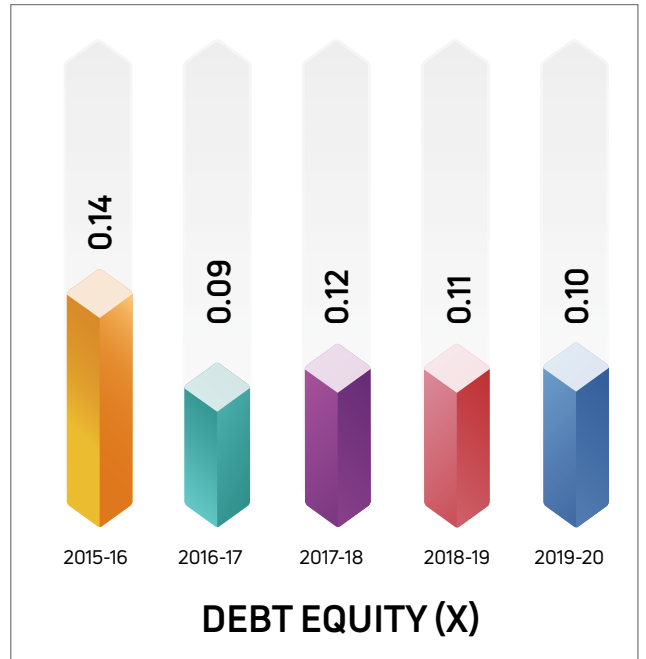
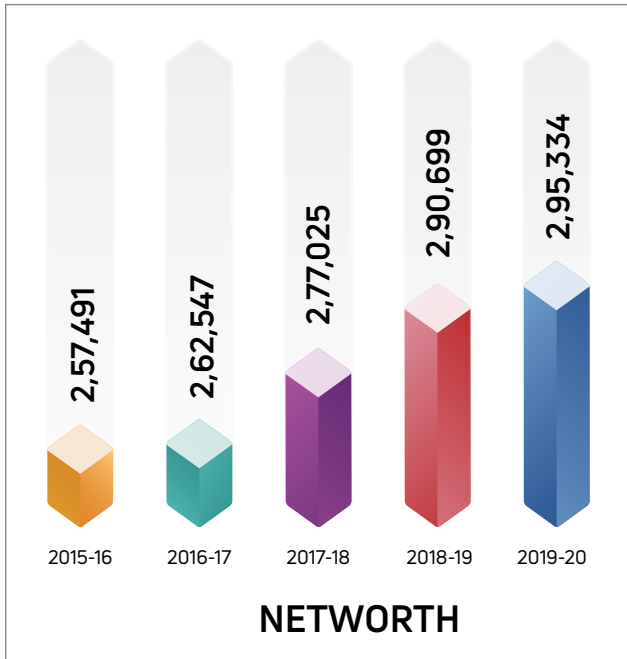
# Determined to move forward...

## Standalone Financials for the FY 2019-20



\*excluding the revenue & expenses of sugar operations discontinued during FY 2019-20

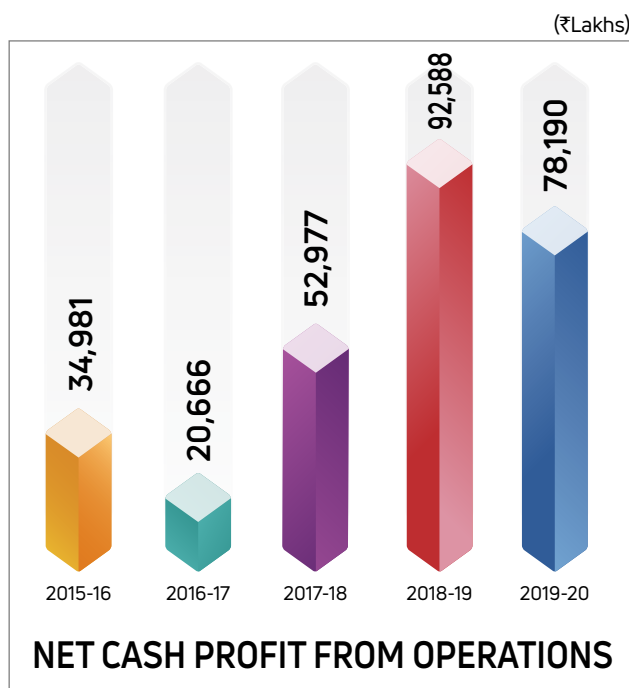
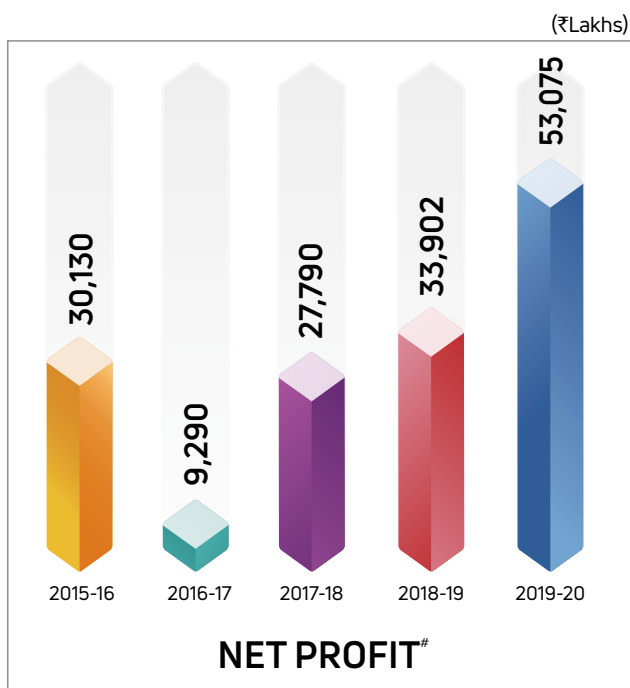
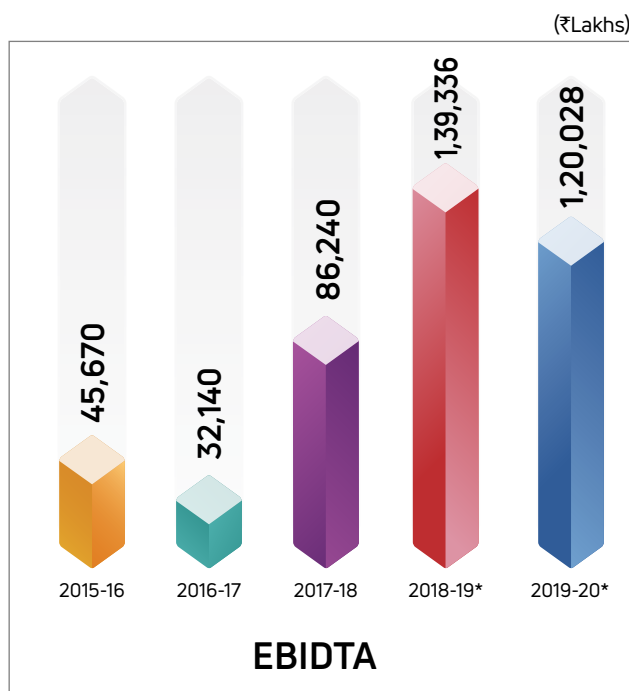
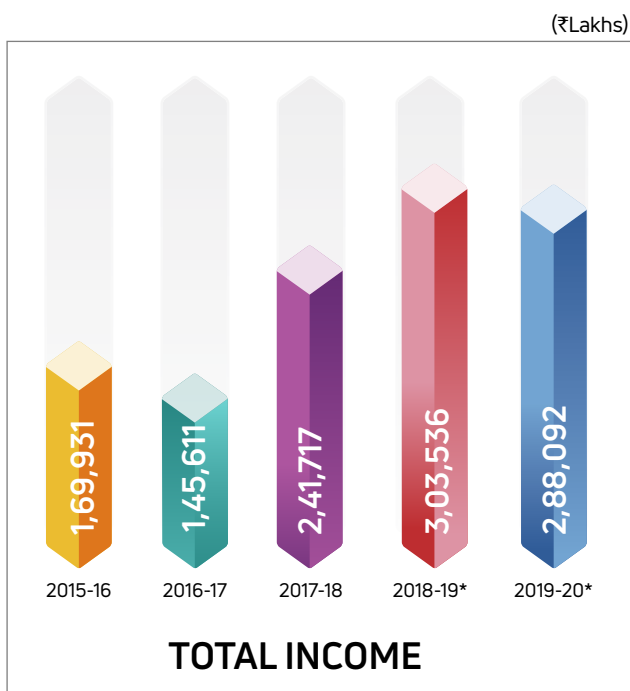
(₹Lakhs)



<sup>#</sup> Adjusted for the bonus shares issued in FY 2016-17 in the ratio of 1:1

# Determined to move forward...

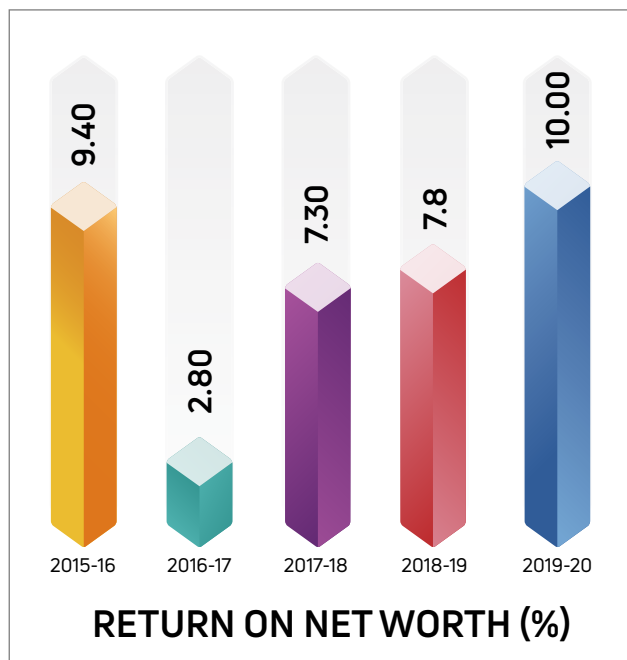
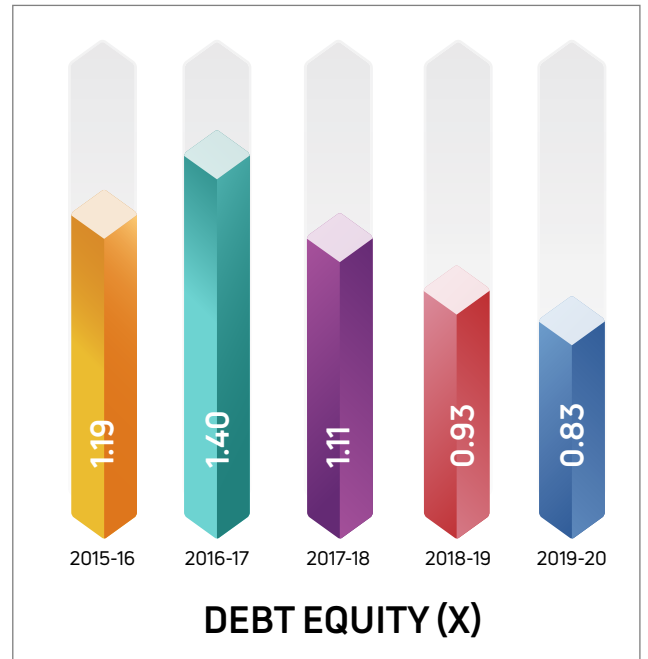
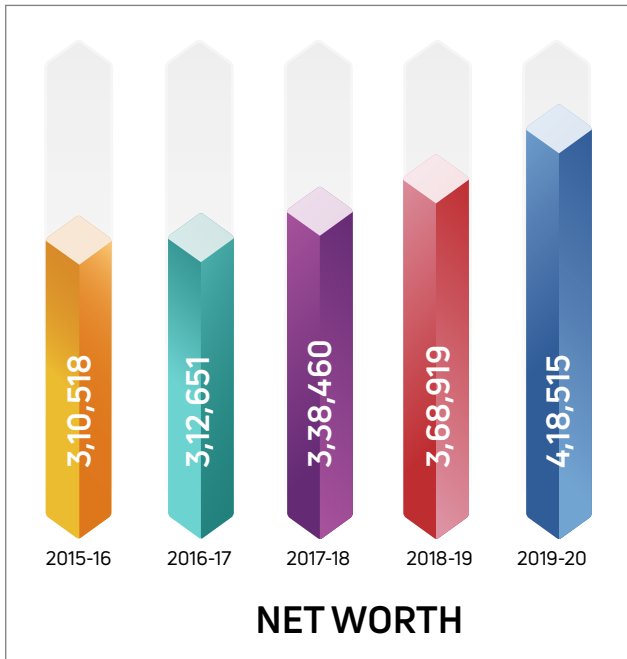
## Consolidated Financials for the FY 2019-20



\*excluding the revenue & expenses of sugar operations discontinued during FY 2019-20

<sup>#</sup>Net Profit – attributable to both equity shareholders and non-controlling interest

(₹Lakhs)



# Looking Back at the Year that Went By...





The pace of deceleration of global growth which began some time towards the end of 2018, continued to cast its shadows in FY 2020 as well. Global economic activity remained subdued and the momentum in manufacturing activity weakened substantially to levels not seen since the global financial crisis of 2008.

The domestic environment around us continued to be quite as challenging as in the year before. The growth of the Indian economy in FY 2020 was the lowest in seven years, dropping from 6.8% in 2018 to 5.7% in 2019. In the first quarter of the year there was a significant fall in consumer demand and investment resulting in weak industrial production. The economy further slid and was at 4.5% in the second quarter of FY 2020. The last quarter, in particular, was marked by the onset of the pandemic, which added to the already weakening economic indicators. It remains to be seen what long-term impact the global COVID-19 pandemic will leave on our economy.

A moderate recovery is envisioned in 2021, helped to a large extent by the policy and fiscal support of the Government and the pent up rebound in demand after the lock-down. The recovery that follows would be markedly sluggish, hampered by impaired balance sheets and heightened financial stress.

The Company's quantitative performance can be considered fairly satisfactory and comparable to the previous financial years in the backdrop of severe economic and challenging situations.

The Manganese Alloy production and sales for FY 2020 were par compared to the previous year owing to the positive trajectory in Q4. As steel producers ramped up their production during Q4, demand for Ferro alloys also improved.

Nava Bharat Ventures has power plants which cater predominantly to captive consumption. The company's subsidiary, 'Nava Bharat Energy India Ltd', operates a merchant power unit. The power plants of the Company thrived on captive consumption and also by exporting surplus power whenever the merchant rates were remunerative.

In line with our evolving plans, we have decided to exit from non-core businesses such as our Sugar Division. We continue to align our systems, processes, technologies, people practices, governance standards and brand equity to deliver on growth.

A photograph of two men in a professional setting, likely a meeting room. They are both wearing light blue shirts. The man in the foreground is looking intently at a large screen on the right, with his hand resting on his chin in a thoughtful pose. The man behind him is also looking at the screen. The background shows a modern office environment with large windows and a whiteboard. A decorative graphic consisting of overlapping semi-circles in shades of blue and yellow is overlaid on the right side of the image.

# How our Business Verticals Fared

Our story of success during the year was founded on strong working fundamentals. The business verticals registered healthy growth in business and profitability. Our key managers and business leaders were guided by a thorough-going 'risk management' approach that ensured a comprehensive and integrated risk appraisal, mitigation and management process.

Price Index / Earnings

Ferro Alloys

Power



Mining



Healthcare Services





# Ferro Alloys



Nava Bharat Ventures is one of the leading manufacturers of Manganese and Chromium alloys. Ferro alloys are important inputs in the manufacture of special steels which lend it important characteristics such as robustness and durability.

In **Paloncha**, Telangana, with an installed capacity of 125,000 MTPA we manufacture Manganese alloys (Silico Manganese and High Carbon Ferro Manganese), which is sold to big and medium scale steel mills in India. We also export to countries in Asia and Europe.

In **Kharagprasad**, Odisha, with an installed capacity of 75,000 MTPA we have an exclusive conversion arrangement with Tata Steel Limited where Tata Steel provides us chrome ore and reductants for conversion purpose and we produce High Carbon Ferro chrome. The finished product is marketed by them.

During FY 2019-20, the Indian Economy underwent an economic slowdown. There was a dip in domestic demand of steel which in turn impacted the demand of Ferro alloys and consequently the prices. Due to various corrective measures taken up by the Government of India, specifically in the infrastructure sector, an improvement in demand for steel is expected in the second half of FY 2020-21.

# Mining



Maamba Collieries, our subsidiary in Zambia, has improved its profitability. The Coal mining division revenue and profit registered a healthy growth through higher average price realization for high-grade coal, as well as by increased throughput of thermal-grade coal to the integrated 300 MW power plant. It continues to provide consistent cash flow with no receivables overdue.

The operations of the 300 MW power plant have become vital to the Zambian electricity grid due to its sustained power generation and high PLF % compared to other hydropower plants in Zambia.



# Power



Power is a vital component for India's sustainable infrastructural and industrial growth. The country's power is drawn from both conventional sources (coal / lignite / natural gas / oil / hydel) and non-conventional sources (wind / solar / agricultural / domestic waste).

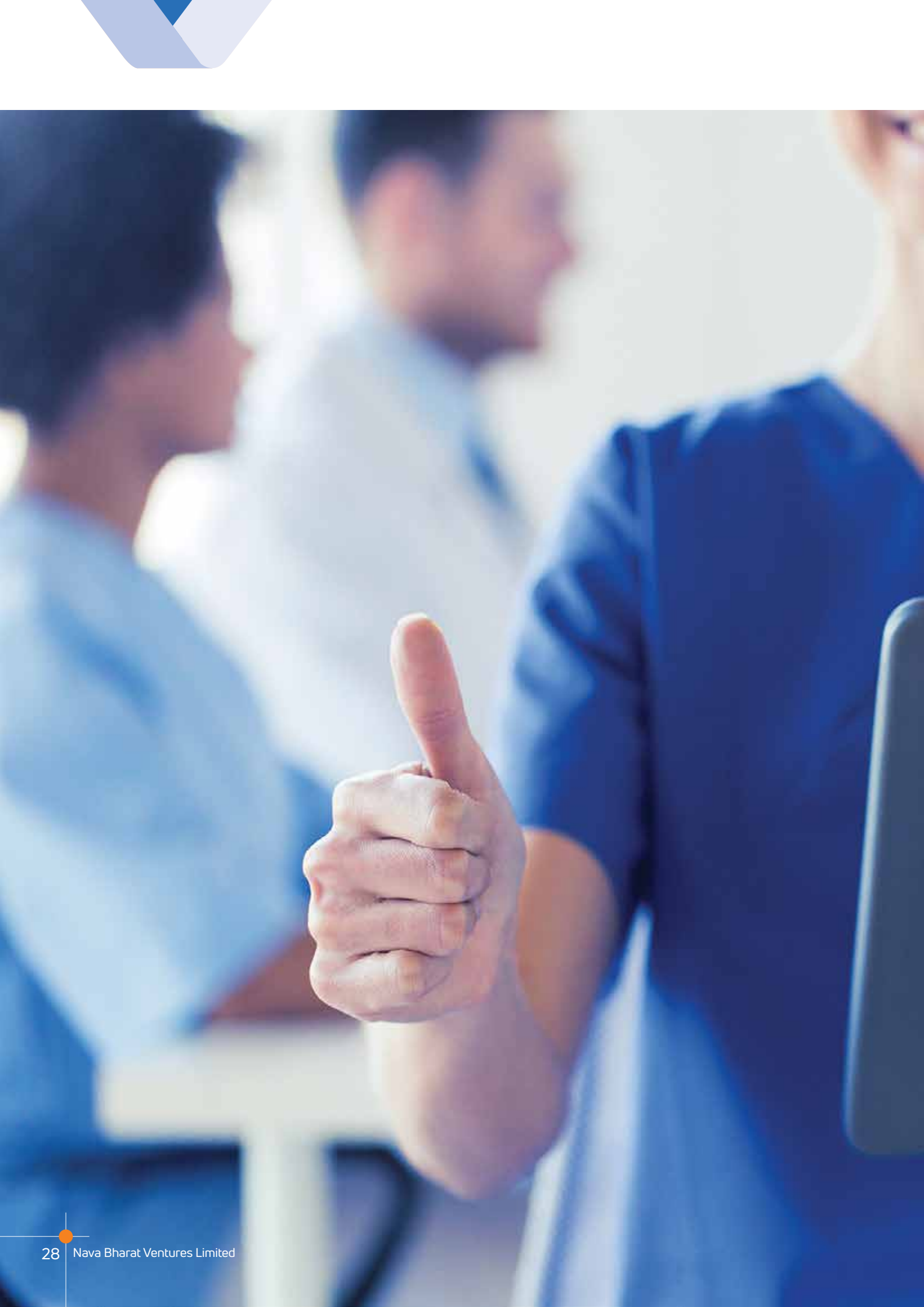
Thermal power accounts for over 60% of India's power generation, primarily due to its abundant coal reserves. However, capacity addition in thermal power generation is expected to slowdown in the coming years, as private power generators continue to suffer heavy losses due to inadequate coal linkages, lower tariff rates and inefficient power distribution corporations.

Nava Bharat's performance in this sector has been good. The captive consumption of power ably supported the sustained production.

Though our plants are constrained by high 'plant heat' rates, their relatively small size and superior boiler technology lend adequate flexibility and resilience to overcome sectorial volatility. Our profitability also stems from the pricing of power on par with the Government's Grid tariff, and from our ability to obtain maximum coal at lower costs.

Our captive power plants are able to benefit from periodic spurts in merchant power rates for surplus power, while their core captive consumption continues. Our attached 'ash products plant' has also been doing well, supplying bricks and pavers to the construction / infrastructure sectors. We expect to sustain this good performance by consistently seizing power supply contracts.





# Healthcare Services



Our subsidiary company in Singapore has been making good progress in strengthening its healthcare marketing operations in the Asia-Pacific region, particularly in Malaysia.

Our healthcare business in Singapore and Malaysia has made very satisfactory progress, holding out the promise of a substantial increase in revenue, with the support of well-coordinated and efficient on-ground market development activities. We expect this business to consolidate and begin to yield good revenues in the near term.



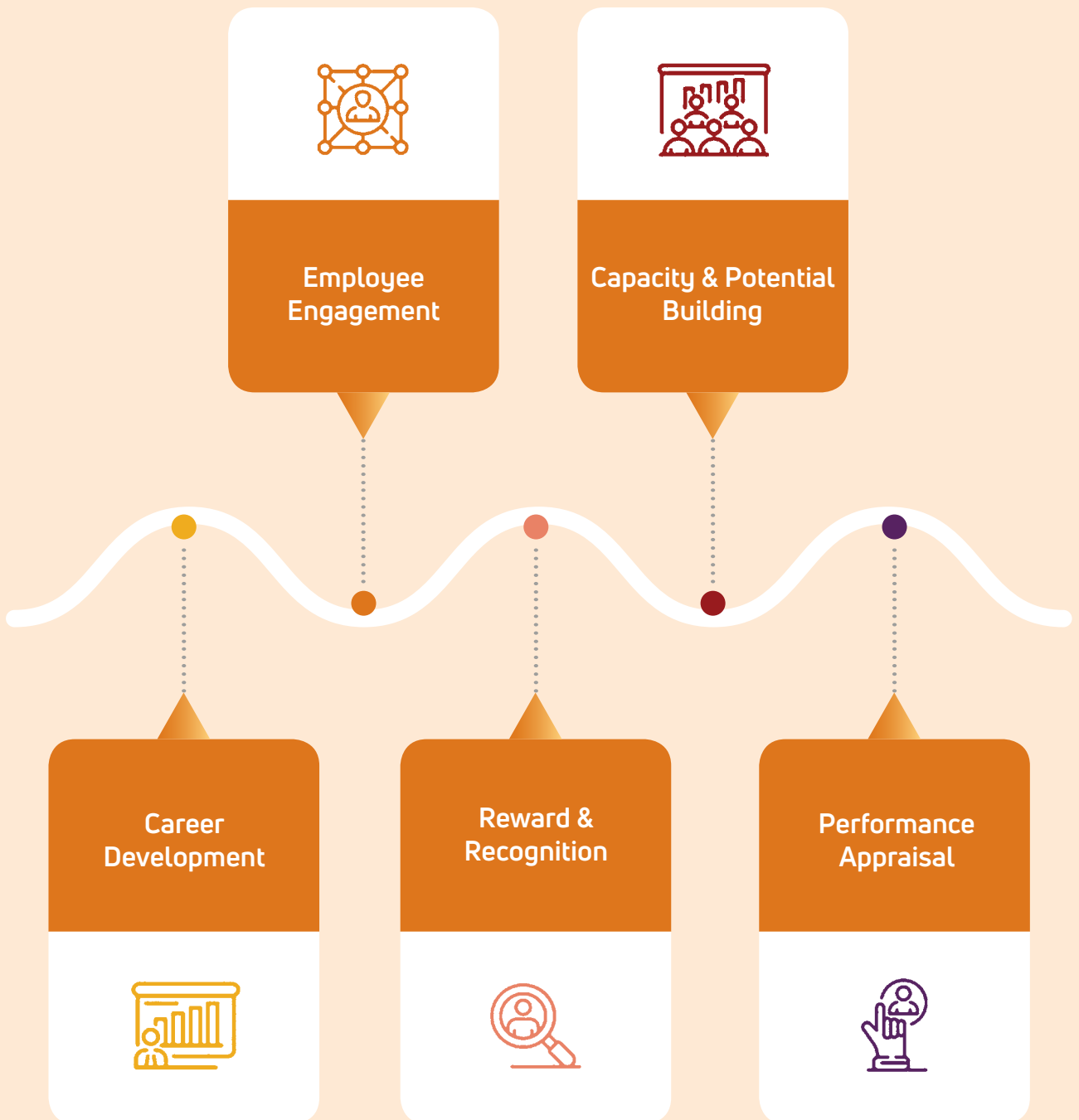


# Our Precious Human Resources

Our Human Resources have always been our most valuable asset. Nava Bharat places high emphasis on improving human resource productivity and efficiency. Need-based training programs are conducted at regular intervals to upgrade the knowledge base of its employees. To enhance employee productivity, a systematic learning and development plan is in place to identify the training needs, provide training and evaluate the learnings.

We have an enviable track record of harmonious HR relations. We strive diligently to ensure all members of our family enjoy a good work-life balance. We have built an open, transparent and meritocratic culture to nurture and retain human capital.

It has been our consistent endeavour to nurture our talent and retain them in the 'Nava Bharat' family through:



# Looking Beyond Business

Nava Bharat has always been proactive towards discharging its social responsibilities beyond the statutory requirement, and focused on its goals that how best we can give to the society through "HELP" – Health, Education, Livelihood and other Programs. Our constant endure is to expand the scope of our involvement to the realization of a sustainable society through a series of activities.



## Health

To provide primary healthcare to the underprivileged, we regularly organize health camps in slums and rural areas around our manufacturing plants.

We have set up an eye care centre to provide equitable and efficient eye care for all, as well as primary healthcare centres to provide comprehensive, affordable, community-based care.

Our WASH (Water, Sanitation and Hygiene) Programs provide safe drinking water, toilet blocks and hand-wash facilities in government schools.

## Education

Driven by our firm conviction that every child must have access to education, we ensure quality education to children in rural / semi-urban areas, extend financial assistance / grant-in-aid to projects / programs that provide education, supply learning material to children and create infrastructure for schools.



## Livelihood

To promote employable skills to unemployed youth, our Nava Bharat Vocational Institute (NBVI) imparts six-month-long vocational training programs in Welding, Electrician, Fitter, Refrigeration & Air-Conditioning and Automobile Mechanic trades.

Our Nava Bharat Women Empowerment Centre (WEC) enables local women to tap their creative potential and earn sustainable livelihoods by imparting various skill development programs.

In endorsement of our sustained CSR efforts, we received '*Commendation for Significant Achievement in CSR*' award in CII-ITC Sustainability Awards 2017 and we were also adjudged the '*Best CSR Performer*' (in the '*Large Industry*' segment) by the Government of Telangana (Department of Industries and Commerce) in 2018.

**These awards and recognitions only make us more aware of the pressing need to scale up our social endeavors further and reach a much larger number of beneficiaries.**





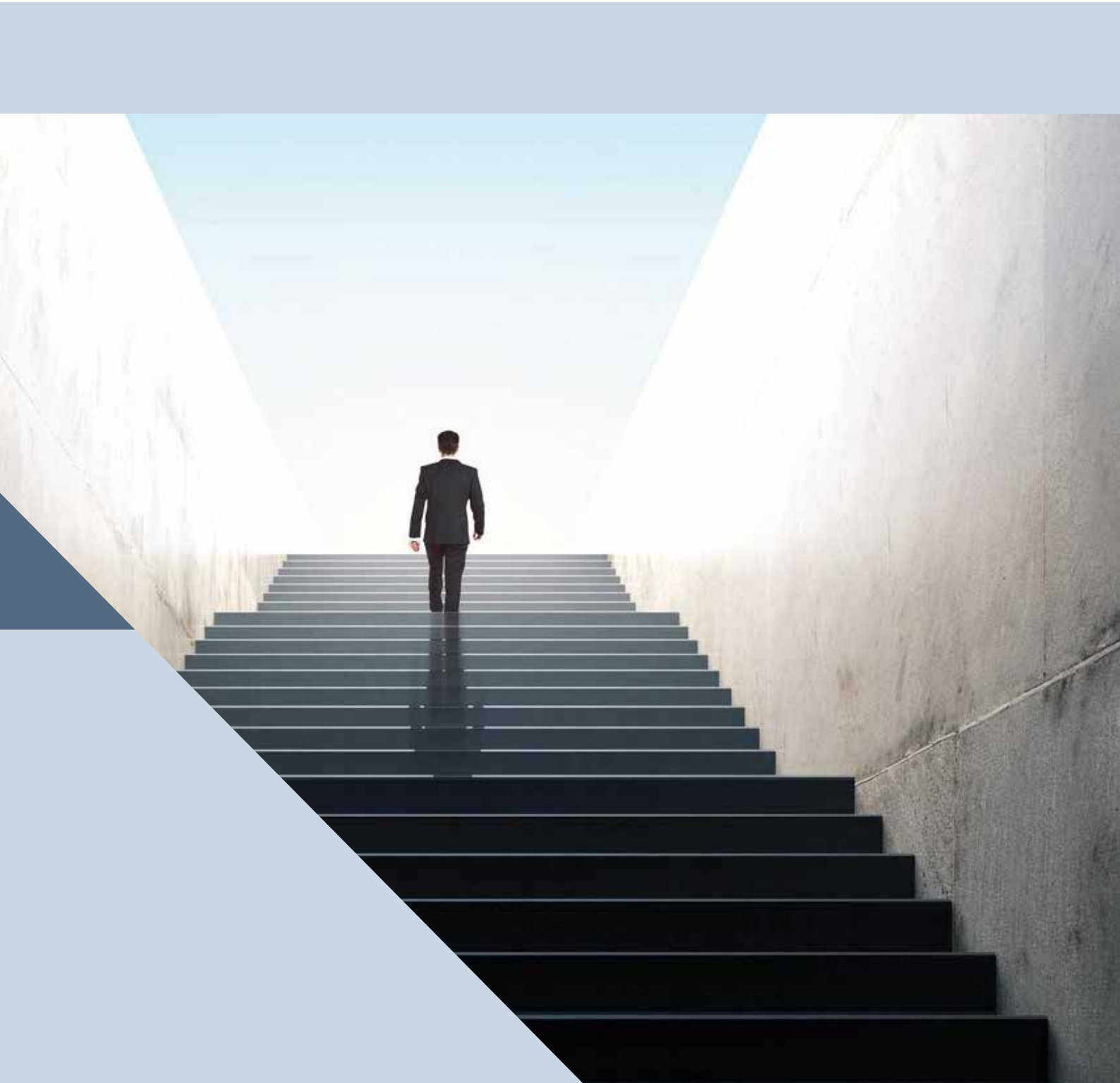
# A Bright 'Nava Bharat' Beckons...

Throughout our nearly half-a-century-old history, we have been in relentless pursuit of excellence, and of ever-newer peaks to conquer.

Drawing inspiration from our exemplary performance in the past, we have raised our bar even higher for the coming years.

We look forward to a promising tomorrow, laden with attractive opportunities that lie behind the challenges that will confront us.

We are fired by a dream to contribute more to our nation-building effort in all our core sectors: Power, Mining, Ferro alloys and Healthcare. We have mapped our future to fashion a brighter 'Nava Bharat'.



We are determined to deliver...

# Corporate Social Responsibility Report



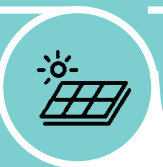
**Health**



**Education**



**Livelihood**



Other  
**Programs**



Nava Bharat is committed towards the betterment of society and environment with constant efforts to build and nurture long-lasting relationships with members of the society in general and the communities around its manufacturing facilities in particular.

Nava Bharat’s CSR activities are driven towards achieving sustainable development goals, such as good health and well-being, clean water and sanitation, quality education, decent work, economic growth and gender equality.

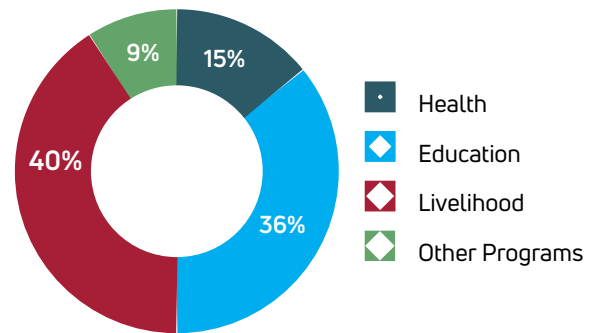
The Company has been primarily working in the areas of Health, Education, Livelihood and other Programs (HELP) for the holistic development of communities surrounding its manufacturing facilities located in rural and tribal belts.

**Amount spent for  
FY 2019-20**

**₹418  
Lakhs**

(2.061% of the average net profits made during the three immediate preceding financial years)

**Percentage of amount spent  
in the focus areas**



**Division wise break-up of spending during FY 2019-20**

(₹ in lakhs)

Division	Health	Education	Livelihood	Other Programs	Total
Paloncha, Telangana	29	102	127	10	268
Dhenkanal, Odisha	33	50	41	18	142
Samalkot, Andhra Pradesh	-	-	-	8	8
<b>Total</b>	<b>62</b>	<b>152</b>	<b>168</b>	<b>36</b>	<b>418</b>





## Health

Spent  
₹62  
lakhs

The Company believes in extending the reach of primary healthcare to everyone. The Company organizes various health camps in slums and alike areas for a complete preventive and corrective health check-up of the inhabitants surrounding our plants. These healthcare programs are run on a regular basis to achieve our mission of ensuring good health to everyone.

**Nava Bharat undertakes the following Healthcare Projects / Programs.**





During the year 2019-20, the following healthcare projects / programs were carried out.

### NAVA BHARAT EYE CENTRE

With a view to providing 'equitable and efficient eye care to all sections of society', Nava Bharat, in association with LV Prasad Eye Institute (LVPEI), established Nava Bharat Eye Centre (NBEC) at Paloncha, Bhadradi Kothagudem District, Telangana, in 2011.

LVPEI is a comprehensive eye health facility with its main campus located in Hyderabad, India. A World Health Organization Collaborating Centre for prevention of blindness, this Institute offers comprehensive patient care, sight enhancement and rehabilitation services and high-impact rural eye health programs.

NBEC is equipped with modern eye care facilities, the latest being Retina Diagnosis, Optical Coherence Tomography (OCT), Fundus Camera, among others.



The centre is connected to 10 Vision Centres of LVPEI in the following rural locations – Yellandu, Kallur, Manuguru, Aswapuram, Dammapeta, Thallada, Chandrugonda, Tekulapally, Charla and Sujatha Nagar in Bhadradi Kothagudem District, Telangana.

NBEC provides world-class outpatient care, surgical care and nursing care apart from community eye care & rehabilitation programs for the benefit of a large tribal and other underprivileged population. The quality of services is on par for all segments of society irrespective of their financial status.

NBEC is a 9<sup>th</sup> rural eye care centre of LVPEI which caters to the population of 0.5-1 million within the working radius of 50-60 Kms from Paloncha.

NBEC offers a bouquet of services which include: Non-paying, Out-patient, In-patient, Surgical, Support, Community based eye care activities or rehabilitation programs and primary eye care through Vision Centres.

During 2019-20, the Company provided Automatic Ethylene Oxide Sterilizer to LVPEI at a cost of ₹10.76 lakhs.

The equipment Ethylene Oxide (EtO) sterilization is mainly used to sterilize medical and pharmaceutical products that cannot be sterilized by conventional high temperature steam sterilization. This helps to sterilize all the necessary sensitive instruments, consumables and trays at NBEC.

The following are the service statistics of NBEC:

### Special Surgeries performed during 2019-20

Particulars	No. of Surgeries
Corneal Transplantation	34
Retina	18
Glaucoma	198

### Since inception

Particulars / Description	Non-paying	Paying	Total
Total No. of surgeries	16,500	10,671	27,171
Total No. of out-patients	1,03,343	1,64,464	2,67,807

Other Screening Services	Number of Patients
Screened through Vision Centres	1,49,495
Screened through community screening programs	2,37,117
Rehabilitation provided through community based program	608
Children screened	17,885
Patients availed low vision services	278



Medical camp at Paloncha



## PREVENTIVE HEALTHCARE

A primary healthcare centre is usually the first point of contact for people with the healthcare system. It ideally provides comprehensive, affordable community based care throughout one's life. With this objective the Company conducts general preventive health check-ups round the year.

Awareness programs on preventive healthcare are also organized for proactive and timely medical attention, particularly in slum areas surrounding the Company's operating locations. Under this initiative, a medical team visits such areas and conducts medical examination, gives counselling and medicines to people free of cost.

During the year, health campaigns were conducted in Erragunta, Jagguthanda, Gandhinagar, Sekharambanjara, Palakoyyathanda, Sanjaynagar & Paloncha in Bhadradi Kothagudem District, Telangana and also at Nadhara, Ranibania, Ranjasingha P.S. Motanga villages near Kharagprasad, Dhenkanal District, Odisha.

**Total patients examined and treated:** 3,638

**Impact:** Awareness on primary health care and preventive measures for various diseases.

**Amount spent:** ₹11.05 lakhs towards the cost of medicines, medical personnel and organizing camps.

Similarly, prevention of malaria & dengue through fogging & larvicidal treatment in peripheral villages of Masania, Meramandali, Similipatana P.S. Motanga near Kharagprasad, Dhenkanal District, Odisha, have been carried out, benefitting about 3,500 villagers.

## SAFE DRINKING WATER

Due to the inferior quality of groundwater in rural areas, several villagers are exposed to water-borne diseases. To address this, the Company set up 25 safe drinking water plants so far at several places.

During the year, NBVL has set up a safe drinking water plant at Kothagudem, Bhadradi Kothagudem District at a cost of ₹12 lakhs which caters to the needs of 8,000 villagers.

The Company also provided ATW water vending machines (2 nos.) at P. S. Motanga village near Kharagprasad, Dhenkanal, Odisha at a cost of ₹67,000/-. This program caters to needs of around 400 households.



Safe drinking water plant at Kothagudem



## Construction of toilet blocks in Government Schools – Spent ₹33 lakhs

To promote hygiene in schools and create an enabling environment which secures a child's dignity, safety, health and improves class attendance, especially female children, the Company has been constructing toilets in several government schools.

During the year, the Company has further extended such facilities by creating few more new toilet blocks and washrooms in government schools around Plant locations in Paloncha and Dhenkanal.

S. No.	Description	Amount (₹ in lakhs)	No. of students benefitted
1	Two toilet blocks at government schools located at Paloncha and Ramavaram in Bhadradi Kothagudem District.	5.28	200
2	One toilet block at Satyam Sibam Sundaram Government High School at Nadhara Dhenkanal, Odisha.	5.39	157
3	Two toilet blocks at Maa Langa Bauti High School, Sibapur Dhenkanal, Odisha.	5.65	72
4	Two toilet blocks at Anchalik Higher Secondary School in Masania for Students & Staff at Dhenkanal, Odisha.	10.40	256
5	One toilet block at Biswakuntala Children Home for girls at Dhenkanal, Odisha.	6.29	48
	Total	33.01	733



Anchalik Higher Secondary School in Masania



Government Elementary School, Ramavaram



## Education

Spent  
**₹152**  
lakhs

The Company believes that every child must have access to education. To make that possible, we at Nava Bharat, with special focus on ensuring quality education to children in rural and semi-urban areas, extends financial assistance / grant-in-aid to the projects / programs that provide education, supply material to children and create infrastructure for schools.

The following are some of the programs in this direction.

### SCHOOLS



**NAVA BHARAT HIGH SCHOOL** has been catering to the educational needs of socially and economically backward children residing in nearby villages located around Nava Bharat business facilities and nearby tribal hamlets. The school has produced quality results in its 4-decade journey. Currently, it has around 201 students on rolls. The civil amenities, play grounds, library, science laboratories and IT lab are provided to enable students to be at par with their urban counterparts. The school is affiliated to the Board of Secondary Education, Telangana.

During the year 2019-20, Company spent about ₹33.60 lakhs towards salaries and perks to unaided teachers and provided teaching aids and furniture to the school. As part of the nutritious food program, snacks and milk are served to the students of Nava Bharat High School.



### BRAHMMANI PUBLIC SCHOOL

Brahmani Public School located in Kharagprasad, Dhenkanal District, Odisha is a Co-Educational Secondary School affiliated to the Central Board of Secondary Education (CBSE).

During 2019-20, the Company extended financial support towards infrastructure facilities like construction of two classrooms, grant in aid to teachers for salaries, capacity building training programs to teachers and supply of UPS back-up for the computer lab and K-YAN to the school.

Grant in aid was also provided to Nimidha School at P.S. Motanga village.

The aggregate expenditure on the aforesaid programs stood at ₹24.33 lakhs during the financial year 2019-20.



Computer Lab faculty at Z.P.High school, Old Paloncha

### EDUCATION DEVELOPMENT PROGRAMS

To promote quality education, the Company undertakes numerous education development programs in government schools around its business facilities covering the following:

- ▶ Computer Education
- ▶ Nava Bharat Vignana Dayini
- ▶ Spoken English
- ▶ Free Tuitions



Computer lab facility at Tribal Welfare Ashram high school, Paloncha

### COMPUTER EDUCATION

Recognizing that computer literacy plays an important role in student’s career development, the Company recruited instructors to impart training in computer education to students of government schools at Paloncha, Mulakalapally & Kothagudem mandals in Bhadradi Kothagudem District.

No. of Instructors	16
No. of students benefitted	3,800
Impact	Improved computer operating skills
Total amount spent	₹10.80 lakhs

During the year, the Company provided a new Computer Lab facility at Tribal Welfare Ashram Schools in Paloncha with an expenditure of about ₹4 lakhs towards cost of furniture, annual maintenance contract (AMC) of Computers, Electrical works etc.

### NAVA BHARAT VIGNANA DAYINI

For proper education in science, it is necessary to conduct various kinds of experimental works, which are practical in nature. These practical functions cannot be carried out in the absence of scientific apparatus & equipment and they form the critical building blocks for experiential science education.

To fill this gap, the Company has taken up an initiative named ‘Nava Bharat Vignana Dayini’ under which a mobile science laboratory visits various government schools and encourages students to carry out scientific experiments by themselves with proper guidance. Currently this initiative has been very successful in Paloncha.



New Mobile Science Laboratory





No. of schools	22
No. of students benefitted	3,600
Classes covered	6 <sup>th</sup> to 10 <sup>th</sup>
Impact	Good understanding of science theory through experiments by students
Amount spent	₹10.77 lakhs

During the year, the initiative 'Nava Bharat Vignana Dayini' was also introduced in Dhenkanal, Odisha and acquired a vehicle to set mobile science laboratory to help students in government schools in and around our Operations in Kharagprasad, Odisha.

### JANYAA FOUNDATION

The Company in association with Janyaa Foundation, took-up programs for providing experiential learning classes in Mathematics, Chemistry and Physics for government / tribal school students from 6<sup>th</sup> standard to 10<sup>th</sup> standard in the vicinity of Paloncha and neighboring areas. Initially 14 schools were selected wherein about 4,200 students have been provided with practical training. About ₹18.10 lakhs have been spent towards the cost of teaching aids, salaries, teacher trainings & administrative charges.

These practical classes help the students better understand the theory in science and mathematical concepts very well.

### SPOKEN ENGLISH

Communication, especially proficiency in English, is an essential skill for success and growth of students. Students in rural areas lack this skill. To help such students with proficiency in English, the Company conducted supplementary spoken English programs in government schools located in and around the Company's operating facilities.

No. of schools	10
No. of students benefitted	1,690
Classes covered	6 <sup>th</sup> to 10 <sup>th</sup>
Impact	Improved English communication skills in students
Amount spent	₹4.11 lakhs

### Free tuitions

The Company organized tuitions for economically backward students in 22 Government Schools at Paloncha, Mulakalapalli and Kothagudem Mandals, in Bhadradi Kothagudem District.

No. of schools	22
No. of students benefitted	1,200
Impact	Improved scholastic performance
Amount spent	₹3.99 lakhs





## Infrastructure in Government Schools

– Spent ₹26.17 lakhs

### DUAL DESKS

This initiative was taken to promote a congenial learning atmosphere in schools. Nava Bharat provided 640 dual desks to government schools, out of which 450 to the schools in Paloncha, Kothagudem, Bhadrachalam, Burgampadu, Chandrugonda & Manuguru Mandals in Bhadradi Kothagudem District, Telangana and 190 to the schools in Kharagprasad, Meramandali, Motanga, Charadagadia, Nadhara P.S. Motanga villages of Dhenkanal District, Odisha.



No. of schools covered	29
No. of students benefitted	2,250

During the year, Company provided other infrastructure facilities like construction of classroom for Upper Primary School at a cost of ₹8 lakhs at Charadagadia village, P.S. Motanga, Dhenkanal, Odisha.



Class Room at Charadagadia UP School

Similarly, renovation work was also carried out in Ranjasingha Upper Primary School. Also supplied playing equipment and distributed aids to persons with disabilities at Kharagprasad, Dhenkanal, Odisha at an aggregate cost of ₹2.7 lakhs.

Further, sanitary pads were provided to the students of government Degree colleges in Paloncha, Mulakalapally and Kothagudem Mandals, of Bhadradi Kothagudem District and the total cost incurred was ₹4 lakhs under this initiative.





## Livelihood

Spent  
**₹168**  
lakhs

To promote employment to the unemployed youth, the Company through its Nava Bharat Vocational Institute (NBVI) and Women Empowerment Centre (WEC) provides training through various programs, that enhance skills and enables them to achieve livelihood on a sustainable basis.

NBVI at Paloncha, is contributing to skill development by imparting vocational training to unemployed youth. The period of training ranges upto 6 months and the trades include Welding, Electrician, Fitter, Refrigeration & Air Conditioning and Automobile Mechanics. Evaluation of skill is done periodically through monthly tests. This initiative has played a key role in improving the employability of local youth. The Institute has earned reputation and respect for its quality training and placements.



*Nava Bharat Vocational Institute (NBVI), Paloncha*



During the year, an amount of ₹81.27 lakhs was spent towards building rent for Welding Institute, salaries, stipends, housekeeping charges, electrical board, consumables (gas, electrodes, tools etc.,) for all trades.



**Training imparted during the year 2019-20:**

Welder	Electrical	Fitter	Two Wheeler Technicians	Refrigerator and Air Conditioner Technicians
39	48	19	19	14

**Out of 139 trainees 138 have been placed.**



Since inception	
<b>Trained</b>	1,142
<b>Placements Achieved</b>	980
<b>Self-employed</b>	75

Inspired by the success and impact that contributed to unemployed youth, through skill development vocational training courses by the Nava Bharat Vocational Institute (NBVI), Paloncha, the Company constructed a similar facility at Kharagprasad, Odisha Unit, under the title **“Skill Development Centre”** at Kharagprasad, Odisha and the cost incurred was ₹40.73 lakhs during the year.

The Company’s subsidiary Nava Bharat Energy India Limited also extended support to the construction of a compound wall at north-western side of the Nava Bharat Vocational Institute including painting etc., and also for AMC of Welding Simulator at an aggregate cost of ₹15.41 lakhs.

## Women Empowerment Centre, Paloncha

The Nava Bharat Women Empowerment Centre is a social enterprise that empowers local women around Paloncha area through skill development. Our training program helps local women realize their creative potential, gain confidence and provide steady employment.

WEC is housed in an exclusive building and offers training in the areas mentioned below.

- ▶ Palm leaf weaving
- ▶ Garment making
- ▶ Tailoring and embroidery
- ▶ Jute product making
- ▶ Sanitary napkin making
- ▶ Beautician course

The palm leaf weaving products are biodegradable and environment-friendly as the inputs primarily comprise locally sourced palm leaves and organic dyes. In this way, the Company aims to help local women grow as individuals and transform their lives.

Garment making is one of the other courses conducted at the Centre. The aspirants of the centre formed a co-operative society called Navayuga Mahila Thrift Mutually Aided Cooperative Society for marketing their products.

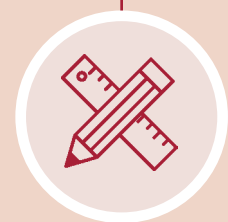
During the year, Company spent ₹45.53 lakhs towards training, faculty salaries, stipends, software and other consumables at Women Empowerment Centre.



*Skill Development Centre at Kharagprasad, Odisha.*

## IMPACT DURING THE YEAR

- ▶ Created self-employment opportunities for women with earnings of ₹4,000/- to ₹5,000/- per month.
- ▶ Achieved turnover of about ₹14.12 lakhs through sale / marketing of products / services.
- ▶ Imparted training in Tailoring, Beautician, Garment making and Palm leaf weaving courses to 383 personnel.
- ▶ 75% of the personnel trained are self-employed.
- ▶ Computer Courses: Imparted training in DTP and Tally courses to 91 personnel.





## Other Programs

Spent  
**₹36**  
lakhs



Apart from the focus areas detailed above, Nava Bharat strives to serve the society through various other measures as well. The following are some of the programs carried out during the year in this direction.

- ▶ Solar lighting has been taken up at village Charadagadia and Kharagprasad at a cost of ₹7.15 lakhs benefitting about 6,000 villagers.
- ▶ A Community Centre was built at Nadhara Village, Dhenkanal, Odisha at a cost of ₹8.99 lakhs benefitting about 3,000 villagers.
- ▶ A Community Hall was also constructed at Hussainpuram, Dhenkanal, Odisha at a cost of ₹5.82 lakhs benefitting about 5,000 villagers.



Community Centre at Nadhara Village Picture in files

Under environment sustainability, the Company extended support to the plantation of saplings at Paloncha and also undertook greenery development on the bank of Godavari canal. Maintenance activity for medicinal plants at Mahatma Gandhi Ausodhiya Aranya at Sogar, Kamakhya Nagar, Dhenkanal in two separate patches was carried out. A borewell was also dug at Hussainpuram village, Odisha.

The cost incurred towards saplings, greenery development, medicinal plants and borewell was about ₹4.71 lakhs. Administrative expenditure of about ₹9.72 lakhs was incurred towards salary, fuel for vehicle and other incidental expenses for personnel exclusively working on CSR for the year 2019-20.

## CSR COMMITTEE

The CSR Committee consists of Board members headed by Mr. D Ashok as its Chairman.

The Committee is responsible for the following:

- ▶ Finalising and approving the budget for each financial year
- ▶ Reviewing and approving activities / programs / projects for each financial year as per allocated budgets
- ▶ Overseeing the execution of the Company's CSR Policy
- ▶ Ensuring that the CSR Policy is embedded across Nava Bharat's operations and the CSR initiatives are aligned in-line with the policy

The activities are implemented under the guidance and support of the Committee and the Board. The monitoring mechanisms include meetings, visits and status reports by project teams/Company personnel or such other agencies as may be entrusted with.

The following directors are members of the CSR Committee:

1. Mr. D Ashok, *Chairman*
2. Dr. D Nageswara Rao, *Member*
3. Mr. K Durga Prasad, *Member*



# Directors' Report

## Dear Members,

Your directors are pleased to present the 48<sup>th</sup> annual report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2020.

## Financial Summary

The financial performance of the Company (standalone and consolidated) for the financial year ended March 31, 2020 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended			
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Total income for the year	1,13,221	1,29,137	2,88,092	3,03,536
Profit before finance charges, depreciation & tax	25,138	30,724	1,20,029	1,39,336
Less: Finance charges	2,052	2,006	31,877	36,209
Profit before depreciation and taxation	23,086	28,718	88,151	1,03,127
Less: Depreciation	3,188	3,172	28,865	27,628
Profit for the year after depreciation	19,898	25,546	59,287	75,499
Less: Current tax	6,913	8,689	9,715	10,748
- Deferred tax expense	(116)	447	(3,749)	31,058
Profit after tax from continued operations	13,101	16,410	53,321	33,693
Profit after tax from discontinued operations	(245)	209	(245)	209
Profit after tax for the year	12,856	16,619	53,075	33,902
Non-Controlling interest	-	-	13,530	6,283
Net profit attributable to shareholders of the Company	12,856	16,619	39,545	27,619
Appropriations				
Dividend on equity share capital	4,995	2,529	4,995	2,529
Corporate dividend tax	1,027	520	1,027	520

The EBIDTA of 22.2% and 41.7% at standalone and consolidated level respectively for 2020 compare well with those of 23.8% and 45.9% for the previous year considering the distinct slow-down in the Indian economy, impacting the core sectors of steel and power, reduction of other income owing to corporate action at the Company level besides higher provision for expected credit loss and mark to market cost of interest rate hedges at the consolidated level. The consolidated financials took in to account higher deferred tax liability and lower tax provision related to Zambian operations, as restated following re-computation of tax loss adjustment during tax holiday period for power operations and so show markedly improved profit after tax.

The pandemic of Covid-19 and consequent lockdown at the end of the financial year had limited affect for 2020. However, the current year operations at the Company level are significantly impacted by this disruptive development while the Zambian operations seem insulated from this so far.

## Economic and Business Review

Global economy is experiencing a significant slowdown with growth being 2.3% for 2019 reflecting yet one of the slowest paces of expansion since 2008. Growth is forecast to slowdown to 2.0% in 2020 before experiencing a modest pickup in 2021, amid a global pandemic and an uncertain economic and geopolitical environment. According to the International Monetary Fund (IMF), the global economy is expected to shrink by over 3 per cent in 2020 the steepest slowdown since the Great Depression of the 1930s.

Optimistically if the pandemic is gradually contained in the second half of 2020 and economy slowly reverts to a growth momentum, the economy is projected to grow by 5.8% in 2021, helped also by policy and fiscal supports of the Governments.



Going forward, with consumption driven private expenditure growth dwindling due to prolonged disruptions and labour migration; investment contraction due to uncertain demand and stretched corporate balance sheets; government expenditure and fiscal support will form the growth engine in FY 2020-21.

### Review of Operations

The Company's quantitative performance can be considered fairly satisfactory and comparable to the previous financial years in the backdrop of severe economic and challenging situations.

### Ferro Alloys

The Manganese alloy business for FY 2020 was par considering a few unforeseen furnace outages and notwithstanding the volatility in both input costs and realizations for most of the year owing to their positive trajectory in Q4. The dependent primary steel industry also was quite subdued on account of economic slowdown during most of the year. As Steel producers ramped up their production during Q4, demand for Ferro alloys also improved. The fall out of Covid-19 pandemic and consequent cessation of operations towards the fag end of the year limited the positive turnaround for the year while the outbreak exacerbated the negative factors having a lasting affect on the current year operations too owing to weakening steel sector performance.

The Conversion Arrangement with Tata Steel Limited though displaying an erratic low margin play, aided the Company to optimize the production in Odisha works. This helped it post a better volume and higher recovery of fixed costs of the Unit over the previous year. The mining lease of Tata Steel Limited (TSL) over chromite ore ended by March 2020 by when TSL was able to move sufficient quantity of ore to sustain the conversion arrangement through the current year as well. TSL has extended the scheme for one more year up to March 2021 and expects to sustain the prevailing arrangement till December 2020. It is heartening that TSL through its subsidiary Tata Steel Mining Limited (TSML) has been successful in securing three mining concessions in the recent auctions, conducted by the Government. The new mining concessions have a direct bearing on the cost of chrome ore and so, TSML plans to have a modified conversion arrangement with the Company effective from January 2021. This is a welcome development for, the Company could look forward to a fairly long term play with TSML though fraught with stiffer conditions associated with the costs of new mining concessions and relative prices of High Carbon Ferro Chrome (HCFC).

The Company produced and sold 1,00,803 MT and 97,998 MT of manganese alloys during FY 2020 relative to 1,05,032 MT and 1,05,611 MT respectively in the previous year.

The Company converted 68,657 MT of HCFC for TSL for the FY 2020 corresponding to 61,567 MT in the previous year.

### Power

Industrial power plants of the Company, 114 MW in Telangana and 90 MW in Odisha thrived on captive consumption predominantly throughout FY 2020. The surplus power sale arrangement in Telangana with Discoms and / or through IEX in Odisha was quite erratic during FY 2020 resulting in lower PLF corresponding to the previous year despite higher availability of the power plants.

Sector weakness continues to prevail upon the performance of the power plants in external sale both in Telangana and Odisha though the Company was able to control the performance metrics relative to their size and variable costs.

The Second 60 MW IPP Unit continues to be idle as the legal resolution in respect of metering issue is still awaited from the High Court of Odisha. The Company is pursuing auction linkage of coal for this Unit to bring about competitive cost structure.

The Company generated 1,146.60 MU of power and after auxiliary consumption or transmission losses, consumed 705.69 MU of power in the production of ferro alloys and sold 306.64 MU of power to Discoms and through IEX for the financial year 2020 relative to 1,219.03 MU, 687.50 MU and 397.90 MU respectively in the previous year.

### Sugar

The performance of the Sugar Division for the year ending March 31, 2020 was marked by lower crushing relative to the previous year and was further accentuated by the slow movement of sugar sales resulting in accretion of inventory of sugar. The distillery operations for ethanol especially from the B-heavy molasses salvaged the situation while slow movement of inventory remains a cash flow concern.

Considering the progressively unviable operations on account of non-availability of sugar cane year after year, decided to discontinue the operations of Company's sugar division located at Samalkot, Andhra Pradesh, after completion of the on-going crushing season and residual distillery operations thereafter. Accordingly, the Company has since pursued and achieved a smooth cessation of Sugar operations and accounted the performance of the division including the severance compensation as discontinued operations in the financial statements for the year ended March 31, 2020. The Company is evaluating options to sell all its underlying fixed assets including land appurtenant thereto, of the Sugar division.

### Dividend

Your Board of directors at their meeting held on March 2, 2020 considered interim dividend for the FY 2019-20 on the equity shares at the rate of 75% (₹1.50/-) per share of ₹2/- each. The aggregate dividend payout amounted to ₹3,007 lakhs, including corporate dividend tax of ₹513 lakhs. The Board reviewed the performance of the Company and after considering volatility likely in the current financial year following the pandemic outbreak, decided to confirm the interim dividend paid in March 2020 as the final dividend for FY 2019-20.

### Buy-back of Shares

Pursuant to decision of the Board of Directors to Buy-back equity shares of the Company in open market from members other than promoters and persons acting in concert with them, up to an amount of ₹25 Crs in May 2019 in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 and the Companies Act, 2013, the Company successfully closed the scheme in early August 2019. The Company bought back 23,58,462 (1.32% of pre-buyback paid up equity share capital of the Company) equity shares at an average price of ₹95.22 per equity share. The Company deployed a sum of ₹22,45,66,455/- (excluding securities transaction tax and brokerage expenses) which represented about 90% of the maximum buyback size.

### Selective Reduction of Share Capital

During the year under review, your Board of Directors also, approved a Scheme of Selective Reduction of share capital (the Scheme), to extinguish / cancel 99,47,020 and 28,00,000 equity shares of the Company held by Nav Energy Private Limited and Nava Bharat Ventures Employees Welfare Trust, respectively, as detailed in the Scheme which is posted on the Company's website. The Scheme was approved by the shareholders through a special resolution vide postal ballot dated December 18, 2019, and was taken on record by the stock exchanges (BSE – designated stock exchange for this purpose and NSE).

Currently, the Company is awaiting sanction of the Scheme by National Company Law Tribunal (NCLT), Hyderabad. The approval of the NCLT has been delayed on account of outbreak of the Covid-19 virus and consequent lockdown / slowdown. Upon sanction of the Scheme by NCLT, the paid up share capital of the Company stands reduced from 17,62,17,020 equity shares of ₹2/- each aggregating to ₹3,524.34 lakhs to 16,34,70,000 equity shares of ₹2/- each aggregating to ₹3,269.40 lakhs.

### Reserves

No amounts were proposed to be transferred to Reserves for the period under review.

### Fixed Deposits

The Company has not accepted any deposits from Public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of balance sheet.

### Listing of Equity Shares

The securities of the Company are listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Further, the Company has no equity shares carrying differential rights.

### Subsidiary Companies

The Company has direct and step down subsidiaries in India and overseas. Consolidated financial statements have been prepared by the Company in accordance with the requirements of Ind AS 110 issued by Institute of Chartered Accountants of India (ICAI) and as per the provisions of the Companies Act, 2013 ("the Act").

As per the provisions of Section 136 of the Act, separate audited financial statements of subsidiaries are placed by the Company on its website at [www.nbventures.com](http://www.nbventures.com) and a report on the performance and financial position of each of the subsidiaries included in the consolidated financial statement pursuant to Rule 8(1) of Companies (Accounts) Rules, 2014, is enclosed as **Annexure - 1** to this report.

Statement containing the salient features of the financial statement of subsidiaries for the year ended March 31, 2020 in **Form AOC-1** (Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) is attached to the Notes to Accounts to Financial Statements.

The following are the material subsidiaries of the Company:

1. Nava Bharat Energy India Limited, India; and
2. Nava Bharat (Singapore) Pte. Limited, Singapore.

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

NBS, a wholly owned subsidiary of the Company, is the investment arm and holding company of the overseas strategic investments in coal mining and power generation, principal investment being in Zambia.

### Maamba Collieries Limited (MCL)

MCL is a step down subsidiary of the Company in Zambia with NBS holding 64.69% of the equity stake while the balance 35.31% is held by ZCCM Investments Holdings PLC., a Government of Zambia undertaking and others. MCL pursues twin businesses of coal and power sale in Zambia and holds strategic financial and operational position in the consolidated financials of the Company. The Group exposure to MCL is about US\$ 240 Million as at March 31, 2020 and is represented by the equity share capital and Shareholder loans including interest accrued thereon, from NBS.

### Power Generation

MCL's predominant business is sale of power to the local power Utility, ZESCO, under a long term PPA on "take or Pay" based on the availability of the 300 MW integrated coal fired power plant. MCL generated 2,010.45 MU of power and after auxiliary consumption and transmission losses, sold 1,781.25 MU to ZESCO registering an availability of 76.6% and PLF of 76.4% for FY 2020 while the corresponding numbers in the previous year were 1,959.20 MU, 1,731.80 MU, 86.9% and 74.5% respectively.

The drop in availability was on account of unforeseen plant outages and stretched maintenance schedules for resumption.

## Coal Mining Operations

The coal mining operations of MCL have decently contributed to the overall profitability riding on better average price realization on external sales of coal and spurt in volume with a steady throughput of blended coal to the 300 MW power station. The Company made external sales of 2,41,016 MT in FY 2020 compared to 2,33,755 MT in the previous year.

## Cash Flow Concerns at MCL

Members are aware, that MCL has been facing a severe cash flow concern arising out of payment defaults of ZESCO against the power purchase from MCL. Though ZESCO has been paying about 40% of the monthly bills of MCL that just about addresses the direct costs associated with coal mining and power generation. Thus the fixed costs associated with the capital employed of about US\$ 900 Million in the integrated coal and power project remain uncovered. Occasional funding supports from the Government of Zambia being the Sovereign Guarantor against ZESCO's payment obligations to MCL, used to help it meet the half yearly debt service obligations of the International Lenders of the Project.

While MCL could discharge six of the 20 repayment installments of loan thus over the last three and half years and brought down the long term debt from US\$ 590 Million to US\$413 Million, the funding support from the Government has been diminishing owing to its fiscal imbalance. The efforts of the Government and ZESCO to rationalize the end use tariffs across various categories got substantially delayed over the last three years. The financial position of ZESCO has reportedly not improved even after the recent tariff revision from January 2020 owing to currency depreciation and lack of full generation from hydropower plants due to drought, both impacting its revenue profile. We expect that ZESCO would take considerable time to streamline its cash flow in such a way that monthly bills of MCL are paid in full and on time.

In the meanwhile, the monthly payment deficits cascaded in to a huge power receivable of about US\$ 279 million from ZESCO to MCL as at March 31, 2020 and this keeps on increasing on a monthly basis. Considering the escalating problem, the Government and ZESCO requested MCL to consider reduction in the power tariff as part of fiscal management in the backdrop of the Sovereign Guarantee.

As the funding support of ZESCO or the Government of Zambia as its Guarantor was not received, MCL could not pay the half yearly debt service that fell due in March 2020. The Lenders therefore served a Notice of Reservation of Rights against this payment default to MCL which is continuing.

While MCL is prepared to consider reduction of its tariff in accordance with international best practices, MCL, keeping in view the lack of additional funding support from the off taker or its Guarantor and the repercussions of the recent Payment Default to Lenders, had felt it prudent and initiated dispute resolution process, as per PPA, against ZESCO to realize the outstanding receivables in parallel although ZESCO has repeatedly acknowledged the total outstanding to MCL.

MCL has also engaged with the Lenders to allow it to lead the dispute resolution to obtain an acceptable solution to usher in long term cash flow certainty to MCL. Depending on how the tariff reduction pans out, MCL has also sounded the Lenders to consider restructuring of the balance debt to be in line with the projected cash flows, following such an adjustment in the tariff. Lenders seem inclined to endorse the proposal initiated by MCL and their formal concurrence is awaited. MCL therefore envisages that the cash flow concerns will therefore be addressed in the current year paving way for distribution of returns on capital employed in the Project.

## Audit matters and restatement of financials of MCL

Following the payment Default to the lenders and their serving the Notice of Reservation of Rights, the statutory auditors of MCL had opined that all the long term loans became current as demand loans under the loan Agreement and proposed to reclassify the loan portfolio of MCL. To this MCL Management did not agree resulting in a qualified opinion on the accounts of MCL for the FY 2020. It is however pertinent that neither the statutory auditors of NBS being the intermediate holding company nor the statutory auditors of the Company felt that such a reclassification as at March 31, 2020 was warranted going by the demonstrated behavior of the Lenders and the processes provided for in the Financing Documents against such Payment Defaults. Accordingly the Consolidated Financials of the Company have not been qualified.

A restatement of financials of MCL was also mooted by its statutory auditors in respect of treatment of insurance premium associated with ECA Tranche of the Term Loans and in ascertaining the Deferred Tax Liability provision by adopting adjustment of tax losses of MCL during the early phase of power tax holiday period. MCL agreed with the restatement as being warranted by interpretation of relevant accounting standards under IFRS.

Accordingly the Consolidated financials of your Company as at March 31, 2020 took in to account the consequential changes both in reported numbers as well as the corresponding previous period numbers.

## Legal case with ZCCM-IH

In the matters of emphasis for audit of MCL, the auditors of the MCL referred to an ongoing legal case initiated by the Co-Sponsor of the MCL, ZCCM Investment Holdings Plc in the Zambian High Court against MCL for recovery of its advance of US\$ 10 Million.

While defending its position against such recovery proceedings, MCL has reported the development to the Lenders which are of the view that ZCCM-IH has breached certain of the financing documents and its assignment of security rights in favour of the Lenders' Security Trustee.

An interim petition of ZCCM-IH for summary judgement has also been similarly defended by MCL and the judgement of the Hon'ble Court is awaited.

### **Nava Energy Pte. Limited, Singapore (NEPL)**

Nava Energy Pte. Limited, Singapore, the wholly owned subsidiary of the Company continues to render quality O&M services to MCL for its 300 MW power Plant in Zambia. The O&M operations leveraged upon the technical support extended by the Company and its Indian subsidiaries to ensure trouble free operations in Zambia. There have been unforeseen outages of the power units requiring extensive exchange of technical data amongst the O&M Operator, its technical support providers onsite and off-site as well as the OEMs to see that the power units resume operations and remain available during the severe power crisis in Zambia.

Though MCL as the owner has been facing the cash flow issues with payment defaults of ZESCO, O&M operations have been well sustained despite certain cost escalations. MCL has since agreed the cost escalations effective from January 2020 after due approval of the Lenders and other stakeholders.

NEPL hopes to expand the customer profile in this service offering as well as related technical services, if any, and keeps this as a thrust area for growth.

NEPL made a distribution of interim dividend of US\$1.001 Million during the year under review which formed part of other income.

### **Nava Energy Zambia Limited, Zambia (NEZL)**

Nava Energy Zambia Limited is a Zambian Step down subsidiary and a WOS of NEPL. NEZL has engaged qualified and experienced personnel and sub-contractors in Zambia. NEZL has etched a good name as the Onsite service provider by engaging with the owner and sub-contractors for day to day operations of the power plant in all its facets.

### **Nava Agro Pte. Limited, Singapore (NAPL):**

NAPL is a wholly owned subsidiary of the Company and is intended to be the intermediate holding company in Singapore to pursue investments in commercial agriculture and related businesses, initially in Zambia through Kawambwa Sugar Limited.

### **Kawambwa Sugar Limited, Zambia (KSL)**

Kawambwa Sugar Limited (formerly Kariba Sugar Limited) (KSL) is a Zambian company (step-down-subsubsidiary) which has been allocated 10,000 ha of land by the Government of Zambia to pursue Sugar business initially. NAPL holds 100% shareholding of KSL.

KSL has set up the site infrastructure comprising pilot plantation site, internal roads, site office and staff residences etc. It has been pursuing with the Government for proper approach road and proper power connectivity to the site, critical needs to take up any kind of project activities. These are expected to materialize by end of FY 2020-21. As such, KSL was constrained to halt further site activities including the sugar plantation works to minimize wastage of cane. KSL commissioned a market study on Sugar, Ethanol etc., in Zambia and DR of Congo and will formulate appropriate project strategy according to the demand deficit of products in due course.

### **Nava Holding Pte. Limited (NHPL)**

Nava Holding Pte. Ltd. (NHPL) was incorporated in Singapore, to hold investments in Healthcare enabled services being undertaken by the Group.

### **Healthcare enabled services in APAC region**

#### **TIASH Pte. Limited (TIASH), Singapore**

Nava Holding Pte. Ltd. holds 65% equity stake in Tiash Pte. Ltd. and balance 35% is held by Mr. Timothy Robert Cushway, CEO and original founder as Sweat Equity. The healthcare enabled services under TIASH, and its operating subsidiaries in Singapore and Malaysia entail low capital outlay, principally for marketing, distribution and administration of the IV Iron medicine in APAC region, known for premium lifestyle healthcare. TIASH has made good marketing strides in Malaysia where exclusive distribution rights exist for the world's leading medicine in this space and being positioned similarly like Pfizer in Canada and Lupin in India.

TIASH also received permission for exclusive distribution of IV Iron medicine in Singapore which will be launched for sales in a month. During the short time of its existence, TIASH has obtained good traction and is being sounded of other innovations for marketing in APAC region by reputed manufacturers.

### **Indian Subsidiaries**

#### **Nava Bharat Energy India Limited (NBEIL)**

NBEIL is a step down, but wholly owned, subsidiary of the Company with 26% of equity directly held by the Company and 74% being held through Nava Bharat Projects Limited (NBPL).

The operating performance of the 150 MW Power unit of Nava Bharat Energy India Limited widely fluctuated in accordance with the off-take by Discoms which was quite erratic and as there was no alternative viable power market. The performance was distinctly better in the last quarter prior to the lockdown at the end of March 2020.

The power unit has been using a mix of different grades of coal to contain the variable cost as it does not have a coal linkage. As such it requires committed power off-takes to sustain even marginally viable operations. Given the sector weakness, for merchant power sale, other avenues are being explored to bring about this sustainability in the current year. As per the power sale agreements, NBEIL is entitled to get compensation from TS DISCOMS for non-drawl of power. However such compensation has not been recognized as revenue in the books of account and will be accounted on acknowledgement by customer in accordance with Company's accounting policy.

The Company also runs an Ash Products Plant for part utilization of bed Ash and fly Ash to produce premium quality bricks and pavers. Income from Ash Products Plant will supplement the other operating income of the company in due course. Recently the Company has added production of Manganese Bricks to the array of products under an Arrangement with the Company, being the ultimate holding company of NBEIL.

### **Nava Bharat Projects Limited (NBPL)**

NBPL was providing services to Group Company, NAVA ENERGY PTE. LIMITED, Singapore, in relation to Project Management and technical support services under O&M contract for 300 MW power plant of Maamba Collieries Limited at Maamba, Zambia, since 2018.

### **Investigations into the allotment of Coal Blocks to Brahmani Thermal Power Pvt. Ltd. formerly Navabharat Power Private Limited (NPPL):**

In respect of certain allegations of misrepresentation pertaining to the allotment of coal blocks to NPPL, which led to an investigation by the Central Bureau of Investigation (CBI) and the Enforcement Directorate (ED), Organizations of GOI, against NPPL and two of its then directors, given rise to legal proceedings before the Special Court at New Delhi. These cases are at different stages as under:

1. CBI – Under Section 120-B, 420 of IPC, & Section 13 of PC Act, – evidence of the prosecution witnesses being examined and are at advanced stage, the matter is posted to July 3rd & 6th 2020;
2. ED – under Section 3 and 4 of Prevention of Money Laundering Act (PMLA), 2002, – Arguments on framing of charges under way (re-hearing on certain points) and posted to July 2, 2020; and
3. ED – Provisional Attachment Order dated July 22, 2014 to the extent of ₹1,386 Mn. on the 73,99,99,994 equity shares of ₹2/- each of face value of Nava Bharat Energy India Limited (NBEIL), held by Nava Bharat Projects Limited (NBPL) was confirmed by the Adjudicating Authority under Prevention of Money Laundering Act, 2002 vide Order dated May 20, 2015. Consequently, ED requested to transfer the aforesaid shares vide letter dated July 9, 2015. The Company against the said letter dated July 9, 2015 of ED and confirmation Order of the Adjudicating Authority, filed appeal before the Appellate Tribunal for PMLA. The Appellate Tribunal granted stay against operation of the Letter dated July 9, 2015, subject to certain conditions vide Order dated July 30, 2015 and the said stay has been extended from time to time, and continues during the pendency of the Appeal. The matter was posted to August 17, 2020 and will be heard along with applications filed by NBPL & NBEIL seeking provision of alternate security worth of ₹138.59 crores and release of attachment on the equity shares of NBEIL held by NBPL.

### **Brahmani Infratech Private Limited (BIPL)**

BIPL is a subsidiary of the Company with 65.74% equity stake. Following the surrender of land of SEZ back to the Government, BIPL has been engaged in investments in urban lands and properties to diversify its portfolio and to pursue urban infrastructural development.

Following the cessation of SEZ activity and surrender of land, BIPL has been embroiled in protracted litigation with Mantri Group, its Co-developer and Technical Associate for SEZ. Following an unsatisfactory outcome

of the Arbitration, the matter has since been adjudicated by a local court which also is devoid of merits concerning development of real estate and so is not considered fair by BIPL. Accordingly an appeal was filed before the Hon'ble High Court of Telangana against the orders of the lower court and the Hon'ble High Court passed an interim Order dated September 3, 2019 directing the Company to pay ₹10 crores to Mantri Technology Parks Private Limited (MTPPL) and MTPPL shall secure this payment by furnishing Bank guarantee to the Company. The Company complied with the above interim Order and it was directed to be listed for final hearing. Pending the outcome of the Appeal, the matter is being reflected as a contingent liability.

Further, Malaxmi Infra Ventures (India) Private Limited (MIVPL), a Corporate member, filed a petition against BIPL before NCLT Hyderabad Bench, alleging certain issues and seeking interim reliefs for the same from NCLT. MIVPL was also praying the bench to direct winding up of the Company and direct the Company to sell its shares to the MIVPL and to pass such consequential reliefs. The Company denied all the allegations as being totally contrary to the facts and ready to file a counter for the above mentioned petition. The matter is sub-judice.

### **Kinnera Power Company Pvt. Ltd (KPCPL) (Associate Company)**

KPCPL is an associate of the Company with 26% equity stake which is continued as specified by National Highway Authority of India (NHAI). As per the professed intention and there being no economic interest, the Company plans to fully off-load its stake in KPCPL in favour of Meenakshi Infra Group as per the regulations. Accordingly, no economic interest from KPCPL is being factored in the consolidated financials nor the accounts of KPCPL appended in the annual report of the Company.

### **Outlook and Future Plans**

“Management Discussion and Analysis” contains a section on the Company's outlook and future plans and members may please refer the same on this.

### **Change in the Nature of Business**

There has been no change in the nature of business of the Company during the year under review.

### **Conservation of Energy, Technology absorption and Foreign Exchange**

In accordance with the provisions of Section 134 (3)(m) of the Act the required information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo have been enclosed as **Annexure - 2**, to this report.

### **Corporate Social Responsibility (CSR)**

The annual report on CSR activities, in terms of Section 135 of the Act, and the details about the policy developed and implemented by the company on CSR initiatives taken during the year are enclosed as **Annexure - 3** to this report. A detailed policy on CSR is placed on the Company's website under the web link: <https://www.nbventures.com/policies-code-of-conduct/>

### Extract of Annual Return

In accordance with Section 134(3)(a) of the Act, an extract of the annual return in the prescribed format is enclosed as **Annexure - 4** to this Report.

### Contracts or arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Sec.188 in **Form AOC-2** pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 are enclosed as **Annexure - 5** to this report.

The policy on materiality of related party transactions and also on dealing with the related party transactions as approved by the Audit committee and the Board of directors was placed on the website of the Company at <https://www.nbventures.com/policies-code-of-conduct/>

### Particulars of Loans, Guarantees or Investments

The details of loans given, guarantees provided and investments made during the financial year ended on March 31, 2020 are enclosed in **Annexure - 6** to this Report in compliance with the provisions of Section 186 of the Act read with the Companies (Meetings of

the Board and its Powers) Rules, 2014. The particulars of aggregate loans, guarantees and investments under Section 186 of the Act are disclosed in Financial Statements which may be read as part of this Report.

### Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("the Listing Regulations") is enclosed as **Annexure - 7**.

### Business Responsibility Report

As per the market capitalization as on March 31, 2020, your Company forms part of top 1,000 Listed Companies (i.e., positioned at 617). Hence, the Business Responsibility Report (BRR) as stipulated under Regulation 34(2)(f) of the Listing Regulations is applicable to your Company for FY 2019-20 and is enclosed as separate section to this Annual Report.

### Corporate Governance Report

A separate report on Corporate Governance as required under the Listing Regulations is provided as separate section to this Annual Report.

### Disclosures under Regulation 34(3) read with Schedule V of the listing Regulations

(₹ in Lakhs)

Sl. No	In the accounts of	Particulars	Amounts at the year ended 2019-20	Maximum amount of loans / advances / investments outstanding during the year 2019-20
1	Nava Bharat Ventures Limited (NBVL) (Holding Company)	Loans given to: Nava Bharat Energy India Ltd (Subsidiary of NBVL)	15,364.38	15,422.50
2	Nava Holding Pte Ltd (NHPL) (Wholly owned subsidiary of NBVL)	Loans given to: TIASH Pte Ltd (Subsidiary of NHPL)	2,100.61 (US\$ 2,786,405)	2,100.61 (US\$ 2,786,405)
3	Nava Bharat Projects Limited (NBPL) (Wholly owned subsidiary of NBVL)	Loans given to: Nava Bharat Energy India Ltd (Subsidiary of both NBPL and NBVL)	5,000.00	5,000.00

### Directors

The Board of directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors with one woman Independent Director.

### Independent and Non-executive Directors

As prescribed under SEBI (LODR) Regulations, 2015 and as per Section 149(6) of the Companies Act, 2013, the particulars of Non-Executive and Independent Directors are as under:

Dr. D Nageswara Rao, Mr. K Durga Prasad, Mr. GP Kundargi, Mr. A Indra Kumar and CA B. Shanti Sree.

Except for CA B. Shanti Sree, who was co-opted as an additional (non-executive and Independent) director on October 30, 2019 all were appointed as Independent directors by the shareholders at 47<sup>th</sup> AGM held on August 08, 2019.

## Changes in Directors and Key Managerial Personnel (KMP):

During the year under review following were the changes in Directors and KMP:

Dr. CV Madhavi, Independent woman director, retired from the office of directorship on August 8, 2019. The Board placed on record its appreciation for the effective participation and valuable contributions made by Dr. CV Madhavi during her term.

CA B. Shanti Sree has been co-opted as an additional director (non-executive and Independent) w.e.f October 30, 2019 to hold the office upto the ensuing AGM. In the opinion of the Board, with regard to integrity, expertise and experience, CA B. Shanti Sree fulfils all the criteria and other conditions for appointing her as an Independent director of the Company as specified in the Act and the Listing Regulations. Hence, the Board of directors, based on the recommendations of Nomination and Remuneration committee and prior approval of Audit Committee, considered and approved the appointment of CA B. Shanti Sree as an Independent director for a period of five (5) years w.e.f October 30, 2019, which will be placed in the ensuing AGM for the approval of shareholders.

Mr. Ashwin Devineni has been appointed as whole-time director, designated as Chief Executive Officer (CEO) of the Company with effect from May 29, 2019.

Mr. Sultan A. Baig has been appointed as Chief financial officer (CFO) of the Company with effect from January 30, 2020, consequent to superannuation of Mr. T Hari Babu who held the position of CFO upto January 29, 2020.

## Wholetime Directors

The following are the whole-time directors of the Company.

Mr. D Ashok, Chairman, Mr. P Trivikrama Prasad, Managing Director, Mr Ashwin Devineni, Chief Executive Officer, Mr. GRK Prasad, Executive Director and Mr. CV Durga Prasad, Director – Business Development.

## Declarations of Independent Directors

The Independent directors declared pursuant to section 149(7) of the Act affirming that they meet the criteria of independence as provided in sub-section (6) of section 149 of the Act. The Company also received a declaration of compliance of sub-rule (1) and sub-rule (2) of the Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

## Directors Retiring by Rotation

Pursuant to the provisions of the Act, Mr. GRK Prasad retires at the AGM and, being eligible, offers himself for re-appointment.

## Number of Meetings of the Board

During the financial year, six meetings of the directors were held on May 4, 2019; May 29, 2019; August 08, 2019; October 30, 2019; January 29, 2020 and March 02, 2020 in compliance with provisions of the Companies Act, 2013, the listing regulations and secretarial standards.

## Performance Evaluation of the Board

Pursuant to the provisions of the Act and the listing regulations, the Board has carried out annual performance evaluation of its own, the individual directors as well as the Board committees (Audit committee, Nomination and Remuneration committee, Corporate Social Responsibility committee and Stakeholders Relationship committee). A structured set of criteria was adopted after taking into consideration the inputs received from the directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. Evaluation of the Board members is conducted on an annual basis by the Board, Nomination and Remuneration committee and Independent Directors with specific focus on the performance and effective functioning of the Board and individual directors.

The Nomination and Remuneration committee had specified criteria for performance evaluation of Directors, Committees and Board as a whole and recommended the same to the Board for evaluation.

## Performance indicators for evaluation of Independent directors:

Independent directors have three key roles – governance, control and guidance. Some of the performance indicators based on which the Independent directors are evaluated are:

- Ability to contribute to and monitor corporate governance practices.
- Ability to contribute by introducing international best practices to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfillment of a Director's obligations and fiduciary responsibilities.

Attendance: The performance evaluation of Independent or non-executive directors is done by the Board annually based on criteria of attendance and contributions at Board / Committee meetings as also the role played other than at meetings.

The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

## Policy on Directors' Appointment, Remuneration & Other details

The Company adopted a policy relating to the remuneration. This Policy covers the remuneration and other terms of employment for the Company's Executive Team. The remuneration policy for members of the Board and for management, aims at improving the performance and enhancing the value of the Company by motivating and retaining them and to attract the right persons to the right jobs in the Company. The object of this Remuneration Policy is to make your Company a desirable workplace for competent employees and thereby secure competitiveness, future development

and acceptable profitability. In order to achieve this, it is imperative that the Company is in a position to offer competitive remuneration in all its operational locations.

Neither the Managing Director nor any Whole-time Director of the Company received any remuneration or commission from any of its Subsidiaries.

A detailed policy on remuneration of the Directors and Senior Management is placed on the Company's website under the web link: <https://www.nbventures.com/policies-code-of-conduct/>

### Policy for Selection of Directors and Determining Directors' Independence

The Nomination and Remuneration committee identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal.

### The Criteria for the Appointment of Directors, KMPs and Senior Management

A person for appointment as director, KMP or in senior management should possess adequate qualifications, expertise and experience for the position considered for appointment. The Nomination and Remuneration committee decides whether qualification, expertise and

experience possessed by a person are sufficient for the concerned position. The committee ascertains the credentials and integrity of the person for appointment as director, KMP or senior management level and recommends to the Board his / her appointment.

The Committee, while identifying suitable persons for appointment to the Board, will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

The Nomination and Remuneration committee shall assess the independence of directors at the time of appointment, re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence are as prescribed in the Act and the listing regulations and the Independent directors shall abide by the Code specified for them in Schedule IV of the Act.

### Committees of the Board

Currently the Board has four committees: The Audit committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Stakeholders Relationship Committee.

The composition of the committees in compliance with the applicable provisions of the Act and Rules is as given below:

Name of the Committee	Composition of the Committee	Remarks
Audit Committee	Dr. D Nageswara Rao, Chairman Mr. K Durga Prasad, Member Mr. A Indra Kumar, Member	The Audit committee of the Board of directors was constituted in conformity with the requirements of Section 177 of the Act and regulation 18 of the Listing Regulations and its role has been the same as stipulated in the Act and the Regulations mentioned above. All recommendations made by the Audit committee during the year were accepted by the Board.
Nomination and Remuneration Committee	Dr. D Nageswara Rao, Chairman Mr. K Durga Prasad, Member Mr. A Indra Kumar, Member	The Nomination and remuneration committee of the Board of directors was constituted in conformity with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations and its role has been the same as stipulated in the Act and the Regulations mentioned above.
Corporate Social Responsibility Committee	Mr. D Ashok, Chairman Dr. D Nageswara Rao, Member Mr. K Durga Prasad, Member	The Corporate Social Responsibility committee of the Board of directors was constituted in conformity with the requirements of Section 135 of the Act. The Committee monitored the implementation of the CSR Policy from time to time.
Stakeholders Relationship Committee	Mr. K Durga Prasad, Chairman Mr. P Trivikrama Prasad, Member Mr. GP Kundargi, Member	The Stakeholders Relationship committee of the Board of directors was constituted in conformity with the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations and its role has been the same as stipulated in the Act and the Regulations mentioned above.

A detailed note on the Board and its Committees is provided in the Corporate Governance Report.



## Particulars of Employees

The names and other particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed as **Annexure - 8** to this Report.

Names of the top ten employees in terms of remuneration drawn and the name of every employee employed throughout the financial year and in receipt of remuneration of ₹1.02 cores or more, or employed for part of the year and in receipt of ₹8.50 lakhs or more per month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are enclosed as **Annexure - 9** to this Report.

## Nava Bharat Ventures General Employees Benefits Scheme

Nava Bharat Ventures Employee Welfare Trust (established vide Indenture of Trust dated January 25, 2012) has been reconstituted and aligned with the SEBI (Share Based Employee Benefits) Regulations, 2014 by suitably amending the Trust Deed in line with the Regulations and General Employees Benefits Scheme with the current Regulations, falling under Part D of the Regulations in accordance with the Special Resolution passed by the members in the 43<sup>rd</sup> AGM held on August 27, 2015.

The scheme is in compliance of SEBI (Share Based Employee Benefits) Regulations, 2014, as applicable and presently, the Trust holds 28,00,000 shares (1.59% of the total paid up share capital) of the Company under category of non-promoter and non-public as on March 31, 2020. The Trustee shall abstain from voting in general meetings with respect to the Company's shares held by the Trust.

The Board at its meeting held on August 8, 2019 inter-alia approved selective reduction of paid up equity share capital of the Company by cancellation and extinguishment of the total shares held by Nava Bharat Ventures Employee Welfare Trust through its Trustee-Barclays Wealth Trustees India Pvt. Ltd. along with the outstanding loan owed by the trust to the Company, subject to the requisite sanctions from shareholders and others. Further, the Company accorded the approval of the members through special resolution for the same vide postal ballot dated December 18, 2019 and then filed an application to NCLT, Hyderabad, for approving the scheme of Reduction of Share Capital of the Company. Upon receipt of approval / confirmation from NCLT, the shares held by the Trust will be extinguished.

## Employees' Stock Option Scheme

There is no employees' stock option scheme being implemented by the Company.

## Directors' Responsibility Statement

Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) they took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they prepared the annual accounts on a going concern basis;
- (e) they laid down internal financial controls to be followed by the company and that such internal financial controls were adequate and operating effectively; and
- (f) they devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Statutory Auditors & Auditor's Report

M/s. Walker Chandio & Co. LLP, Chartered Accountants (Firm Regn. No. 001076N / N500013) has been appointed as the statutory auditors of the Company for a period of 5 years i.e., till the conclusion of 50<sup>th</sup> AGM to be held in the FY 2022-23 by the members of the Company at their meeting held on August 9, 2017.

The Auditors' Report on the financial statements of the company for financial year ended March 31, 2020 does not contain any reservation, qualification or adverse remarks and their report together with notes to Financial Statements are self-explanatory and hence do not call for any further comments under Section 134 of the Act.

## Cost Audit

The Board appointed M/s. Narasimha Murthy & Co., Cost Accountants, as Cost Auditors for conducting the audit of cost records of the Company for Sugar, Industrial Alcohol, Steel (Ferro alloys) and Electricity for FY 2019-20 on the recommendations of the Audit committee. The same was ratified by the Members at the 47<sup>th</sup> AGM held on August 8, 2019.

The Cost Audit reports for FY 2018-19 were filed with Ministry of Corporate Affairs on September 4, 2019.

Further, the Board of directors based on the recommendations of the audit committee, appointed M/s. Narasimha Murthy & Co., Cost Accountants, as Cost Auditors for FY 2020-21 for conducting the audit of cost records of the Company for Electricity, Ferro alloys (Steel) and Sugar & Industrial Alcohol, subject to ratification of members at the ensuing AGM.

## Internal Auditors for Costing Systems and Cost Accounting Records

M/s. Sagar & Associates, Internal Auditors conducted internal audit of cost records for the Financial Year 2019-20.

The Board appointed M/s. Sagar & Associates, as Internal Auditors for conduct of internal audit of cost records for FY 2020-21.

### Maintenance of Cost Records

During the year under review, the Company has maintained accounts and cost records as required under Section 148(1) of the Act.

### Secretarial Audit

During the year under review, the Company has complied with the provisions of Regulation 24A of the Listing Regulations. Post closure of the financial year, Nava Bharat Energy India Limited (NBEIL) has become a material subsidiary (un-listed). In line with the above said regulation, the Secretarial Audit report of NBEIL is available on the Company's website.

The Secretarial Audit Report for the financial year ended March 31, 2020 issued by Practicing Company Secretary is enclosed as **Annexure - 10** to this Report and does not contain any reservation, qualification or adverse remarks.

Further, the Board has appointed M/s. PS Rao & Associates, Practicing Company Secretaries to conduct secretarial audit pursuant to the recommendations of the Audit committee for the FY 2020-21.

### Material Changes and Commitments

There have been no material changes and commitments in the business operations of the Company from the financial year ended March 31, 2020 to the date of the signing of the Directors' Report.

### Material Orders passed by the Regulators

No significant and material orders were passed by the Regulators or courts or tribunals impacting the going concern status and company's operations in future, except as stated otherwise.

### Insurance

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

### Adequacy of Internal Financial Controls with Reference to the Financial Statements

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company maintains all its records in SAP system and the work flow and approvals are routed through SAP.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, the Units undertake corrective action in their respective areas and strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit committee of the Board periodically.

The Board of directors of the Company have adopted various policies like related party transactions policy, whistle blower policy, policy to determine material subsidiaries and such other procedures for ensuring

orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

### Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 124 (5) of the Act (section 205A of the Companies Act 1956), an amount of ₹17,06,248/- relating to FY 2011-12, which remained unclaimed for a period of 7 years was transferred by the Company on September 19, 2019 to the Investor Education and Protection Fund.

### Transfer of unclaimed Shares to Investor Education and Protection Fund Authority

All shares in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares) upto and including FY 2011-12 were transferred by the Company in the name of IEPF on December 5, 2017, September 24, 2018 and October 16, 2019 and the statement containing such details as prescribed is placed on Company's website at <https://www.nbventures.com/unclaimed-unpaid-dividend-shares/>

### Vigil Mechanism

The Company established a vigil mechanism for directors and employees to report genuine concerns pursuant to Section 177 of the Act. The vigil mechanism provided for adequate safeguards against victimisation of employees who use such mechanism and for direct access to the chairperson of the Audit committee in appropriate or exceptional cases.

The policy lays down the mechanism for making enquiry into whistle blower complaint received by the Company. Employees who may become aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit committee.

The details of such mechanism are communicated to all the directors and employees and it was also disclosed on the website of the Company at <https://www.nbventures.com/policies-code-of-conduct/>

### Risk Management Policy

The Board formulated and implemented Risk Management Policy for the Company which identifies various elements of risks which in its opinion may threaten the existence of the Company and measures to contain and mitigate risks. The Company has adequate internal control systems and procedures to combat the risk. The Risk Management procedures are reviewed by the Audit committee and the Board on periodical basis.

The Covid-19 pandemic has triggered new risks in business operations. While the gravity of the pandemic is still unfolding, your Company pro-actively put in place crisis management, both at the Business as well as at the Corporate level.

**Covid-19 Response:** The Covid-19 pandemic and the consequent lockdown posed a formidable challenge to the Company's operations and the well-being of its employees. In recognition of the seriousness of

the threat, the Company put in place stringent safety protocols at the beginning of the crisis and established teams tasked with ensuring that Company's employees and business associates, were permitted to operate in view of their essential nature, did so with all risk mitigation measures in place. Extensive communication and training on safety protocols at the workplace for employees', provision of protective equipment and the rapid adoption of working from home, where feasible, were undertaken.

### Dividend Distribution Policy

The Dividend Distribution policy as stipulated under Regulation 43A of the Listing Regulations is not required to be disclosed in the annual report and on the website of the Company as the provisions of the said regulation are not applicable to your Company. However, the Dividend Distribution Policy is placed on the Company's website under the weblink: <https://www.nbventures.com/policies-code-of-conduct/> on voluntary basis.

### Industrial Safety and Environment

Utmost importance continues to be given to the safety of personnel and equipment in all the plants of the Company. The Company reviews thoroughly the various safety measures adopted and takes effective steps to avoid accidents. Safety drills are also conducted at regular intervals to train the employees for taking timely and appropriate action in case of accidents.

### Awards

Your Company received the following awards / recognitions during 2019-20:

1. **"Silver Award"** for Best Co-Generation in Andhra Pradesh State from South Indian Sugarcane & Sugar Technologists Association (SISSTA) for the season 2018-19, at the 49<sup>th</sup> Annual Convention of SISSTA, held in Chennai.
2. **"Energy Efficient Unit"** award under the category of Power Sector – Captive Power Plant, from Confederation of Indian Industry (CII), at the 20<sup>th</sup> National Award for Excellence in Energy Management.
3. **"Energy Efficient Unit"** award under the category of Metal Sector, from Confederation of Indian Industry (CII) at the 20<sup>th</sup> National Award for Excellence in Energy Management.
4. **"Energy Efficient Plant"** for achieving Four Star Rating (\*\*\*\*) under the category "Large Scale Companies", from CII (Eastern Region), at the 12<sup>th</sup> Energy Conservation (ENCON).
5. **"STARPERFORMER (in large enterprises category)"** award from Engineering Export Promotion Council, India (EPEC) for the year 2017-18 towards excellence in export of Ferro alloys. *(Last 19 years (since from 1999-2000 year), we have received export awards for 16 times.)*

### Green initiative in Corporate Governance by Hon'ble Ministry of Corporate Affairs

The Ministry of Corporate Affairs (MCA) has taken a green initiative in Corporate Governance by allowing

paperless compliances by the Companies and permitted the service of Annual Reports and documents to the shareholders through electronic mode subject to certain conditions and the Company continues to send Annual Reports and other communications in electronic mode to the members having email ids.

### Industrial Relations

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

### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) act, 2013

Your Company has zero tolerance towards sexual harassment at the workplace and the details of sexual harassment complaints as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder are as follows:

No of Complaints received	:	Nil
No of Complaints disposed off	:	NA

During the year under review, the Company has complied with the provisions related to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Compliance with Secretarial Standards on Board and Annual General Meetings

During the year under review, the Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

### Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance, patronage and co-operation received from the Financial Institutions, the Company's Bankers, Insurance companies, the Govt. of India, Governments of various countries, Govt. of Telangana, Govt. of Andhra Pradesh and Govt. of Odisha, the State utilities, Shareholders and employees and other stakeholders, during the year under review.

For and on behalf of the Board

**P. Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D. Ashok**  
Chairman

Place : Hyderabad  
Date : June 26, 2020

DIN : 00006903

## Annexure - 1

### Performance and Financial Information of each of Subsidiaries under Rule 8 of Companies (Accounts) Rules, 2014 for the year ended March 31, 2020

₹ in lakhs

Sl. No.	Name of Subsidiary Company	Share Capital	Turnover / Total Income	Profit / (loss) after Taxation
1	Nava Bharat (Singapore) Pte. Limited	1,88,266.38	3,890.10	1,945.24
2	Maamba Collieries Limited	1,45,899.87	1,59,389.54	38,881.10
3	Nava Energy Pte. Limited	0.75	11,404.04	1,641.71
4	Nava Energy Zambia Limited	1.01	8,315.92	(132.22)
5	Nava Agro Pte. Ltd.	1,093.85	-	(3.34)
6	Kawambwa Sugar Ltd.	1,013.94	-	(580.05)
7	Nava Holding Pte. Ltd.	2,337.72	84.47	70.17
8	Tiash Pte Limited	0.08	213.15	(109.29)
9	Compai Pharma Pte. Ltd.	0.08	31.75	(93.89)
10	Compai Healthcare SDN. BHD.	0.02	109.28	(318.09)
11	TIS Pte Limited	207.73	12.95	(172.19)
12	The Iron Suites Pte. Ltd.	5.29	190.14	(107.11)
13	Kinta Valley Mining Resources SDN. BHD.	-	-	-
14	Nava Bharat Projects Limited	9,080.40	1,599.84	1,106.58
15	Nava Bharat Energy India Limited	20,000.00	24,912.92	(609.24)
16	Brahmani Infratech Private Limited	6,312.50	287.34	175.08

**Note:** Indian Rupee equivalent figures have been arrived at by applying at the year end interbank exchange rate of US\$ @ ₹75.3859 (for share capital) and ₹70.8790 (for others).

For and on behalf of the Board

**P. Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D. Ashok**  
Chairman  
DIN : 00006903

Place : Hyderabad  
Date : June 26, 2020

## Annexure – 2

Particulars of Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo pursuant to the Provisions of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

### (A) Conservation of Energy:

#### (i) The steps taken or impact on conservation of energy

##### I) Sugar Division:

- i. Reduction in steam consumption from 32.22% to 31.50% per tonne of cane due to diversion of B Heavy molasses to distillery for ethanol production by following 3 massecuite boiling scheme in sugar process in place of 4 massecuite boiling, resulted in steam saving by 0.72 % on cane.
- ii. Increase in bagasse savings from 8.55% to 8.95% per tonne of cane with the reduction in power export and sugar process steam consumption.

Due to the measures taken as mentioned above, the total estimated savings were 1,506 Tonnes of bagasse per season.

##### II) Power Division:

###### Power Plant (Telangana)

- i. Providing of 200 watts LED luminaires in place of 400 watts HPSV High bay luminaires at TG building Crane bay area.
- ii. Applied special epoxy paint to CW pump-B to reduce the power consumption.
- iii. Utilization of Boiler-4 0-40% control valve in parallel with main valve to reduce the BFP-3B VFD power consumption at Boiler-4 MCR condition.

Due to the measures taken as mentioned above, the total energy savings were 30,586 kWh per year.

###### Power Plant (Odisha)

- i. Replacing 8 nos. of conventional lights (400 watt) with LED lights (125 watt) at RWPH resulted in lighting energy savings.
- ii. Replacing 10 nos. of conventional lights (400 watt) with LED lights (45 watt) on Silo pipe rack in CHP area of Unit-2 resulted in lighting energy savings.
- iii. Providing automatic timer switch for boundary lights in Unit-2 resulted in lighting energy savings.

- iv. Conducting Compressed air audit and arresting the identified air leak points and re-routing the CA main header from underground to over ground in Unit-2 resulted in air compressor energy savings.
- v. Replacing of existing Neutralization Pit pump with efficient pump resulted in energy savings.
- vi. Replacing of existing service water pump with efficient pump resulted in energy savings.
- vii. Improving the Performance of Air pre heater by 100% replacement of APH tubes in Boiler-2 of Unit-2 resulted in improved Boilers performance and thermal energy savings.
- viii. Conducting Insulation study and rectifying the damaged insulation in Unit-2 resulted in improvement of plant heat rate & thermal energy savings.
- ix. Improving the cooling tower effectiveness by replacing the fills in one cell of cooling tower in Unit-1 resulted in improvement of plant heat rate.

The total estimated savings on account of various measures taken at PP (O) Units put together were 48,994 kWh per year in energy and 115 kCal/ kWh in Pant Heat rate.

##### III) Ferro Alloy Division:

###### Telangana

- i. Installation of 187 Nos. of various types of LED luminaires & LED lamps at Furnace area to replace the existing SV lamp luminaires, by which 9,000 kWh could be saved per month approximately.
- ii. Installation of 750m<sup>3</sup>/hour Energy efficient centrifugal pump (137kW) in place of old 450 m<sup>3</sup>/hour centrifugal pump (110kW) for optimization of pumps in Furnace water cooling system and observed a saving of 33,000 kWh per month.
- iii. Installation of 11kW VFDs for 6 Nos. of Cooling towers at Pump House, by which 9,150 kWh saved per month approximately.
- iv. Applied carro-coat for one of the 300HP pump at Pump House, by which 8,150 kWh saved per month approximately.

Total Energy savings due to above energy conservation measures is around 7,11,600 kWh per year.

**Odisha**

- i. Replacement of Tubular feeder in Furnace-1 with fixed chute.
- ii. Replacement of Tubular feeder in Furnace-2 with fixed chute.
- iii. Replacement of Pump at Direct granulation for furnace -1 with energy efficient Pump.
- iv. Replacement of Metal Halide Lamps with LED lamps.
- v. A chrome ore shed of 66\*25 mtr was constructed under which nearly 9,000 MT of ore being stacked during rainy season without exposure to rains.

The total estimated savings on account of various measures taken at FAP(O) Units put together were 3,93,041 kWh per year in energy and 60 MT per year in LPG consumption.

**(ii) The steps taken by the Company for utilizing alternate sources of energy****I) Sugar Division/Power Division/Ferro Alloy Division(O)**

Nil.

**II) Ferro Alloy Division – Telangana**

Installation of 12 Nos. of 12W Solar street lights and 2 Nos. of Solar Signal lights at various locations of Plant and Colony.

**III) Power Division – Odisha**

Nil.

**(iii) The capital investment on energy conservation equipments****I) Sugar Division:**

NIL

**II) Power Division:****Power Plant (Telangana)**

- i. ₹3.32 Lakhs on procurement of LED fittings.
- ii. ₹0.55 Lakhs on procurement & application of epoxy painting to CW Pump-B.
- iii. Achieved through modification in operation procedures

**Power Plant (Odisha)**

- i. ₹0.68 lakhs towards procurement of LED lighting Luminaires.
- ii. ₹8.35 lakhs towards procurement of cooling tower fills.

**III) Ferro Alloy Division:****Telangana**

- i. ₹8.20 lakhs on procurement of LED lighting Luminaires and LED luminaires.

- ii. ₹5.90 lakhs on procurement of 750m<sup>3</sup> energy efficient pump and installation.

- iii. ₹1.75 lakhs on procurement of 6 Nos. of 11kW VFDs for Cooling towers.

- iv. ₹1.28 lakhs for applying corro-coat for 300HP pump.

**Odisha**

- i. ₹2.75 Lakhs towards arrangement of Direct gravity type chute for center chute by replacing the tubular feeder in furnace 1.

- ii. ₹2.75 Lakhs towards arrangement of Direct gravity type chute for center chute by replacing the tubular feeder in furnace 2.

- iii. ₹3.0 Lakhs towards replacement of Pump at Direct granulation for furnace-1 with 110 KW energy efficient Pump.

- iv. ₹4.62 Lakhs towards purchase of LED light fittings.

- v. ₹75.00 lakhs for the installation of chrome ore storage shed.

**(B) Technology Absorption:****(i) The efforts made towards technology absorption****I) Sugar Division:**

Nil.

**II) Power Division:****Power Plant (Telangana)**

- i. Installed sonic soot blowers for Boiler-1 air pre heater to improve Boiler efficiency.
- ii. Provided natural air circulation system in TG building to reduce the floor temperature.
- iii. Replaced the Unit-1 Emerson make UPS System with latest version.
- iv. Up-graded the Siemens make AHP-2 system PLC with latest version.
- v. 220 V DC, Battery bank-1 & 3 is replaced with new one for improving the availability.
- vi. Up-graded the VAM PLC with latest version.
- vii. CHP-1, LT switchgear incomers and Bus couplers ACB are replaced with latest series.
- viii. Unit-2 100% stator earth fault relay blocking voltage tuning is done.
- ix. ESP-1&3 Transformer set controller upgraded with latest one.
- x. Boiler-1&2 Coal feeders, A pipe line is connected from Coal feeder casing to

APH casing to reduce the dust emissions from Coal feeder.

- xi. 132 kV Feeder-1&2, provided MRN2 relay and changed vector surge relays setting from 12 to 160 to reduce the island mode operations.
- xii. STG-1 Twin Breakers, provided numerical relay in place of electromagnetic relay.
- xiii. CHP-1 LT SWGR, 3 Nos of ACBs are replaced with latest model.
- xiv. Installed additional Air receiver tanks to sustain the ash conveying capacity.
- xv. Boiler-2 coal bunker-1, Air blasters are provided to reduce coal jamming in bunker.

#### **Power Plant (Odisha)**

- i. Up gradation of existing spectro photo meter with latest version of spectro photo meter no SL 177.
- ii. Installation of 5 nos. of flow-meters for measurement of water consumption, waste water generation & recycling.
- iii. Providing walky talky base station in both Unit-1 & 2 control rooms (one nos. each), for effective communication.
- iv. Providing audio visual siren in Unit-2 Boiler ground floor for immediate attention of the people working nearby, regarding hot bed ash draining from Boilers.
- v. Up gradation of existing old Safety mechanical interlock key of both the ESP's in Unit-1.
- vi. Providing Life line system at TG building roof to avoid falling from height in Unit-2.
- vii. Establishment of aeration system for natural treatment of waste water at water harvesting pond near gate-5.
- viii. Providing dedicated water supply for Chlorination system with Multistage inline pump with motor.
- ix. Installation of one no. of Flow meters in Compressed air network.
- x. Arrangement of CCTV network.

#### **III) Ferro Alloy Division:**

##### **Telangana**

- i. Introduced Bulker for transportation of GCP ash instead of open type tipper.
- ii. Installed 13 Nos. of level probes for Furnace-3 charge bins, Furnace 1&2 Skip hoist bottom and top hoppers.
- iii. Replaced outdated version of HT Star-Delta Isolator of Furnace-1 with latest model.

- iv. Up gradation of GCP 3&4 PLC and SCADA with latest controller and software.
- v. Extended the charging Floor in between Furnace-2 & 3 by 3 Mtrs to increase floor space.
- vi. Replaced Gas Cleaning Plant-1 circular type Multi Louver Damper (MLD) with rectangle type MLD design.
- vii. The old Circular type Multi Louver Damper (MLD) in the suction side of Gas Cleaning Plant-1 Main Fan was replaced with latest design of Rectangular type Multi Louver Damper for precision control of flue gas.
- viii. 5 Nos. of ladles lining is replaced from carbon paste lining to complete brick lining.

##### **Odisha**

- i. Centralized vacuum cleaner is installed in Briquetting plant to clean floors as well as collect spillage material.
- ii. 8 Nos of new day bins are added to the existing system with complete new PLC to facilitate parallel operation of both skip hoists.
- iii. Separate vibrating screen is installed with necessary extension of structure for dried chrome ore screening.
- iv. One Manual 5TPH indigenous Jig machine was outsourced to collect metal from -3mm slag reject material.
- v. Installation of PLC with complete setup for operation of Dryer and Raw material handling system.
- vi. Pedestal Boom Hydraulic skull breaking machine is installed for the de-skulling of MS ladles.

#### **(ii) The benefits derived like product improvement, cost reduction, product development or import substitution**

##### **I) Sugar Division:**

Nil.

##### **II) Power Division:**

##### **Power Plant (Telangana)**

- i. Modification in O&M practice of CHP-1 has improved feed coal size, Boiler performance, AHP performance etc. Cost saving is ₹54.0 Lakhs.
- ii. 73,582 L of LDO is used for pre-commissioning activities of Boiler-1 after replacement of Super heater-1, Economizer-2 & Screen coils and other AFBC Boiler cold startup activities. Cost saving by utilizing LDO in place of HSD is ₹19.59 Lakhs.
- iii. A study is made and modified the Boiler coal flow controlling procedure

for meeting low demand power export condition, which resulted in saving of fuel cost by ₹96,000/day with 4 boilers in operation & ₹49,000/day with 3 boilers in operation.

- iv. Boiler-3 is completed 1,351 days without tube leak and breakdown. Last tube leak is occurred on July 13, 2016. This is achieved with good maintenance practices carried out with the implementation of strict adherence to OEM design parameters & drawings without any deviation and with stringent quality standards.
- v. Indigenous spares are developed for STG-1 Generator rear bearing. Material Procurement cost is saved by ₹10.00 Lakhs.
- vi. Utilized discarded Unit-2 DCS spares for STG-1 DCS. Material Procurement cost is saved by ₹7.25 Lakhs.
- vii. Indigenous spares are developed for Unit-1 CW Pump-B&C, ACW pump-B discharge head. Material Procurement cost is saved by ₹4.00 Lakhs.
- viii. Boiler-1&2 PA Nozzles are repaired and reused. Material cost is saved by ₹4.00 Lakhs
- ix. Boiler-3 water wall tubes at bed zone are covered with refractory lining. Material cost and service cost is saved by ₹3.5 Lakhs.
- x. Indigenous spares are developed for Unit-2&3 BFP ARC valves. Material Procurement cost is saved by ₹1.0 Lakh.

#### Power Plant (Odisha)

- i. Improved accuracy in analysis of steam and water parameters.
- ii. Monitoring of water consumption.
- iii. Improvement in communication with field operations and reduced repairing cost.
- iv. Enhanced safety during handling of hot bed ash from boilers.
- v. Enhanced human safety during maintenance.
- vi. Improved safety and elimination of Hazard.
- vii. Improved quality of water in the water harvesting reservoir.
- viii. Enhanced safety.
- ix. Monitoring of Compressed air consumption.
- x. Supervision and monitoring the critical and unmanned areas.

### III) Ferro Alloy Division:

#### Telangana

- i. Controlled the dust emissions during GCP ash transportation.
- ii. Avoided mal-operation during operation of charge feeding equipment.
- iii. Increased reliability of the equipment.
- iv. Improved the operational performance and stability of the system.
- v. Improvement in safe operation of Forklifts.
- vi. Effective control of flue gas into the bag house.
- vii. Effective control of flue gas during cleaning cycle.
- viii. Work environment improved. Lining life is doubled with reduction in cost.

#### Odisha

- i. Replacement of Tubular feeder in Furnace-1 with gravity type fixed chute eliminated operation of feeder motors and saved 1,080 kWh of electrical energy per annum.
- ii. Replacement of Tubular feeder in Furnace-2 with gravity type fixed chute eliminated operation of feeder motors and saved 1,080 kWh of electrical energy per annum.
- iii. Replacement of Pump at Direct granulation for furnace-1 with energy efficient Pump saved 5,475 kWh of electrical energy per annum.
- iv. Replacement of 127 Nos of Metal Halide Lamps with Energy Efficient LED lamps in plant areas, resulting in saving of 1,03,280 kWh of electrical energy per annum.
- v. Cast steel ladles are replaced with M.S castable refractory lined ladles for collection of hot metal resulted in saving of ₹15.00 lakhs/annum.
- vi. The mechanical tripping trollies bodies are modified. Hydraulic tilting cylinder arrangement is made with all necessary changes in Tractor hydraulic system as a result the net cost saving is ₹10.00 lakhs/year.
- vii. For Apic Jig machine in MRP, developed paddles through M/s. Tega Industries, Kolkata and absolute encoders from Leine & Linde as an import substitution and resulted in saving of ₹2.00 lakhs.

#### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

##### I. Sugar Division/Power Division / Ferro Alloy Division:

- (a) The details of technology imported : Nil



- (b) The year of import : Not Applicable
- (c) Whether the technology been fully absorbed : Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Not Applicable

**(iv) The expenditure incurred on Research and Development**

**I. Sugar Division, AP / Ferro Alloy Division (Telangana):**

Nil.

**II. Power Division – Telangana**

Nil.

**III. Power Division – Odisha**

Nil.

**IV. Ferro Alloy Division – Odisha**

- i. Chrome ore bricks manufacturing using cement as binder – ₹3.00 lakhs.
- ii. Crushing and screening of MRP reject slag chips to -10mm to collect metal – ₹0.50 Lakhs.
- iii. Jigging of MRP reject slag fines by engaging outsourced services along with Jigging machinery – ₹20.00 lakhs.
- iv. Ladle lining for improvement of life – ₹15.00 lakhs.

(₹ in lakhs)

<b>(C) FOREIGN EXCHANGE EARNINGS AND OUTGO</b>	<b>Current Year 31.03.2020</b>	<b>Previous Year 31.03.2019</b>
Foreign Exchange Outgo:		
i. CIF value of Imports	17,726.62	18,995.59
ii. Interest	472.87	972.22
iii. Others	59.11	75.73
Foreign exchange Earnings at FOB Value		
i. Export of Goods	23,931.49	28,300.32
ii. Others	9,334.35	9,629.76

For and on behalf of the Board

**P. Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D. Ashok**  
Chairman  
DIN : 00006903

Place : Hyderabad  
Date : June 26, 2020

## Annexure - 3

### Annual Report on Corporate Social Responsibility (CSR) Activities (Pursuant to Rule 8 of Companies [Corporate Social Responsibility Policy] Rules, 2014)

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The Company endeavors to <ul style="list-style-type: none"> <li>• provide learning and acquiring knowledge through measures including formal schools;</li> <li>• provide health care services through measures including preventive health care; and</li> <li>• provide livelihood through measures including vocational training.</li> </ul>		
	Web-link:	<a href="https://www.nbventures.com/csr-programmes/">https://www.nbventures.com/csr-programmes/</a>		
2.	Composition of the CSR Committee	Mr. D Ashok	Chairman of the Company	Chairman
		Dr. D Nageswara Rao	Independent director	Member
		Mr. K Durga Prasad	Independent director	Member
3.	Average net profit of the Company for last three financial years	₹20,278 lakhs		
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹405.57 lakhs		
5.	Details of CSR spend during the financial year	a. Total amount spent for the financial year : ₹4,17,96,000/- b. Amount unspent, if any : Nil c. Manner in which the amount spent during the financial year: Statement attached		
6.	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report	Please refer to Item No.5 (b) above		
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company		

Place : Hyderabad  
Date : June 26, 2020

**Sultan A. Baig**  
Chief Financial Officer

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D Ashok**  
Chairman of C.S.R Committee  
DIN: 00006903

**CSR Projects / Programs, budget allocation together with modalities of execution for 2019-20: Status as on March 31, 2020**

(In ₹)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken		Outlay (budget) project or program wise (₹Lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Over-heads	Cumulative Expenditure up to the date of reporting period	Amount spent directly or through implementing agency
			Project or Program	Local Area or other				
<b>HEALTH</b>								
1	Health Campaign in areas surrounding Paloncha	(i) Promoting preventive health care	Program	Erragunta, Jaguthanda, Gandhinagar, Sekharambanjara, Palakoyyathanda & Sanjainagar, Paloncha (Md), Bhadradi Kothagudem (Dt.)	6.00	6,04,174.37	6,04,174.37	Direct
2	Safe drinking water plant at Kothagudem	(i) making available safe drinking water	Project	Kothagudem, Bhadradi Kothagudem (Dt.)	13.00	11,96,732.62	11,96,732.62	Direct
3	Equipment to Nava Bharat Eye Centre, Paloncha	(i) Promoting preventive health care	Project	Paloncha, Bhadradi Kothagudem (Dt.)	10.76	10,76,500.00	10,76,500.00	LVPEI, Hyderabad
4	Prevention of Malaria & Dengue in Periphery Villages	(i) Promoting preventive health care	Program	Kharagrasad, Masania, Meramandali, Similpatana P.S. Motanga	3.00	2,99,000.00	2,99,000.00	Pest Control of India, Cuttack
5	Preventive Medical Health Camp	(i) Promoting preventive health care	Program	Nadhara, Ranibania, Ranjasingha P.S. Motanga	2.00	2,02,000.00	2,02,000.00	SOVA, Dhenkanal
6	ATW machines at Kharagrasad	(i) making available safe drinking water	Program	Kharagrasad, P.S. Motanga	0.70	67,000.00	67,000.00	Direct
<b>EDUCATION</b>								
7	Free tutorials for economically backward students in Govt. schools	(ii) Promoting education	Program	Paloncha, Mulakalappally & Kothagudem mandals, Bhadradi Kothagudem (Dt.)	4.00	3,99,033.40	3,99,033.40	Direct
8	Computer faculty in Govt. Schools, Paloncha, Kothagudem	(ii) Promoting education	Program	Paloncha, Mulakalappally & Kothagudem mandals, Bhadradi Kothagudem (Dt.)	6.75	6,79,036.00	6,79,036.00	Direct
9	Nava Bharat High School, Paloncha	(ii) Promoting education	Program	Paloncha, Bhadradi Kothagudem (Dt.)	33.00	32,97,011.00	32,97,011.00	Direct

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken			Outlay (budget) project or program wise (₹Lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Over-heads	Cumulative Expenditure up to the date of reporting period	Amount spent directly or through implementing agency
			Project or Program	Local Area or other	District and State				
10	Nutritious food to students	(ii) Promoting education	Program	Paloncha, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	0.60	60,869.00	60,869.00	Direct
11	Supplementary Spoken English Program, Paloncha	(ii) Promoting education	Program	Paloncha & Kothagudem Mandals, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	4.00	4,11,447.25	4,11,447.25	Direct
12	Mobile Science Laboratory for Govt. schools in Kothagudem area	(ii) Promoting education	Program	Paloncha, Mulakalapally & Kothagudem Mandals, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	4.00	4,00,740.27	4,00,740.27	Direct
13	Science & Maths Practicals in "14" Tribal Ashram Schools	(ii) Promoting education	Program	Paloncha, Mulakalapally & Kothagudem mandals, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	18.10	18,10,250.00	18,10,250.00	Janyaa Foundation, Vijayawada
14	Construction of Toilets in Govt. Schools at Paloncha & Ramavaram	(ii) Promoting education	Project	Paloncha & Kothagudem, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	5.30	5,27,730.62	5,27,730.62	Direct
15	Supply of Dual desks in Govt. schools	(ii) Promoting education	Project	Paloncha, Kothagudem, Bhadrachalam, Burgampadu, Chandrugonda & Manuguru Mandals, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	18.20	18,33,060.00	18,33,060.00	Direct
16	Provide computer lab at Tribal welfare Ashram schools-Paloncha	(ii) Promoting education	Project	Paloncha, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	4.00	4,01,032.37	4,01,032.37	Direct
17	Provide sanitary pads to Govt. Degree college students	(ii) Promoting education	Program	Paloncha, Mulakalapally & Kothagudem Mandals, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	4.00	4,00,034.88	4,00,034.88	Direct
18	Grant in Aid to Brahmani Public School & Nimidha School	(ii) Promoting education	Program	Kharagrasad, P.S. Motanga	Dhenkanal, Odisha	5.95	5,93,000.00	5,93,000.00	Direct
19	Capacity Building of School Teachers (BPS)	(ii) Promoting education	Program	Kharagrasad, P.S. Motanga	Dhenkanal, Odisha	1.50	1,52,000.00	1,52,000.00	Direct
20	Construction of 2 Class Rooms at Brahmani Public School	(ii) Promoting education	Project	Kharagrasad, P.S. Motanga	Dhenkanal, Odisha	12.00	13,19,000.00	13,19,000.00	Direct

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken			Outlay (budget) project or program wise (₹Lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Over-heads	Cumulative Expenditure up to the date of reporting period	Amount spent directly or through implementing agency
			Project or Program	Local Area or other	District and State				
21	Toilet Block for Students (Girls & Boys) at Maa Langa Bauti High School, Sibapur in Sibapur GP	(ii) Promoting education	Project	Kharagrasad, P.S. Motanga	Dhenkanal, Odisha	5.00	5.65,000.00	5.65,000.00	Direct
22	School Renovation work at Ranjasingha UP School and supply of playing equipments to Ranjasingha Primary School	(ii) Promoting education	Project	Kharagrasad, P.S. Motanga	Dhenkanal, Odisha	1.70	1,72,000.00	1,72,000.00	Direct
23	Construction of Toilet Blocks, Main Gate at Satyam Sibam Sundaram Govt. High School, Nadhara	(ii) Promoting education	Project	Nadhara, P.S. Motanga	Dhenkanal, Odisha	5.00	5,39,000.00	5,39,000.00	Direct
24	Construction of 1 Class Room at Charadagadia UP School	(ii) Promoting education	Project	Charadagadia, P.S. Motanga	Dhenkanal, Odisha	7.00	8,00,000.00	8,00,000.00	Direct
25	Supply of Dual Bench & Desks to Periphery School where students are sitting on the floor	(ii) Promoting education	Project	Kharagrasad, Meramandali, Motanga, Charadagadia, Nadhara P.S. Motanga	Dhenkanal, Odisha	8.00	7,84,000.00	7,84,000.00	Direct
26	Mobile Science Laboratory for Periphery Schools	(ii) Promoting education	Project	Odapada Block, P.S. Motanga	Dhenkanal, Odisha	7.30	6,76,000.00	6,76,000.00	Direct
27	Construction of 2 Toilet Blocks for Students & Staff of Anchalik Higher Secondary School Masania	(ii) Promoting education	Project	Masania, P.S. Motanga	Dhenkanal, Odisha	10.00	10,40,000.00	10,40,000.00	Direct
28	Supply of Power backups for computer lab at Brahmani Public School	(ii) Promoting education	Project	Kharagrasad, P.S. Motanga	Dhenkanal, Odisha	2.70	2,51,000.00	2,51,000.00	Direct

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken			Outlay (budget) project or program wise (₹Lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Over-heads	Cumulative Expenditure up to the date of reporting period	Amount spent directly or through implementing agency
			Project or Program	Local Area or other	District and State				
29	Construction of Girls Toilet Blocks, supply of Beds, playing equipments and some repairing works at Biswakuntala Children Home	(ii) Promoting education	Project	Baladiabandha, P.S. Dhenkanal Sadar	Dhenkanal, Odisha	6.00	6,29,000.00	Direct	
30	Supply of K-YAN to Brahmani Public school, Kharagprasad	(ii) Promoting education	Project	Kharagprasad, P.S. Motanga	Dhenkanal, Odisha	1.30	1,18,000.00	Direct	
31	Distribution of Disabled aids	(ii) Differently abled persons	Program	Ranjasingha, Charadagadia G.P. Motanga	Dhenkanal, Odisha	1.00	98,000.00	Direct	
<b>LIVELIHOOD</b>									
32	Nava Bharat Vocational Institute (NBVI), Paloncha	(ii) Promoting employment enhancing vocational skills	Program	Paloncha, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	81.00	81,27,356.95	Direct	
33	Women Empowerment Centre, Paloncha	(iii) Empowering women	Program	Paloncha, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	45.00	45,53,362.62	Direct	
34	Skill Development Centre, Kharagprasad	(ii) Promoting employment enhancing vocational skills	Program	Kharagprasad, P.S. Motanga	Dhenkanal, Odisha	43.00	40,73,000.00	Direct	
<b>OTHER PROJECTS/PROGRAMS</b>									
35	Greenery development on the Highway at Paloncha	(iv) Environment sustainability	Program	Paloncha, Bhadradi Kothagudem (Dt.)	Bhadradi Kothagudem, Telangana	1.00	1,00,875.00	Direct	
36	Greenery development on the bund of Godavari canal	(iv) environment sustainability	Program	Samalkot, East Godavari	East Godavari, Andhra Pradesh	0.30	29,682.09	Direct	
37	Construction of Community Hall (size: 20 x 30 ft)	(x) Rural development projects	Project	Hussainapuram, East Godavari	East Godavari, Andhra Pradesh	7.70	5,82,220.90	Direct	

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken			Outlay (budget) project or program wise (₹Lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Over-heads	Cumulative Expenditure up to the date of reporting period	Amount spent directly or through implementing agency
			Project or Program	Local Area or other	District and State				
38	Providing of bore well at Hussainapuram village	(x) Rural development projects	Project	Hussainapuram, East Godavari	East Godavari, Andhra Pradesh	2.00	1,87,147.94	1,87,147.94	Direct
39	Maintenance of Medicinal Plants at Mahatma Gandhi Ausodhiya Aranya at Sogar, Kamakshyanagar, Dhenkanal	(iv) environment sustainability	Program	Sogar, P.S. Kamakshyanagar	Dhenkanal, Odisha	1.55	1,54,000.00	1,54,000.00	M/s. AWHAN, Dhenkanal
40	Solar lighting in village Charadagadia & Kharagprasad	(x) Rural development projects	Project	Charadagadia, P.S. Motanga	Dhenkanal, Odisha	6.00	7,15,000.00	7,15,000.00	Direct
41	Community centre at Nadhara village	(x) Rural development projects	Project	Village: Nadhara, P.S. Motanga	Dhenkanal, Odisha	8.00	8,99,000.00	8,99,000.00	Direct
<b>ADMINISTRATIVE EXPENSES</b>									
42	Administrative expenses	Salary of Chief Administrator (SD), Vehicle maintenance and fuel expenses	Program	Paloncha	Bhadradi Kothagudem Telangana	9.00	9,72,702.72	9,72,702.72	Direct
					<b>Grand Total</b>	<b>416.41</b>	<b>4,17,96,000</b>	<b>4,17,96,000</b>	

Place : Hyderabad  
Date : June 26, 2020

**Sultan A. Baig**  
Chief Financial Officer

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D Ashok**  
Chairman of C.S.R Committee  
DIN: 00006903

## Annexure - 4

### Form No. MGT- 9

Extract of Annual Return as on the Financial Year ended on March 31, 2020  
[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management & Administration ) Rules, 2014]

I	Registration and other details	
i	Corporate Identity Number (CIN) of the Company	L27101TG1972PLC001549
ii	Registration date	November 7, 1972
iii	Name of the company	Nava Bharat Ventures Limited
iv	Category/sub-category of the company	Company Limited by shares / Indian non-government
v	Address of the registered office & contact details	6-3-1109/1, Nava Bharat Chambers Raj Bhavan Road, Hyderabad - 500 082, Telangana Tel: 91 40 23403501; e-Fax: 91 80 6688 6121 E-mail: investorservices@nbv.in Website: www.nbventures.com
vi	Listed company (Yes/No)	Yes
vii	Name, address & contact details of the Registrar & transfer agent, if any	KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) Unit: Nava Bharat Ventures Limited Selenium Tower B, Plot No. 31 & 32 Financial district, Nanakramguda, Serilingampally Mandal Hyderabad - 500 032, Telangana Tel: 91 40 6716 1500, 91 40 6716 1562 Fax: 91 40 2300 1153 Mr. M.S. Madhusudhan / Mr. Mohd. Mohsinuddin E-mail: mohsin.mohd@kfintech.com; Website: kfintech.com

### II Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company are as follows:

Sl. No.	Name and description of main products/services	NIC code of the product / service	% to total turnover of the company
1	Ferro Alloys	24104	80.68
2	Power (net of inter unit sales)	35102	11.29

### III Particulars of holding, subsidiary and associate companies

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	<b>Nava Bharat (Singapore) Pte. Limited</b> 18, Duxton Hill Singapore - 089601	Not Applicable	Wholly owned subsidiary	100.00	2 (87)
2	<b>Maamba Collieries Limited</b> Head Office: P.O.Box 99, Maamba Zambia	Not Applicable	Step down subsidiary	64.69	2 (87)
3	<b>Nava Energy Pte. Limited</b> 18, Duxton Hill Singapore - 089601	Not Applicable	Wholly owned subsidiary	100.00	2 (87)



Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
4	<b>Nava Energy Zambia Limited</b> Izuma House, P.O. Box 99, Maamba Zambia	Not Applicable	Step down subsidiary	100.00	2 (87)
5	<b>Nava Agro Pte. Limited</b> 18, Duxton Hill Singapore - 089601	Not Applicable	Wholly owned subsidiary	100.00	2 (87)
6	<b>Kawambwa Sugar Limited</b> 20849, Alick Nkata Road Mass Media Lusaka Province, Lusaka, Zambia	Not Applicable	Step down subsidiary	100.00	2 (87)
7	<b>Nava Holding Pte. Limited</b> 18 Duxton Hill Singapore - 089601	Not Applicable	Wholly owned subsidiary	100.00	2(87)
8	<b>Tiash Pte. Limited</b> 18 Duxton Hill Singapore - 089601	Not Applicable	Step down subsidiary	65.00	2(87)
9	<b>Compai Pharma Pte. Limited</b> 18 Duxton Hill Singapore - 089601	Not Applicable	Step down subsidiary	65.00	2(87)
10	<b>TIS Pte. Limited</b> 18 Duxton Hill Singapore - 089601	Not Applicable	Step down subsidiary	65.00	2(87)
11	<b>The Iron Suites Pte. Limited</b> 160, Robinson Road # 04-11, Spore Business Federation Ctr Singapore - 068914	Not Applicable	Step down subsidiary	58.50	2(87)
12	<b>Compai Healthcare Sdn, Bhd</b> Suite 501, Block B, Pusat Dagangan Phileo Damansara II, No.15, Jalan 16/11 of Jalan Damansara, 43650, Petaling Jaya, Selangor Darul Ehsan, Malaysia	Not Applicable	Step down subsidiary	65.00	2(87)
13	<b>Kinta Valley Mining Resources SDN. BHD.</b> Suite 501, Phileo Damansara 11, Petaling Jaya Selangor, Malaysia	Not Applicable	Step down subsidiary	100.00	2(87)
14	<b>Nava Bharat Projects Limited</b> 6-3-1109/1, Nava Bharat Chambers Raj Bhavan Road Hyderabad – 500 082, Telangana	U70102TG2007PLC052362	Wholly owned subsidiary	100.00	2 (87)
15	<b>Nava Bharat Energy India Limited</b> 6-3-1109/1, Nava Bharat Chambers Raj Bhavan Road Hyderabad – 500 082, Telangana	U40106TG2008PLC058560	Subsidiary	100.00	2 (87)
16	<b>Brahmani Infratech Private Limited</b> 6-3-1109/1, Nava Bharat Chambers Raj Bhavan Road Hyderabad – 500 082, Telangana	U40109TG1999PTC032289	Subsidiary	65.74	2 (87)
17	<b>Kinnera Power Company Private Limited</b> 6-3-1109/1, Nava Bharat Chambers Raj Bhavan Road Hyderabad – 500 082, Telangana	U40100TG1993PTC016204	Associate	26.00	2 (6)

Note: Kinta Valley Mining Resources SDN. BHD. filed an application for striking-off of the Company on March 31, 2020.

**IV Shareholding pattern [Equity share capital break-up as a percentage of total equity]**
**i) Category-wise shareholding**

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat (III)	Physical (IV)	Total (V)	% of total shares (VI)	Demat (VII)	Physical (VIII)	Total (IX)	% of total shares (X)	
<b>(II)</b>	<b>(II)</b>									
<b>A. Promoter and Promoter Group</b>										
(1)	Indian									
(a)	Individual / HUF	3,12,83,646	0	3,12,83,646	17.52	3,18,91,223	0	3,18,91,223	18.10	0.58
(b)	Central government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies corporate	3,90,55,291	0	3,90,55,291	21.87	3,97,53,078	0	3,97,53,078	22.56	0.69
(e)	Bank/Financial institutions	0	0	0	0.00	0	0	0	0.00	0.00
	Any other - Trust									
(f)	Nav Energy Private Limited [Holding shares of the company (NBVL) for the benefit of the company (NBVL)]	99,47,020	0	99,47,020	5.57	99,47,020	0	99,47,020	5.64	0.07
<b>Sub-total (A) (1)</b>		<b>8,02,85,957</b>	<b>0</b>	<b>8,02,85,957</b>	<b>44.96</b>	<b>8,15,91,321</b>	<b>0</b>	<b>8,15,91,321</b>	<b>46.30</b>	<b>1.34</b>
<b>(2) Foreign</b>										
(a)	NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b)	Other Individuals	0	0	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(d)	Banks / Financial institutions	0	0	0	0	0	0	0	0	0
(e)	Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of promoter and promoter group (A) = (A)(1)+(A)(II)</b>		<b>8,02,85,957</b>	<b>0</b>	<b>8,02,85,957</b>	<b>44.96</b>	<b>8,15,91,321</b>	<b>0</b>	<b>8,15,91,321</b>	<b>46.30</b>	<b>1.34</b>
<b>B. Public Shareholding</b>										
<b>(1) Institutions</b>										
(a)	Mutual funds	1,61,78,944	0	1,61,78,944	9.06	1,67,77,012	0	1,67,77,012	9.52	0.46
(b)	Banks / Financial institutions	1,44,777	3,410	1,48,187	0.08	1,18,964	3,410	1,22,374	0.07	-0.01
(c)	Central government	0	0	0	0.00	0	0	0	0.00	0
(d)	State government(s)	0	0	0	0.00	0	0	0	0.00	0
(e)	Venture capital funds	0	0	0	0.00	0	0	0	0.00	0
(f)	Insurance companies	0	0	0	0.00	0	0	0	0.00	0
(g)	Foreign portfolio corp	2,11,04,903	0	2,11,04,903	11.82	2,09,15,961	0	2,09,15,961	11.87	0.05
(h)	Foreign venture capital funds	0	0	0	0.00	0	0	0	0.00	0
(i)	Any other	0	0	0	0.00	0	0	0	0.00	0
<b>Sub-total (B)(1)</b>		<b>3,74,28,624</b>	<b>3,410</b>	<b>3,74,32,034</b>	<b>20.96</b>	<b>3,78,11,937</b>	<b>3,410</b>	<b>3,78,15,347</b>	<b>21.46</b>	<b>0.50</b>

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat (III)	Physical (IV)	Total (V)	% of total shares (VI)	Demat (VII)	Physical (VIII)	Total (IX)	% of total shares (X)	
(1)	(II)									
(2)	<b>Non-Institutions</b>									
	(a) Bodies corporate									
	i) Indian	67,79,341	680	67,80,021	3.80	44,83,988	680	44,84,668	2.54	-1.26
	ii) Overseas	0	0	0	0.00	0	0	0	0.00	0
	(b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 lakh	2,18,10,029	8,13,132	2,26,23,161	12.67	2,07,08,766	7,39,030	2,14,47,796	12.17	-0.50
	ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2,48,38,560	1,78,500	2,50,17,060	14.01	2,43,66,630	1,78,500	2,45,45,130	13.93	-0.08
	(c) Any other									
	i) Unclaimed shares suspense account	8,66,665	0	8,66,665	0.49	8,15,810	0	8,15,810	0.46	-0.03
	ii) Directors and relatives	8,51,317	0	8,51,317	0.48	8,28,657	0	8,28,657	0.47	-0.01
	iii) Nava Bharat Ventures employee welfare trust - held by the Trustee - Barclays Wealth Trustees India Private Limited	28,00,000	0	28,00,000	1.57	28,00,000	0	28,00,000	1.59	0.02
	iv) Clearing members	1,46,906	0	1,46,906	0.08	1,58,812	0	1,58,812	0.09	0.01
	v) Trusts	72,372	0	72,372	0.04	72,372	0	72,372	0.04	0.00
	vi) Non Resident Indians									
	(a) Repatriation	8,59,425	5,240	8,64,665	0.48	6,67,786	5,240	6,73,026	0.38	-0.10
	(b) Non Repatriation	4,35,343	0	4,35,343	0.24	5,62,292	0	5,62,292	0.32	0.08
	vii) Foreign Nationals	0	0	0	0	0	0	0	0.00	0.00
	viii) NBFC	17,375	0	17,375	0.01	12,100	0	12,100	0.01	0.00
	ix) IEPF	3,20,591	0	3,20,591	0.18	3,72,674	0	3,72,674	0.21	0.03
	x) Alternative Investment funds	62,015	0	62,015	0.03	37,015	0	37,015	0.02	-0.01
	<b>Sub-total (B)(2)</b>	<b>5,98,59,939</b>	<b>9,97,552</b>	<b>6,08,57,491</b>	<b>34.08</b>	<b>5,58,86,902</b>	<b>9,23,450</b>	<b>5,68,10,352</b>	<b>32.24</b>	<b>-1.84</b>
	<b>Total public shareholding (B) = (B)(1)+(B)(2)</b>	<b>9,72,88,563</b>	<b>10,00,962</b>	<b>9,82,89,525</b>	<b>55.04</b>	<b>9,36,98,839</b>	<b>9,26,860</b>	<b>9,46,25,699</b>	<b>53.70</b>	<b>-1.34</b>
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL(A+B+C)</b>	<b>17,75,74,520</b>	<b>10,00,962</b>	<b>17,85,75,482**</b>	<b>100.00</b>	<b>17,52,90,160</b>	<b>9,26,860</b>	<b>17,62,17,020**</b>	<b>100.00</b>	

\* Nava Bharat Ventures Employee Welfare Trust: Shares held by the Trustee - Barclays Wealth Trustees India Private Limited - held 28,00,000 equity shares (1.59%), which is an employee benefit trust as per SEBI(Share Based Employee Benefits) Regulations, 2014 and is a non-promoter & non public category.

\*\* During FY 2019-20, 23,58,462 equity shares were bought back. Hence, the paid-up capital was reduced from 17,85,75,482 equity shares to 17,62,17,020 equity shares. As such the percentages are not comparable.

(ii) Shareholding of promoter (including promoter group)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of shares	% of total shares of the company	% of shares pledged or encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged or encumbered to total shares	
	<b>Individuals</b>							
(1)	Mr. Ashok Devineni	22,26,000	1.25	0	22,26,000	1.26	0	0.01
(2)	Mrs.Ramaa Devineni	5,23,230	0.29	0	5,23,230	0.30	0	0.01
(3)	Mr. Ashwin Devineni	35,65,212	2.00	0	41,72,789	2.37	0	0.37
(4)	Mr. Devineni Nikhil	25,50,000	1.43	0	25,50,000	1.45	0	0.02
(5)	Mrs.Bhaktapriya Devineni	98,02,900	5.49	0	98,02,900	5.56	0	0.07
(6)	Dr. Rajasekhar Devineni jointly with Mr.Ashok Devineni	15,630	0.01	0	15,630	0.01	0	0.00
(7)	Mrs.Nilima Alluri	10,50,000	0.59	0	10,50,000	0.60	0	0.01
(8)	Mr.Trivikrama Prasad Pinnamaneni	38,50,488	2.15	0	38,50,488	2.19	0	0.04
(9)	Mr. Trivikrama Prasad Pinnamaneni(HUF)	7,02,630	0.39	0	7,02,630	0.40	0	0.01
(10)	Mrs.Rajashree Pinnamaneni	69,97,556	3.92	0	69,97,556	3.97	0	0.05
<b>Total</b>		<b>3,12,83,646</b>	<b>17.52</b>	<b>0</b>	<b>3,18,91,223</b>	<b>18.10</b>	<b>0</b>	<b>0.58</b>
	<b>Bodies Corporate</b>							
(11)	Nav Developers Limited	1,60,93,517	9.01	0	1,60,93,517	9.13	0	0.12
(12)	A. N. Investments Private Limited	92,88,074	5.20	0	94,79,825	5.38	0	0.18
(13)	S. R. T. Investments Private Limited	70,87,000	3.97	0	73,19,756	4.15	0	0.18
(14)	A9 Homes Private Limited	22,64,000	1.27	0	24,14,000	1.37	0	0.10
(15)	V9 Avenues Private Limited	22,19,980	1.24	0	22,19,980	1.26	0	0.02
(16)	AV Dwellings Private Limited	21,02,720	1.18	0	22,26,000	1.26	0	0.08
<b>Total</b>		<b>3,90,55,291</b>	<b>21.87</b>	<b>0</b>	<b>3,97,53,078</b>	<b>22.56</b>	<b>0</b>	<b>0.69</b>
	<b>Trust</b>							
(17)	Nav Energy Private Limited [Holding shares of the company (NBVL) for the benefit of the company (NBVL)]	99,47,020	5.57	0	99,47,020	5.64	0	0.07
<b>Total</b>		<b>99,47,020</b>	<b>5.57</b>	<b>0</b>	<b>99,47,020</b>	<b>5.64</b>	<b>0</b>	<b>0.07</b>
<b>GRAND TOTAL</b>		<b>8,02,85,957</b>	<b>44.96</b>	<b>0</b>	<b>8,15,91,321</b>	<b>46.30</b>	<b>0</b>	<b>1.34</b>

The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of SEBI(SAST) Regulations, 2011.

(iii) Change in promoters' (including promoter group) shareholding (specify if there is no change)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
(1)	Mr. Ashok Devineni				
	At the beginning of the year	22,26,000	1.25	22,26,000	1.25
	At the end of the year			22,26,000	1.26
(2)	Mrs. Ramaa Devineni				
	At the beginning of the year	5,23,230	0.29	5,23,230	0.29
	At the end of the year			5,23,230	0.30
(3)	Mr. Ashwin Devineni				
	At the beginning of the year	35,65,212	2.00	35,65,212	2.00
	Acquisition during the year (after buyback of shares)*	6,07,577	0.34	41,72,789	2.37
	At the end of the year			41,72,789	2.37
(4)	Mr. Devineni Nikhil				
	At the beginning of the year	25,50,000	1.43	25,50,000	1.43
	At the end of the year			25,50,000	1.45
(5)	Mrs. Bhaktapriya Devineni				
	At the beginning of the year	98,02,900	5.49	98,02,900	5.49
	At the end of the year			98,02,900	5.56
(6)	Dr. Rajasekhar Devineni				
	At the beginning of the year	15,630	0.01	15,630	0.01
	At the end of the year			15,630	0.01
(7)	Mrs. Nilima Alluri				
	At the beginning of the year	10,50,000	0.59	10,50,000	0.59
	At the end of the year			10,50,000	0.60
(8)	Mr. Trivikrama Prasad Pinnamaneni				
	At the beginning of the year	38,50,488	2.15	38,50,488	2.15
	At the end of the year			38,50,488	2.19
(9)	Mr. Trivikrama Prasad Pinnamaneni (HUF)				
	At the beginning of the year	7,02,630	0.39	7,02,630	0.39
	At the end of the year			7,02,630	0.40
(10)	Mrs. Rajashree Pinnamaneni				
	At the beginning of the year	69,97,556	3.92	69,97,556	3.92
	At the end of the year			69,97,556	3.97
(11)	Nav Developers Limited				
	At the beginning of the year	1,60,93,517	9.01	1,60,93,517	9.01
	At the end of the year			1,60,93,517	9.13
(12)	A N Investments Private Limited				
	At the beginning of the year	92,88,074	5.20	92,88,074	5.20
	Acquisition during the year (after buyback of shares)*	1,91,751	0.11	94,79,825	5.38
	At the end of the year			94,79,825	5.38
(13)	S R T Investments Private Limited				
	At the beginning of the year	70,87,000	3.97	70,87,000	3.97
	Acquisition during the year (after buyback of shares)*	2,32,756	0.13	73,19,756	4.15
	At the end of the year			73,19,756	4.15
(14)	A9 Homes Private Limited				
	At the beginning of the year	22,64,000	1.27	22,64,000	1.27
	Acquisition during the year (after buyback of shares)*	1,50,000	0.09	24,14,000	1.37
	At the end of the year			24,14,000	1.37

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
(15)	A V Dwellings Private Limited				
	At the beginning of the year	21,02,720	1.18	21,02,720	1.18
	Acquisition during the year (after buyback of shares)*	1,23,280	0.07	22,26,000	1.26
	At the end of the year			22,26,000	1.26
(16)	V9 Avenues Private Limited				
	At the beginning of the year	22,19,980	1.24	22,19,980	1.24
	At the end of the year			22,19,980	1.26
(17)	Trust: Nav Energy Private Limited (Holding shares of the company [NBVL] for the benefit of the company [NBVL])				
	At the beginning of the year	99,47,020	5.57	99,47,020	5.57
	At the end of the year			99,47,020	5.64

\*The reason for increase in Promoters' (Sl. Nos. 3, 12, 13, 14, 15) shareholding during the year is due to acquisition from the market.

**(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoter including promoter group & Holders of GDRs & ADRs)**

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
(1)	IDFC Core Equity Fund (Previously: IDFC Classic Equity Fund)				
	At the beginning of the year	90,07,591	5.04	90,07,591	5.04
	Sale during the year - before buyback of shares	(5,59,217)	(0.31)	84,48,374	4.73
	Acquisition during the year - before buyback of shares	5,84,000	0.33	90,32,374	5.06
	Acquisition during the year - after buyback of shares	80,000	0.05	91,12,374	5.17
	At the end of the year			91,12,374	5.17
(2)	UTI Core Equity Fund (Previously: UTI - Top 100 Fund)				
	At the beginning of the year	71,31,294	3.99	71,31,294	3.99
	Acquisition during the year - before buyback of shares	4,86,107	0.27	76,17,401	4.27
	Sale during the year - before buyback of shares	(5,02,607)	(0.28)	71,14,794	3.98
	Acquisition during the year - after buyback of shares	5,17,826	0.29	76,32,620	4.33
	Sale during the year - after buyback of shares	(3,22,125)	(0.18)	73,10,495	4.15
	At the end of the year			73,10,495	4.15
(3)	Morgan Stanley Asia (Singapore) Pte				
	At the beginning of the year	42,22,968	2.36	42,22,968	2.36
	Sale during the year - before buyback of shares	(1,163)	(0.00)	42,21,805	2.36
	Sale during the year - after buyback of shares	(42,21,805)	(2.40)	0	0.00
	At the end of the year			0	0.00

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
(4)	Retail Employees Superannuation PTY Ltd as Trustee for Retail Employees Superannuation Trust				
	At the beginning of the year	34,32,572	1.92	34,32,572	1.92
	Sale during the year- before buyback of shares	(50,766)	(0.03)	33,81,806	1.89
	At the end of the year			33,81,806	1.92
(5)	Nava Bharat Ventures Employee Welfare Trust through its Trustee – Barclays Wealth Trustees India Private Limited				
	At the beginning of the year	28,00,000	1.57	28,00,000	1.57
	At the end of the year			28,00,000	1.59
(6)	Sunitha Vemulapalli				
	At the beginning of the year	20,16,630	1.13	20,16,630	1.13
	At the end of the year			20,16,630	1.14
(7)	East Bridge Capital Master Fund Limited				
	At the beginning of the year	18,15,676	1.02	18,15,676	1.02
	At the end of the year			18,15,676	1.03
(8)	J.Caird Investors (Bermuda) L.P.				
	At the beginning of the year	16,74,555	0.94	16,74,555	0.94
	Acquisition during the year - before buyback of shares	18,819	0.01	16,93,374	0.95
	Acquisition during the year - after buyback of shares	1,74,954	0.10	18,68,328	1.06
	At the end of the year			18,68,328	1.06
(9)	J. Caird Partners, L.P.				
	At the beginning of the year	15,30,643	0.86	15,30,643	0.86
	Acquisition during the year - before buyback of shares	2,875	0.00	15,33,518	0.86
	Acquisition during the year - after buyback of shares	6,410	0.00	15,39,928	0.87
	At the end of the year			15,39,928	0.87
(10)	East Bridge Capital Master Fund I Limited				
	At the beginning of the year	0	0.00	0	0.00
	Acquisition during the year - after buyback of shares	42,35,574	2.40	42,35,574	2.40
	At the end of the year			42,35,574	2.40
(11)	Kanumilli Rajasri				
	At the beginning of the year	9,80,808	0.55	9,80,808	0.55
	At the end of the year			9,80,808	0.56
(12)	HARTFORD INTERNATIONAL EQUITY FUND				
	At the beginning of the year	9,19,094	0.51	9,19,094	0.51
	Acquisition during the year - after buyback of shares	3,34,988	0.19	12,54,082	0.71
	At the end of the year			12,54,082	0.71

Note:

- The shares of the Company are traded on daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number(PAN) of the shareholder.
- During FY 2019-20, 23,58,462 equity shares were bought back. Hence, the paid-up capital was reduced from 17,85,75,482 equity shares to 17,62,17,020 equity shares. As such the percentages are not comparable.

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mr. Ashok Devineni				
	At the beginning of the year	22,26,000	1.25	22,26,000	1.25
	At the end of the year			22,26,000	1.26
2	Mr. Trivikrama Prasad Pinnamaneni				
	At the beginning of the year	38,50,488	2.15	38,50,488	2.15
	At the end of the year			38,50,488	2.19
	Mr. Trivikrama Prasad Pinnamaneni (HUF)				
	At the beginning of the year	7,02,630	0.39	7,02,630	0.39
	At the end of the year			7,02,630	0.40
3	Mr. Ashwin Devineni				
	At the beginning of the year	35,65,212	2.00	35,65,212	2.00
	Acquisition during the year - after buyback of shares	6,07,577	0.34	41,72,789	2.37
	At the end of the year			41,72,789	2.37
4	Mr. GRK Prasad				
	At the beginning of the year	65,172	0.04	65,172	0.04
	At the end of the year			65,172	0.04
5	Mr. CV Durga Prasad				
	At the beginning of the year	1,41,830	0.08	1,41,830	0.08
	At the end of the year			1,41,830	0.08
6	Mr. Kode Durga Prasad				
	At the beginning of the year	2,700	0.00	2,700	0.00
	At the end of the year			2,700	0.00
7	Mr. A. Indra Kumar (HUF)				
	At the beginning of the year	2,62,480	0.15	2,62,480	0.15
	At the end of the year			2,62,480	0.15
8	Mrs. B. Shanti Sree*				
	As on the date of appointment	7,500	0.00	7,500	0.00
	At the end of the year			7,500	0.00
9	Mr. Sultan Amir Baig**				
	As on the date of appointment	21,012	0.01	21,012	0.01
	At the end of the year			21,012	0.01

\* Appointed as Additional and Independent Director with effect from October 30, 2019.

\*\* Appointed as Chief Financial Officer with effect from January 30, 2020.

Hence shareholding details of both the Director and CFO have been disclosed with effect from those dates.



## V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	320,36,84,385	-	-	320,36,84,385
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>320,36,84,385</b>	<b>-</b>	<b>-</b>	<b>320,36,84,385</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	84,51,86,469	-	-	84,51,86,469
Reduction	(108,24,51,506)	-	-	(108,24,51,506)
Net change	(23,72,65,037)	-	-	(23,72,65,037)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	296,64,19,348	-	-	296,64,19,348
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23,32,366	-	-	23,32,366
<b>Total (i+ii+iii)</b>	<b>296,87,51,714</b>	<b>-</b>	<b>-</b>	<b>296,87,51,714</b>

## VI Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole time director and / or Manager:

(Amount in ₹)

Sl. No.	Particulars of remuneration	Name of the MD/WTD/Manager					Total
		Mr. D Ashok	Mr. P Trivikrama Prasad	Mr. D Ashwin	Mr. GRK Prasad	Mr. CV Durga Prasad	
	<b>Gross salary</b>						
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,71,10,000	1,71,10,000	-	3,05,30,000	2,45,30,000	8,92,80,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	14,95,328	14,35,913	-	19,82,660	20,52,446	69,66,347
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission as % of profit	4,29,01,096	4,29,01,096	-	-	-	8,58,02,192
	others (specify)	-	-	-	-	-	-
5	Others, please specify						
	Personal Accident Insurance premium	6,450	6,450	-	2,850	2,850	18,600
	Employer's PF Contribution	11,52,000	11,52,000	-	16,56,000	16,56,000	56,16,000
	Gratuity provision	4,61,538	4,61,538	-	20,48,077	20,48,077	50,19,230
	EL Provision	-	-	-	9,00,000	9,00,000	18,00,000
	<b>Total (A)</b>	<b>6,31,26,412</b>	<b>6,30,66,997</b>	<b>-</b>	<b>3,71,19,587</b>	<b>3,11,89,373</b>	<b>19,45,02,369</b>
	<b>Ceiling as per the Act</b>						<b>21,45,05,480</b>

**B. Remuneration to other directors:**

(Amount in ₹)

Sl. No.	Particulars of remuneration	Name of the Directors						Total
		Dr. D Nageswara Rao	Dr. CV Madhavi*	Mr. K Durga Prasad	Mr. GP Kundargi	Mr. A Indra-kumar	CA B. Shanti Sree**	
1	Independent Directors							
	(a) Fee for attending board committee meetings	2,75,000	15,000	3,45,000	1,55,000	2,60,000	75,000	11,25,000
	(b) Commission	5,23,755	1,84,602	5,23,755	5,23,755	5,23,755	2,20,378	25,00,000
	(c) Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>7,98,755</b>	<b>1,99,602</b>	<b>8,68,755</b>	<b>6,78,755</b>	<b>7,83,755</b>	<b>2,95,378</b>	<b>36,25,000</b>
2	Other Non Executive Directors	NA						
	(a) Fee for attending board committee meetings							
	(b) Commission							
	(c) Others, please specify							
	<b>Total (2)</b>							-
	<b>Total (B)=(1+2)</b>	<b>7,98,755</b>	<b>1,99,602</b>	<b>8,68,755</b>	<b>6,78,755</b>	<b>7,83,755</b>	<b>2,95,378</b>	<b>36,25,000</b>
<b>Total Managerial Remuneration</b>							<b>19,70,02,369</b>	
<b>Overall Ceiling as per the Act</b>							<b>23,59,56,028</b>	

\* Dr. CV Madhavi retired from the office of directorship with effect from August 8, 2019.

\*\* CA B. Shanti Sree appointed as Independent Director with effect from October 30, 2019.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Amount in ₹)

Sl. No.	Particulars of remuneration	Key Managerial Personnel			Total
		Mr. T Hari Babu Chief Financial Officer (upto January 29, 2020)	Mr. Sultan A. Baig Chief Financial Officer (w.e.f January 30, 2020)	Mr. VSN Raju Company Secretary & Vice President	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	62,92,479	14,12,129	67,33,560	1,44,38,168
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	as % of profit	-	-	-	-
5	others, specify	-	-	-	-
	Others, please specify				
	Personal Accident Insurance premium	2,050	-	2,050	4,100
	Employer's PF Contribution	3,17,269	74,323	3,71,205	7,62,797
	Contribution to National Pension Scheme	-	61,935	1,54,669	2,16,604
<b>Total</b>		<b>66,11,798</b>	<b>15,48,387</b>	<b>73,01,084</b>	<b>1,54,61,269</b>

**VII Penalties / Punishment / Compounding of Offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. Other Officers in default</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

**P. Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D. Ashok**  
Chairman  
DIN : 00006903

Place : Hyderabad  
Date : June 26, 2020

## ANNEXURE - 5

### Form AOC-2

Disclosure of Particulars of Contracts / Arrangements entered into by the Company with Related Parties referred to in Sub Section (1) of Section 188 of the Companies Act, 2013 (Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

#### 1. Details of contracts or arrangement or transactions at arm's length basis:

S. No	Name of the Related Party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mr. Ashwin Devineni, Chief Executive Officer of the Company S/o. Mr. D Ashok, Chairman of the Company	Revision of remuneration to Mr. Ashwin Devineni, Managing Director of Nava Bharat (Singapore) Pte. Ltd., subsidiary of the Company	5 years	Remuneration of US\$ 1,596,732 per annum. The terms of employment and remuneration of Mr. Ashwin Devineni may be varied from time to time by the Company based on his performance evaluation, and in accordance with the Company's Remuneration Policy and other applicable/ relevant policies and not exceeding such limits as may be prescribed in such policies	29.05.2019	NIL
2	Nava Bharat Energy India Limited Subsidiary	Charge lease rent, collect utility management charges and consideration for the sale of fly ash bricks or any other materials or goods	N.A	Extending all necessary facilities or utilities to the Company's Subsidiary and charge the lease rent, collect utility management charges and consideration for the sale of fly ash bricks or any other materials or goods at such price not exceeding ₹50 crores per annum	30.05.2014	NIL
3	Dr. D. Rajasekhar Brother of Mr. D. Ashok, Chairman	Rent paid for the Registered Office of the Company at 3 <sup>rd</sup> Floor of 'Nava Bharat Chambers' for 3016 sft.	N.A.	Rent paid per Month ₹1,13,400/- (exclusive of Good and Services Tax)	27.05.1995	NIL
4	Maamba Collieriers Ltd. (MCL) Step down subsidiary	Lease rent earned for office space of 1,300 sft. and stock yard of 6,300 sft. of the Company's property situated at survey nos. 617/3 to 617/13, Road no.7, IDA, Nacahram, Hyderabad-500076	N.A	Lease rent earned for FY 2019-20 is ₹3.35 lakhs	29.05.2019	NIL
5	Maamba Collieriers Ltd. Step down Subsidiary	Staff support services rendered for 300MW power plant of MCL by the Company	N.A	Payment for staff support services received by the Company for FY 2019-20 is ₹52.92 lakhs	29.05.2019	NIL
6	Kawambwa Sugar Limited Step down Subsidiary	Staff support services rendered to Kawambwa Sugar Limited by the Company	N.A	Payment for staff support services received by the Company for FY 2019-20 is ₹20.22 lakhs	29.05.2019	NIL

The Board approved the above transactions at their meetings and the same were also approved by the shareholders, wherever required.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

S. No	Name of the Related Party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Nava Energy Pte. Ltd. (NEPL) Wholly owned subsidiary	Guarantee Commission on Corporate Guarantees @ 2.00%	N.A.	The income on account of guarantee commission is ₹547.06 lakhs.	N.A	NIL
2	Nava Energy Pte. Ltd. (NEPL) Wholly owned subsidiary	Rendering technical support (O&M) services to NEPL	N.A.	Technical support (O&M) services amounting ₹7,250.35 lakhs.	N.A	NIL
3	Nava Bharat Energy India Limited (NBEIL) Subsidiary	Interest Income on Inter Corp Loan given to Company's subsidiary NBEIL.	N.A	Inter corporate loan given to Company's subsidiary NBEIL was ₹15,500 lakhs and interest income on the same was ₹1,566.71 lakhs.	09.08.2017	NIL
4	Nava Bharat Energy India Limited (NBEIL) Subsidiary	Corporate Guarantee in favour of Indus Ind Bank Ltd for the loans being availed by NBEIL	NA	Corporate Guarantee of ₹7,000.00 lakhs in favour of Indus Ind Bank Ltd for the loans being availed by Nava Bharat Energy India Limited.	30.10.2019	NIL

*The Board approved the above transactions at their meetings and the same were also approved by the shareholders.*

For and on behalf of the Board

Place : Hyderabad  
Date : June 26, 2020

**P Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D Ashok**  
Chairman  
DIN : 00006903

# ANNEXURE - 6

## Particulars of Loans, Guarantees or Investments during the FY 2019-20 under Section 186 of the Companies Act, 2013

Nature of transaction (whether loan / guarantee / security / acquisition)	Purpose	Date of making loan / acquisition / giving guarantee / providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (listed/unlisted entities)	Amount of loan / security / acquisition / guarantee ₹ in lakhs	Time period for which it is made / given	Date of passing of Board Resolution	For Loans	
							Rate of Interest	Date of maturity
Corporate Guarantee	For export of sugar	27.03.2020	E.I.D. Parry (India) Limited Dare House, 234, NSC Bose Road, Chennai – 600001	257.78	--	29.05.2019	--	--
Corporate Guarantee	For the purpose of securing the credit facilities granted/to be granted to Nava Bharat Energy India Limited by Indusind Bank Limited	20.12.2019	Corporate Guarantee in favour of Indusind Bank Limited 2401, Gen. Thimmaya Road, Cantonment, Pune - 411 001	7,000.00	--	30.10.2019	--	--
Acquisition of equity shares	For making investments in ongoing projects, taken up by the subsidiaries	10.07.2019 & 09.12.2019	Nava Holding Pte. Limited 18 Duxton Hill Singapore - 089601	703.54	--	18.08.2017	--	--
Acquisition of equity shares		16.05.2019, 09.09.2019 & 25.09.2019	Nava Bharat (Singapore) Pte. Limited 18, Duxton Hill Singapore - 089601	1,412.75	--	24.03.2018 & 08.08.2019	--	--

**Note:** The aggregate investments made as on March 31, 2020 has been provided in the financial statement vide Note No. 6.

For and on behalf of the Board

**P Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D Ashok**  
Chairman  
DIN : 00006903

Place : Hyderabad  
Date : June 26, 2020

# ANNEXURE - 7

## Management Discussion and Analysis

### Industry Structure and Developments

#### The Global Economy

In the world over, Covid-19 is undoubtedly the upper most concern in everyone's mind. This pandemic has delivered a global shock of enormous magnitude; protection measures necessitated by it are severely impacting every kind of economic activity all across the world. While the growth rate of global economy at 2.3% for 2019 itself was the lowest of the decade, the International Monetary Fund (IMF) has predicted that the global economy will contract sharply by 3% in 2020, much worse than in 2008-09 financial crisis. Countries and corporates are being pushed into uncharted territories and challenges, with hardly anyone being able to see a clear picture.

In its Annual Report on the World Economic Situation and Prospects 2020, the UN said growth slid in virtually all the major economies and slowed in all geographical areas except, to some extent, in Africa. Amid rising tariffs and rapid shifts in trade policies, business confidence has deteriorated, dampening investment growth across most regions. In addition, softening demand has also affected global commodity prices, particularly oil and industrial metals. On the positive side however, the Report said, the recent US cuts in the Federal Rate may promote some economic activity. But, the continuing policy uncertainty, weak business confidence and slowing job growth are likely to weigh heavily on demand.

Pursuant to the Covid-19 pandemic, causing widespread global disruption, IMF envisages the global GDP to see a contraction of 4.9% in 2020. In a baseline scenario – which assumes that the pandemic will fade in the second half of 2020 and containment efforts can be gradually unwound – the global economy is expected to bounce back and grow by 5.4% in 2021, as the economic activity normalises, helped along, by vigorous policy initiatives. A sharp economic rebound would begin promptly if pandemic-control measures could be largely lifted in the near term, and fiscal and monetary policy responses succeed in supporting consumer and investor confidence, leading to a prompt normalization of financial conditions and the unleashing of pent-up demand.

#### The Indian Economy

It has been quite challenging for the Indian economy, which saw a steep decline in the July-September quarter of 2019, when Gross Domestic Product (GDP) was at its lowest in seven years at 4.5%. Several sectors – chiefly real estate, aviation, automobile and construction – suffered a constant decline in demand. The banking and financial services sector also witnessed a serious crisis due to rising Non-Performing Assets (NPAs), bad loans and squeezing credit limits. The cumulative effect of these adverse developments is seen in the envisaged growth rate of 4.2% for 2019-20, a sharp fall from 6.1% in 2018-19 and this is further accentuated by the Pandemic outbreak in March 2020.

A massive contraction is expected further in the 1<sup>st</sup> quarter of 2020-21, due to the two-month lockdown, thereby pulling down the full-year growth by 5-7%. The RBI's Monetary Policy Committee has however, refrained from providing any growth projections for the first time in its history, citing the huge uncertainties around the pandemic and its impact on various sectors.

India's fiscal deficit for 2019-20 stood at 4.59% of the GDP, against the revised estimate of 3.8%. This puts a limit for the government to offer fiscal relief to companies hit by the pandemic.

Moody's Investors Service has predicted that the Indian economy will not grow in the current fiscal because of the 'deep shock' triggered by Covid-19. It has only predicted a 2.5% growth for FY 2021.

### Opportunities and Threats

#### Ferro Alloys

India's bulk Ferro Alloys market is 5.10 Million Tonnes (MT), as per June 2019 – Ferro Alloys Association of India. Ferro-Manganese and Silico-Manganese are both manufactured under bulk Ferro Alloys, but Silico-Manganese has become the more important of the two.

#### Potential Problems for the Industry

The industry has been going through a slowdown for the last five years and the production of Ferro Alloys has stagnated. The industry needs to be promoted through a mix of progressive market development strategies to offset cheaper imports.

The following lockdown-induced bottlenecks are likely to hamper the industry in the near future:

- Getting transportation to move goods to the required destinations would be a challenge.
- Manpower available to factories will be in short supply to run operations at optimum capacity.
- Due to closure of Manganese and Chromite mines either due to lockdown of mines worldwide or delays in operationalizing the mines that have recently gone through auction process there will be a shortfall of Raw Material, which will pose a problem.

#### Steel

India's per capita consumption of steel is 69 kg, as against the global average of 214 kg. In 2019, India was the world's second-largest crude steel producer with 111.2 MT. By comparison China, the largest producer with 996.3 MT, has a per capita consumption of 590 kg.

The steel sector has borne the brunt of the recent setbacks in the Automotive, Construction and Rail sectors caused by the Covid-19 pandemic. This says the Indian Steel Association (ISA), will cause a 7.7% drop in demand. According to CRISIL, this drastic fall in demand, logistical constraints and huge labour shortages will lead to deferment of large infrastructure projects.

Even before the pandemic, the steel sector had been facing challenges that need to be addressed, if India is to bounce back. Three important challenges calling for urgent action are: 1) dependence on imported coking coal, 2) high logistics costs and 3) import of high-grade steel, which is used in power, defence and automobiles.

Currently, India is heavily dependent on Australia for its coking coal. Such dependence on one country being inadvisable, new markets such as Russia and Mongolia are being explored by Indian steel producers, contingent on logistics and other terms being favourable.

### Opportunities for Growth

The Government's new Industrial Policy is beginning to give a growth-oriented push to the sector. Liberalisation has brought in private players, investments for modernisation and technology infusion. Removing it from the list of industries exclusively reserved for the public sector and releasing it from compulsory licensing has led to the setting up of new cost-effective steel plants that use state-of-the-art technologies. The recent developments in the IBC process could also result in revival of defunct capacity on brownfield basis thus ramping up the steel production in the country.

### Power

The Indian power sector has a total installed capacity of 3,70,348 MW, which is set to meet any surge in demand in future. But the current peak demand – at just 1,82,533 MW – is barely 50% of the total installed capacity. This reserve capacity of 50% in India is uncomfortably high, leading to reduced use of base load capacities, especially in thermal power segment.

As per the Central Electricity Authority (CEA), the Plant Load Factor (PLF) of thermal units in FY 2019-20 was just 56.1% (the lowest in a decade) and is expected to fall further in 2020-21.

Nearly 262 thermal power plants – which had a capacity 65,133 MW – are now shutdown for want of demand. The Government's avowed intention of ramping up the share of renewable energy from the current 24% could work against the interests of thermal power plants, especially those dependent on coal. In the short to medium term thermal power plants could however look for steady supply of coal at a reasonable cost though that would not salvage the deceleration being faced by this sector. The Covid-19 pandemic has added an entirely unexpected and new dimension to these problems.

### Measures needed to Improve the Power Sector

To make this sector more efficient (since we have surplus capacity), inefficient units with high variable costs need to be weeded out. India's per capita consumption of power is comparatively low at 1,181 units which should be leveraged to pursue power intensive manufacturing and higher retail consumption through an attractive tariff regime.

Tariff rationalization is also an urgent requirement, as industrial consumption has reduced and domestic / agricultural i.e., low-paying customers' demand has shot up in recent months, especially in the wake of the

Covid-19 pandemic. Tariff rationalization will mitigate power manufacturers' cash flow problems. The right price needs to be paid for electricity consumption; sections of society that get preferential rates should be covered under the Government's Direct Benefit Transfer. An independent regulator is needed to carry out these corrective measures.

### Segment-wise Performance

#### Ferro Alloys

Nava Bharat Ventures Limited (NBVL) is a leading manufacturer & exporter of Manganese and Chromium Alloys. NBVL makes bulk Ferro Alloys (both Chromium and Manganese) for consumption by steel producers.

The Company has operating capacities to produce 1,25,000 TPA of Manganese Alloys and 75,000 TPA of Chromium Alloys. The current capacity utilization of more than 80% is considered above par as per industry standard.

The Company's Ferro Alloys capacities are supported by captive power giving them certain inherent advantages in terms of availability of power and control on costs. Advance procurement of manganese ore, committed orders with reputed steel companies and the conversion arrangement with Tata Steel helped the Company overcome the severe sector volatility during 2019-20.

The following table shows the quantitative performance of the ferro alloy business in 2019-20 comparable to that in 2018-19 after considering the lockdown affect in March 2020.

#### Ferro Alloy Volumes

Year	Production MT	Sales MT
2018-19	1,66,203	1,67,178
2019-20	1,69,460	1,66,655

#### Power

The power business of the Company is driven by its industrial power plants aggregating to 204 MW capacity catering to the entire power requirement of the ferro alloy production besides merchant sale of surplus power as is permitted and wherever it is providing a better overall contribution to aid better recovery of fixed costs.

On a consolidated basis the Company has capacity aggregating to 434 MW in India. Barring independent power plants adding to 90 MW in Odisha and Andhra Pradesh, the rest have contributed to the overall profitability of the Consolidated Operations. The inoperation of 90 MW capacity was on account of certain legal impediments in Odisha and generally very weak power realisations in spot markets through power exchanges with no bilateral short term contracts being around.

The 150 MW independent power plant of Nava Bharat Energy India Limited (NBEIL) in Telangana had an erratic power dispatch schedule from the Discoms during 2019-20 impacting its performance which was sub par.



## Power Business – India

Location	Nava Bharat Ventures Limited (Standalone)			NBEIL (Subsidiary)
	Paloncha, Telangana	Kharagprasad, Odisha	Dharmavaram, Andhra Pradesh	Paloncha, Telangana
Capacity	114 MW (1 x 50 MW, 2 X 32 MW)	150 MW (1 x 30 MW, 2 X 60 MW)	20 MW (1 x 20 MW)	150 MW (1 x 150 MW)
Plant Type	Coal Fired Power Plant (CPP)*	CPP - 90 MW Integrated Power Plant (IPP) - 60 MW	IPP	IPP
Fuel	Coal	Coal	Coal & Bagasse	Coal
Source Mix	Linkage	Linkage	Captive	E-Auction

### Overview of the Power and Coal Business of Maamba Collieries Limited (MCL)-Zambia

MCL operates Zambia's only integrated coal fired power plant with installed capacity of 300 MW representing about 10% of Zambia's total installed power generation capacity. MCL has a long-term 20-year PPA for net capacity of 267 MW with the state utility (ZESCO), backed by Sovereign Guarantee. The PPA is based on Declared Availability under a "Take or Pay" arrangement.

The coal mining and the 300 MW power plant operations and integrated business profitability give sizeable boost to the consolidated financials of the Company.

There have been certain cash flow issues concerning the power sales to ZESCO and the receivables from it have substantially escalated in 2019-20. Though ZESCO and the Sovereign Guarantor are fully committed to discharge the outstanding receivables, reportedly fiscal imbalances and revenue mismatches of the Utility had a deleterious affect resulting in a stalemate. Consequently, the committed debt repayment program of MCL has also been adversely impacted giving rise to severe breaches of loan covenants by MCL.

MCL has chalked out a multi-pronged action plan to set right the cash flow concerns due to payment shortfalls by ZESCO. This involves enforcement of certain dispute resolution rights under the PPA, prospective adjustment of power tariff and simultaneous restructuring of the remaining long term debt of US\$ 413 Million. These are long haul activities and are expected to be spread over the next two years, following which MCL should be in a position to distribute equity returns. The time line is justified in the context of value creation for MCL.

### Healthcare Enabled Services

Our foray into international healthcare reflects our assessment of the long-term potential of the healthcare sector which, spurred by rapid advancements in diagnostic services and treatment, is one of the fastest-growing sectors globally.

The Company's investments in this business are routed through a Singapore Joint Venture Company with a 65%

stake. The exclusive distribution rights of Monofer in Malaysia have received an impetus through distribution rights in Singapore as well. While it is in early stage, the foray has earned a good name for the Company's subsidiary which should fetch other related businesses in its fold spurring up the enterprise value.

### Operations & Maintenance Services

The Company's foray into O&M services for power plants took genesis with the service offering to MCL. These services have been delivered in accordance with the O&M Contract which underwent thorough scrutiny of the lenders as well as the JV partner in Zambia. Nava Bharat Group Companies have pursued a risk matrix based on onsite and offsite deliverables under the Contract and have helped MCL maintain an optimum performance of its 300 MW Power Plant subject to local grid and other limitations.

The Standalone financials of the Company derive benefit of the O&M support revenue though it is neutralized in consolidated financials.

The Company plans to leverage upon its experience of running medium sized industrial and independent power plants in India, ideally supplemented by its O&M experience in Zambia, to pursue other business opportunities in this space.

### Outlook Ferro Alloys

The Company expects significant erosion of the revenue and profits in ferro alloy business for 2020-21, arising from the complete disruption of businesses across the supply chain in 1st quarter and the lasting volatility owing to the pandemic outbreak of Covid-19 in 2020-21.

The manganese alloy production could keep of pace for the rest of the year although same can't be said in respect of sales and revenue which are critically dependent upon business continuity at the steel customer end.

The Conversion arrangement with Tata Steel which expired on March 31, 2020, has continued with TSL taking control of all the Chrome ore mines that have

been auctioned so far. The Company has been engaged with Tata Steel on the commercial side of the conversion arrangement for ore from its new mining concessions, to take effect in the later part of 2020-21. The arrangement could however continue for a number of years if the interests of both the parties are aligned for mutual advantage.

## Power Sector

### Indian Power Operations

The Company expects that captive consumption remains the sole driver of business in 2020-21 with merchant sale of power in the spot market through Power exchange proving to be extremely unviable.

For the Independent power plants the scenario for 2020-21 looks grim with no bilateral short term contracts in sight and alternative power dispatch is unviable. The Company is however looking at putting together a consortium of bulk consumers to see whether an arrangement could be worked out within the regulatory framework to provide stable power generation in its IPPs aggregating to 210 MW.

The 20 MW multi fuel based process power plant and the huge tract of industrial land appurtenant thereto are planned to be monetized and the Company is exploring various options.

### Zambia Power Operations

MCL envisages coal mining at its optimum scale with a new mining block also being operationalized in 2020-21 and so expects to deliver strong financial performance under this segment.

The 300 MW Power Plant will undergo major overhaul as mandated by the Original Equipment Manufacturer (OEM) recommendations in 2020-21 and which could impact the availability and related revenues for about four months. Barring that MCL expects to run the power plant at its full capacity for the rest of 2020-21, especially given that Zambia is likely to face a severe power shortage on account of reduced hydro generation in the second half of 2020-21.

MCL also expects some interim cash flow solutions to emerge during the later part of the year paving way for a better financial position.

## Risks and Concerns

All the Company's businesses are commodity driven in one way or other. The associated risks and concerns relate to troughs in trade cycles and vulnerability to the lack of control on input costs as well as pressure on margins.

### 1) Ferro alloys

Demand for ferro alloys is singularly dovetailed with the prospects of the steel industry. Moreover, the fortunes of the steel industry mirror the economic climate prevalent across the globe. Alloy

manufacturing industry is highly fragmented marked by the presence of a large number of unorganized players. This is because the entry barriers to the ferro alloy industry are low on account of low technology intensity.

The Company expects that Covid-19 induced slow-down could affect the entire supply chain of the ferro alloys in 2020-21. Procurement of a third of annual manganese ore requirement on a long term firm contract and certain process innovations that the Company is pursuing, should help it obtain reasonable control on the costs in this year. This facilitates the Company to be vibrant to volatile market developments to ensure that quantitative parameters are duly kept up at an optimum level. The Conversion arrangement with Tata Steel, though not devoid of margin changes, largely insulates the Company from the volatility seen in High Carbon Ferro Chrome market worldwide.

### 2) Power generation

The thermal power generation sector, although accounting for more than 60% of the power generation in India, continues to be plagued with multifarious issues, principal issues being the spiraling coal costs from the state run coal companies and drastic fall of industrial power consumption in the country. Coal auctions have not yielded the desired cost advantages especially in power generation. A certain overweight on renewable energy through solar power bids, made thermal power generation a costlier proposition. The cumulative affect of all these factors are seen in power dispatches through exchanges at marginal costs which are highly unviable in the long term for the sector. The cash strapped power distribution companies have been relying more on spot markets at these low prices of exchange giving merchant power market a short shrift. Very few Distribution Companies are pursuing bilateral tenders in both short and medium terms increasing competition amongst thermal power generators and further eroding opportunities in this space.

The Company has therefore chalked out the business plan based on captive consumption of power for production of ferro alloys. Though it does not address the fall in optimal generation, the operations ensure that captive power is made available at a lower cost and that fixed costs are at-least completely recovered if not providing a margin above them, spanning about 204 MW of capacity. For the balance merchant power capacity of 210 MW the plan is to tie up similar captive usage by bulk consumers within the regulatory framework.

### Risk profile of International Investments

The Company has investment exposure for the integrated Coal & 300 MW Power project of MCL in

Zambia, development cost of the commercial agriculture & processing in Zambia, seed capital for health care enabled services in Asia Pacific (APAC) region.

The investment in MCL through Nava Bharat (Singapore) Pte. Ltd. (NBS) comprises equity share capital (65%), Shareholder Loans and interest accrued thereon. The Company considers that the Enterprise Value (EV) of MCL adequately covers this exposure and that the suite of internationally enforceable financing and project documents including Sovereign Guarantee provide the requisite safeguards to the investment exposure. Once the systemic imbalances with the Utility being the sole off taker are addressed either through dispute resolution process or through bilateral discussions, the Company expects due returns on this investment to commence in about two years, spurring up the EV further. Though the Government of Zambia has been urging MCL to take up expansion of power generation to 600 MW, an appropriate investment decision is still a long way pending the streamlining of operations and cash flows at the prevailing capacity.

The Development cost of Commercial agriculture and processing project is at a nascent stage and is confined to base infrastructure development at the project site of 25,000 acres. There will be marginal expenditure towards care and maintenance of the project site infrastructure till such time as the Government fulfills its committed obligations of proper approach road and power connectivity to the project site which is expected by mid to end 2021. The Company has in the interim been evaluating the technical and economic feasibility of various project options and will launch an appropriate scheme thereafter.

The Seed capital investment in the Health care enabled services in APAC region has obtained reasonable traction. While the outbreak of Covid-19 pandemic distinctly sowed the progress, the Company expects that the envisaged business objectives of this service offering will receive the boost following a widened market space covering Malaysia and Singapore. The business spurs up attendant opportunities to distribute other life style medical devices, diagnostic services so as to deliver a EV commensurate with the investment.

Typical of multi geographical investments, the consolidated financials are subjected to mark to market changes of reported currencies resulting in wide changes in Other Comprehensive Income. As all the investments are without recourse to the Sponsor, the Company does not consider the Foreign Currency exposure by way of Long term debt in MCL as risk other than to the extent of changes in reported financial positions.

### **Internal Control Systems and their Adequacy**

Adopting stringent Internal Control Mechanisms are vitally important in a dynamic and competitive

environment that witnesses frequently shifting paradigms. Our Internal Control Mechanisms seek to safeguard the organisation's assets as well as authorise, record and report all transactions correctly and in a timely manner. They ensure that we not only conform to local statutory requirements, but meet the highest global standards and practices as well.

Our carefully structured Internal Control Framework constantly monitors and assesses all aspects of risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks.

Our Control Processes 1) safeguard the organisation's assets, 2) prevent / detect frauds and errors, 3) ensure accurate and complete accounting, and 4) facilitate timely preparation of reliable financial information. They see to it that manual and automated processes for transaction approval and recording are adequately and effectively reviewed. They also ensure compliance with various policies, practices and statutes in keeping with the organisation's growth and business complexity.

Our Internal Control Systems are reinforced by regular Management Reviews and verification by Internal Auditors. Further, all internal control functions and its entire gamut of activities are covered by independent audit, conducted by separate internal auditors, whose findings are reviewed regularly by the Audit Committee and Management of the Company. A Board-appointed Audit Committee is entrusted with the task of 1) reviewing the Internal Audit Plan, 2) verifying the adequacy of the Internal Control System, 3) marking its Audit Observations and 4) monitoring the sustainability of the remedial measures.

### **Discussion on Financial Performance with Respect to Operational Performance**

#### **Indian Operations**

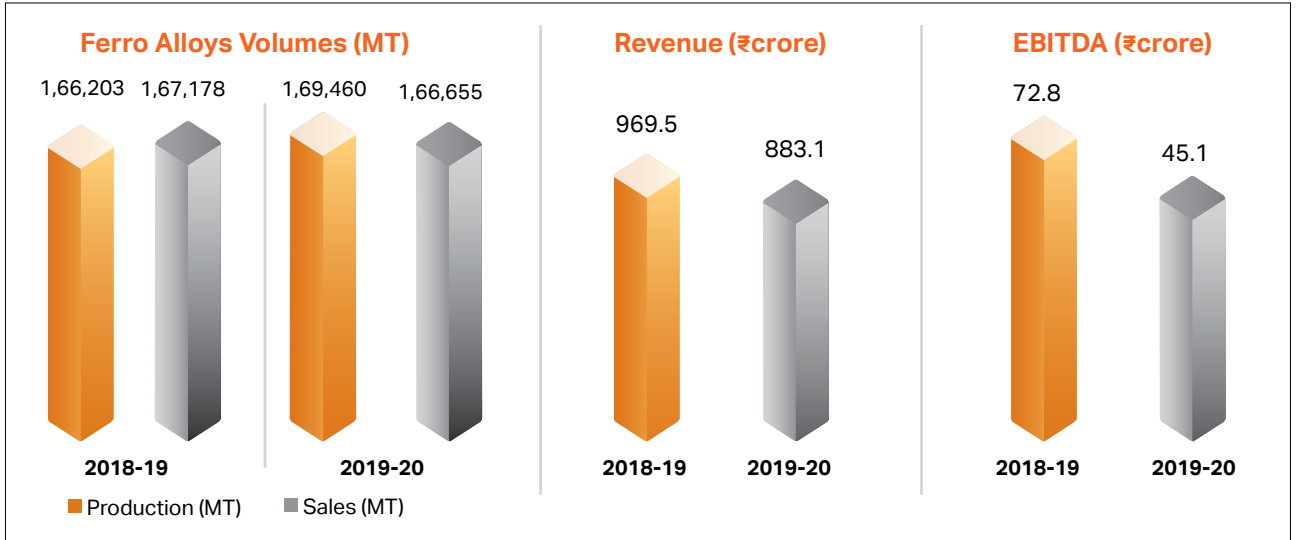
##### **Ferro-Alloys:**

Ferro-chrome conversion business registered its highest ever production and sales in 2019-20. Conversion revenues including other incidental income for the year increased by 8% to ₹211.70 crore backed by a healthy 12% growth in the conversion volumes.

Silico manganese sales volumes and revenue were adversely affected during the year by the sluggish steel demand globally. It reported revenue including other incidental income of ₹671.4 crore in 2019-20 (lower by 13% year-over-year). However, the silico manganese business ended the fiscal year on a strong note, as the segment reported higher revenues and double-digit growth in sales volumes during the fourth quarter.

Overall, the ferro alloys division reported revenue of ₹883.1 crore and EBITDA of ₹45.1 crore in 2019-20 (EBITDA Margin: 5.1%).

### Ferro Alloys Division Performance



#### Power:

Nava Bharat Ventures has four power plants in India spread with a total capacity of 434 MW. Standalone Power Operations have an installed capacity of 284 MW, of which 204 MW are primarily used for captive consumption in ferro alloys. Additionally, the captive power plants remain opportunistic and export surplus power whenever the merchant rates are remunerative bringing in incremental revenue. Aside from this, the company's subsidiary NBEIL operates a 150 MW merchant power unit in Telangana.

During the year, Indian power division delivered a mixed performance. Merchant power sales suffered due to the lower off-take by the Discoms; and the Covid-19 induced shutdown in March. However, the captive power division continued to deliver a steady performance. Indian Power operations reported a Revenue of ₹752.80 crore, and EBITDA of ₹173.6 crore (EBITDA Margin: 23.5%) for the year 2019-20.

**Standalone Power Operations:** The parent company's operational power plants at Telangana & Odisha having a combined capacity of 204 MW continued to operate profitably and achieved an average PLF of 64% during

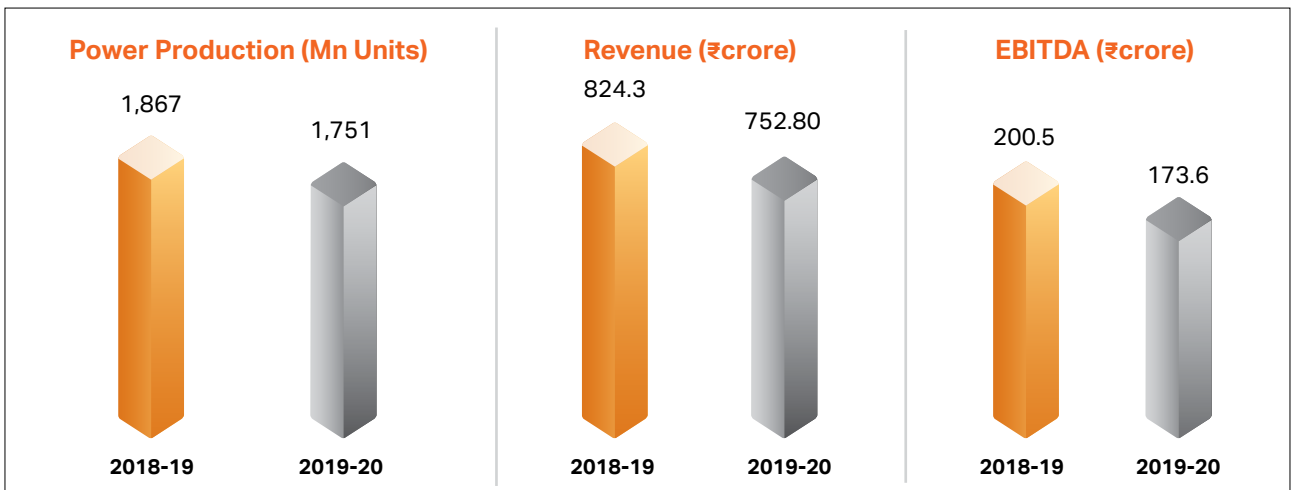
the year. Standalone power operations generated a Revenue of ₹504.6 crore and EBITDA of ₹126.9 crore in 2019-20.

**Telangana:** The performance of the 114 MW power plant at Paloncha was impacted by lower external sales as to the corresponding period in the previous year. Captive consumption of power continues to ensure sustained value addition despite the dip in the Plant Load Factor.

**Odisha:** The performance of the Power Plant at Odisha is stable as the captive consumption of power and value addition thereof afforded the Unit with the requisite stability despite lack of remunerative prices on power exchanges. The Second 60 MW IPP Unit continues to be idle as the legal resolution in respect of metering issue is still awaited from the High Court of Odisha.

The 150 MW unit of the subsidiary NBEIL registered an average PLF of 46% in 2019-20. Efficient raw material procurement (through a mix of washery rejects and coal) and prudent cost management helped NBEIL report healthy profitability at the EBITDA level, despite the lower off-take by the Telangana Discom. NBEIL reported revenue of ₹248.2 crores and EBITDA of ₹46.7 crores in 2019-20.

### Power Business Performance – India



## Sugar Operations

Sugar & Allied operations include – 1) 4,000 TCD Sugar Plant, 2) 20 KLPD Distillery, 3) 30 KLPD Ethanol Plant and 4) 9 MW Power Plant. All the divisional assets are based in Samalkot, Andhra Pradesh.

For the year, Revenue of the Sugar division de-grew by 8% to ₹12,773.71 lakhs, as the performance was impacted by the decline in sugar volumes old and lower molasses and spirit sales. Strong performance of the ethanol business and better sugar realizations helped to offset the decline.

The company announced the discontinuation of its Sugar business in March 2020, given the progressively unviable operations on account of the diminishing sugar cane availability over the last few years and increasing employee costs.

Following the announcement, the Company has achieved a smooth cessation of Sugar operations post the crushing season. The financial results for the full year 2019-20 reflect the effect of these discontinued operations as a separate line item as the division assets are now held for sale under Indian Accounting Standards (Ind AS). The Company is in the process of selling the sugar and distillery assets including the land appurtenant thereto.

After accounting for the severance compensation of all the employees following the cessation of operations and inventory valuation with a bearish outlook, the Sugar division ended the year with a loss of ₹377.02 (before tax).

## International Operations

### Africa Operations

Nava Bharat Ventures Limited subsidiary MCL is engaged in 'power' and 'mining' operations in Zambia. NBVL has a 65% equity stake in MCL through its wholly owned subsidiary based in Singapore.

Maamba Collieries reported revenue of US\$ 213.8 Million and EBITDA of US\$ 130.90 Million in 2019-20. Net profit for the year more than doubled to US\$ 54.90 Million in 2019-20 in comparison to last year net profit of US\$ 27.05 Million, led by decline in finance costs and overall lower tax expenses.

The company pared down its long-term debt by US\$ 29.5 Million during the year. Overall debt of MCL stands at US\$ 413 Million vis-à-vis US\$ 442 Million at the end of last fiscal. Further, MCL has cash and cash equivalents of US\$ 27.8 Million as of March 31, 2020.

### Power Operations

During the year 2019-20, MCL operated the integrated 300 MW coal fired power plant at 77% availability and 76% PLF, reporting revenue US\$ 201.9 Million and EBITDA of US\$ 104.1 Million.

Performance of the Zambia power division was impacted by the unplanned maintenance related shutdown taken in the third quarter, which reduced the plant availability to 77% in 2019-20 versus 87% availability achieved last year. Notwithstanding the unplanned shutdown, the power division continued to deliver a strong operational performance. Furthermore, the plant continued to operate uninterrupted throughout the fourth quarter despite the Covid-19 disruption, supplying power to the residential & commercial customers when they needed it the most.

Since MCL commenced billing ZESCO for power from July 2016 onwards, it has cumulatively realised ~64% of the amounts billed, as of March 31, 2020.

Owing to economic slow-down and the consequent non-receipt of bulk payments from the power utility ZESCO, the Zambian step-down subsidiary MCL could not make the debt repayment due in March 2020, though the interest has been paid. It has approached the Lenders for a stand-still arrangement till March 2021, by when an appropriate debt restructuring plan can be put in place. This plan envisages a prospective adjustment of power tariff for which both the Parties are engaged in discussions. MCL hopes to resolve the issues with ZESCO in the fiscal year 2021 to pave the way for smooth cash flows thereafter.

## Coal Mining Operations

Mining operations witnessed strong growth in revenue and profitability during the year driven by the increase in merchant coal sales coupled with better realizations achieved for the high-grade coal.

Mining Revenues were higher by 10% at US\$ 42.5 million in 2019-20. EBITDA for the year grew by 36% to US\$ 26.78 million led by the expansion in gross margins and a forex gain of US\$ 1.0 Mn.

### Maamba Collieries Business Performance

Particulars	2019-20	2018-19	Growth (%)
Turnover (US\$ Mn)	213.8	220.2	-3%
EBITDA (US\$ Mn)	130.9	157.35	-17%
PAT (US\$ Mn)	54.9	27.05	109%
External Coal Sales (MT)	2,41,016	2,33,754	3%
Power Production (Mn kwh)	2,010	1,959	3%
Average Availability (%)	77%	87%	
Average PLF (%)	76%	75%	

## Asia Pacific

Nava Bharat forayed into the healthcare sector by acquiring 65% stake in TIASH Pte. Ltd. by Nava Holding Pte. Limited in Singapore. TIASH has operations in Malaysia and Singapore via two of its subsidiaries – 'The Iron Suites-Medical Centre (Singapore)', and 'Compai Pharma (Singapore)'.

**The Iron Suites-Medical Centre** is a medical clinic in Singapore specializing in the treatment of iron deficiency predominantly with IV iron. The business saw good traction in the second half of the year as the IV iron administrations increased by ~40% when compared to the first half of the year. Further, additional screening tests have been added to broaden the scope of patients and income sources. The company has also strengthened its management team by bringing on-board a new Medical Director in October 2019.

**Compai Pharma Pte. Ltd.**, is a pharmaceutical company headquartered in Singapore that in-licenses medical products for promotion in Malaysia & Singapore.

**Malaysia:** Compai Health care Pte. Ltd., (subsidiary of Compai Pharma) has exclusive distribution rights for Monofer in Malaysia. At present, Monofer is listed into 50+ private hospitals. Listing into public hospitals is expected by the end of CY 2020.

**Singapore:** Received approval for the sale of Monofer in Singapore in November 2019. Currently, the company is supplying to the Iron Suites clinic. Compai Pharma Pte. Ltd., is also assessing other business opportunities that are synergistic with Monofer.

During the year, Compai appointed a new COO having significant experience in the pharmaceutical industry for Malaysia operations to expand the business. Further, Compai is also looking to raise equity capital to strengthen its

sales team and improve medical awareness regarding iron deficiency.

## Financial Performance (Based on Consolidated Financial Statements)

Despite facing multiple macroeconomic and sectoral headwinds, Nava Bharat reported a resilient performance for the year 2019-20, owing to the industry and perseverance of the entire team.

## Statement of Profit & Loss and change in Return on Net Worth as compared to the immediately previous financial year

Revenue from operations for the year stood lower by 6% at ₹2,758.7 crore compared to ₹2,946.0 crore in 2018-19; and EBITDA declined by 14% from ₹1,393.4 crore in 2018-19 to ₹1,200.3 crore in 2019-20. The decline in revenue and EBITDA was primarily due to the 3 major factors - 1) unplanned maintenance related power plant shutdown at Zambia during the third quarter, 2) sluggish steel demand impacting the silico manganese business performance, and 3) reduction in merchant power sales due to lower off-take by the Telangana Discom & unremunerative prices over IEX.

Net Profit improved sharply during the year aided by higher other income, decline in finance costs and lower tax expenses. Profit After Tax for the year stood at ₹530.8 crore higher by 57% as against ₹339.0 crore in 2018-19.

## Balance Sheet

Shareholders' Fund increased from ₹3,68,918.98 lakhs as on March 31, 2019 to ₹4,18,514.68 lakhs as on March 31, 2020 led by ploughing of operational surplus into the business. Net debt stood stable at ₹3,49,191.65 lakhs as on March 31, 2020, even as the depreciation of the rupee against led to higher repricing of debt at MCL. Net debt-to-equity ratio improved to 0.83 in 2019-20 (0.93 in 2018-19).

## Key Ratios (based on Consolidated & Standalone Financial Statements)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
EBITDA Margin (%)	22.2%	23.8%	41.7%	45.9%
PAT Margin (%)	11.4%	12.9%	18.4%	11.2%
Return on Capital Employed (%)	6.8%	8.7%	11.82%	15.24%
Return on Equity (%)	4.4%	5.9%	12.52%	8.34%
Debt to Equity Ratio	0.1x	0.1x	0.9x	1.0x
Debtors Turnover Ratio	5.6x	6.7x	1.5x	2.8x
Inventory Turnover Ratio	1.8x	2.3x	2.55x	2.88x
Current Ratio	2.6x	2.2x	1.9x	2.0x
Interest Coverage Ratio	11.9x	15.7x	2.8x	3.0x

## Details of significant changes (i.e. change of 25% or more as compared to the previous financial year) in key financial ratios, along with detailed explanations:

### Standalone

- Net profit for the year came in lower at ₹128.6 crore (-22% YoY) as the power and ferro alloys segment profitability was adversely impacted by the lower take-off in merchant power and in Q3 FY20 due to lower merchant power sales, and subdued performance of the silico manganese business given the slowdown in steel demand globally. This led to a contraction of ~145 bps in Return on Equity to 4.4% in 2019-20 versus 5.9% in the year 2018-19.
- EBIT declined by ~20% to ₹219.5 crore in 2019-20 (₹275.5 crore in 2018-19). This led to reduction in interest coverage ratio from 15.7% in 2018-19 to 11.9% in 2019-20.

### Consolidated

- Strong growth in consolidated net profit (+57% YoY) led to expansion in PAT Margins by 720 bps to 18.4% in 2019-20 and helped achieve a higher Return on Equity at 13.5% in 2019-20 vis-à-vis 9.6% in the year 2018-19.
- Decrease in the debtor turnover ratio in 2019-20 was mainly due to the increase in receivables at the Zambia Power Business (Gross receivables increased by 84% from INR 1,146 crores in 2018-19 to INR 2,107 crores in 2019-20)

### Material developments in Human Resources / Industrial Relations front, including number of people employed

Nava Bharat believes in creating an environment, wherein human resources derive a sense of purpose, passion and personal growth at work, leading to organizational performance. Towards realizing this, the company relies on the four pillars, namely, performance management, talent engagement, capability development and maintaining cordial industrial relations.

It also believes in review of its HR processes and systems on an ongoing basis to optimize costs, time and labour.

### Performance Management

To drive high performance culture, a defined performance management system is in place with pre-defined targets and assessment thereon. The variable-pay program, a part of the performance management system, enables identifying high performers for suitably rewarding them.

### Talent Engagement

Talent is critical for success of any organization and the company believes in this philosophy and as such has built systems for developing a committed, engaged and efficient employee base. An engaging culture pervades at all our Offices and Units, which is achieved by conducting regular activities as part of annual day celebrations and on the occasions like New Year, Republic Day, Safety Week, World Environment Day, etc. The employees are also recognised through rewards and prizes for meritorious performance in various sports activities, competitions conducted and for their long service. Continuous improvement of the existing facilities and creation of new facilities is taken up at the workplace and in residential colony for creating conducive work environment and improving work-life balance.

### Capability Development

The company believes in skilling and re-skilling of its employees through various programs, spanning technical and behavioural competencies. The competencies are built through on-the-job, internal and outbound trainings by engaging internal and external expert faculty.

### Industrial Relations

The company has an impeccable record in terms of maintaining harmonious industrial relations. The year gone by too did not lose a single man day on account of any industrial strife/ disturbance.

The number of permanent employees on the rolls of the Company stood at 824 as on March 31, 2020.

*Cautionary statement: This document contains statements about expected events and financial and operational results of Nava Bharat Ventures Limited which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant chance that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, and actual results and events to differ materially from those expressed here.*

## ANNEXURE - 8

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Requirements	Disclosure	
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	<b>Name of the Director</b>	<b>Ratio</b>
		Mr. D Ashok, Chairman	156.36x
		Mr. P Trivikrama Prasad, MD	156.21x
		Mr. GRK Prasad, ED	85.22x
		Mr. CV Durga Prasad, Director (BD)	70.41x
		Mr. Ashwin Devineni, CEO	
		Dr. D Nageswara Rao, Director	1.31x
		Mr. Kode Durga Prasad, Director	1.31x
		Mr. GP Kundargi, Director	1.31x
		Mr. A Indra Kumar, Director	1.31x
		Dr. CV Madhavi, Director <sup>§</sup>	0.46x
		CA B. Shanti Sree, Director	0.55x
II	The Percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	<b>Name of Director</b>	<b>% increase in remuneration</b>
		Mr. D Ashok, Chairman	Nil
		Mr. P Trivikrama Prasad, MD	Nil
		Mr. GRK Prasad, ED	15.00
		Mr. CV Durga Prasad, Director (BD)	15.00
		Mr. Ashwin Devineni, CEO	
		Dr. D Nageswara Rao, Director	Nil
		Mr. Kode Durga Prasad, Director	Nil
		Mr. GP Kundargi, Director	Nil
		Mr. A Indra Kumar, Director	Nil
		Dr. CV Madhavi, Director <sup>§</sup>	Nil
		CA B. Shanti Sree, Director <sup>^</sup>	Nil
		Mr. T Haribabu, CFO*	Nil
		Mr. Sultan A. Baig <sup>#</sup>	Nil
Mr. VSN Raju, CS & VP	Nil		
	<sup>§</sup> Retired from directorship w.e.f. August 7, 2019		
	<sup>^</sup> Appointed as Director w.e.f. October 30, 2019		
	*Relieved as CFO w.e.f. January 29, 2020		
	<sup>#</sup> Appointed as CFO w.e.f. January 30, 2020		
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees increased by <b>5.47%</b>	
IV	The number of permanent employees on the rolls of the Company	There were <b>824</b> permanent employees on the rolls as on March 31, 2020.	
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentage increase already made in the salaries of employees other than managerial personnel was <b>4.61%</b> . The ratio of percentile increase in salaries of employees and managerial personnel is <b>1:2.4</b> .  There were no exceptional circumstances for increase in the managerial remuneration.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed that the remuneration is as per the remuneration policy of the Company	

For and on behalf of the Board

Place : Hyderabad  
Date : June 26, 2020

**P Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D Ashok**  
Chairman  
DIN : 00006903



## ANNEXURE - 9

Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014

Sl. No.	Name & Designation	Remuneration received (₹ in lakhs)	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of Commencement of employment	Age	The last employment held before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule(2) of Rule 5	Whether the employee is a relative of any director or manager of the company
1	Mr. D Ashok Chairman	626.25	Contractual	M.B.A. (U.S.A.) 38 years	28.08.1981	63	...	Not Applicable	Yes *
2	Mr. P Trivikrama Prasad Managing director	625.66	Contractual	M.B.A. (U.S.A.) 38 years	01.08.1981	66	...	Not Applicable	No
3	Mr. GRK Prasad Executive director	341.32	Contractual	B.Sc., F.C.A. & F.C.S. 39 years	16.08.1995	62	General Manager, DCL Polyesters Ltd.	Not Applicable	No
4	Mr. CV Durga Prasad Director (Business Development)	282.02	Contractual	B.Com. 47 years	01.07.1973	68	...	Not Applicable	No
5	Mr. D Nikhil Vice President (Commercial)	80.24	As per Company's Rules	MBA (Barcelona) 6 years	07.02.2019	31	Manager – Business Development in Kobe Green Power Co. Ltd., Laos	No employee was in receipt of remuneration above the remuneration of Managing Director/Whole- time Director	Yes**
6	Mr. T Hari Babu Chief Financial Officer upto 29.01.2020 & Vice President (Finance) w.e.f 30.01.2020	73.29	As per Company's Rules	B.Com., A.C.A. 31 years	08.07.1993	59	Manager (Accounts), Suchitra Components Ltd		No
7	Mr. VSN Raju Company Secretary & Vice President	72.99	As per Company's Rules	B.Com., A.C.S. 24 years	28.04.2016	50	CS & VP Gati Limited		No
8	Mr. Y Sreenivasa Murthy Vice President	72.33	As per Company's Rules	B.E., MBA (Finance), MBA (Marketing) 33 years	12.09.2016	57	Director Operations & GM Pentair Valves & Controls India Pvt Ltd.		No
9	Mr. P Ramesh Chief General Manger (PP - O&M)	54.57	As per Company's Rules	B.Tech., (Mechanical) 32 years	01.08.1996	54	Resident Engineer, Indwell Constructions		No
10	Mr. N Prabhakar Vice President	53.99	Contractual	B.Sc., ANSI (Sugar Technology) 39 years	07.09.1998	62	Chief Chemist, The Andhra Sugars Limited		No
11	Mr. V Rama Krishna General Manager (PP-O)	52.82	As per Company's Rules	Diploma (Electrical & Electronics Engg.) 29 years	01.08.2004	49	Deputy Manager (Electrical), Nava Bharat Ventures Limited		No
12	Mr. Sultan A. Baig Chief Financial Officer (w.e.f 30.01.2020)	25.33	As per Company's Rules	B.Com., F.C.A 22 years	30.01.2020	42	Vice President - Finance Biological E Limited	No	

\* Mr. D Ashok is father of Mr. Ashwin Devineni, Chief Executive Officer of the Company

\*\*Mr. D Nikhil is son of Mr. D Ashok, Chairman of the Company

Notes:

- Gross remuneration includes salary, taxable allowances, commission, value of perquisites as per the Income-Tax Rules, 1962 and Company's contribution to Provident and Superannuation Funds.
- The experience shown above refers to the total period in years of career.

For and on behalf of the Board

Place : Hyderabad  
Date : June 26, 2020

**P Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D Ashok**  
Chairman  
DIN : 00006903

# ANNEXURE - 10

## Form No. MR-3 Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
**The Members**  
**Nava Bharat Ventures Limited**  
**Hyderabad**

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Nava Bharat Ventures Limited**, (hereinafter referred to as "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") (applicable sections as on date) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed by the Securities and Exchange Board of India ("SEBI") thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) Provisions of the following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") were not applicable to the Company during the Financial Year under review:-
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- (vii) The industry specific laws that are applicable to the Company are as follows:
  - a. The Electricity Act, 2003;

- b. The Mines Act, 1952;
- c. The Mines and Mineral (Regulation and Development) Act, 1957;
- d. The Explosives Act, 1884;
- e. The Indian Boilers Act, 1923;
- f. The Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010;
- g. The Central Electricity Authority (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines) Regulations 2011;
- h. The Water (Prevention and Control of Pollution) Act, 1974;
- i. The Air (Prevention and Control of Pollution) Act, 1981; and
- j. The Environment Protection Act, 1986.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards SS-1 and SS-2 with respect to meetings of the Board of Directors and General Meetings, respectively, issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

**We report that,** during the period under review, the Company has duly complied with the provisions of the Companies Act, 2013, the regulations of SEBI and other Acts, as specified above, applicable to the industry of the Company.

**We further report that:**

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent directors. During the period under review, the following changes took place in the composition of the Board of Directors:

Sl. No.	Name of the Director	Appointment / Cessation / Reappointment	Our Comments
1	Mr. Kode Durga Prasad	Appointment	Approved the appointment as an Independent Director w.e.f. August 06, 2018 for a period of <i>Five</i> Years.
2	Mr. GP Kundargi	Appointment	Approved the appointment as an Independent Director w.e.f. August 06, 2018 for a period of <i>Five</i> Years.
3	Mr. Indra Kumar Alluri	Appointment	Approved the appointment as an Independent Director w.e.f. February 07, 2019 for a period of <i>Five</i> Years
4	Mr. CV Durga Prasad	Re-appointment	Reappointed as Director (Business Development) for the period w.e.f. June 28, 2019 to March 31, 2021
5	Dr. D Nageswara Rao	Re-appointment	Reappointed as an Independent Director w.e.f. August 08, 2019 for a period of <i>Two</i> Years
6	Mr. Ashok Devineni	Re-appointment	Reappointed as Executive Chairman for a period of <i>Two</i> years w.e.f. August 14, 2019
7	Mr. Ashwin Devineni	Appointment	Appointed as Whole-time Director designated as Chief Executive Officer (CEO) under the provisions of Section 196 of the Companies Act, 2013 w.e.f. May 29, 2019 for a period of <i>Five</i> years subject to the approval of Central Government- <i>Approval is awaited.</i>
8	Mrs. Shanti Sree Bolleni	Appointment	Co-opted as an Additional Director under the Independent category w.e.f. October 30, 2019.
9	Dr. CV Madhavi	Cessation	Ceased to be Woman Independent Director w.e.f. August 07, 2019 upon the expiry of her term of office.

Adequate notice was given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** based on our verifications and the declarations received from the respective directors, the directors are not disqualified to act as such under the provisions of the Companies Act, Orders / Circulars / Regulations issued by SEBI or such other acts for the time being enforceable.

**We further report that** no prosecutions were initiated and no fines or penalties were imposed during the year under the Companies Act, the SEBI Act, the SCRA or other SEBI Regulations on the Company or its directors and officers.

**We further report that** there are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the year under review, the Company has bought back 23,58,462 equity shares from the open market and extinguished the same in accordance with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and Section 68 of the Companies Act, 2013. Upon extinguishment of these shares, the outstanding share capital of the Company stands at ₹35,24,34,040/-.

**We further report that** during the year under review, the Company has passed a Special Resolution u/s. 66 of the Companies Act, approving a Scheme of Reduction of Share Capital by extinguishing 99,47,020 equity shares held under Trust by Nav Energy Private Limited and 28,00,000 equity shares held by Nava Bharat Ventures Employee Welfare Trust from the total paid-up equity share capital of the Company. Upon obtaining the Observation Letters from the stock exchanges under Regulation 37 of the Listing Regulations and approval from the shareholders as said-above, the Company has filed a petition before the National Company Law Tribunal, Hyderabad Bench, for the approval of said scheme.

**We further report that** in terms of the provisions of section 124(6) of the Act, 54,063 equity shares belonging to 113 shareholders were transferred to the Investor Education and Protection Fund (IEPF).

**We further report that** in terms of the provisions of Regulation 39(4) of Listing Regulations, during the year under review the Company has transferred 50,855 shares from the Unclaimed Suspense Account to the 9 claimants as well as IEPF and the balance shares lying in such account as on March 31, 2020 were 8,15,810.

**We further report that** the Company has spent ₹417.96 lakhs as against the amount of ₹405.74 lakhs required to be spent for the year in terms of provisions of section 135 of the Companies Act.

For **P.S. Rao & Associates**  
Company Secretaries

**P.S. Rao**  
Company Secretary  
FCS No.: 10322  
C.P. No.: 3829  
UDIN: F010322B000385642

Date : June 26, 2020  
Place : Hyderabad

**Note:** This report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.

## 'Annexure A'

To,  
**The Members,  
Nava Bharat Ventures Limited  
Hyderabad**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Owing to the lockdown measure imposed by the Government in the wake of the Covid-19 pandemic, for certain verifications and cross checks, we have relied on the information/ documents and assurances received from the respective officials of the Company for forming our opinion and for eventual reporting thereof.

For **P.S. Rao & Associates**  
Company Secretaries

**P.S. Rao**  
Company Secretary  
FCS No.: 10322  
C.P. No.: 3829  
UDIN: F010322B000385642

Date : June 26, 2020  
Place : Hyderabad

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L27101TG1972PLC001549
2	Name of the Company	Nava Bharat Ventures Limited ('NBVL')
3	Registered address	Nava Bharat Chambers, 6-3-1109/1; Raj Bhavan Road, Hyderabad-500082, Telangana
4	Website	www.nbventures.com
5	E-mail id	investorservices@nbv.in
6	Financial Year reported	2019-20
Sector(s) that the Company is engaged in (industrial activity code-wise)		
<b>NIC Code</b>		<b>Description</b>
7	35102	Power
	24104	Ferro Alloys
	10721	Sugar
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	Power, Ferro Alloys, Sugar
Total number of locations where business activity is undertaken by the Company (Provide details of major 5)		
(a) Number of International Locations		The major international locations where NBVL has operational business activities through its subsidiaries and step-down subsidiaries are Singapore, Zambia and Malaysia. Branch office at Cote d' Ivoire, Abidjan,
(b) Number of National Locations: Nava Bharat Ventures has 4 locations as mentioned below:		
<b>Key Products</b>		<b>Location</b>
9	Ferro Alloys	Paloncha, Telangana Kharagprasad Village, Odisha
	Power	Paloncha, Telangana Kharagprasad Village, Odisha Dharmavaram, Andhra Pradesh (has been inoperative since long and closed w.e.f. March 31, 2020) Samalkot, Andhra Pradesh (ceased operations w.e.f March 31, 2020)
	Sugar	Samalkot, Andhra Pradesh (ceased operations w.e.f March 31, 2020)
10	Markets served by the Company – Local / State / National / International	<b>Domestic:</b> Big and medium scale steel mills in West, Central and South India <b>International:</b> South-East Asia

## Section B: Financial details of the Company

1	Paid up Capital	₹35.26 Crores
2	Total Turnover	₹1,132.21 Crores
3	Total profit after taxes	₹128.56 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total spending on CSR for the year ended March 31, 2020 was ₹4.18 crores, (3.25% of the profit after tax of FY 2019-20).
5	List of activities in which expenditure in 4 above has been incurred: 1. Health, 2. Education, 3. Livelihood and 4. Other Programs	

## Section C: Other Details

	Does the Company have any Subsidiary Company / Companies? Yes	
	<b>Indian Subsidiaries</b>	
	Nava Bharat Projects Limited	Nava Bharat Energy India Limited
	Brahmani Infratech Private Limited	
	<b>Foreign Subsidiaries</b>	
1	Nava Bharat (Singapore) Pte. Limited, Singapore	Maamba Collieries Limited
	Nava Energy Pte. Limited, Singapore	Nava Energy Zambia Limited, Zambia
	Nava Agro Pte. Limited, Singapore	Kawambwa Sugar Ltd, Zambia
	Nava Holding Pte. Limited, Singapore	Tiash Pte. Limited, Singapore
	Compai Pharma Pte. Limited, Singapore	Compai Healthcare SDN, BHD, Malaysia
	The Iron Suites Pte. Limited, Singapore	TIS Pte. Limited, Singapore
	Kinta Valley Mining Resources Sdn. Bhd., Malaysia (applied for strike off)	
2	Do the Subsidiary Company / Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	The parent Company undertakes majority of the BR initiatives.
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Our suppliers are not directly involved with the 'Business Responsibility' initiatives. However, our agreements address areas like Health, Safety and Environment (HSE), Ethics and Human Rights that our suppliers, distributors etc. are obliged to comply with.

## Section D: BR Information

### 1. Details of Director / Directors responsible for BR

(a) Details of the Director / Director responsible for implementation of the BR policy / policies

1. DIN Number : 00006887
2. Name : Mr. P Trivikrama Prasad
3. Designation : Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00006887
2	Name	Mr. P Trivikrama Prasad
3	Designation	Managing Director
4	Telephone number	040 67283333/23607922
5	e-mail id	investorservices@nbv.in

### List of Principles

Principles	Description
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the wellbeing of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	Businesses should respect and promote human rights
Principle 6	Business should respect, protect, and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their customers and Consumers in a responsible manner

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

(a) Details of compliance

No	Questions	P1 Ethics, Transparency and accountability	P2 Product Life Cycle sustainability	P3 Employment Well-being	P4 Stakeholders Engagement	P5 Human Rights	P6 Environment	P7 Advocacy Policy	P8 Community Development	P9 Customer Value
1.	Do you have a policy/policies for....?	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	NA	Y	Y
All the policies are in compliant with respective principles of National Voluntary Guidelines (NVGs).										
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	N	N	N	N	N	NA	Y	N
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
The Company is having a committee for Corporate Social Responsibility, Stakeholders Relationship and Sexual Harassment of women at workplace. For other policies, designated department heads monitor and oversee policy implementation.										
6.	Indicate the link for the policy to be viewed online?	#	#	#	#	#	#	NA	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y



No	Questions	P1 Ethics, Transparency and accountability	P2 Product Life Cycle sustainability	P3 Employment Well-being	P4 Stakeholders Engagement	P5 Human Rights	P6 Environment	P7 Advocacy Policy	P8 Community Development	P9 Customer Value
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies? Has the company carried out Independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.		Y	N	N	N	N	N	NA	Y	N

#### # Details of information and links provided below

**P1:** Refer to Whistle Blower Policy, Code and Conduct Policy and Policies under Prohibition of Insider Trading ([available on www.nbventures.com](http://www.nbventures.com))

**P2:** Available internally, view restricted to respective stakeholder

**P3:** Available internally, view restricted to respective stakeholder

**P4:** Refer CSR Policy ([available on www.nbventures.com](http://www.nbventures.com))

**P5:** Code of Conduct, Whistle Blower Policy ([available on www.nbventure.com](http://www.nbventure.com)) and Prohibition of Sexual Harassment of Women Employees at workplace available internally to all employees.

**P6:** Available internally, view restricted to respective stakeholder

**P7:** Not Applicable

**P8:** Refer to the CSR committee charter, CSR Policy ([available on www.nbventures.com](http://www.nbventures.com))

**P9:** Available internally, view restricted to respective stakeholder

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Sl No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	*	-

\* The company does not have a separate policy on advocacy. For advocacy on policies, the Company works through / is a member of ISMA, SISSTA, STAI and IFAPA, etc.

## 1. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

Annually

**Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes, the Company publishes the BR Report in compliance with Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015 and the same can be accessed from the Company's website at [www.nbventures.com](http://www.nbventures.com).

## Section E: Principle-wise Performance

### Principle 1

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?:**

Our policies on ethics, bribery and corruption cover the Company, its subsidiaries, branches and our suppliers and contractors.

The Company has adopted Code of conduct policy applicable to the Board of Directors and senior management personnel of the Company. The members of the Board of directors and the members of the Senior Management of the Company are required to affirm compliance of this code annually.

The Company further ensures compliance of ethical standards by its vendors and contractors through appropriate clauses in its work contracts addressing areas like HSE, Ethics, and Human Rights which they are obligated.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has not received any significant complaints from stakeholders in the previous financial year. However, the Company has received 5 (Five) complaints from the shareholders which are general in nature like Non Receipt of Dividend Credit Intimation, Non Receipt of Dividend and others which were well resolved satisfactorily.

### Principle 2

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

Nava Bharat Ventures Limited is into business of Ferro Alloys, Power and Sugar.

### Ferro Alloys:

We produce manganese and chromium alloys which are essential part of steel. Our products are used in several heavy industries – such as automotive, railways and constructions as well as in manufacture of stainless steel consumer goods.

Environmental concerns have been incorporated in the design and business by adopting criteria for site selection and conducting Environmental Impact Assessment. Occupational health and safety management are integrated in business by adopting Health and Safety management system and the Company has Occupational Health and Safety Assessment Series (OHSAS) and International Organisation for Standardization (ISO) Certifications. During FY 2019-20, OHSAS upgraded to ISO 45001 in the month of February 2020.

### Power:

We have coal fired power plants in Paloncha, Kharagprasad, comprising 114 MW and 150 MW respectively. Other co-gen plant situated in Samalkot a non-fossil fuel bagasse based 9 MW – a sign of Nava Bharat Ventures Limited commitment to environmental concern and clean futures.

The Units have incorporated in its design/production planning to address the Internal and External issues including Compliance Obligations of Health, Safety, Environmental and considered the related Risks and Opportunities in its business through its BSI certified ISO-Integrated Management System (comprising Quality Management System-QMS, Environmental Management System-EMS, -OHSMS and Energy Management System-EnMS).

The fly ash generated from thermal power plant is utilised for manufacturing of fly ash bricks. Emissions from all operations are monitored and controlled as per design. The Company also has Risk Identification and management framework across all operations and corporate office.

Pollution control equipment is in place to control the emissions generated from the process and to meet the latest norms prescribed by the pollution control board norms. Installation of limestone handling system is in progress to meet the environment norms. Online Emission Monitoring Equipment is installed and the same was connected to the CPCB & TSPCB servers for continuous monitoring is in place. Company also has Risk Identification and management framework across all operations and corporate office. Rain guns are provided for FAP coal yard at CHP-1 to reduce the dust emissions during coal processing.

### **Sugar:**

Our integrated sugar facility in Samalkot, Andhra Pradesh can crush 4,000 tons of sugarcane per day, with a distillation capacity of 20,000 litres per day and ethanol production of 30,000 litres per day. This facility has won several accolades for energy efficiency, with power consumption as low as 23 kWh per tonne of sugarcane. We have also achieved zero discharge – all the effluents from our production process are dealt with through our reverse osmosis and spent wash evaporation plants, with the residue used for composting materials and organic manure. However the Sugar Division at Samalkot has been inoperative and closed w.e.f. March 31, 2020.

### **2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

#### **(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

The Company's operations are energy efficient. We recognise the impact of our operations on the environment and adopt strategies to minimise our resources use in all our processes.

To further channelize our endeavours, we consciously track usage of these resources – water, energy and raw materials, throughout our operations. Emissions from all operations are monitored and controlled as per design.

There are various initiatives such as fly ash generated from thermal power plant is utilised for manufacturing of fly ash bricks. 100% GCP dust is reused again in the furnace by agglomeration process; there by consumption of Raw materials are reduced.

The specific consumption of inputs required for Ferro Chrome production like coke consumption reduced from 428 Kg/MT to 420 Kg/MT, and have used alternate reductant upto 50% in coke blending.

#### **(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

##### **Paloncha Unit**

Waste heat recovery systems are in place for Furnace No: 03 & 04 to recover the waste heat available in exit flue gas. This waste heat is utilized for heating feed water in STG-02 & 03 regenerative system. During this period, around 11,509 MT coal equivalent heat energy was recovered from the flue gas for the year 2019-2020. Energy Reduction of 0.01%.

##### **Dhenkanal Unit**

Electric power consumed in ferro chrome production has been reduced from 3320 kWh / MT to 3280 kWh / MT.

The specific water consumption of the Power Plant for the year 2019-20 was reduced from 3.154 Ltr / kWh to 3.036 Ltr / kWh.i.e. reduced by 3.80 % when compared with FY 2018-19.

### **3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

-Yes

#### **(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Raw materials for the production are sourced through reputed Organizations in both indigenous and through imports. Vendors are selected through supplier evaluation process mechanism. MOUs with the suppliers will be concluded from time to time basing on business plan. Apart from these, one quarter inventory is being maintained to avoid impact on Company's operations due to shortage of raw materials. Standard Procedures are laid down for sourcing of raw materials and transportation of the same to Plant. Adequate measures are taken to control spillage of raw materials / dust emissions during transportation from source like coverage with tarpaulins, etc. The transporters are well educated with our policies towards environmental protection. The coal is an important raw material in the production process. The Company located its Plants at the nearest possible distance from coal mines, so that emissions from transportation can be reduced to the minimum possible extent.

The Company ensured all precautionary measures to protect the environment at unloading points (RM yards) with the systems implemented like dust suppression, dust extraction equipment and coverage with tarpaulins on stocks. Spillages if any at yards will be cleared off immediately once the truck is unloaded. All four furnaces are individually connected to pollution control equipment (Gas Cleaning Plant). So that, no emissions are let out into atmosphere from production activities. The generated waste from the production is 100% recycled.

The Company's product is being delivered in packed bags along with coverage of the truck with tarpaulin. Hence, there will not be any spillages/dust emissions during transportation.

The applicable legal and other requirements and its compliance are being monitored regularly by the Company. Being accredited with four ISO systems (ISO 9001, ISO 14001, ISO 45001, ISO

50001), Company ensures all the sustainable measures for maintaining Quality of the product, protection of environment, health & safety of employees / equipment and conservation of energy.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? -Yes**

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company encourages procurement of raw material and avail services from the local vendors who are in close proximity to the Company's plants and region, which helps us to reduce cost, lead time. The Company strives to improve the business of its vendors, it provides technical know-how inputs to small vendors for improving product quality and operational efficiency.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

**Paloncha Unit and Dhenkanal Unit**

Fuel Gas cleaning residue generated from Gas Cleaning Plant (GCP) is recycled completely (100%) through briquetting process.

**Samalkot Unit**

The by-products produced in the manufacturing process are utilised in the manner as detailed below:

- 1) Filter cake – Used for preparation of Bio fertilizer,
- 2) Final Molasses – Used as raw material at our Distillery,
- 3) Effluent water – after treatment used for irrigation,
- 4) Fly ash – used for Brick manufacturing units.

In Distillery the compost has been prepared with filter cake from sugar factory and the Spent wash from distillery, which is highly valuable manure. We are selling to our own growers which in turn useful for soil recycling and enrichment. The RO treated water and the Multiple Effect Evaporator (MEE) process condensate water are reused in Distillery fermentation process and Cooling Tower makeup.

**Principle 3**

**1. Please indicate the Total number of employees.**

The total number of employees is 2,594 as on March 31, 2020 which includes 100 employees employed in Indian subsidiaries and 1,670 employees hired on temporary basis.

**2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.**

The total number of employees hired on temporary / contractual / casual basis is 1670 as on March 31, 2020.

**3. Please indicate the Number of permanent women employees.**

The total numbers of permanent women employees are 5 as on March 31, 2020, including women employees hired in its subsidiaries.

**4. Please indicate the Number of permanent employees with disabilities – Nil**

**5. Do you have an employee association that is recognized by management?**

Yes, at Paloncha Unit:

- a) Nava Bharat Workers Union – Affiliated to INTUC
- b) Nava Bharat Ferro Alloys Employees Union – Affiliated to AITUC

**6. What percentage of your permanent employees is members of this recognized employee association?**

53 permanent employees are the members of the above mentioned recognized employee association/s.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees – 94.7%
- (b) Permanent Women Employees – 100%
- (c) Casual / Temporary / Contractual Employees – 95.8%
- (d) Employees with Disabilities – NA

#### Principle 4

**1. Has the company mapped its internal and external stakeholders?**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes, the Company has identified the disadvantaged, vulnerable and the marginalized sections within the local communities around its operation sites, which forms the basis of the Company's CSR initiatives design to make it more focused towards improving life quality of villagers in general and women and marginalised in particular.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company has taken various initiatives to engage with marginalised stakeholders in area of Community health care, making available safe drinking water, promoting Education, promoting employment and enhancing vocational skills, women empowerment, rural development projects, environment sustainability. For details of projects undertaken during the FY 2019-20, please refer the Annual report on Corporate Social Responsibility (CSR) activities.

#### Principle 5

**1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company remains committed to respect and protect human rights and the policy on human rights extends across the Nava Bharat Ventures Limited group of Companies.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has received 5 (Five) complaints from the shareholders as mentioned in Principle-1 but haven't received any complaint with respect to Human Rights violation.

#### Principle 6

**1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others:**

The Company has well defined policies in place relating to Health, Safety and Environment.

The Policy extends to the subsidiary, branches and manufacturing locations within the group.

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?**

Yes, the Company is committed to addressing global environmental issues such as climate change, global warming etc. through adoption of energy and resource efficiency initiatives in its manufacturing. Policy is available internally which is accessible only to employees.

**3. Does the company identify and assess potential environmental risks?**

Yes. All the potential environment risks are identified and addressed as below:

**Air Pollution:** To reduce / minimise the air pollution the following are measures implemented in the plant premises.

- Provided rain guns in the raw material storage yards and Coal Handling Plant for the suppression of the dust emissions.
- Paved roads are in place to minimise the dust emissions during the internal transport of the raw materials.
- Permanent sprinklers are in place to suppress the dust emissions arise from the road during vehicle movement.
- Lime Dosing work is in progress to minimise the SO<sub>2</sub> emissions generated from the flue gases to fulfil the statutory requirement.

**Water Pollution:** To prevent / reuse of the waste water for the greenbelt development and other purposes the following measures are implemented

- Lining of waste water pond was done to prevent the ground water contamination.
- Sewage Treatment plant is in place at Colony to treat the domestic effluents.
- Packaged STP / Phytoid systems are in place to treat the domestic effluents in the Plant.

**Solid Waste:** To reuse the solid waste generated from the plant without effecting the environment

- Fly ash disposed to Brick and Cement Units.
- Slag Granules disposed to Brick and Cement Units.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

**Paloncha Unit**

Solid wastes such as fly ash generated in the Power plant is being utilised by Cement industries for manufacturing Cement and Bed ash is being utilised by local ash brick units for making ash bricks. In

addition, Singareni Collieries Company Limited (SCCL) uses Bed ash partially for stoving their underground coal mines by mixing with sand.

Silico manganese fume collected in the filter bag houses connected to Ferro Alloy Furnaces is being mixed with Manganese (Mn) ore fines and sintered in the Sinter Plant and the sinters thus produced are fed into.

Slag granules generated during slag granulation are disposed to ash brick manufactures to mix with ash while making bricks. This improves the strength of ash brick and lesser weight.

Environmental compliance report is being filed regularly in compliance with the conditions stipulated in the "Consent for Operation (CFO).

#### Samalkot Unit

The unit has wet scrubbers to arrest fly ash and collected fly ash is being given to brick manufacturers. Every year we submit Form-V to State Pollution Control Board (SPCB).

#### Dhenkanal Unit

- Plantation Program is carried out regular basis.
- Energy Conservation-Specific Power consumption for production of Ferro Chrome reduced from 3320 Kwh to 3280 Kwh.

#### 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, The Company has undertaken the following initiatives on clean technology, energy efficiency, and renewable energy. The salient points are summarised as below:

#### Paloncha Unit

The company strives to follow the clean technology and energy efficient methods such as;

- Gas Cleaning Plant to control the emissions from the Furnace
- Electro Static Precipitator to control the emissions from the Boiler
- Dust Extraction system at the transfer Points
- Dry Fog system at Finished Product Area

#### Samalkot Unit

The Company continuously strives to follow energy efficiency methods and has also received the energy efficient National awards organised by CII.

#### Dhenkanal Unit

- Gas Cleaning Plant (GCP)

- Electrostatic Precipitator (ESP)
  - Lime Dosing System
  - Bag Filter System
  - Dry Fog System
- Tubular feeders in Furnace I & II for replaced with direct chute, as a result the energy saving comes around 1080 Kwh / Annum.
  - Due to Granulation-I pump replacement, the power consumption reduced by 5475 Kwh / Annum.
  - Under CSR Project, there are 62 Nos. of Solar Street light provided to nearby Road.
  - Installed centralized Vacuum Cleaning system for collection of fine dust from floor and equipment in Briquetting Plant.

#### 6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes. Emissions / Waste generated by the company are maintained within the permissible limits and reports for the same are being submitted regularly to CPCB / TSPCB.

#### 7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

#### Principle 7

#### 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry
- Indian Sugar Mills Association (ISMA)
- South Indian Sugar and Sugar Technologies Association (SISSTA)
- Sugar Technologies Association of India (STAI)
- Indian Ferro Alloys Producers Association (IFAPA)

#### 2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, through membership in the above industry bodies, the Company has advocated on the key issues impacting energy security, including but not limited to power sale, coal supply and other issues which may have significant impact.

## Principle 8

### 1. Does the Company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the Company's programs / initiatives / projects are driven through CSR Policy <https://www.nbventures.com/policies-code-of-conduct/>

The details of programs / projects implemented during FY 2019-20 are highlighted in the Report of Corporate Social Responsibility which forms part of Annual Report 2019-20.

### 2. Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

The Company has undertaken most of its programs / projects directly through its Committee (in-house) and few of them through NGO Foundation as detailed in the report of Corporate Social Responsibility.

### 3. Have you done any impact assessment of your initiative?

No, Company has not carried any impact assessment or Social audit on CSR programs during 2019-20.

### 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

In the FY 2019-20, the Company has spent ₹418 Lakhs on CSR activities. The details of the projects undertaken are given in the **Annexure-3** to the Directors' report.

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, the Company has been taking appropriate steps to ensure that the CSR initiatives are successfully adopted by the community. The Corporate Social Responsibility committee reviews at its meeting the programs / initiatives / projects undertaken and deployment of amounts in relation thereto.

## Principle 9

### 1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

There were no customer complaints / consumer cases pending as at the end of FY 2019-20.

### 2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Yes,

a. Product name is displayed on the packed bags of Ferro Silico Manganese. In addition, a separate test certificate will also be issued against the respective lot dispatched.

b. Product information displayed on every sugar bag, as per FSSAI standards.

### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No

### 4. Did your company carry out any consumer survey / consumer satisfaction trends?

No

# Report on Corporate Governance

[Pursuant to Schedule V(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations")]

## (1) Company's Philosophy on Corporate Governance:

The core philosophy of the Company on the code of governance is conducting business in a fair and transparent manner thereby enhancing stakeholders' value.

The Company will continue to focus on its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and interests.

The Company believes in maintaining high standards of corporate behaviour towards the communities that it is in touch with and the environment on which it has an impact, for orderly and responsible growth and creating long term value for its shareholders.

The Company is committed to fair and ethical business practices with transparency, accountability for performance, compliance with applicable laws and timely disclosure of reliable information.

The Company implemented the norms of governance as provided in Chapter IV and Schedule II of the Listing Regulations.

## (2) Board of Directors:

### (a) Composition and category of directors:

The Board of directors of the Company has an optimum combination of executive, non-executive and Independent directors with one woman Independent director.

The details of the Board of directors including their attendance at the meetings of Board and shareholders, directorships / chairmanships / memberships on the Boards / Committees of other Companies and names of the listed entities where the person is a director and the category of directorship as required under Regulation 34 read with schedule V of Listing Regulations are as below.

Name	DIN	Category	No. of Board Meetings		Attendance at the last AGM	No of directorships in other Companies		Chairmanships / memberships in other Companies		Name of other listed entities where he/she is a director and the category of directorship
			Held	Attended		Private	Public	Chairmanship	Membership	
Mr. D Ashok	00006903	Executive (Promoter)	6	6	Yes	2	2	2	1	-
Mr. P Trivikrama Prasad	00006887	Executive (Promoter group)	6	5	Yes	3	2	-	-	-
Mr. Ashwin Devineni	00007540	Executive (Promoter group)	6	5	Yes	-	-	-	-	-
Mr. GRK Prasad	00006852	Executive and Professional	6	6	Yes	-	3	-	5	-
Mr. CV Durga Prasad	00006670	Executive and Professional	6	6	Yes	1	-	-	-	-
Dr. D Nageswara Rao	02009886	Independent director	6	5	Yes	5	-	-	-	-
Dr. CV Madhavi <sup>#</sup>	06472632	Independent director	6	1	NA	NA	NA	NA	NA	-
Mr. K Durga Prasad	07946821	Independent director	6	6	Yes	-	2	-	8	CCL Products (India) Limited - Independent director
Mr. GP Kundargi	02256516	Independent director	6	5	Yes	-	1	1	3	The Sandur Manganese and Iron Ores Limited - Independent director
Mr. A Indra Kumar	00190168	Independent director	6	5	Yes	8	2	4	4	Avanti Feeds Limited - Chairman & Managing director
CA B. Shanti Sree <sup>*</sup>	07092258	Independent director	6	3	NA	-	1	1	3	B.N. Rathi Securities Limited - Independent director

<sup>#</sup> Retired from the office of directorship with effect from August 8, 2019 and attended one meeting out of two meetings held before her retirement.

<sup>\*</sup> Appointed as additional director with effect from October 30, 2019 and attended three meetings out of three meetings held after her co-option.



**(b) Number of meetings of the Board of directors held and dates on which held:**

During the financial year, six meetings of the directors were held on May 4, 2019; May 29, 2019; August 08, 2019; October 30, 2019; January 29, 2020 and March 02, 2020 in compliance with provisions of the Companies Act, 2013, the Listing Regulations and Secretarial Standards.

**(c) Disclosure of relationships between directors inter-se:**

Other than Mr. D Ashok and Mr. Ashwin Devineni, who are related to each other, as father and son respectively within the meaning of Section 2 (77) of Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014, none of the directors are related to each other.

**(d) Number of shares and convertible instruments held by non-executive directors:**

None of the non-executive directors hold any equity shares or convertible instruments in the Company except the following:

S. No	Name and Designation of the Director	No. of Shares held
1	Mr. K Durga Prasad, Independent director	2,700
2	Mr. A Indra Kumar, Independent director	2,62,480 (HUF)
3	CA B. Shanti Sree, Independent director	7,500

**(e)** Details of familiarisation programs imparted to Independent directors are posted on the Company's website at <https://www.nbventures.com/policies-code-of-conduct/>

**(f) List of core skills / expertise / competencies identified by the Board of directors:**

The Company requires skills, expertise and competencies in the areas of strategy, finance, accounting, legal and regulatory matters, the environment, sustainability and operations of the Company to efficiently carry on its core businesses such as manufacturing of ferro alloys, generation of thermal power, mining and healthcare enabled services.

The Board comprises qualified members who bring in the required skills, expertise and competence as mentioned above which allow them to make effective contributions to the Board

and its committees. The members of the Board are committed to ensuring that the Company is in compliance with the highest standards of corporate governance.

**(g) Confirmation:**

The Board of directors hereby confirms that in its opinion, the Independent directors fulfill the conditions specified by the Listing Regulations and they are independent of the management.

**(h) During the year under review, no Independent director has resigned from the directorship of the Company before the expiry of his / her term of appointment.**

**(3) Audit Committee:**

The audit committee of the Board of directors was constituted in conformity with the requirements of Section 177 of the Companies Act, 2013 and regulation 18 of the Listing Regulations.

**(a) Brief description of terms of reference:**

The role of the audit committee is as prescribed under the Act and the Listing Regulations and includes the following:

- i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. Recommendation of appointment, remuneration and terms of appointment, of the statutory auditors for audit and other services rendered by them;
- iii. Examination and review of annual financial statements / audit report with particular reference to directors' responsibility statement, changes in accounting policies, major accounting entries involving estimates, disclosure of related party transactions, qualifications in the draft audit report, etc.;
- iv. Discussions with internal auditors on significant findings and with statutory auditors of the nature and scope of audit and on areas of concern;
- v. Review of quarterly financial statements, uses and application of funds raised, performance of statutory and internal auditors, adequacy of internal control system and internal audit function;
- vi. Review of management discussion and analysis report on financial condition and results of operations, significant related party transactions, internal control weaknesses reported by the statutory auditors and internal auditors and the appointment and remuneration of internal auditors.

- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Evaluation of internal financial controls and risk management systems;
- xi. Review of the functioning of the Whistle Blower mechanism; and
- xii. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

**(b) Composition, name of the members and chairperson:**

The composition of the audit committee and the details of meetings attended by its members are given below:

Name of the Director	Category	Chairman / Member
Dr. D Nageswara Rao	Independent director	Chairman
Mr. K Durga Prasad	Independent director	Member
Mr. A Indra Kumar	Independent director	Member

**(c) Meetings and attendance during the year 2019-20:**

During the year, five meetings of the Audit committee were held and the details of attendance are as follows:

Date of the Meeting	Number of directors attended
May 29, 2019	2
August 07, 2019	2
August 08, 2019	3
October 30, 2019	3
January 29, 2020	3

**(4) Nomination and Remuneration Committee (NRC):**

The NRC of the Board of directors was constituted in conformity with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations and its role has been the same as stipulated in the Act and the Regulations mentioned above.

**(a) Brief description of terms of reference:**

The functioning and terms of reference of the NRC are as prescribed under the Listing Regulations. It determines the Company's policy on all elements of the remuneration packages of the directors including the executive directors. The role of the committee includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of directors a policy relating to, the remuneration of the directors, Key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent directors and the Board of directors;
3. Devising a policy on diversity of Board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board of directors for their appointment and removal;
5. Performance evaluation of Independent directors; and
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

**(b) Composition, name of members and chairperson:**

The NRC comprises of three Independent directors.

Name of the Director	Category	Chairman / Member
Dr. D Nageswara Rao	Independent director	Chairman
Mr. K Durga Prasad	Independent director	Member
Mr. A Indra Kumar	Independent director	Member

**(c) Meetings and attendance during the year 2019-20:**

During the year, four meetings of the Nomination and Remuneration Committee were held and the details of attendance are as follows:

Date of the Meeting	Number of directors attended
May 29, 2019	2
October 30, 2019	3
January 29, 2020	3
March 02, 2020	2

**(d) Performance evaluation criteria for Independent directors:**

Independent directors have three key roles – governance, control and guidance. Some of the performance indicators, based on which the Independent directors are evaluated, are:

- Contribution to and monitoring corporate governance practices.
- Ability to contribute to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of obligations and responsibilities.

The performance evaluation of an Independent director is done by the Board annually based on criteria of attendance and contributions at Board/ Committee meetings and also the role played by the Independent director other than at meetings.

The NRC had specified criteria for performance evaluation of directors, committees and the Board as a whole and recommends the same to the Board for evaluation.

In line with corporate governance guidelines, evaluation of all Board members is done on an annual basis. This evaluation is done by the entire Board led by its Chairman with specific focus on the performance and effective functioning of the Board, committees of the Board and individual directors and reported to the Board. The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

The entire Board of directors (excluding the director being evaluated) held the performance evaluation of Independent directors and on the basis of performance evaluation, the Board decided to continue the term of appointment of Independent directors.

Performance evaluation was carried out by the respective bodies on March 02, 2020.

**(5) Remuneration of Directors:**

The Company's remuneration policy for directors, key managerial personnel and other employees is placed on the Company's website under the web link: <https://www.nbventures.com/policies-code-of-conduct/>. Further, the Company has adopted specific criteria for performance evaluation of Independent directors, the Board, committees and other individual directors.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

**(a) All pecuniary relationships or transactions of the non-executive directors:**

The members at their meeting held on August 27, 2015 approved the payment of commission to the non-executive directors including Independent directors for each year for a period of 5 years commencing from April 1, 2016, not exceeding 1% of the net profits of the Company in any financial year subject to an overall ceiling of ₹25 lakhs per annum for every financial year to be paid and distributed equally among all the non-executive directors including Independent directors of the Company in addition to the sitting fee payable to them, as may be decided by the Board from time to time, for attending every meeting of the Board or other committees. The directors are entitled to sitting fees for attending the meetings of the Board and its committees, as per the details given below:

S. No	Type of the meeting	Sitting fee per meeting in ₹
1	Board	25,000/-
2	Audit Committee	20,000/-
3	Other Committees	15,000/-

**(b) Criteria of making payments to non-executive directors:**

Keeping in view the size, scale and complexity of the Company's operations and the level of involvement of the non-executive directors in the supervision and control of the Company and their guidance for the growth of the Company as members of the Board and also as chairman or members of the relevant committees of the Board, the Board and shareholders decided that such remuneration / commission should commensurate with their roles which have undergone significant qualitative changes.

**(c) Disclosures with respect to remuneration, in addition to disclosures required under the Companies Act, 2013:**

- (i) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc., for FY 2019-20 :

Name of the Director	Sitting Fee (Board & Committees) (₹)	Salaries (₹)	Perquisites and allowances (₹)	Commission and incentive as approved by General Body (₹)	Total (₹)
Mr. D. Ashok Chairman	0	96,00,000	1,01,24,178	4,29,01,096	6,26,25,274
Mr. P. Trivikrama Prasad Managing Director	0	96,00,000	1,00,64,763	4,29,01,096	6,25,65,859
Mr. Ashwin Devineni Chief Executive Officer	0	0	0	0	0
Mr. CV Durga Prasad Director (Business Development)	0	1,38,00,000	1,44,01,696	0	2,82,01,696
Mr. GRK Prasad Executive Director	0	1,38,00,000	1,43,31,910	60,00,000	3,41,31,910
Dr. D. Nageswara Rao	2,75,000	0	0	5,23,755	7,98,755
Mr. K. Durga Prasad	3,45,000	0	0	5,23,755	8,68,755
Mr. GP Kundargi	1,55,000	0	0	5,23,755	6,78,755
Mr. A. Indra Kumar	2,60,000	0	0	5,23,755	7,83,755
Dr. CV Madhavi*	15,000	0	0	1,84,602	1,99,602
Mrs. B. Shanti Sree**	75,000	0	0	2,20,378	2,95,378

\* Retired from the office of directorship with effect from August 8, 2019.

\*\* Appointed as additional director with effect from October 30, 2019.

- (ii) Details of fixed component and performance linked incentives, along with the performance criteria:

Except Mr. GRK Prasad, Executive Director, who was allowed a fixed incentive per annum of ₹60.00 lakhs as shown above, no other director was allowed any fixed or performance linked incentives.

- (iii) Service contracts, notice period, severance fees:

There are neither specific contracts nor any severance fees. Terms of appointment are as decided by the Board and General Body.

- (iv) Stock option details, if any including issue at a discount as well as the period over which accrued and over which exercisable:

The Company has no options outstanding as at the beginning of the year and has not granted any stock options during FY 2019-20.

**(6) Stakeholders' Relationship Committee:**

The Company has Stakeholders' Relationship committee (SRC) at the Board level, which consists of three directors namely Mr. K Durga Prasad, Mr. GP Kundargi and Mr. P Trivikrama Prasad as at the end of the financial year.

(a) Name of non-executive Director heading the Committee	Mr. K Durga Prasad, non-executive and Independent director chairs the SRC. It deals with the grievances if any, of the shareholders on a regular basis.
(b) Name and designation of Compliance Officer	Mr. VSN Raju Company Secretary & Vice President
(c) Number of grievances received in FY 2019-20	5
(d) Number of grievances not solved to the satisfaction of shareholders	Nil
(e) Number of pending grievances	Nil

## (7) General Body Meetings:

### (a) Location and time where last three Annual General meetings held:

Nature of meeting	Date & time	Venue of meeting	Special resolution(s)
47 <sup>th</sup> Annual general meeting	August 8, 2019 at 10.30 a.m.	Hotel Marigold By and beside Green Park Hotel Hyderabad – 500 016	2
46 <sup>th</sup> Annual general meeting	August 6, 2018 at 10.30 a.m.	Hotel Marigold By and beside Green Park Hotel Hyderabad – 500 016	Nil
45 <sup>th</sup> Annual general meeting	August 09, 2017 at 10.00 a.m.	Hotel Marigold By and beside Green Park Hotel Hyderabad – 500 016	Nil

### (b) Postal Ballot

During the year, shareholders passed one special resolution as detailed below approving reduction of share capital of the Company through postal ballot, the results of which were declared on December 18, 2019. Mrs. D Renuka, practicing Company Secretary was appointed as scrutinizer and the e-voting process has been facilitated by KFin Technologies Private Limited, as per the procedure prescribed under section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014. There are no resolutions proposed to be passed through postal ballot now.

Description of the resolution	Type of resolution	No. of votes polled	Votes cast favour	Votes cast against
Reduction of Share Capital of the Company	Special	8,61,07,132	8,61,03,728	3,404

## (8) Means of Communication:

The periodical financial results of the Company with additional information, the material information having impact on the operations of the Company, annual reports, transcripts of the earning calls with analysts / investors are filed with stock exchanges and posted on the Company's website at [www.nbventures.com](http://www.nbventures.com). The periodic financial results are normally published in English newspaper (Business standard) as well as in one of the vernacular language (Telugu) newspapers (Nava Telangana). Annual reports with audited financial statements are sent to the shareholders through permitted mode.

## (9) General Shareholder Information:

### (a) Annual General Meeting date, time and venue:

<b>Date</b>	September 2, 2020
<b>Time</b>	10:00 a.m. (IST)
<b>Venue</b>	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the notice of this AGM.

### (b) Financial year:

The financial year of the Company starts from 1<sup>st</sup> April every year and ends on 31<sup>st</sup> March of subsequent year.

### (c) Dividend payment date:

The interim dividend for FY 2019-20 was paid within 30 days from the date of declaration (i.e., March 31, 2020) to the members.

### (d) The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s):

<b>National Stock Exchange of India Ltd</b> Exchange Plaza 5 <sup>th</sup> Floor, Plot No.C/1 'G' Block Bandra-Kurla Complex Bandra(E) Mumbai - 400 051	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001
---	--

The Annual Listing fee was remitted to the above stock exchanges upto FY 2020-21.

### (e) Stock code:

Stock Codes/Symbol:

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

**Corporate Identity Number (CIN):**

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, the Government of India is L27101TG1972PLC001549.

**International Securities Identification Number (ISIN):**

ISIN is a unique identification number allotted to dematerialised scrip. The ISIN has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN for the equity shares of the Company is INE725A01022.

**(f) Market price data- high, low during each month in last financial year:**

Market price data: High/Low (daily closing prices) on National Stock Exchange of India Limited during each month in FY 2019-20:

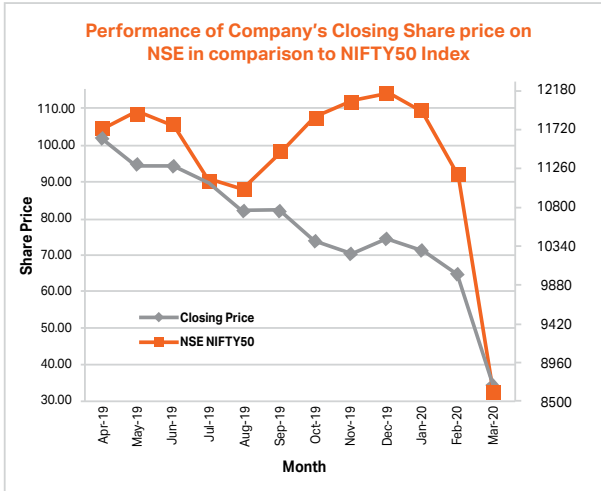
Month	Equity Shares of ₹2/-each				Closing NIFTY 50
	High (₹)	Low (₹)	Closing (₹)	Volume (No.)	
2019					
April	107.90	101.90	101.90	25,12,850	11,748.15
May	109.75	88.60	94.80	51,59,640	11,922.80
June	96.90	91.90	94.10	23,50,692	11,788.85
July	97.55	89.50	89.50	26,98,607	11,118.00
August	93.60	79.65	82.10	22,40,912	11,023.25
September	88.00	82.10	82.10	20,95,153	11,474.45
October	79.20	73.15	73.70	11,32,002	11,877.45
November	73.70	61.85	70.45	18,48,502	12,056.05
December	74.50	66.70	74.50	36,51,383	12,168.45
2020					
January	90.60	71.30	71.30	60,85,101	11,962.10
February	73.60	64.55	64.85	15,53,493	11,201.75
March	67.15	33.40	34.20	42,19,200	8,597.75

Market Price Data: High / Low (daily closing prices) on BSE Limited during each month in FY 2019-20:

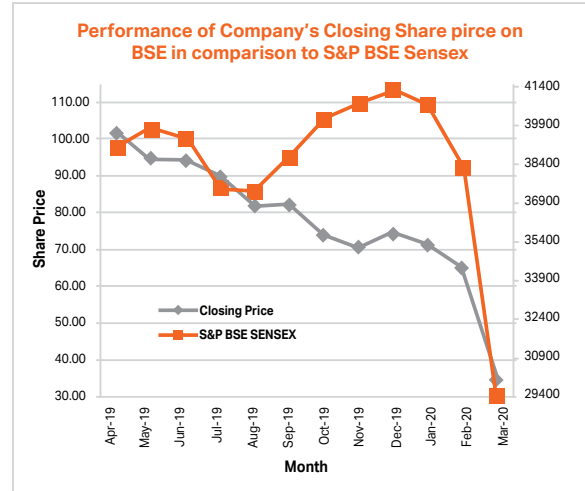
Month	Equity Shares of ₹2/-each				Closing S & P BSE SENSEX	Closing S & P BSE SmallCAP	Closing S & P BSE AllCap
	High (₹)	Low (₹)	Closing (₹)	Volume (No.)			
2019							
April	107.75	101.65	101.65	2,18,357	39,031.55	14,624.56	4,361.68
May	109.50	88.75	94.80	5,45,499	39,714.20	14,867.04	4,425.91
June	97.45	91.95	94.15	3,14,165	39,394.64	14,239.33	4,354.54
July	98.50	89.75	89.75	3,79,793	37,481.12	12,692.18	4,070.41
August	93.35	79.50	82.00	98,961	37,332.79	12,534.70	4,043.54
September	88.05	82.20	82.20	73,433	38,667.33	13,170.76	4,209.34
October	79.40	73.30	74.10	4,22,924	40,129.05	13,558.05	4,370.19
November	73.60	61.95	70.65	1,82,808	40,793.81	13,560.57	4,418.67
December	74.25	66.95	74.25	2,99,610	41,253.74	13,699.37	4,447.03
2020							
January	90.45	71.25	71.25	6,94,603	40,723.49	14,667.96	4,446.01
February	73.55	65.00	65.05	1,54,757	38,297.29	13,709.01	4,153.49
March	67.40	33.55	34.40	44,87,113	29,468.49	9,608.92	3,143.91

(g) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.:

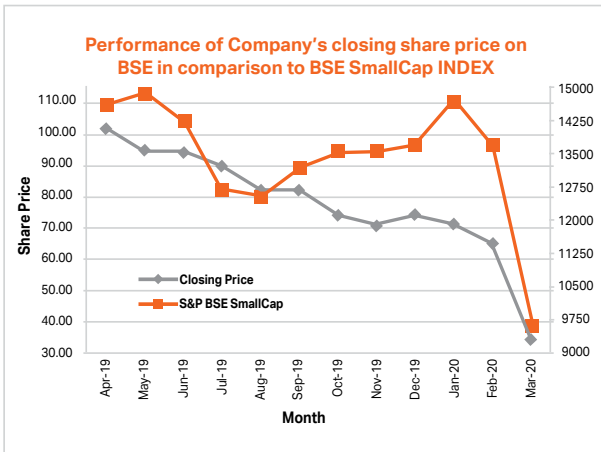
The Company is not forming part of NIFTY 50. Overall performance of the scrip of the Company in comparison to NIFTY 50 is as follows:



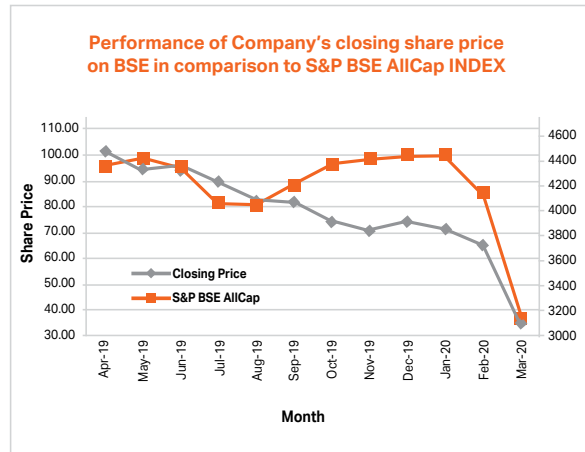
The Company is not forming part of S&P BSE Sensex. Overall performance of the scrip of the Company in comparison to S&P BSE Sensex is as follows:



The Company is forming part of S&P BSE SmallCap. Overall performance of the scrip of the Company in comparison to BSE SmallCap is as follows:



The Company is forming part of S & P BSE AllCap. Overall performance of the scrip of the Company in comparison to BSE AllCap is as follows:



(h) In case the securities are suspended from trading, the directors' report shall explain the reason thereof:

No, not applicable.

(i) Registrar to an issue and share transfer agents:

Registrars & Transfer Agents (for shares held in both physical and demat mode)

Registrars & Transfer Agents (for shares held in both physical and demat mode)	KFin Technologies Private Limited <b>(Unit: Nava Bharat Ventures Limited)</b> Selenium Tower B, Plot Nos.31 & 32 Financial District, Nanakramguda, Serilingampally Mandal Hyderabad – 500 032, Telangana
Telephone Numbers	91 40 6716 1500 / 6716 2222
Direct	91 40 6716 1562
Fax No.	91 40 2300 1153
Contact Person	Mr. M. S. Madhusudhan / Mr. Mohd. Mohsin Uddin
E-mail id	madhusudhan.ms@kfintech.com / mohsin.mohd@kfintech.com
Website	www.kfintech.com

**(j) Share transfer system:**

KFin Technologies Private Limited, Hyderabad, is the Company's Registrars and Share Transfer Agents. Share Transfers are registered and processed in the normal course within a period of less than 15 days from the date of receipt, if the documents are in order in all respects. Request for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrars and Share Transfer Agents were delegated the power of share transfer to expedite the transfer formalities. It is in line with regulation 40 read with Schedule VII of the Listing Regulations.

**(k) Distribution of shareholding:**

Range of equity shares held	As on March 31, 2020			
	Shareholders		Shareholding	
	Number	%	Number	%
1 - 1	420	1.70	420	0.00
2 - 10	1,876	7.61	11,658	0.01
11 - 50	4,249	17.23	1,48,408	0.08
51 - 100	4,162	16.88	3,82,953	0.22
101 - 200	3,530	14.31	6,23,051	0.35
201 - 500	3,927	15.92	14,68,592	0.83
501 - 1000	2,697	10.94	21,93,129	1.24
1001 - 5000	2,658	10.78	62,71,765	3.56
5001 - 10000	530	2.15	39,59,890	2.25
10001 and above	613	2.48	16,11,57,154	91.45
<b>Total</b>	<b>24,662*</b>	<b>100.00</b>	<b>17,62,17,020</b>	<b>100.00</b>

\*No. of shareholders based on grouping of PAN (without grouping 25,723 shareholders).

**(l) Dematerialization of shares and liquidity:**

Dematerialization shares as on March 31, 2020:

Number of shares	% of total shares	Number of shareholders	% of total shareholders
17,52,90,160	99.47	25,253*	98.17

\*No. of shareholders without grouping of PAN.

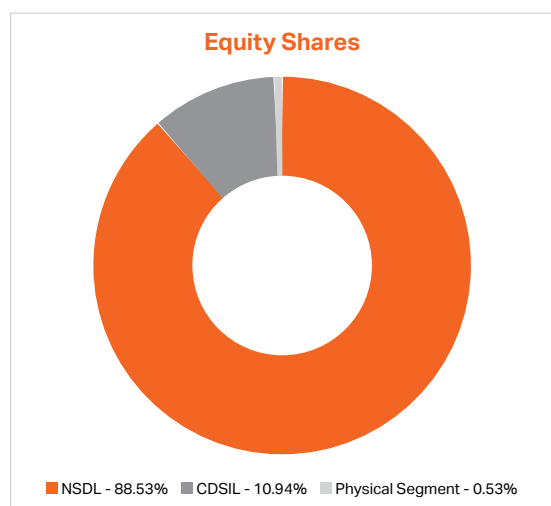
Shareholders, who continue to hold shares in physical form, are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialised form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL). The system for getting the shares dematerialised is as under:

- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant(DP) with whom he/ she has opened a Depository Account;
- DP processes the DRF and generates a unique number viz. DRN;
- DP forwards the DRF and share certificates to the Company's Registrar & Share Transfer Agent;
- The Company's Registrar & Share Transfer Agent after processing the DRF, confirms the request to the Depositories by cancellation of physical share certificates; and
- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.



The break-up of shares in demat and physical form as on March 31, 2020 is as follows:

Particulars	No. of shares of ₹2/- each	% of Shares
Demat Segment		
NSDL	15,60,14,493	88.53
CDSL	1,92,75,667	10.94
Sub-total	17,52,90,160	99.47
Physical Segment	9,26,860	0.53
<b>Total</b>	<b>17,62,17,020</b>	<b>100.00</b>



(m) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company during the year under review or outstanding as at the end of FY 2019-20.

(n) Commodity price risk or foreign exchange risk and hedging activities:

The Company hedges the forex risk on export receivables and on import payables, keeping in view the exchange parity at the time of export or import, as the case may be, and the indicative forex movements. However where the delivery date is yet to be finalized, the Company will weigh the options of open exposure, partial booking etc., over the export/import trade cycle period and decide.

(o) **Plant locations:**

The Company's plants are located at:

Power and Ferro alloy Plant:	Power and Ferro alloy Plant:	Sugar Plant:
Paloncha – 507 154 Bhadradi Kothagudem district Telangana	Kharagprasad village–759121 Dhenkanal district Odisha	Sugar Plant: (ceased operations as on March 31, 2020) Samalkot - 533 440 East Godavari District Andhra Pradesh

(p) **Address for correspondence:**

Registered Office	Nava Bharat Ventures Limited #6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road Hyderabad – 500 082 Telangana, India
Telephone Numbers	+91 40 2340 3501 / 4034 5999
e-Fax Number	+91 080 6688 6121
e-mail id	investorservices@nbv.in
Grievance Redressal Division e-mail id	investorservices@nbv.in
Website	www.nbventures.com

(q) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit program or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad  
Not applicable

(10) **Other Disclosures:**

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All material transactions entered into with related parties as defined under the Act and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and these have been approved by the Audit committee. The Board has approved a Policy for related party transactions which has been uploaded on the Company's Website at the following link: <https://www.nbventures.com/policies-code-of-conduct/>

There have been no materially significant related party transactions between the Company and its Directors, the Management, subsidiaries or relatives, except for those disclosed in the Board's report. Detailed information on materially significant related party transactions is enclosed as **Annexure - 5** to the Board's report and the details of all Related Party Transactions during FY 2019-20 are given at note no. 35 to the Standalone Financial Statement.

Related party disclosure in the format prescribed in Schedule V(A) of the Listing Regulations is given in Directors' Report.

(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by Securities and Exchange Board of India (SEBI) or

by any statutory authority on any matters related to capital markets during the last three years.

- (c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee:

The Company has established a mechanism for Whistle Blower Policy and no personnel had been denied access to the Audit Committee. The Policy is placed on the website of the Company under the web link: <https://www.nbventures.com/policies-code-of-conduct/>

- (d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

**Mandatory Requirements**

The Company complied with all the mandatory requirements enumerated in the Listing Regulations and Companies Act, 2013 read with rules made thereunder.

- (e) Web link where policy for determining 'material' subsidiaries is disclosed:

The Company had formulated a policy for determining 'material' subsidiaries and the policy is available on the Company's website under the web link: <https://www.nbventures.com/policies-code-of-conduct/>

- (f) Web link where policy on dealing with related party transactions:

The Board has formulated a policy for related party transactions and revised it in the light of Listing Regulations including any statutory modification and re-enactment thereof and subsequent amendments thereto which is available on the Company's website under the web link: <https://www.nbventures.com/policies-code-of-conduct/>

- (g) Disclosure of commodity price risks and commodity hedging activities:

The Company's ferro alloy operations, to some extent Sugar operations and power generation based on imported coal are subjected to the world-wide commodity risk and the fiscal policies on import or export. Currently, the Company does not have recourse to any hedging mechanism to mitigate the volatility of prices. However, it does regulate the production of manganese alloys duly considering the international market indices from time to time, both for import of feed stock and export of finished product to sustain reasonable earnings, as much as possible.

- (h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

Not applicable

- (i) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors

of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been enclosed separately to this report.

- (j) Whether the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: No

- (k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: ₹94.15 lakhs.

- (l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the financial year : Nil

b. Number of complaints disposed of during the financial year : NA

c. Number of complaints pending as on end of the financial year : Nil

**(11) Non-compliance of any requirement of corporate governance report of sub-para (2) to (10) above, with reasons thereof:**

All the above requirements are complied with.

**(12) The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:**

**Discretionary Requirements**

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

**i. The Board:**

Since the Chairperson is an Executive Chairman, the maintenance of Office to the Non-executive Chairperson at the Company's expense is not applicable.

**ii. Shareholders' rights:**

All the quarterly financial results are submitted to both the stock exchanges and are simultaneously placed on the website of the Company at: [www.nbventures.com](http://www.nbventures.com) apart from publishing the same in the newspapers.

**iii. Modified opinion(s) in audit report:**

There are no modified opinion(s) in the Audit Reports.

**iv. Separate posts of Chairperson and Chief Executive Officer:**

The Company has separate persons to the post of chairperson and Chief Executive Officer.

**v. Reporting of internal auditor:**

The Internal auditor reports to the Chairman of the Audit Committee directly.

**(13) The disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:**

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of directors	Yes
17A	Maximum Number of Directorship	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	NA
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
24A	Secretarial Audit	Yes
25	Obligations with respect to Independent directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges:

As required under Regulation 30 of the Listing Regulations, the Board of directors of the Company approved the Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges effective from December 1, 2015 and has been hosted on the website of the Company at the following link: <https://www.nbventures.com/policies-code-of-conduct/>

**Preservation of Documents:**

The Company adopted the policy on preservation of documents in accordance with the Regulation 9 of the Listing Regulations, which was placed on the Website of the Company at <https://www.nbventures.com/policies-code-of-conduct/>

**Corporate governance requirements with reference to Subsidiary Companies:**

In compliance with Regulation 24 (1) of the Listing Regulations, the Company has nominated one of its Independent directors, Mr. A Indra Kumar on the Board of Nava Bharat (Singapore) Pte. Limited and Mr. K Durga Prasad on the Board of Nava Bharat Energy India Limited, material subsidiaries of the Company, as Independent directors.

As per Regulation 24 of Listing Regulations, the financial statements, significant transactions, investments and the minutes of the board meetings of the subsidiary companies are considered at the meetings of the Audit committee / Board of directors of the Company, as the case may be.

**Meetings of Independent directors:**

The Company's Independent directors met on March 02, 2020 without the presence of Non-independent directors. The meeting was attended by all the Independent directors except Mr. A Indra Kumar.

The Independent directors in the meeting reviewed the performance of Non-independent directors and the Board as a whole. Further, reviewed the performance of the Chairperson of the Company and also assessed the quality, quantity and timeliness of flow of information from the Management to the Board for effective functioning of the Board and performance of its duties.

**Prohibition of Insider trading:**

In compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code of Conduct for Prohibition of Insider Trading. This Policy also provides for periodical disclosures from the designated employees as well as pre-clearance of transactions by such persons.

The code is applicable to all Insiders who are likely or may reasonably be expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

**Website:**

The Company's website [www.nbventures.com](http://www.nbventures.com) contains a separate dedicated section: 'Investors', where shareholders' information is available. The Annual report of the Company is also available on the website in a user-friendly and downloadable form.

**NSE Electronic Application Processing System (NEAPS):**

The NEAPS is a web based application designed by NSE for Corporates. The shareholding pattern, corporate governance report and various other reports are filed electronically on NEAPS. The Company is also filing various reports through NEAPS.

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):**

BSE Listing Centre is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, financial results, among others are also filed electronically on the Listing Centre.

**SEBI Complaints Redress System (SCORES):**

Investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:****Code of Conduct:**

The Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of Listing Regulations, applicable to all the senior management personnel and directors including Independent directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code covers duties of Independent directors and also gives guidance and support needed for ethical conduct of business and compliance of law.

Further a policy on obligation of directors and senior management personnel for disclosure of committee positions and commercial transactions pursuant to Regulation 26(2) (5) and (6) of Listing Regulation is in place.

A copy of the Code of Conduct has been placed on the Company's website ([www.nbventures.com](http://www.nbventures.com)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is annexed.

**Compliance certificate:**

A compliance certificate under Regulation 17(8) of the Listing Regulations, signed by the Company's Managing Director and CFO is annexed to this Report.

Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance:

Compliance certificate from Mrs. D Renuka, Practicing Company Secretary regarding compliance of conditions of corporate governance pursuant to para E of Schedule V to Listing Regulations is enclosed separately to this Report.

**Transfer of shares to Investor Education & Protection Fund (IEPF):**

Further, pursuant to the provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven years continuously, to IEPF. The Company has transferred 54,063 (Cumulative shares as on March 31, 2020 are 3,74,654) equity shares of ₹2/- each to IEPF during the year. 1,980 shares has been claimed by two shareholders from IEPF till the date and the out standing shares stood in the name of IEPF as on March 31,2020 was 3,72,674. Details of these shares are available on the Company's website: [www.nbventures.com](http://www.nbventures.com).

Further, shares in respect of which dividend will remain unclaimed progressively for seven consecutive years, will be reviewed for transfer to the Investor Education and Protection Fund as required by law. The Company will transfer the said shares, after sending an intimation of such proposed transfer in advance to the concerned shareholders, as well as, publish a public notice in this regard. Names of such transferees will be placed on the Company's website: [www.nbventures.com](http://www.nbventures.com).

**Unclaimed Equity Dividends and Shares:**

Section 124(5) of the Companies Act, 2013 and Rules made there under mandates that dividends that are not encashed or claimed, within seven years from the date of its transfer to the unpaid dividend account will be transferred to the Investor Education and Protection Fund (IEPF).

The details of unclaimed dividend as on March 31, 2020 are as follows:

Financial Year	Date of Declaration of Equity Dividends	Dividend per share (₹)	% of Equity Dividend	Date of Transfer to Unpaid Dividend A/c	Amount Outstanding as on 31.03.2020 (₹)	Due date for transfer to IEPF
2019-2020	02.03.2020	1.50	75%	03.04.2020	41,63,541.00	03.04.2027
2018-2019	08.08.2019	1.50	75%	09.09.2019	33.30.499.50	09.09.2026
2017-2018	06.08.2018	1.50	75%	06.09.2018	18.65.646.00	06.09.2025
2016-2017	09.08.2017	1.00	50%	09.09.2017	14.45.035.00	09.09.2024

Financial Year	Date of Declaration of Equity Dividends	Dividend per share (₹)	% of Equity Dividend	Date of Transfer to Unpaid Dividend A/c	Amount Outstanding as on 31.03.2020 (₹)	Due date for transfer to IEPF
2015-2016	24.08.2016	3.00	150%	23.09.2016	21,40,461.00	23.09.2023
2014-2015	27.08.2015	5.00	250%	28.09.2015	34,59,390.00	28.09.2022
2013-2014	08.08.2014	5.00	250%	08.09.2014	33,75,050.00	08.09.2021
2012-2013	16.08.2013	5.00	250%	16.09.2013	33,29,390.00	16.09.2020

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

Section 124(6) read with the 'Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016' ('Rules'), requires that all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares), shall be transferred by the Company in the name of IEPF along with statement containing such details as may be prescribed by the authority from time to time.

The Company also sent individual communication to the concerned members whose shares are liable to be transferred to IEPF Account as required under the said rules and the Company published notices in the newspapers inviting the members' attention to the aforesaid rules.

**Guidance for Investor to file claim:**

The shareholders are requested to note that, after the above referred transfer(s) is made, refunds from the IEPF can be claimed only by complying with the provisions of Rule 7 of the said Rules.

**Disclosures with respect to unclaimed suspense account:**

The Unclaimed Equity Shares are held in Nava Bharat Ventures Limited – Unclaimed Suspense Account maintained with Karvy Stock Broking Limited, vide Client I.D.No.18391954.

In accordance with the requirement of Clause F of Schedule V of Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account in demat:

Particulars	No. of Share-holders	No. of Equity Shares of ₹2/- each
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	1,239	8,66,665
Shareholders who approached the Company for transfer of shares from suspense account during the year	9	4,070
Shareholders to whom shares were transferred from the suspense account during the year	9	4,070
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	-	46,785
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	1,230	8,15,810

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

The dividend on the shares in the Unclaimed Suspense Account will be remitted to the Shareholders on their claiming the shares, till which time, the dividend will be available in the Unpaid Dividend Bank Account for a period of 7 years from date of transfer to respective accounts.

For and on behalf of the Board

**P Trivikrama Prasad**  
Managing Director  
DIN : 00006887

**D Ashok**  
Chairman  
DIN : 00006903

Place : Hyderabad  
Date : June 26, 2020

## CEO and CFO Certification for FY ended March 31, 2020

(Pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

### The Board of Directors

Nava Bharat Ventures Limited  
Hyderabad

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee, wherever applicable;
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting."

For Nava Bharat Ventures Limited

Place : Hyderabad  
Date : June 26, 2020

**Sultan A. Baig**  
Chief Financial Officer

**Ashwin Devineni**  
Chief Executive Officer

## Declaration on Compliance with Code of Conduct

Compliance of Code of Conduct for Directors and Senior Management Personnel pursuant to the provisions as provided under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board laid down a Code of Conduct for all Board members and Senior Management personnel of the Company. The Code of Conduct is also posted on the website of the Company.

The Members of the Board and Senior Management personnel have affirmed compliance with code of conduct on an annual basis in respect of the financial year ended March 31, 2020.

On behalf of the Board  
For Nava Bharat Ventures Limited

**Ashwin Devineni**  
Chief Executive Officer

Place : Hyderabad  
Date : June 26, 2020

# Certificate on Corporate Governance

**To**  
**The Members of**  
**Nava Bharat Ventures Limited**

I have examined the compliance of conditions of Corporate Governance by NAVA BHARAT VENTURES LIMITED, Hyderabad, for the year ended on March 31, 2020, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as per the Listing Agreement entered into by the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**D Renuka**  
Practicing Company Secretary  
Membership No.: 11963  
CP No.: 3460  
UDIN : A011963B000404047

Place : Hyderabad  
Date : June 26, 2020

# Certificate of Non-Disqualification of Directors

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

**To**  
**The Members of**  
**Nava Bharat Ventures Limited**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nava Bharat Ventures Limited with CIN: L27101TG1972PLC001549 and having its registered office at 6-3-1109/1, Nava Bharat Chambers, Raj Bhavan Road, Hyderabad-500082 (hereinafter referred to as "the Company"), and produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify as on date that, none of the Directors on the Board of the Company as stated below, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

S.No	Name of the Director	DIN	Date of appointment in the Company
1	Mr. D Ashok	00006903	March 19, 1992
2	Mr. P Trivikrama Prasad	00006887	March 19, 1992
3	Mr. GRK Prasad	00006852	June 28, 2003
4	Mr. CV Durga Prasad	00006670	June 28, 2003
5	Mr. Ashwin Devineni	00007540	August 18, 2017
6	Mr. D Nageswara Rao	02009886	July 25, 2008
7	Mr. K Durga Prasad	07946821	August 6, 2018
8	Mr. GP Kundargi	02256516	August 6, 2018
9	Mr. A Indra Kumar	00190168	February 7, 2019
10	Mrs. B Shanti Sree	07092258	October 30, 2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on the basis of my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Hyderabad  
Date : June 26, 2020

**D Renuka**  
Practicing Company Secretary  
Membership No.: 11963  
CP No.: 3460  
UDIN :A011963B000403992





## Standalone Financial Statements

# Independent Auditor's Report

## To the Members of Nava Bharat Ventures Limited Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Nava Bharat Ventures Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment assessment of thermal power plant(s):</b> <b>Refer note 2(b)(i) and 2(g) for the accounting policy and note 3 for the related disclosures</b></p> <p>The Company's property, plant and equipment includes 60 MW thermal power generation station located at Odisha and 20 MW thermal power generation station located at Dharmavaram with carrying value of ₹19,200.79 lakhs (31 March 2019: ₹19,800.29 lakhs) and ₹7,720.20 lakhs (31 March 2019: ₹7,969.22 lakhs), respectively.</p> <p>In accordance with Ind AS 36, Impairment of assets, the management has assessed the recoverable values of these power plants since these plant(s) have not generated power owing to the mismatch between demand and supply of power and pending receipt of certain approvals from the regulatory authorities.</p> <p>The aforesaid assessment of the recoverable values to determine impairment, if any, involve exercising significant judgements with regard to assumptions and estimates involved in forecasting future cash flows. These assumptions include capacity utilization of the plans, tariff rates, discount rates and other operating parameters.</p> <p>Considering the significance of the amounts involved, degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment assessment of the aforesaid power generating plant(s) as a key audit matter.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>- Tested the design and operating effectiveness of the key controls put in place by the management in relation to the impairment assessment of property, plant and equipment;</li> <li>- Assessed the Company's cash flow forecast models in respect of these units and the reasonability of the expected value on sale / disposal;</li> <li>- Evaluated key judgements made by the management in cash flow forecasts used in the determination of the value in use for each of the units and the expected realizable value of these units;</li> <li>- Assessed the appropriateness of the discount rates applied in determining the value in use of each unit;</li> <li>- Assessed the reasonableness of the key assumptions regarding future profitability and revenue growth rates, potential electricity to be generated, realizable value of the underlying asset; and</li> <li>- Performed an overall evaluation of the individual unit's cash flow models based on our knowledge of the Company, our discussion with the management of the Company's strategic plan combined with the external data which we considered relevant;</li> <li>- Obtained specific representations from the management where relevant;</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in accordance with the applicable accounting standards.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverability of Minimum Alternate Tax (MAT) credit asset:</b></p> <p><b>Refer note 2(b)(viii) and 2(s) for the accounting policy and note 17 for the related disclosures.</b></p> <p>As detailed in note 17 to the accompanying standalone financial statements, the Company has deferred tax assets aggregating to ₹13,330.41 lakhs (31 March 2019: ₹16,647.78 lakhs) in the nature of credit of Minimum Alternate Tax (MAT) as at 31 March 2020.</p> <p>The Company's ability to recover the deferred tax asset is assessed by the management at each reporting date which depends on the estimates of future operations and taxable profits the Company expects to earn within the period of by which such MAT balance can be utilized as governed by the Income-tax Act, 1961.</p> <p>We have identified the recoverability of MAT Credit as a key audit matter owing to the materiality of the amounts involved and inherent subjectivity involved in determination of utilization of MAT credit through estimation of future taxable profits.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>- Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of MAT credit;</li> <li>- Obtained management's analyses for MAT credit realizability and evaluated the analyses and workings in relation to the recognition of deferred tax assets taking into account the status of recent income-tax audits and enquiries, changes to the tax laws etc;</li> <li>- Evaluated the reasonability of future projected profitability by assessing the forecasts against past results and our knowledge of the industry;</li> <li>- Compared the prior year expected tax profits with the actual results to determine the efficacy of the management's budgeting process;</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in respect of deferred tax assets in accordance with the applicable accounting standards.</li> </ul>
<p><b>Classification and presentation of assets held for sale and discontinued operations:</b></p> <p><b>Refer note 2(z) for the accounting policy and note 39 for the related disclosures.</b></p> <p>The Company has, in its board meeting held on 2 March 2020, approved the cessation of operations at the Sugar Plant situated at Samalkot, Andhra Pradesh. Accordingly, the management has classified the non-current assets pertaining to this division as assets held for sale and discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.</p> <p>Based on management's assessment of the fair value less costs to sell of these non-current assets held for sale, no impairment cost was recognised during the current year ended 31 March 2020 to bring the carrying value of these assets to their net realizable values.</p> <p>This was considered to be one of the areas which required significant auditor attention owing to significant management judgement involved in evaluation of the net realizable value of the underlying assets of the aforesaid sugar division and assessment of compliance with the requirements of the applicable accounting standards and accordingly identified this area as a key audit matter.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- Tested the design and operating effectiveness of the controls put in place by the management in relation to the impairment assessment of property, plant and equipment;</li> <li>- Assessed the compliances with respect to the classification and presentation requirements of the underlying assets of sugar division in accordance with the provisions of Ind AS 105;</li> <li>- Assessed whether the Company's management was committed to a plan to sell the business and actively had initiated the program to locate a buyer and complete the plan as at the reporting date;</li> <li>- Assessed the likelihood of disposal group being available for immediate sale in its current state and whether it is highly probable that the sale will take place;</li> <li>- Tested management's assessment whether the carrying values of disposal groups are at least equal to their estimated fair value less cost to sell;</li> <li>- Obtained the fair valuation report of the management's expert for the land and assessed the appropriateness of valuation methodology and techniques along with the assumptions adopted by the expert and the management. Also, evaluated the independence, objectivity and competency of the expert that was engaged by the management.</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in accordance with the applicable accounting standards.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Contingent liabilities relating to ongoing litigation:</b></p> <p><b>Refer note 2(r) for the accounting policy and note 34(b) and 34(d) for the related disclosures.</b></p> <p>As disclosed in Note 34(b) and 34(d) to the accompanying standalone financial statements, the Company is involved in various indirect taxes and other regulatory cases ('litigations').</p> <p>Whether a liability is recognised as a provision or disclosed as a contingent liability in the financial statements involves inherent judgments dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and / or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute.</p> <p>The amounts involved are significant and due to the range of possible outcomes and considerable uncertainty around the various litigations the determination of the need for creating a provision in the financial statements is inherently subjective and therefore is considered to be a key audit matter in the current year.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the management process for:                             <ul style="list-style-type: none"> <li>• identification of legal and indirect tax matters initiated against the Company,</li> <li>• assessment of accounting treatment for each such litigation identified as per the applicable accounting standards, and</li> <li>• for measurement of amounts involved;</li> </ul> </li> <li>- Tested the design and operating effectiveness of the controls put in place by the management in relation to assessment of the outcome of these pending litigations;</li> <li>- Obtained an understanding of the nature of litigations pending against the Company and discussed the key developments during the year for these key litigations with the management, in-house legal team;</li> <li>- Where relevant, we read the external legal advice obtained by the management;</li> <li>- Obtained relevant third-party legal confirmations, together with follow up discussions, where appropriate on certain cases;</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made relating to provisions and contingent liabilities in accordance with the applicable accounting standards.</li> </ul>

**Information other than the Financial Statements and Auditor's Report thereon**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone

financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company

or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

15. The accompanying standalone financial statements include the financial information of 1 branch, which have not been reviewed / audited, and whose financial information reflects total assets and net assets of ₹16.41 lakhs and ₹16.41 lakhs as at 31 March 2020, and total revenues of ₹Nil, total net loss after tax of ₹12.55 lakhs, total comprehensive loss of ₹12.55 lakhs, and cash flows (net) of ₹16.41 lakhs for the year then ended, as considered in the standalone financial statements. Our opinion on the standalone financial statements and matters identified and disclosed under key audit matters section above, in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on such unreviewed / unaudited financial information. According to the information and explanations given to us by the management, this financial information is not material to the Company.

Our opinion on the standalone financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the aforesaid financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account and with the return received from the branch not visited by us;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 26 June 2020 as per Annexure II expressed unmodified opinion thereon;
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in notes 34(b), 34(c), 34(d) and 34(xii) to (xv) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;
    - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660  
UDIN: 20207660AAAABZ2771

Place : Hyderabad  
Date : June 26, 2020

## Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following properties which were transferred as a result of amalgamation of companies in earlier years wherein the title deeds are in the name of the erstwhile company:

Nature of property	Total Number of Cases	Whether lease-hold / freehold	Gross block as on 31 March 2020 (₹ in lakhs)	Net block on 31 March 2020 (₹ in lakhs)	Re-remarks
Land	Multiple	Freehold	451.38	451.38	

Owing to expiry of the lease period of the underlying land on which the sugar manufacturing facility of the Company located in Samalkot is situated on 12 August 1996, the title deeds of the said are not held in the name of the Company. The buildings of the sugar manufacturing facility located on the said land have a gross block of ₹1,400.82 lakhs and net block of ₹883.43 lakhs as on 31 March 2020.

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. Material discrepancies noticed on such verification have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
- (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

- (b) the schedule of repayment of principal and payment of interest has been stipulated in case of one company and repayments of the principal amount (3 cases) and the receipt of interest (11 cases) are not regular. In respect of loan granted to other party, the schedule of repayments of interest and principal has been stipulated and as the interest and principal amounts were not due for payments during the year, the repayment of interest and principal amounts are regular;
- (c) there is no amount which is overdue for more than 90 days in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of loans, investments and guarantees. In our opinion, the Company has not entered into any transaction covered under Section 186 of the Act in respect of security. Further, in our opinion, the Company has not entered into any transaction covered under Sections 185 of the Act.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products / services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise, goods and service tax and value added tax on account of any dispute, are as follows:

**Annexure I to the Independent Auditor's Report of even date to the members of Nava Bharat Ventures Limited, on the standalone financial statements for the year ended 31 March 2020**

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Various Sales Tax Acts	Central Sales Tax	64.88	-	2000-01	The Andhra Pradesh Sales Tax and VAT Appellate Tribunal, Hyderabad	
		2.20	-	2004-05	Assistant Commissioner of Sales Tax, Range-II, Cuttack.	
	Andhra Pradesh General Sales Tax	79.36	-	2003-04	Assistant Commissioner of Commercial Taxes, Warangal	
Customs Act, 1962	Customs duty	206.06	-	2012-13	Customs, Excise and Service tax Appellate Tribunal (CESTAT), Chennai	
		17.62	-	1985-87	Hon'ble High Court for the State of Telangana	
Central Excise Act, 1944	Excise duty	369.94	-	2012-13	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore	
		55.29	-	1997-98	CESTAT, New Delhi	
		1.09	-	2000-01 to 2001-02	Hon'ble High Court for the State of Telangana	
Finance Act, 1994 (as amended)	Service Tax	6.14	-	April 2016 to June 2017	Assistant Commissioner of Central Excise, Kakinada	
		65.62	-	October 2007 to March 2017	Commissioner of Central Excise (Appeals), Visakhapatnam	
Income Tax Act, 1961	Income Tax	2,935.95	857.93	AY 2005-06, 2006-07 and 2010-11	Hon'ble High Court for the State of Telangana	
		384.28	384.28	AY 2009-10, 2010-11 and 2011-12	Income Tax Appellate Tribunal (ITAT), Hyderabad	
		807.93	807.93	AY 2008-09, 2009-10, 2012-13, 2013-14 and 2016-17	Commissioner of Income Tax (Appeals), Hyderabad	



**Annexure I to the Independent Auditor's Report of even date to the members of Nava Bharat Ventures Limited, on the standalone financial statements for the year ended 31 March 2020**

- (viii) The Company has not defaulted in repayment of loans or borrowings to any banks during the year. The Company did not have any outstanding loans or borrowings from financial institution or government or outstanding debentures during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer / further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid (and) / provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act,

where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660  
UDIN: 20207660AAAABZ2771

Place : Hyderabad  
Date : June 26, 2020

## Annexure II to the Independent Auditor's Report of even date to the members of Nava Bharat Ventures Limited on the standalone financial statements for the year ended 31 March 2020

### Annexure II

#### Independent Auditor's Report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Nava Bharat Ventures Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls with reference to financial statements controls based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

#### Meaning of Internal Financial Controls over Financial Reporting with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner

Place : Hyderabad  
Date : June 26, 2020

Membership No.: 207660  
UDIN: 20207660AAAABZ2771

# Balance Sheet

as at 31 March 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	Notes	As at	
		31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	69,947.64	78,664.63
Capital work-in-progress		835.81	181.38
Investment property	4	237.30	243.00
Other intangible assets	5	323.23	363.78
Financial assets			
(i) Investments	6	1,76,357.60	1,23,335.20
(ii) Loans	7(a)	12,784.40	60,295.75
(iii) Other financial assets	8(a)	1,627.82	6,291.17
Deferred tax assets (net)	17	3,907.04	7,135.67
Non-current tax assets (net)		1,028.07	273.70
Other non-current assets	9(a)	436.92	560.72
		<b>2,67,485.83</b>	<b>2,77,345.00</b>
<b>Current assets</b>			
Inventories	10	32,476.07	33,717.27
Financial assets			
i) Trade receivables	11	19,366.86	18,994.25
ii) Cash and cash equivalents	12(a)	2,712.55	1,478.35
iii) Bank balances other than (ii) above	12(b)	1,297.28	1,431.65
iv) Loans	7(b)	2,654.98	77.50
v) Other financial assets	8(b)	1,392.06	996.73
Other current assets	9(b)	5,495.79	6,714.45
Assets of a disposal group classified as held for sale	39	5,844.38	-
		<b>71,239.97</b>	<b>63,410.20</b>
		<b>3,38,725.80</b>	<b>3,40,755.20</b>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	3,525.60	3,572.77
Other equity	14	2,91,808.50	2,87,125.82
		<b>2,95,334.10</b>	<b>2,90,698.59</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15(a)	13,947.80	19,641.39
(ii) Other financial liabilities	16(a)	11.20	33.40
Provisions	18(a)	1,689.90	889.96
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	15(b)	8,800.66	3,304.21
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	31	950.54	931.64
(b) total outstanding dues other than (ii) (a) above		4,144.06	7,168.33
(iii) Other financial liabilities	16(b)	11,086.54	14,986.62
Other current liabilities	19	1,643.57	1,770.20
Provisions	18(b)	866.46	1,330.86
Current tax liabilities (net)		250.97	-
		<b>43,391.70</b>	<b>50,056.61</b>
		<b>3,38,725.80</b>	<b>3,40,755.20</b>
<b>Total Liabilities</b>			
<b>Total Equity and Liabilities</b>			

The accompanying notes 1 to 42 form an integral part of these standalone financial statements.  
This is the Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

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

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

**Sultan A. Baig**  
Chief Financial Officer

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**Ashwin Devineni**  
Chief Executive Officer

**VSN Raju**  
Company Secretary  
& Vice President

**D. Ashok**  
Chairman  
DIN: 00006903

Place : Hyderabad, India  
Date : June 26, 2020

Place : Hyderabad, India  
Date : June 26, 2020

Place : Singapore  
Date : June 26, 2020

# Statement of Profit and Loss

For the year ended 31 March 2020

(All amounts in lakhs of ₹, except earnings per equity share)

	Notes	For the year ended	
		31 March 2020	31 March 2019
Revenue from operations	20	1,07,999.18	1,21,466.89
Other income	21	5,221.62	7,670.11
<b>Total income</b>		<b>1,13,220.80</b>	<b>1,29,137.00</b>
<b>Expenses</b>			
Cost of materials consumed	22	62,596.12	70,691.70
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(1,512.59)	224.02
Other manufacturing expenses	24	7,564.05	7,231.53
Employee benefits expense	25	8,320.49	8,107.98
Finance costs	26	2,052.07	2,006.37
Depreciation and amortisation expense	3, 4, 5	3,188.32	3,171.64
Other expenses	27	11,114.22	12,157.90
<b>Total expenses</b>		<b>93,322.68</b>	<b>1,03,591.15</b>
<b>Profit before tax from continuing operations</b>		<b>19,898.12</b>	<b>25,545.85</b>
<b>Tax expense of continuing operations</b>	28		
(a) Current tax		6,912.96	8,689.27
(b) Deferred tax expense / (benefit)		(115.94)	446.84
<b>Profit for the year from continuing operations</b>		<b>13,101.10</b>	<b>16,409.74</b>
<b>Discontinued operations</b>	39		
Profit / (loss) before tax for the year from discontinued operations		(377.02)	321.49
Tax expense / (benefit) of discontinued operations		(131.75)	112.34
<b>Profit / (loss) for the year from discontinued operations</b>		<b>(245.27)</b>	<b>209.15</b>
<b>Profit for the year</b>		<b>12,855.83</b>	<b>16,618.89</b>
<b>Other comprehensive income</b>	29		
Items that will not be reclassified to profit or loss		77.82	160.20
Income tax relating to items that will not be classified to profit / loss		27.19	55.98
<b>Total other comprehensive income for the year</b>		<b>50.63</b>	<b>104.22</b>
<b>Total comprehensive income for the year</b>		<b>12,906.46</b>	<b>16,723.11</b>
<b>Earnings per equity share (EPES)</b>	30		
Earnings per share for continuing operations			
- Basic EPES (In absolute ₹ terms)		7.98	9.90
- Diluted EPES (In absolute ₹ terms)		7.98	9.90
Earnings per share for discontinued operations			
- Basic EPES (In absolute ₹ terms)		(0.15)	0.12
- Diluted EPES (In absolute ₹ terms)		(0.15)	0.12
Earnings per share for continuing and discounting operations			
- Basic EPES (In absolute ₹ terms)		7.83	10.02
- Diluted EPES (In absolute ₹ terms)		7.83	10.02

The accompanying notes 1 to 42 form an integral part of these standalone financial statements. This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**VSN Raju**  
Company Secretary  
& Vice President

Place : Hyderabad, India  
Date : June 26, 2020

**GRK Prasad**  
Executive Director  
DIN:00006852

**P. Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D. Ashok**  
Chairman  
DIN: 00006903

**Ashwin Devineni**  
Chief Executive Officer

Place : Singapore  
Date : June 26, 2020

# Statement of Changes in Equity

for the year ended 31 March 2020

(All amounts in lakhs of ₹, except equity shares data)

## (a) Equity Share Capital

	Note	Number	Amount
Equity shares of ₹2 each			
Balance as at 1 April 2018		178,575,482	3,572.77
Changes during the year		-	-
Balance as at 31 March 2019		178,575,482	<b>3,572.77</b>
Shares extinguished on account of buy-back	13(f)	(2,358,462)	(47.17)
Balance as at 31 March 2020		176,217,020	<b>3,525.60</b>

## (b) Other Equity

	Reserves and Surplus						Treasury shares	Other Comprehensive Income - Actuarial gain / (loss)	Total
	Capital re-serve	Capital redemption reserve	Securities premium	General reserve	Other re-serve	Surplus in the Statement of Profit and Loss			
<b>Balance as at 1 April 2018</b>	<b>60.20</b>	<b>826.39</b>	<b>26,214.22</b>	<b>87,566.64</b>	<b>33.60</b>	<b>161,310.28</b>	<b>(2,745.67)</b>	<b>186.41</b>	<b>273,452.07</b>
<b>Total comprehensive income for the year ended 31 March 2019</b>									
Profit for the year	-	-	-	-	-	16,618.89	-	-	<b>16,618.89</b>
Other comprehensive income for the year	-	-	-	-	-	-	-	104.22	<b>104.22</b>
<b>Total comprehensive income</b>	-	-	-	-	-	16,618.89	-	104.22	16,723.11
Dividend on equity capital	-	-	-	-	-	(2,529.43)	-	-	<b>(2,529.43)</b>
Corporate dividend tax	-	-	-	-	-	(519.93)	-	-	<b>(519.93)</b>
<b>Balance as at 31 March 2019</b>	<b>60.20</b>	<b>826.39</b>	<b>26,214.22</b>	<b>87,566.64</b>	<b>33.60</b>	<b>174,879.81</b>	<b>(2,745.67)</b>	<b>290.63</b>	<b>287,125.82</b>
<b>Total comprehensive income for the year ended 31 March 2020</b>									
Profit for the year	-	-	-	-	-	12,855.83	-	-	<b>12,855.83</b>
Other comprehensive income for the year	-	-	-	-	-	-	-	50.63	<b>50.63</b>
<b>Total comprehensive income</b>	-	-	-	-	-	12,855.83	-	50.63	12,906.46
Dividend on equity capital	-	-	-	-	-	(4,995.22)	-	-	(4,995.22)
Corporate dividend tax	-	-	-	-	-	(1,026.78)	-	-	<b>(1,026.78)</b>
Buyback of shares (refer note 13(f))	-	-	(2,201.78)	-	-	-	-	-	<b>(2,201.78)</b>
Transfer from general reserves on account of buyback of equity shares	-	47.17	-	(47.17)	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>60.20</b>	<b>873.56</b>	<b>24,012.44</b>	<b>87,519.47</b>	<b>33.60</b>	<b>181,713.64</b>	<b>(2,745.67)</b>	<b>341.26</b>	<b>291,808.50</b>

The accompanying notes 1 to 42 form an integral part of these standalone financial statements. This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**Ashwin Devineni**  
Chief Executive Officer

**VSN Raju**  
Company Secretary  
& Vice President

Place : Hyderabad, India  
Date : June 26, 2020

**D. Ashok**  
Chairman  
DIN: 00006903

Place : Singapore  
Date : June 26, 2020

# Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019
<b>Cash flow from operating activities:</b>		
Profit before tax from continuing operations	19,898.12	25,545.85
Profit / (loss) before tax for the year from discontinued operations	(377.02)	321.49
<b>Profit before tax</b>	<b>19,521.10</b>	<b>25,867.34</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	3,707.23	3,693.98
Employee benefits expense	413.36	242.95
Bad debts written-off	1.89	189.77
Liabilities no longer required written back	(140.04)	(175.28)
Unrealised derivative (gain) / loss on forward contracts	(751.28)	1,005.22
Foreign exchange fluctuations gain (net)	(878.94)	(3,322.74)
Interest income	(2,617.18)	(3,593.93)
Changes in fair value	(89.29)	(191.77)
Gain on sale of investments	(56.44)	(148.05)
Dividend income	(829.94)	(45.65)
Loss on sale of property, plant and equipment	20.11	85.06
Interest expense	2,348.75	2,171.06
<b>Operating cash flows before changes in working capital</b>	<b>20,649.33</b>	<b>25,777.96</b>
<b>Adjustment for changes in working capital:</b>		
(Increase) / Decrease in inventories	1,241.20	(4,928.06)
Increase in trade receivables	(363.82)	(1,922.81)
(Increase) / Decrease in other financial assets	61.98	(266.57)
Decrease in other assets	1,390.90	5,281.89
Decrease in trade payables	(3,005.37)	(10.16)
(Decrease) / increase in other financial liabilities	(698.73)	1,091.29
(Decrease) / increase in other current liabilities	(126.63)	683.55
<b>Cash generated from operations</b>	<b>19,148.86</b>	<b>25,707.09</b>
Income taxes paid	(3,967.23)	(5,557.61)
<b>Net cash generated from operating activities</b>	<b>15,181.63</b>	<b>20,149.48</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,670.54)	(1,124.12)
Proceeds from sale of property, plant and equipment	47.66	43.63
Repayment of loans from related party	58.13	2,577.50
Loans granted to a related party	-	(15,500.00)
Decrease / (increase) in other bank balances	134.37	(136.31)
Investments made in subsidiaries during the year	(2,116.29)	(1,837.01)
Investments made in other than subsidiaries during the year	(7,400.39)	(8,000.01)
Proceeds from sale of investments	7,456.83	8,148.14
Dividend income received	829.94	45.65
Interest income received	1,988.32	1,089.18
<b>Net cash used in investing activities</b>	<b>(671.97)</b>	<b>(14,693.35)</b>

# Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	1,550.00	15,500.00
Repayment of long-term borrowings	(9,461.18)	(13,243.14)
Proceeds from / (repayment) of short-term borrowings, net	5,247.72	(2,985.35)
Buy-back of equity shares	(2,248.95)	-
Dividend paid for the year including dividend distribution tax	(6,022.00)	(3,049.36)
Interest paid	(2,417.27)	(2,117.90)
<b>Net cash used in financing activities</b>	<b>(13,351.68)</b>	<b>(5,895.75)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,157.98</b>	<b>(439.62)</b>
Cash and cash equivalents at the beginning of the year	1,478.35	1,917.97
Unrealised foreign exchange fluctuation gain	76.22	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,712.55</b>	<b>1,478.35</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash on hand	5.86	5.55
Balances with banks:		
On current accounts	2,706.69	1,472.80
<b>Total cash and cash equivalents (refer note 12(a))</b>	<b>2,712.55</b>	<b>1,478.35</b>

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**VSN Raju**  
Company Secretary  
& Vice President

Place : Hyderabad, India  
Date : June 26, 2020

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D. Ashok**  
Chairman  
DIN: 00006903

**Ashwin Devineni**  
Chief Executive Officer

Place : Singapore  
Date : June 26, 2020

# Notes

to the Financial Statements – 31 March 2020

## Summary of significant accounting policies and other explanatory information

### 1. Corporate Information:

Nava Bharat Ventures Limited ("the Company") was incorporated in India on 7 November 1972 under the Companies Act, 1956 with its registered office situated at Nava Bharat Chambers, 6-3-1109/1, Raj Bhavan road, Hyderabad – 500 082, India. The Company's equity shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Read in conjunction with note 39, at present the Company is engaged in the business of manufacture of ferro alloys, generation of power and rendering of operation and maintenance services from its principle place of business located in Paloncha, Hyderabad, Kharagprasad and Samalkot in the states of Telangana, Odisha and Andhra Pradesh, respectively.

These Standalone Financial Statements were approved by the Board of Directors and authorised for issue on 26 June 2020.

### 2. Significant Accounting Policies:

#### a) Basis of preparation of financial statements:

The Financial Statements have been prepared on a going concern basis in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 ('the Rules') (as amended).

The financial statements have been prepared under historical cost convention and on an accrual basis, except for certain financial instruments which have been measured at fair value at the end of each reporting period. The accounting policies applied by the Company are consistent with those used in the prior periods, unless otherwise stated elsewhere in these financial statements.

#### b) Significant accounting estimates, assumptions and judgements:

The preparation of financial statements requires management to make accounting estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures of contingencies at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

### Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i. Impairment of non-current assets:

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a "Discounted Cash Flow" (DCF) model.

#### ii. Defined benefit plans:

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

#### iii. Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets.



# Notes

to the Financial Statements – March 31, 2020

## iv. Life time expected credit loss on trade and other receivables:

Trade receivables do not carry any interest and are stated at their transaction value as reduced by life time expected credit losses ("LTECL"). As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head other expenses / other income in the P&L. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

## v. Contingencies:

Management judgement is required for estimating the possible inflow / outflow of resources, if any, in respect of contingencies / claims / litigations against the Company / by the Company as it is not possible to predict the outcome of pending matters with accuracy.

## vi. Depreciation on property, plant and equipment:

Depreciation on property, plant and equipment is calculated on a straight-line basis / written down value based on the useful lives estimated by the management. Management reviews its estimate of the useful lives and residual values of all its property, plant and equipment at each reporting date, based on the expected utility of the assets. The management believes that useful lives currently considered fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these in certain cases are different from lives prescribed under Schedule II to the Companies Act, 2013.

## vii. Intangibles:

Internal technical or user team assesses the useful lives of intangible assets. Management believes that assigned useful lives are reasonable.

## viii. Income taxes:

Deferred tax assets including Minimum Alternate Tax (MAT) Credit Entitlement is recognized to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

## ix. Existence of inventories:

The management estimates the existence of its inventories of raw material and finished goods of its ferro alloys and power division by engaging an external volumetric expert. The said expert does compute the quantity of physical inventories by measuring the areas over which the inventories are spread and its methodology of stacking them and after consideration of the density of the underlying material. These techniques involve use of significant judgements which are based on certain qualitative characteristics of the underlying inventory and accordingly any changes to these estimates would have a significant effect on the quantity of inventory available and its carrying amount.

x. Refer note 39 for the estimates relating to classification and assessment of net realisable values of assets pertaining to discontinued operations.

xi. Refer note 2(j)(ii) Sale of power / energy, 2(i) inventories and 2(v) Financial instruments – Impairment of financial assets for the other judgements and estimates.

## Judgements:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

## Notes

to the Financial Statements – March 31, 2020

### Water drawing rights:

The Company has obtained the water drawings rights, for its power projects, from Government authorities initially for a period of 5-10 years as the case may be. The management of the Company believes that the water drawing rights will be extended further. Hence, the Company has considered the useful life of water pipelines as 40 years to amortise the erection cost of pipeline, in line with the useful life of power generating assets.

### c) Current Vs non-current classifications:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it satisfies the below mentioned criteria;

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when it satisfies the below mentioned criteria;

- i. Expected to settle the liability in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### d) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated 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 property, plant and equipment 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 put to use.

The Company adopted cost model as its accounting policy, in recognition of the property, plant and equipment and recognises transaction value as the cost. The Company had applied for the one-time transition exemption of considering the previous GAAP carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

Direct expenditure incurred and other attributable costs on projects under implementation are treated as unallocated capital expenditure pending allocation to the assets and under construction or in the process of installation are termed as Capital work-in-progress and shown at cost in the Balance Sheet.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The improvements / modifications carried on the lease hold land / property are recognised as lease hold improvements and are written off over the primary lease period or the life of such improvement whichever is lower.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost of the assets after commissioning, less its residual value, over their useful lives as estimated by the management. Land is not depreciated.

## Notes

to the Financial Statements – March 31, 2020

The details of useful lives as estimated by management, the useful lives as prescribed under the Act and the method of computation of depreciation is as follows:

Category of asset	Method of depreciation	Estimated useful lives as assessed by the management	Useful lives as per Schedule II to the Act
Buildings	Straight line method (SLM)	10-60 years	30-60 years
Temporary structures*	SLM	3-5 years	3 years
Plant and Equipment	SLM	3-40 years	15-40 years
Furniture and Fixtures	SLM	8-10 years	8-10 years
Vehicles	Written down value method (WDV)	8-10 years	10 years
Office Equipment	SLM	5-15 years	5 years
Air Conditioners and Coolers	SLM	5 years	5 years
Railway sidings	SLM	15 years	15 years
Power Evacuation Lines	SLM	40 years	40 years
Other Assets	WDV	3-40 years	15 years

\* included as part of buildings.

### e) Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Company had applied for the one-time transition exemption of considering the previous GAAP carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of de-recognition.

### f) Intangible assets:

#### Computer software:

Costs incurred towards purchase of computer software are amortised over the useful life as estimated by the Management which is about 3 years for all of the intangible computer software assets.

#### Water drawing rights:

Cost incurred towards obtaining the initial water drawings rights, for its power projects, from Government and the cost incurred by the Company in erecting water pipelines to draw water from the resources which are recognised as Intangible assets are amortised over the estimated useful life of 40 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of Profit and Loss.

## Notes

to the Financial Statements – March 31, 2020

The Company had applied for the one-time transition exemption of considering the previous GAAP carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

### g) Impairment of non-financial assets:

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

### h) Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has adopted Ind AS 116 - Leases, using "Modified retrospective approach" with effect from 1 April 2019 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 116. Also, the application of Ind AS 116 did not have any significant impact on the financial statements considering the number of assets under operating lease arrangements of the Company.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i. Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation

and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the balance lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non-financial assets.

#### ii. Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# Notes

to the Financial Statements – March 31, 2020

### iii. Short-term leases and leases of low-value assets:

The Company applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### i) Inventories:

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method, unless otherwise stated. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Stores and spares, that do not qualify to be recognised as property, plant and equipment is classified as inventory to be used by the Company.

By-products are valued at estimated net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

### j) Revenue recognition:

Revenue comprises of sale of goods, sale of power and rendering of services and other operating revenues comprise of income from export benefits, utility services and other miscellaneous incomes. Revenue is measured

at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- ii. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii. the Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue in excess of invoicing are classified as contract asset while collections in excess of revenues are classified as advances from customers (contract liabilities).

Further, at the time of revenue recognition, the entity also determines whether there are any material unsatisfied performance obligations and determines the portion of the aggregate consideration, if any, that needs to be allocated and deferred.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts with an original expected duration of one year or less and in respect of contracts where the revenue recognised corresponds directly with the value to the customer of the Company's performance completed to date.

## Notes

to the Financial Statements – March 31, 2020

Specifically, the following basis is adopted for various sources of income:

**i. Sale of goods:**

Revenue is recognised at a point in time, on satisfaction of performance obligation upon transfer of control of promised products which generally coincides with delivery and on the date of bill of lading in case of domestic sales and export sales, respectively. Amounts disclosed as revenue are net of returns, trade allowances, rebates and exclusive of goods and services tax.

**ii. Sale of power / energy:**

Revenue from energy units sold is recognized at a point in time, on satisfaction of performance obligation upon transfer of control i.e., based on the units of energy delivered and in accordance with the terms of arrangement with customers and based on the rate agreed with customers. Claims for delayed payment charges and other claims, if any, are recognised as per the terms of power purchase agreements only when there is no uncertainty associated with the collectability of these claims and upon acknowledgement of the claims by the customer.

**iii. Income from services:**

Sale of services comprises of Revenue from conversion of ferro alloys on behalf of a customer and the operation and maintenance services. The revenue from conversion of ferro alloys is recognised on the basis of completion of conversion work on the underlying quantity in accordance with the terms of the relevant agreements as accepted and agreed with the customers wherein, the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The amount of conversion works completed which is yet to be billed has been presented as accrued conversion charges in other financial assets / trade receivables, as the case may be. Revenue from provision of operation and maintenance services are recognised over time in accordance with the terms agreed with the customer in the operations and maintenance agreement and wherein, the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

**iv. Export benefits:**

Export benefits in the form of duty drawback and Merchandise Exports from India and other schemes are recognised on accrual basis.

**v. Other income:**

**Interest / dividend:**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when the right to receive payment is established.

**Guarantee commission:**

Guarantee commission is recognised as an income over the life of financial guarantee contract on a time proportion basis.

**Other sundry incomes:**

Insurance claims and conversion escalations are accounted for on realisation.

**k) Foreign currency transactions:**

**i. Functional and reporting Currency:** The Company's functional and reporting currency is Indian Rupee.

**ii. Initial recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**iii. Conversion on reporting date:** Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**iv. Exchange differences:** Exchange difference arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

**l) Retirement and other employee benefits:**

**i. Employer's contribution to provident fund / employee state insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.**

# Notes

to the Financial Statements – March 31, 2020

- ii. Gratuity liability is in the nature of defined benefit obligation. Such liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".
- iii. Actuarial gain / (loss) in the valuation are recognised as other comprehensive income for the period.
- iv. Compensated absences are provided for based on estimates of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

## m) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## n) Operating segment:

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management / Chief Operating Decision Maker ("CODM").

The Board of Directors of the Company has identified the Chairman as the CODM.

## o) Dividends:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

## p) Earnings per equity share:

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period, net off treasury shares.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period,

net off treasury shares are adjusted for the effects of all dilutive potential equity shares.

## q) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when 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 amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where 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 provisions due to the passage of time is recognised as a finance cost.

## r) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations / rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities.

## s) Taxes on income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively

## Notes

to the Financial Statements – March 31, 2020

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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss.

### t) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment.

### u) Fair value measurement:

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability,

assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### v) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets:

##### a) Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL) transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in Statement of Profit and Loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.



# Notes

to the Financial Statements – March 31, 2020

## b) Subsequent measurement:

For subsequent measurement, financial assets are classified into following categories:

- a. Debt instruments
- b. Equity instruments

### a. Debt Instruments:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

### b. Equity instruments:

Equity instruments/Mutual funds in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the Statement of Profit and Loss.

All equity investments in subsidiaries are measured at cost less diminution other than temporary. All other equity investments in scope of Ind AS 109 are measured at fair value. Equity investments which are held for trading are classified as FVTPL. For all other equity investments, the Company may make an irrevocable election to present in OCI subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are

recognized in OCI. There is no recycling of amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain/loss within equity. The Company has not designated any instruments as FVOCI Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### c) De-recognition:

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

### Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected

## Notes

to the Financial Statements – March 31, 2020

credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the Statement of Profit and Loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

### Financial liabilities:

#### a) Initial recognition and measurement:

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

#### b) Subsequent measurement:

##### i. Financial liabilities at FVTPL:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Gain or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

The Company has not designated any financial liability at FVTPL.

##### ii. Financial liabilities at amortised cost:

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liability with maturity of less than one year is shown at transaction value.

#### c) De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

#### w) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of a debt instrument.

The Company measures any financial guarantee on initial recognition at their fair value.

Subsequently these contracts are measured at the higher of:

- a. the amount of the loss allowance determined as per impairment requirements of Ind AS 109, and
- b. the amount initially recognised, less where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115.

#### x) Hedging Activities and Derivatives:

Derivatives not designated as hedging instruments:

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions generally from one to 6 months.

A hedging relationship qualifies for hedge accounting if, and only if all the following conditions are met:

- a. At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include the identification of hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.
- b. The hedge is expected to be highly effective in achieving offsetting changes in fair values or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.
- c. For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to various cash flows that could ultimately affect profit or loss.
- d. The effectiveness of the hedge can be reliably measured i.e.; the fair values or the cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.

- e. The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

As at 31 March 2020, the Company's hedging instruments did not qualify for hedge accounting in accordance with the Company's policy. Hence the derivative contracts are not designated in hedge relationships and are measured at FVTPL.

**y) Derivatives financial instruments:**

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at contract/agreed rate on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

**z) Non-current assets (or disposal groups) held for sale and discontinued operations (refer note 39):**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 3. Property, Plant and Equipment

	Land*	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Air conditioners and Coolers	Railway Sidings	Power evacuation lines**	Other assets	Total
<b>Gross carrying amount</b>											
As at 1 April 2018	2,849.77	15,617.71	71,370.71	102.91	228.06	89.86	36.51	358.72	284.05	173.17	<b>91,111.46</b>
Additions during the year	-	630.24	680.98	15.21	93.50	194.45	6.39	-	-	28.73	1,649.51
Disposals / Adjustments	-	-	259.66	-	48.46	68.16	2.02	-	-	-	378.29
As at 31 March 2019	<b>2,849.77</b>	<b>16,247.95</b>	<b>71,792.03</b>	<b>118.12</b>	<b>273.10</b>	<b>216.14</b>	<b>40.89</b>	<b>358.72</b>	<b>284.05</b>	<b>201.89</b>	<b>92,382.67</b>
Additions during the year	21.06	201.90	277.17	5.37	25.94	39.40	2.82	-	-	44.29	617.95
Less: Disposals	23.93	-	60.52	-	25.10	14.46	-	-	-	-	124.00
Less: Adjustments (note 39(c))	135.59	1,953.42	6,099.27	26.28	39.83	35.67	18.48	-	-	22.10	8,330.63
As at 31 March 2020	<b>2,711.31</b>	<b>14,496.42</b>	<b>65,909.41</b>	<b>97.20</b>	<b>234.11</b>	<b>205.42</b>	<b>25.23</b>	<b>358.72</b>	<b>284.05</b>	<b>224.09</b>	<b>84,545.99</b>
Accumulated depreciation											
Upto 31 March 2018	-	2,043.73	7,873.99	66.73	60.91	38.23	17.93	113.13	24.78	75.91	<b>10,315.33</b>
Charge for the year	-	630.66	2,850.50	15.66	29.63	25.12	5.38	37.71	8.48	48.29	3,651.44
Adjustments	-	-	138.68	-	44.74	63.34	1.98	-	-	-	248.72
Upto 31 March 2019	-	2,674.39	10,585.81	82.39	45.80	0.02	21.33	150.84	33.26	124.20	<b>13,718.04</b>
Charge for the year	-	612.12	2,828.34	7.63	35.25	78.72	4.71	37.71	8.48	42.08	3,655.05
Less: Disposals	-	-	24.70	-	21.16	9.48	-	-	-	-	55.33
Less: Adjustments (note 39(c))	-	676.09	1,953.34	20.41	16.08	21.39	15.82	-	-	16.26	2,719.40
Upto 31 March 2020	-	<b>2,610.42</b>	<b>11,436.11</b>	<b>69.62</b>	<b>43.80</b>	<b>47.87</b>	<b>10.21</b>	<b>188.55</b>	<b>41.75</b>	<b>150.02</b>	<b>14,598.35</b>
Net carrying amount											
As at 31 March 2020	<b>2,711.31</b>	<b>11,886.00</b>	<b>54,473.30</b>	<b>27.59</b>	<b>190.31</b>	<b>157.55</b>	<b>15.02</b>	<b>170.17</b>	<b>242.30</b>	<b>74.07</b>	<b>69,947.64</b>
As at 31 March 2019	<b>2,849.77</b>	<b>13,573.56</b>	<b>61,206.22</b>	<b>35.73</b>	<b>227.31</b>	<b>216.12</b>	<b>19.56</b>	<b>207.88</b>	<b>250.79</b>	<b>77.69</b>	<b>78,664.63</b>

\* Free hold land includes land aggregating to ₹451.38 (31 March 2019: ₹451.38), held in the name of erstwhile companies, which were transferred to the Company pursuant to a scheme of amalgamation in earlier years.

\*\* Represents the cost incurred towards laying the power evacuation lines, the ownership of which vests with the State Owned Power Distribution Company. However, these assets are exclusively available to the Company for its utilisation and accordingly, the amounts spent have been capitalised in the accordance with the provisions of the accounting principles.

The written down value of property, plant and equipment as at 31 March 2020 includes amounts of ₹19,200.79 (31 March 2019: ₹19,800.29) and ₹7,720.20 (31 March 2019: ₹7,969.22) pertaining to the 60 MW thermal power generation station located at Odisha and 20 MW thermal power generation station located at Dharmavaram, respectively. These units are non-operational owing to the mis-match in the demand and supply of power in the underlying jurisdiction in which they operate and due to pending receipt of certain regulatory approvals. The management has assessed that the carrying value of the aforesaid assets are fully recoverable on the basis of internally developed financial projections and the expected realizable value on sale / disposal. The projections so made involve making significant assumptions including capacity utilization, tariff rates and other operating parameters and the realizable value of the underlying asset which, on the basis of the management, reasonably reflects the future outcome of the planned business efforts. Consequently, no adjustments have been made to the carrying values of these assets in this regard.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 4. Investment Property

	Land	Building	Total
<b>Gross carrying amount</b>			
<b>As at 1 April 2018</b>	101.91	173.93	275.84
Additions during the year	-	-	-
<b>As at 31 March 2019</b>	<b>101.91</b>	<b>173.93</b>	<b>275.84</b>
Additions during the year	-	-	-
<b>As at 31 March 2020</b>	<b>101.91</b>	<b>173.93</b>	<b>275.84</b>
<b>Accumulated depreciation</b>			
<b>Upto 31 March 2018</b>	-	28.56	28.56
Charge for the year	-	4.28	4.28
<b>Upto 31 March 2019</b>	-	<b>32.84</b>	<b>32.84</b>
Charge for the year	-	5.70	5.70
<b>Upto 31 March 2020</b>	-	<b>38.54</b>	<b>38.54</b>
<b>Net carrying amount</b>			
As at 31 March 2020	101.91	135.39	237.30
As at 31 March 2019	101.91	141.09	243.00

### 5. Other Intangible Assets

	Computer Software	Water drawing rights	Total
<b>Gross carrying amount</b>			
<b>As at 1 April 2018</b>	100.42	422.21	522.63
Additions during the year	95.79	-	95.79
<b>As at 31 March 2019</b>	<b>196.21</b>	<b>422.21</b>	<b>618.42</b>
Additions during the year	5.93	-	5.93
Less: Adjustments *	17.64	-	17.64
<b>As at 31 March 2020</b>	<b>184.50</b>	<b>422.21</b>	<b>606.71</b>
<b>Accumulated amortization</b>			
<b>Upto 31 March 2018</b>	82.31	134.07	216.38
Charge for the year	14.59	23.67	38.26
<b>Upto 31 March 2019</b>	<b>96.90</b>	<b>157.74</b>	<b>254.64</b>
Charge for the year	33.70	12.78	46.48
Less: Adjustments *	17.64	-	17.64
<b>Upto 31 March 2020</b>	<b>112.96</b>	<b>170.52</b>	<b>283.48</b>
<b>Net carrying amount</b>			
As at 31 March 2020	71.54	251.69	323.23
As at 31 March 2019	99.31	264.47	363.78

\* Represents the gross amount and accumulated depreciation of intangible assets pertaining to sugar operations which has been derecognised during the period owing to discontinuance of the sugar operations.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

### 6. Investments

	Face value	As at	
		31 March 2020	31 March 2019
<b>Investments in equity shares (fully paid-up)</b>			
<b>(i) Quoted - designated at FVTPL (Non-Trade)</b>			
76,830 (31 March 2019: 76,830) shares in NB Footware Limited	₹10	-	4.84
9,600 (31 March 2019: 9,600) shares in Avathi Feeds Limited	₹1	28.25	39.15
8,000 (31 March 2019: 8,000) shares in IDBI Bank Limited	₹10	1.54	3.73
22,800 (31 March 2019: 22,800) shares in Union Bank of India (pursuant to merger of Andhra Bank Limited with Union Bank of India in current year)	₹10	2.13	6.41
24,568 (31 March 2019: 24,568) shares in TATA Consultancy Services Limited	₹1	448.64	491.46
19,302 (31 March 2019: 19,302) shares in MOIL Limited	₹10	19.77	30.69
200 (31 March 2019: 200) shares in Kothari Sugars and Chemicals Limited	₹10	0.02	0.02
2,857 (31 March 2019: 2,857) shares in The Jeypore Sugar Company Limited	₹10	-	0.29
		<b>500.35</b>	<b>576.59</b>
<b>(ii) Unquoted</b>			
<b>(a) Investments carried at cost - Subsidiaries (Trade)</b>			
41,499,998 (31 March 2019: 41,499,998) shares in Brahmani Infratech Private Limited, India	₹10	4,150.00	4,150.00
454,020,000 (31 March 2019: 454,020,000) shares in Nava Bharat Projects Limited, India	₹2	9,080.40	9,080.40
260,000,000 (31 March 2019: 260,000,000) shares in Nava Bharat Energy India Limited, India	₹2	5,200.00	5,200.00
Nava Bharat (Singapore) Pte Limited, Singapore*: - 16,870 (31 March 2019: 16,870) shares of Singapore Dollar (SGD) 1 each	SGD 1	4.36	4.36
- 249,726,861 (31 March 2019: 175,840,000) shares of United States Dollar (US\$) 1 each	US\$ 1	153,656.23	101,426.66
1,001,000 (31 March 2019: 1,000) shares in Nava Energy Pte Limited, Singapore**	US\$1	0.67	0.67
1,451,000 (31 March 2019: 1,451,000) shares in Nava Agro Pte Limited, Singapore	US\$1	968.72	968.72
3,101,000 (31 March 2019: 2,101,000) shares in Nava Holding Pte Limited, Singapore	US\$1	2,141.64	1,438.10
		<b>175,202.02</b>	<b>122,268.91</b>
<b>(b) Investments designated at FVTPL - Others (Non-Trade)</b>			
75,000 (31 March 2019: 75,000) shares in Srinivasa Cystine Limited	₹10	654.73	489.20
<b>(c) Investments in government Securities (at amortised cost) (Non-Trade)</b>			
- 6 years National Savings Certificates		0.50	0.50
		<b>176,357.60</b>	<b>123,335.20</b>
Aggregate amount of Quoted Investments		500.35	576.59
Aggregate amount of Un-Quoted Investments		175,857.25	122,758.61
Aggregate amount of Impairment in Value of Investments		107.60	93.72

\* Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on 8 August 2019, the entire outstanding balance of loans and interest receivable to the Company from Nava Bharat (Singapore) Pte. Limited to the tune of ₹45,948.50 and ₹4,868.32, respectively has been converted into investment in 71,886,861 equity shares of US\$ 1 each in Nava Bharat (Singapore) Pte Limited.

\*\* including 10,00,000 fully paid up bonus shares of US\$ 1 each allotted during the year ended 31 March 2020.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

### Details of ownership interest in subsidiaries (in %):

	As at	
	31 March 2020	31 March 2019
(i) Brahmani Infratech Private Limited, India	65.74	65.74
(ii) Nava Bharat Projects Limited, India	100.00	100.00
(iii) Nava Bharat Energy India Limited, India***	100.00	100.00
(iv) Nava Bharat (Singapore) Pte Limited, Singapore	100.00	100.00
(v) Nava Energy Pte Limited, Singapore	100.00	100.00
(vi) Nava Agro Pte Limited, Singapore	100.00	100.00
(vii) Nava Holding Pte Limited, Singapore	100.00	100.00

\*\*\* Including 74% of the equity shares held by Nava Bharat Projects Limited thereby leading to an effective control of 100% by the Company.

### 7. Loans

	As at	
	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Secured, considered good	-	-
Unsecured, considered good - to related parties (refer note (a) below and note 35)	12,784.40	60,295.75
Loans receivables which have significant increase in credit risk	-	-
Loans receivables – credit impaired	-	-
	<b>12,784.40</b>	<b>60,295.75</b>
<b>(b) Current</b>		
Secured, considered good	-	-
Unsecured, considered good		
- to related parties* (refer note 35)	2,579.98	77.50
- to others	75.00	-
Loans receivables which have significant increase in credit risk	-	-
Loans receivables – credit impaired	-	-
	<b>2,654.98</b>	<b>77.50</b>

(a) (i) Includes amounts of ₹Nil (31 March 2019: ₹44,950.75) lent to Nava Bharat (Singapore) Pte. Limited, a subsidiary of the Company, for onward lending to step-down subsidiary for meeting its project related expenditure at an interest rate of 5% (31 March 2019: 5%) per annum. Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on 8 August 2019, the entire outstanding balance of loans and interest receivable to the Company from Nava Bharat (Singapore) Pte. Limited, to the tune of ₹45,948.50 and ₹4,868.32, respectively has been converted into investment in 71,886,861 equity shares of US\$1 each in Nava Bharat (Singapore) Pte Limited.

(ii) Includes amounts of ₹12,784.40 (31 March 2019: ₹15,345.00) lent to Nava Bharat Energy India Limited ('NBEIL'), a subsidiary having common directors, for the purpose of utilisation of the said amount towards the repayment of NBEIL's existing term loans which is repayable in 32 unequal quarterly installments commencing from 30 September 2018 and is carrying an interest rate of 10.15% per annum (31 March 2019: 10.15%).

\* The balance of loans receivable as at 31 March 2020 and as at 31 March 2019 represents amounts due to be received from NBEIL in next 12 months subsequent to the reporting date in respect of the non-current loan mentioned in the above paragraph.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 8. Other Financial Assets

	As at	
	31 March 2020	31 March 2019
(Unsecured, considered good)		
<b>(a) Non-current</b>		
Security deposits	862.76	1,122.45
Fixed deposits with banks*	446.31	403.00
Margin money deposits	120.63	-
Other receivables from related parties		
- Guarantee commission **	167.24	152.82
Interest accrued		
- From related parties***	-	4,583.04
Others	30.88	29.86
	<b>1,627.82</b>	<b>6,291.17</b>

\* Represents bank deposit with maturity period of more than 12 months, held under Debt Service Reserve Account (DSRA) against the term loan availed from ICICI Bank Limited with an outstanding balance of ₹15,345.00 (31 March 2019: ₹15,422.50).

\*\* Represents amounts receivables from an entity in which one of the directors of the Company hold managerial position and is also a director of the said entity.

\*\*\* Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on 8 August 2019, the entire outstanding balance of loans and interest receivable to the Company from Nava Bharat (Singapore) Pte. Limited, to the tune of ₹45,948.50 and ₹4,868.32, respectively has been converted into investment in 71,886,861 equity shares of US\$1 each in Nava Bharat (Singapore) Pte Limited.

	As at	
	31 March 2020	31 March 2019
<b>(b) Current</b>		
Restricted bank balances		
- Unpaid dividend accounts	218.85	175.64
Other receivables		
- from related parties	269.85	109.70
- Others	65.40	314.37
Interest accrued		
- from related parties	293.28	-
- From others	108.20	57.90
Unbilled revenue - accrued conversion charges	370.73	278.86
Others	65.75	60.26
	<b>1,392.06</b>	<b>996.73</b>



## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 9. Other Assets

	As at	
	31 March 2020	31 March 2019
(Unsecured, considered good)		
<b>(a) Non-current</b>		
Capital advances	80.00	31.56
Payments made under protest *	201.29	243.69
Prepaid expenses	119.87	248.03
Others	35.76	37.44
	<b>436.92</b>	<b>560.72</b>
<b>(b) Current</b>		
Advances to vendors	3,774.40	6,219.34
Balance with government authorities	1,128.39	135.56
Prepaid expenses	495.72	327.56
Others	97.28	31.99
	<b>5,495.79</b>	<b>6,714.45</b>

\* Represents payments made to government authorities in protest in connection with the ongoing disputes.

### 10. Inventories (at lower of cost or net realisable value)

	As at	
	31 March 2020	31 March 2019
Raw materials (including raw materials-in-transit aggregating to ₹1,951.09 (31 March 2019: ₹1,127.90))	14,911.40	15,718.06
Work-in-progress	314.22	502.58
Finished goods	14,538.11	14,873.30
Stock-in-trade	10.67	26.77
Stores and spares	2,701.67	2,596.56
	<b>32,476.07</b>	<b>33,717.27</b>

### 11. Trade Receivables

	As at	
	31 March 2020	31 March 2019
Secured, considered good	-	-
Unsecured, considered good		
- From related parties	750.98	561.48
- From others	18,615.88	18,432.77
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	<b>19,366.86</b>	<b>18,994.25</b>

## Notes

to the Financial Statements – March 31, 2020 *(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)*

### 12. Cash and Bank Balances

	As at	
	31 March 2020	31 March 2019
<b>(a) Cash and cash equivalents</b>		
Balances with banks		
On current accounts	2,706.69	1,472.80
Cash on hand	5.86	5.55
	<b>2,712.55</b>	<b>1,478.35</b>
<b>(b) Bank balances other than above</b>		
Deposits with banks with maturity period from 3 to 12 months	151.80	148.80
Margin money deposits *	1,266.11	1,282.85
<b>Less:</b> Amounts reclassified to other non-current financial assets as the same represents margin money deposits with maturity period of more than 12 months	(120.63)	-
	<b>1,297.28</b>	<b>1,431.65</b>
	<b>4,009.83</b>	<b>2,910.00</b>

\* Represents deposits held with banks as security against borrowings, guarantees and other arrangements.

### 13. Equity Share Capital

	As at			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
<b>Authorized share capital</b>				
Equity shares of ₹2 each	250,000,000	5,000.00	250,000,000	5,000.00
	<b>250,000,000</b>	<b>5,000.00</b>	<b>250,000,000</b>	<b>5,000.00</b>
<b>Issued and subscribed share capital</b>				
Equity shares of ₹2 each	176,468,495	3,529.37	178,826,957	3,576.54
	<b>176,468,495</b>	<b>3,529.37</b>	<b>178,826,957</b>	<b>3,576.54</b>
<b>Fully paid-up share capital</b>				
Equity shares of ₹2 each	176,217,020	3,524.34	178,575,482	3,571.51
Add: Forfeited shares of ₹2 each (amount originally paid up)	-	1.26	-	1.26
	<b>176,217,020</b>	<b>3,525.60</b>	<b>178,575,482</b>	<b>3,572.77</b>

#### (a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period (refer note 14(d))

	As at			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	178,575,482	3,571.51	178,575,482	3,571.51
Less: Shares extinguished on account of buy-back (refer (f) below)	(2,358,462)	(47.17)	-	-
Balance at the end of the year	<b>176,217,020</b>	<b>3,524.34</b>	<b>178,575,482</b>	<b>3,571.51</b>

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

### (b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹2/- per share with one vote per 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.

### (c) Details of shareholders holding more than 5% equity shares in the Company

	As at			
	31 March 2020		31 March 2019	
	Number	%	Number	%
Nav Developers Limited	16,093,517	9.13	16,093,517	9.01
M/s Wellington Management Company, LLP with its PAC	10,472,095	5.94	9,156,458	5.13
IDFC Classic Equity Fund	9,112,374	5.17	9,007,591	5.04
A N Investments Private Limited	9,479,825	5.38	9,288,074	5.20
D Bhaktapriya	9,802,900	5.56	9,802,900	5.49

### (d) Details of treasury shares held by the Company (refer note 41)

- (i) The paid up share capital includes 9,947,020 (31 March 2019: 9,947,020) equity shares of ₹2/- each fully paid up, vested in a trustee (Nav Energy Private Limited) duly for the benefit of the Company, pursuant to an order of Hon'ble High Court of Andhra Pradesh dated 30 December 1996 in respect of the Scheme of amalgamation of Nav Chrome Limited with the Company. These shares are to be sold with the net sale proceeds to be paid to the Company. Further, these shares are not considered for dividend and treated as treasury shares, thereby duly reduced from other equity.
- (ii) The paid up share capital includes 2,800,000 (31 March 2019: 2,800,000) equity shares of ₹2/- each fully paid up, held by Nava Bharat Ventures Employee Welfare Trust towards the General Employees Benefit Scheme (GEBS). Consequently, the said shares have been accounted for as a treasury stock as at 31 March 2020 and 31 March 2019, thereby adjusting the balance of other equity.

### (e) Aggregate number of bonus shares issued during five years immediately preceding the date of Balance Sheet:

During the year ended 31 March 2017, the Company has issued 89,287,741 equity shares of ₹2 each fully paid up by way of bonus shares in the ratio of one equity share for every one share held on the date of issue.

### (f) Buy-back of equity shares during the year:

The Board of Directors of the Company, at their meeting held on 29 May 2019, had approved a buy-back of fully paid-up equity shares of the Company at a price not exceeding ₹160 (one hundred and sixty rupees only) per share and for an aggregate consideration not exceeding ₹2,500.00. Pursuant to the said scheme, the Company has bought back 2,358,462 equity shares of ₹2 each for an aggregate purchase value of ₹2,248.95, including transaction costs and accordingly, equity share capital and securities premium have been adjusted to the tune of ₹47.17 and ₹2,201.78, respectively in this regards. All of the aforesaid shares bought back of ₹2 each were extinguished before 31 March 2020. Further in accordance with the requirements of section 69 of the Companies Act, 2013, an amount equivalent to the nominal value of the shares so purchased has been transferred to the capital redemption reserve from general reserve.

## Notes

to the Financial Statements – March 31, 2020

*(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)*

### 14. Other Equity

	As at	
	31 March 2020	31 March 2019
<b>Capital reserve</b>		
Balance at the beginning and end of the year	60.20	60.20
<b>Capital redemption reserve</b>		
At the beginning of the year	826.39	826.39
Add: Transfer from general reserve on account of buyback of equity shares (refer note 13(f))	47.17	-
At the end of the year	873.56	826.39
<b>Securities premium</b>		
At the beginning of the year	26,214.22	26,214.22
Less: Adjustments (refer note 13(f))	(2,201.78)	-
At the end of the year	24,012.44	26,214.22
<b>Treasury Shares</b> (refer note 41)		
Balance at the beginning and end of the year	(2,745.67)	(2,745.67)
<b>General reserve</b>		
At the beginning of the year	87,566.64	87,566.64
Less: Adjustments (refer note 13(f))	(47.17)	-
At the end of the year	87,519.47	87,566.64
<b>Other reserves:</b>		
<b>Subsidies</b> - Balance at the beginning and end of the year	33.60	33.60
<b>Surplus in Statement of Profit and Loss</b>		
At the beginning of the year	174,879.81	161,310.28
Profit for the year	12,855.83	16,618.89
At the end of the year	187,735.64	177,929.17
<b>Appropriations:</b>		
Dividend on Equity Share Capital*	(4,995.22)	(2,529.43)
Corporate dividend tax	(1,026.78)	(519.93)
At the end of the year	181,713.64	174,879.81
<b>Other comprehensive income</b>		
Actuarial gain / (loss) on employment benefits		
At the beginning of the year	290.63	186.41
For the year	50.63	104.22
At the end of the year	341.26	290.63
	291,808.50	287,125.82

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### Nature and purpose of reserves:

#### (a) Capital redemption reserve

Capital redemption reserve was created in earlier years for the purpose of redemption of preference shares and in the current year on account of buy-back of equity shares. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Act.

#### (b) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve is utilised in accordance with the provisions of the Act.

#### (c) General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. This reserve is freely available for use by the Company.

#### (d) Treasury shares (refer note 41)

(i) Represents 9,947,020 (31 March 2019: 9,947,020) equity shares of ₹2/- each fully paid up, vested in a trustee (Nav Energy Private Limited) duly for the benefit of the Company, pursuant to an order of Hon'ble High Court of Andhra Pradesh dated 30 December 1996 in respect of the Scheme of amalgamation of Nav Chrome Limited with the Company. These shares are to be sold with the net sale proceeds to be paid to the Company. Further, these shares are not considered for dividend and treated as treasury shares, thereby duly reduced from other equity.

(ii) Represents amounts paid to Nava Bharat Ventures Employee Welfare Trust in the earlier years towards acquisition of 1,400,000 equity shares of the Company of ₹2 each. Consequently, the said shares along with the bonus shares issued during the year ended 31 March 2017 have been accounted for as a treasury stock as at 31 March 2019 and 31 March 2020, thereby adjusting the balance of other equity.

#### (e) Surplus in Statement of Profit and Loss

Surplus in Statement of Profit and Loss represents the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.

#### (f) Actuarial gain / (loss) on employment benefits

The reserve represents the remeasurement gains / (losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains / (losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to Statement of Profit and Loss.

\* Represents amounts distributed towards final dividend of ₹1.50 per equity share for financial year ended 31 March 2019 and interim dividend of ₹1.50 per equity share for the financial year ended 31 March 2020 (31 March 2019: final dividend of ₹1.50 per equity share for financial year ended 31 March 2018).

## 15. Borrowings

	As at	
	31 March 2020	31 March 2019
<b>(a) Non current borrowings</b>		
Secured		
- Term loans - from banks (refer notes (a), (b), (c), (d) and (f))	20,886.86	28,610.89
- Other loans - from banks (refer notes (e) and (f))	-	121.74
	<b>20,886.86</b>	<b>28,732.63</b>
Less: Current maturities of long-term borrowings (refer note 16(b))	6,939.06	9,091.24
	<b>13,947.80</b>	<b>19,641.39</b>
<b>(b) Current borrowings</b>		
Secured		
Loans repayable on demand		
- Working capital loan from banks (refer note (g))	4,353.59	3,304.21
- Suppliers credit (refer note (h))	4,447.07	-
	<b>8,800.66</b>	<b>3,304.21</b>

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### Details of security and other terms of borrowings:

- (a) Term loan outstanding to the tune of ₹2,869.10 (31 March 2019: ₹8,238.86) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second charge on the chargeable current assets of the Company. The loan is further secured by way of pledge of 51% shares of Nava Bharat (Singapore) Pte. Limited held by NBVL. The loan is repayable in 26 quarterly installments of ₹1,904.00 each, commencing from 1 April 2014. Until 31 March 2019, the Company had entered into a cross currency interest rate swap arrangement with the lenders duly converting the loan amount from Indian National Rupee (INR) to United States Dollar (USD) and fixing the interest rate in accordance with the terms of the arrangement.
- (b) Term loan outstanding to the tune of ₹1,124.96 (31 March 2019: ₹4,949.53) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second charge on the chargeable current assets of the Company. The loan is further secured by way of pledge of 51% shares of Nava Bharat (Singapore) Pte. Limited held by NBVL. The loan is repayable in 10 quarterly installments of ₹1,060.00 each, commencing from 1 April 2018. The Company has entered into a cross currency interest rate swap arrangement with the lenders duly converting the loan amount from Indian National Rupee (INR) to United States Dollar (USD) and fixing the interest rate in accordance with the terms of the arrangement.
- (c) Term loan outstanding to the tune of ₹15,345.00 (31 March 2019: ₹15,422.50) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second pari-pasu charge on the present and future current assets of the Company. The loan is further secured by way of exclusive charge on the Debt Service Reserve Account of the Company. The loan is repayable in 32 unequal quarterly installments from the date of first disbursement with final maturity date being 31 March 2026.
- (d) Term loan outstanding to the tune of ₹1,547.80 (31 March 2019: Nil) is secured by the pari pasu first charge on fixed assets including immovable and movable properties of the Company and a second charge on the current assets of the Company, both present and future along with the existing term lenders. The loan is repayable in 16 structured quarterly repayments of ₹96.85 each, commencing from June 2020.
- (e) Term loan outstanding to the tune of Nil (31 March 2019: ₹121.74) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second charge on the chargeable current assets of the Company. The loan is repayable in 36 monthly installments of ₹30.14 each, commencing from 22 August 2016.
- (f) All the above loans carry interest rates ranging from 4% to 11.40% per annum (31 March 2019: 3.89% to 11.40%).
- (g) Working capital loans outstanding represents cash credit facility availed from banks and carry an interest linked to the respective Bank's prime / base lending rates, ranging from 9.25% to 10.75% per annum (31 March 2019: 9.25% per annum). The said facility is secured by hypothecation of all chargeable current assets of the Company, including raw materials, work-in-progress, finished goods, stores and spares and receivables both present and future and rank pari pasu with the other lenders. The facility is further secured by a pari pasu second charge on all fixed assets of the Company both present and future.
- (h) Suppliers credit outstanding as at 31 March 2020 was availed from banks and carried an interest rate linked to the respective Bank's prime / base lending rates and ranged between 2.48% to 3.06% per annum. The said facility was secured by hypothecation of all chargeable current assets of the Company and ranked pari pasu with the other lenders. The facility was further secured by a pari pasu second charge on all fixed assets of the Company both present and future.
- (i) Refer note 36(iii) for details of disclosure of maturity profile of the borrowings.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 16. Other Financial Liabilities

	As at	
	31 March 2020	31 March 2019
<b>(a) Non current</b>		
Other retention deposits	11.20	33.40
	11.20	33.40
<b>(b) Current</b>		
Dues to		
- Directors	858.02	1,154.17
- Employees*	2,047.02	1,486.29
Security deposits		
- Others	87.72	95.08
Forward contract liability	30.47	781.75
Interest accrued	239.04	307.56
Unpaid dividends	218.85	175.64
Capital creditors	62.63	174.17
Accrual for expenses	603.73	1,215.50
Current maturities of long-term borrowings (refer note 15)	6,939.06	9,091.24
Other liabilities	-	505.22
	<b>11,086.54</b>	<b>14,986.62</b>

\* including compensation payable and accrued to the tune of ₹484.29 (31 March 2019: Nil) towards termination of employees of Sugar division pursuant to discontinuation of the operations of Sugar division situated at Samalkot (refer note 39).

### 17. Deferred Tax Assets, Net

	As at	
	31 March 2020	31 March 2019
Deferred tax assets / (liabilities):		
- Minimum Alternate Tax (MAT) credit entitlement	13,330.41	16,647.78
- Employee benefits	893.29	776.04
- Bonus payable	712.45	463.21
- Other disallowances	86.47	289.73
- Property, plant and equipment and intangible assets	(11,115.58)	(11,041.09)
Deferred tax assets, net	3,907.04	7,135.67

Movement in deferred tax assets:

	As at 1 April 2019	(Charge) / credited to		MAT credit utilisation	As at 31 March 2020
		Statement of Profit and Loss	Other Comprehensive Income		
(i) Property, plant and equipment and intangible assets	(11,041.09)	(74.49)	-	-	(11,115.58)
(ii) Employee benefits	776.04	144.44	(27.19)	-	893.29
(iii) Bonus payable	463.21	249.24	-	-	712.45
(iv) Others	289.73	(203.26)	-	-	86.47
(v) Movement in MAT balances	16,647.78	-	-	(3,317.37)	13,330.41

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

- (i) Deferred tax assets as at 31 March 2020 includes an amount of ₹13,330.41 (31 March 2019: ₹16,647.78), representing the credit of minimum alternative taxes paid and recognised by the Company in accordance with the provisions of the prevailing income tax regulations. Based on the assessment of the financial projections of the Company, the projected profitability and the history of achieving significant operational profits in the past, the management is confident of earning sufficient taxable profits in the future in order to be able to realise the aforesaid tax credits within the timelines prescribed under the income tax regulations.

	As at 1 April 2018	(Charge) / credited to		MAT credit utilisation	As at 31 March 2019
		Statement of Profit and Loss	Other Comprehensive Income		
(i) Property, plant and equipment and intangible assets	(10,536.67)	(504.42)	-	-	(11,041.09)
(ii) Employee benefits	739.99	92.03	(55.98)	-	776.04
(iii) Bonus payable	470.76	(7.55)	-	-	463.21
(iv) Others	316.63	(26.90)	-	-	289.73
(v) Movement in MAT balances	19,775.28	-	-	(3,127.50)	16,647.78

### 18. Provisions

	As at	
	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Provision for employee benefits		
- Compensated absence, unfunded	679.77	377.86
- Gratuity, funded (Refer note a below)	1,010.13	512.10
	<b>1,689.90</b>	<b>889.96</b>
<b>(b) Current</b>		
Provision for employee benefits		
- Compensated absence, unfunded	548.88	629.94
- Gratuity, funded (Refer note a below)	317.58	700.92
	<b>866.46</b>	<b>1,330.86</b>

#### (a) Gratuity

The Company provides for gratuity for its employees as per the Payment of the Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is equivalent to employee's 15 days of last drawn basic salary for each completed years of service. The gratuity plan is partly funded as at 31 March 2020 and 31 March 2019.

The following table sets out the reconciliation of opening and closing balances of the present value and defined benefit obligation.

#### (i) Change in projected benefit obligation

	As at	
	31 March 2020	31 March 2019
Present value of obligation at the beginning of year	1,932.39	1,827.15
Current service cost	110.13	128.64
Interest cost	109.79	128.65
Benefits paid	(29.92)	(31.73)
Benefits paid directly by the company	(64.15)	(93.07)
Actuarial (gain) / loss on obligation	(194.45)	(27.25)
Defined benefit obligation at end of the year	<b>1,863.79</b>	<b>1,932.39</b>



## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (ii) Change in plan assets

	As at	
	31 March 2020	31 March 2019
Fair value of plan assets at the beginning of the year	719.37	670.20
Adjustments to opening balance of plan assets	(203.87)	(6.33)
Return on plan assets (excluding interest income)	20.47	4.12
Interest income	8.25	48.48
Contributions during the year	21.78	34.62
Benefits paid during the year	(29.92)	(31.72)
Fair value of planned assets at the end of the year	<b>536.08</b>	<b>719.37</b>

### (iii) Reconciliation of present value of obligation on the fair value of plan assets

	As at	
	31 March 2020	31 March 2019
Present value of projected benefit obligation at the end of the year	1,863.79	1,932.39
Fair value of plan assets	(536.08)	(719.37)
Net liability recognised in the balance sheet	<b>1,327.71</b>	<b>1,213.02</b>

### (iv) Expenses recognised in the Statement of Profit and Loss:

	For the year ended	
	31 March 2020	31 March 2019
Current service cost	110.13	128.64
Net interest cost	101.54	80.16
Adjustments to opening liability	203.87	-
<b>Expense for the year</b>	<b>415.54</b>	<b>208.80</b>

### Recognised in other comprehensive income:

	For the year ended	
	31 March 2020	31 March 2019
Actuarial gain for the year	(194.45)	(27.25)
Return on plan assets excluding net interest	(20.47)	(4.12)
<b>Total expenditure / (gain) recognised</b>	<b>(214.92)</b>	<b>(31.37)</b>

### (v) Key actuarial assumptions

	For the year ended	
	31 March 2020	31 March 2019
Discount rate	5.68%	6.94%
Salary escalation	6.00%	6.00%
Attrition rate	13.33%	13.33%
Expected rate of return on plan assets	7.29%	7.29%
Mortality rate	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Return on plan assets excluding net interest	7.59%	7.59%

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotions and other relevant factors. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards.

### (vi) Impact on defined benefit obligations [increase / (decrease)]

	For the year ended	
	31 March 2020	31 March 2019
Assumptions		
Sensitivity level		
- Discount rate : 1% increase	(60.85)	(60.58)
- Discount rate : 1% decrease	89.35	87.01
- Future salary : 1% increase	75.12	74.48
- Future salary : 1% decrease	(26.90)	(29.92)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(vii) The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

	For the year ended	
	31 March 2020	31 March 2019
Year 1	317.58	700.92
Year 2	222.97	264.52
Year 3	166.13	228.27
Year 4	221.67	163.44
Year 5	136.92	199.62
Year (6 -10)	519.48	577.28
More than 10 years	386.50	174.83
	<b>1,971.26</b>	<b>2,308.88</b>

### 19. Other Current Liabilities

	As at	
	31 March 2020	31 March 2019
Advance from customers	70.85	48.44
Statutory dues	1,572.72	1,721.76
	<b>1,643.57</b>	<b>1,770.20</b>

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 20. Revenue from Operations

	For the year ended	
	31 March 2020	31 March 2019
<b>Revenue from contracts with customers</b>		
<b>(a) Sale of products</b>		
- Ferro alloys	65,732.35	75,622.47
- Power	12,193.48	17,626.12
<b>(b) Sale of services</b>		
- Ferro alloys conversion charges	20,649.99	19,237.54
- Operation and maintenance services	7,250.35	6,808.69
	<b>105,826.17</b>	<b>119,294.82</b>
<b>Other operating revenues</b>		
- Export incentive income	748.36	1,043.12
- Utility services	280.33	283.19
- Scrap sales	615.40	185.09
- Others	528.92	660.67
	<b>107,999.18</b>	<b>121,466.89</b>

#### (i) Reconciliation of transaction price and amounts allocated to performance obligations:

	For the year ended	
	31 March 2020	31 March 2019
Revenue at contracted price	106,893.55	119,917.17
<b>Less: Adjustments</b>		
- Under injection charges	585.01	387.01
- Prompt payment rebate	24.26	27.90
- Excess raw material consumption charges	458.11	207.44
Total revenue from contracts with customers	<b>105,826.17</b>	<b>119,294.82</b>

#### (ii) Disaggregation of revenue

##### (a) Revenue based on Geography

	For the year ended	
	31 March 2020	31 March 2019
- Domestic	74,445.99	83,894.08
- Export	31,380.18	35,400.75
Total	<b>105,826.17</b>	<b>119,294.82</b>

##### (b) Revenue based on Business Segment

	For the year ended	
	31 March 2020	31 March 2019
- Ferro Alloys	86,382.34	94,860.01
- Power	49,864.82	55,778.01
- Unallocated	7,250.35	6,808.69
- Inter segment revenues	(37,671.34)	(38,151.89)
Total	<b>105,826.17</b>	<b>119,294.82</b>

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 21. Other Income

	For the year ended	
	31 March 2020	31 March 2019
<b>Interest income on financial assets measured at amortised cost</b>	2,582.99	3,504.94
<b>Income from investments</b>		
- Changes in fair value	89.29	191.77
- Gain on sale of investments	56.44	148.05
- Dividend income	829.94	45.65
<b>Other non-operating income</b>		
- Guarantee commission	547.06	538.10
- Fair value gain on derivatives not designated as hedges	751.28	-
- Foreign exchange fluctuations, net	-	2,790.68
- Others	364.62	450.92
	<b>5,221.62</b>	<b>7,670.11</b>

### 22. Cost of Materials Consumed

	For the year ended	
	31 March 2020	31 March 2019
Inventory at the beginning of the year	15,718.06	14,254.54
Add: Purchases	68,802.95	84,054.22
	<b>84,521.01</b>	<b>98,308.76</b>
Inventory at the end of the year	14,911.40	15,718.06
	<b>69,609.61</b>	<b>82,590.70</b>
Less: Amount presented separately under discontinued operations (refer note 39(a))	(7,013.49)	(11,899.00)
<b>Cost of materials consumed</b>	<b>62,596.12</b>	<b>70,691.70</b>

\* Disclosed on the basis of derived amounts rather than the actual records of consumption.

### 23. Change in Inventories of Finished Goods, Stock-in-trade and Work-in-progress

	For the year ended	
	31 March 2020	31 March 2019
<b>Inventory at the beginning of the year</b>		
Stock-in-trade	26.77	65.07
Finished goods	14,873.30	11,933.70
Work-in-progress	502.58	297.30
	<b>15,402.65</b>	<b>12,296.07</b>
<b>Inventory at the end of the year</b>		
Stock-in-trade	10.67	26.77
Finished goods	14,538.11	14,873.30
Work-in-progress	314.22	502.58
	<b>14,863.00</b>	<b>15,402.65</b>
	<b>539.65</b>	<b>(3,106.58)</b>
Less: Amount presented separately under discontinued operations (refer note 39(a))	2,052.24	(3,330.60)
	<b>(1,512.59)</b>	<b>224.02</b>

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 24. Other Manufacturing Expenses

	For the year ended	
	31 March 2020	31 March 2019
Consumption of stores and spares	3,627.40	3,644.00
Power, fuel and water charges	411.81	512.21
Briquetting expenses	520.92	563.88
Raw material handling charges	1,527.53	1,423.05
Finished product handling charges	733.77	690.53
Testing and analysis charges	69.77	56.61
Other expenses	672.85	341.25
	<b>7,564.05</b>	<b>7,231.53</b>

### 25. Employee Benefits Expense

	For the year ended	
	31 March 2020	31 March 2019
Salaries and wages	7,104.91	7,023.43
Contribution to provident and other funds (note a)	342.63	312.06
Staff welfare expenses	351.52	333.18
Gratuity and other compensated absences	521.43	439.31
	<b>8,320.49</b>	<b>8,107.98</b>

During the current year ended 31 March 2020, the Company contributed ₹375.10 (31 March 2019: ₹355.61) to provident fund and ₹4.22 (31 March 2019: ₹6.57) towards employee state insurance fund (including contribution to provident fund attributable to the discontinued operations amounting to ₹55.98 (31 March 2019: ₹58.42)).

### 26. Finance Costs

	For the year ended	
	31 March 2020	31 March 2019
Interest cost on financial liabilities measured at amortized cost	1,845.35	1,756.61
Other borrowing costs		
- Bank charges and commission	206.72	249.76
	<b>2,052.07</b>	<b>2,006.37</b>

### 27. Other Expenses

	For the year ended	
	31 March 2020	31 March 2019
Rent	33.62	19.34
Repairs and maintenance		
- Machinery	2,557.75	2,565.25
- Buildings	566.01	515.51
- Others	111.21	94.75
Rates and taxes	2,592.75	2,747.10
Freight and transportation	1,867.88	2,157.12
Insurance	290.66	224.85
Advertisement and sales promotion	12.19	5.53
Communication expense	40.25	38.83

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019
Travelling and conveyance	219.94	178.16
Legal and professional charges	570.57	593.48
Foreign exchange fluctuations, net	93.68	-
Fair value loss on derivative contracts not designated as hedge	-	1,005.22
Payments to auditors:		
- as auditors	65.00	61.04
- for other services	10.79	3.91
- for reimbursement of expenses	1.61	-
Corporate social responsibility (CSR) expenses (refer note (a) below)	409.97	304.37
Loss on sale of assets / material	1.03	505.44
Open access charges	427.43	-
Ash disposal charges	435.95	362.39
Bad debts written-off	-	189.77
Other expenses	805.93	585.84
	<b>11,114.22</b>	<b>12,157.90</b>

### (a) Details of CSR expenditure

	For the year ended	
	31 March 2020	31 March 2019
a. Gross amount required to be spent by the Company during the year	405.74	312.85
b. Amount spent during the year on:		
(i) Construction / acquisition of any asset	140.19	102.79
(ii) On purposes other than (i) above *	277.77	213.12
<b>Amount remaining to be spent</b>	<b>-</b>	<b>-</b>

\* including amounts spent attributable to discontinued operations amounting to ₹7.99 (31 March 2019: ₹11.54).

## 28. Income Taxes

	For the year ended	
	31 March 2020	31 March 2019
<b>Statement of Profit and Loss</b>		
Current tax expense / (benefit):		
- For continuing operations	6,912.96	8,689.27
- For discontinued operations	(131.75)	112.34
Deferred tax expense / (benefit)	(115.94)	446.84
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>6,665.27</b>	<b>9,248.45</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic corporate tax rate for the year ended 31 March 2020 and 31 March 2019:

	For the year ended	
	31 March 2020	31 March 2019
Profit for the year from continuing operations before tax expense	19,898.12	25,545.85
Profit / (Loss) for the year from discontinued operations before tax expense	(377.02)	321.49
<b>Profit for the year before tax expense</b>	<b>19,521.10</b>	<b>25,867.34</b>
Tax rate applicable to the Company	34.944%	34.944%

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data)

	For the year ended	
	31 March 2020	31 March 2019
<b>Tax expense on net profit</b>	<b>6,821.45</b>	<b>9,039.08</b>
Increase / (decrease) in tax expenses on account of:		
(i) Non-taxable income / exempt income	(20.27)	(64.45)
(ii) Income taxable at lower rates	(149.69)	-
(iii) Expenses inadmissible under the income tax act	218.04	151.46
(iv) Other adjustments	(204.26)	29.56
(v) Effect of changes in tax rates	-	92.80
	(156.19)	209.37
<b>Tax as per normal provisions under Income tax</b>	<b>6,665.27</b>	<b>9,248.45</b>

### 29. Other Comprehensive Income

	For the year ended	
	31 March 2020	31 March 2019
Actuarial gain on post employment benefit expenses	77.82	156.08
Return on plan assets excluding net interest	-	4.12
Less: Deferred tax expense on above	27.19	55.98
	<b>50.63</b>	<b>104.22</b>

### 30. Earnings Per Equity Share

	For the year ended	
	31 March 2020	31 March 2019
(a) Net profit from continuing operations attributable to equity shareholders	13,101.10	16,409.74
(b) Net profit / (loss) from discontinued operations attributable to equity shareholders	(245.27)	209.15
(c) Total net profit attributable to equity shareholders	12,855.83	16,618.89
(d) <b>Computation of weighted average number of equity shares:</b>		
Weighted average number of equity shares outstanding during the year*	164,090,883	165,828,462
Add: Effect of potential dilutive shares	-	-
Weighted average number of equity shares adjusted for the effect of dilution	164,090,883	165,828,462
(e) <b>EPES:</b>		
(i) <b>Earnings per share for continuing operations</b>		
Basic (in absolute ₹ terms)	7.98	9.90
Diluted (in absolute ₹ terms)	7.98	9.90
(ii) <b>Earnings per share for discontinued operations</b>		
Basic (in absolute ₹ terms)	(0.15)	0.12
Diluted (in absolute ₹ terms)	(0.15)	0.12
(iii) <b>Earnings per share for continuing and discounting operations</b>		
Basic (in absolute ₹ terms)	7.83	10.02
Diluted (in absolute ₹ terms)	7.83	10.02

\* Duly adjusted for the outstanding treasury stock of 12,747,020 equity shares (31 March 2019: 12,747,020) and for the effects on account of the total equity shares bought back during the current year (31 March 2019: Nil) as detailed in note 13(f).

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 31. Dues to Micro and Small Enterprises

The Micro, Small and Medium Enterprises have been identified on the basis of the information available with the Company. This has been relied upon by the auditors. Dues to such parties are given below:

	As at	
	31 March 2020	31 March 2019
(a) The principal amount remaining unpaid as at the end of the year	950.54	931.64
(b) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(c) Amount of interest paid by the Company in terms of Section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
(d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006).	-	-
(e) The amount of further interest remaining due and payable 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 (MSMED Act, 2006).	-	-

### 32. Fair Value Measurements

#### (i) Financial instruments by category

	As at			
	31 March 2020		31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Investments (other than subsidiaries)	1,155.08	0.50	1,065.79	0.50
Loans to related parties	-	15,364.38	-	60,373.25
Other loans	-	75.00	-	-
Security deposits	-	862.76	-	1,122.45
Employee loans	-	30.88	-	29.86
Other deposits	-	566.94	-	403.00
Trade receivables	-	19,366.86	-	18,994.25
Cash and cash equivalents	-	2,712.55	-	1,478.35
Other bank balances	-	1,297.28	-	1,431.65
Guarantee commission receivable	-	167.24	-	152.82
Interest accrued	-	401.48	-	4,640.94
Other financial assets	-	990.58	-	938.83
<b>Financial liabilities</b>				
Borrowings	-	29,687.52	-	32,036.84
Rental deposits	-	11.20	-	33.40
Trade payables	-	5,094.60	-	8,099.97
Forward contract liability	30.47	-	781.75	-
Other financial liabilities	-	4,117.01	-	5,113.63



## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTPL (Fair value through profit and loss) investments and investment in its subsidiaries.

(ii) The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

### (iii) Valuation technique used to determine fair value

The fair value of the financials assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted shares are based on price quotations at the reporting dates.
- The fair value of unquoted equity shares are based on the Net Assets Value, available for Equity Shareholders of the underlying Companies which was ascertained based on data available from the financial statements of the respective Companies.
- Management has assessed the fair value of the borrowings, which approximate their current value largely since they are carried at floating rate of interest.

### (iv) Fair Value hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy, of financial assets and liabilities measured at fair value on a recurring basis as at 31 March 2020 and 31 March 2019:

### Quantitative disclosures of fair value measurement hierarchy as at 31 March 2020

Particulars	Level 1	Level 2	Level 3
<b>Financial Assets measured at FVTPL</b>			
Investments	500.35	654.73	-
<b>Financial Liabilities measured at FVTPL</b>			
Derivative liability	-	30.47	-

### Quantitative disclosures of fair value measurement hierarchy as at 31 March 2019

Particulars	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Investments	576.59	489.20	-
Other financial assets	-	781.75	-

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 33. Net Debt Reconciliation

The following table sets out an analysis of the movements in net debt for the year:

Particulars	Current borrowings	Non-Current borrowings	Interest accrued
<b>Net debt as on 31 March 2018</b>	6,289.56	27,086.42	254.40
Cash flows, net	(2,985.35)	2,256.86	-
Interest expense*	-	-	2,171.06
Interest paid	-	-	(2,117.90)
Adjustments**	-	(610.65)	-
<b>Net debt as on 31 March 2019</b>	<b>3,304.21</b>	<b>28,732.63</b>	<b>307.56</b>
Cash flows, net	5,247.72	(7,911.18)	-
Interest expense*	-	-	2,348.75
Interest paid	-	-	(2,417.27)
Adjustments**	248.73	65.41	-
<b>Net debt as on 31 March 2020</b>	<b>8,800.66</b>	<b>20,886.86</b>	<b>239.04</b>

\* including interest expense attributable to discontinued operations amounting to ₹502.73 (31 March 2019: ₹414.45)

\*\* Represents adjustment on account of foreign currency fluctuations.

### 34. Contingent Liabilities, Commitments and Pending Litigations

	As at	
	31 March 2020	31 March 2019
<b>Contingent Liabilities</b>		
(a) Guarantees excluding financial guarantees	29,134.88	25,092.38
(b) Claims against the Company not acknowledged as debts relating to:		
- Cross subsidy charges (refer note (i) below)	3,927.53	3,927.53
- Electricity duty (refer note (ii) & (iii) below)	733.25	733.25
- Royalty on coal procurement (refer note (iv) below)	26.91	353.40
- Land lease charges (refer note (v) below)	295.92	274.86
- Central excise matters (refer note (vi) below)	426.32	907.06
- Service tax matters (refer note (vii) below)	71.76	716.24
- Customs matters (refer note (viii) below)	206.06	206.06
- Sales tax matters (refer note (ix) below)	144.23	144.23
- Others	227.35	226.90
(c) Disputed income tax liabilities (refer note (x) below)	3,581.84	3,493.17
(d) Renewal power purchase obligation (refer note (xi) below)	1,366.47	1,133.71
<b>Commitments</b>		
(e) Estimated amount of contracts remaining to be executed on capital account and not provided for	268.21	14.98

## Notes

to the Financial Statements – March 31, 2020

*(All amounts in lakhs of ₹, unless otherwise stated)*

### Notes:

- (i) The Company has received demand notices from the Electricity Regulatory authorities of the states of Odisha and Telangana towards levy of cross-subsidy charges amounting to ₹2,441.53 (31 March 2019: ₹2,441.53) and ₹1,486.00 (31 March 2019: ₹1,486.00) respectively. The matters have been contested by the management at the Honourable High Courts of the State of Odisha and Telangana, which is pending for disposal as at 31 March 2020. On the basis of its internal assessment of the compliances with the prevailing regulations, the management is of the view of the matter being settled in their favour.
- (ii) During the earlier years, the Company had received certain demands from the electricity regulatory authorities of the state of Andhra Pradesh to the tune of ₹542.43 (31 March 2019: ₹542.43), towards levy of electricity duty on the sale of power made by it from the power generation station situated in Dharmavaram, Andhra Pradesh. Aggrieved by the aforesaid demands, the management has filed necessary appeals with the Honourable High Court of Andhra Pradesh, which is pending for disposal as at 31 March 2020. However, on the basis of its assessment of the applicability of the provisions of the Electricity Duty Act and the nature of operations carried out, the management is confident of the case being settled in favour of the Company.
- (iii) The Company had received a demand notice for an amount of ₹186.93 (31 March 2019: ₹186.93) from the electricity regulatory authorities towards electricity supply charges and other levies in relation to the utilisation of the energy granted in accordance with the provisions of the Electricity Act, 2003. The management has filed a writ petition against the said demand with the Honourable High Court of the State of Telangana, which is pending for disposal as at 31 March 2020. The Company had also received an interim order from the Honourable High Court in their favour.
- (iv) During the prior years, the Company had received demands from the mining departments of the Governments of the States of Telangana and Odisha to the tune of ₹26.91 (31 March 2019: ₹26.91) and ₹Nil (31 March 2019: ₹326.49), respectively. These demands were towards levy of certain royalties on the coal procured during the prior years. The management has filed a writ petition against the said demands with the Honourable High Courts of Telangana and Odisha. The Company had received a favourable order from the Honourable High Court of the State of Odisha during September 2019 and the matter is pending for disposal with the Honourable High Court of Telangana as at 31 March 2020.
- (v) During the earlier years, the Company had received certain demands from certain individuals towards vacation of a portion of land leased to the sugar manufacturing facility and for amounts of ₹295.92 (31 March 2019: ₹274.86) in relation to certain damages. The management is in the process of entering into a conciliation arrangement with the aforementioned parties and purchasing the underlying land, while the matter is currently sub-judice with the local courts of Kakinada as at 31 March 2020.
- (vi) The Company had in the prior years, received various demand notices from the Central Excise Authorities for sums aggregating to ₹426.32 (31 March 2019: ₹907.06) towards certain non-compliances with the provisions of the Central Excise Credit Rules and their regulations relating to determination of assessable values. The management had contested against these demands at various appellate authorities of the underlying jurisdictions which are pending for disposal as at 31 March 2020. The Company had settled certain demands during the year ended 31 March 2020 in accordance with the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019. In respect of the remaining matters, on the basis of its internal assessment of the compliances with these regulations and an independent expert advise, the management is confident of settling those cases in favour of the Company.
- (vii) The Company had received various demands from the service tax authorities for sums aggregating to ₹71.76 (31 March 2019: ₹716.24) towards non-compliances with the prevailing regulations on Central Excise Credit Rules and import of services. The management had contested these demands with various appellate authorities of the underlying jurisdictions. Further, having settled few demands during the year ended 31 March 2020 under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, the management is confident of settling the cases in favour of the Company in respect of the other matters which are pending for disposal as at 31 March 2020.
- (viii) During the year ended 31 March 2016, the Company had received a demand for an amount of ₹214.09 (31 March 2019: ₹214.09) from the customs authorities of Bhubaneswar towards levy of customs duty, along with interest and penalties, on an import of coal made during the

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

year ended 31 March 2013. The management has filed an appeal against the said demand with the underlying appellate authorities which is pending for disposal as at 31 March 2020.

- (ix) The Company had received demands in the prior year from the Sales tax authorities of the state of Telangana for sums of ₹144.23 (31 March 2019: ₹144.23) towards levy of sales tax on certain export entitlement licenses sold. The management has filed necessary appeals against the said demand with the concerned appellate authorities which is pending for disposal as at 31 March 2020.
- (x) Pursuant to the income tax assessment for the years mentioned below, the Company had received various demands from the income tax authorities in

relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law and compliances with the arm's length guidelines in relation to international transactions with associated enterprises. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities and the necessary advice received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against the Company is remote and accordingly do not foresee any adjustment to the financial statements in this regard. The details of the relevant financial year which is subject to the dispute and the amount of demand along with the interest and penalties demanded is as follows:

Financial year ended	As at	
	31 March 2020	31 March 2019
2004-05	311.60	311.60
2007-08	325.24	325.24
2008-09	114.94	114.94
2009-10	2,144.21	2,144.21
2010-11	264.77	176.11
2011-12	290.01	290.01
2012-13	85.19	85.19
2015-16	45.88	45.88

- (xi) The Company has filed a writ petition with the Honourable High Court of the Judicature at Hyderabad of the Combined State of Andhra Pradesh and Telangana challenging the applicability of the provisions of APERC - Renewal Power Purchase Obligation (Compliance by Purchase of Renewable Energy / Renewable Energy Certificates) Regulations, 2012 issued by the Andhra Pradesh Electricity Regulatory Commission. The management, on the basis of its assessment of the terms of the aforesaid regulations is of the view that the said regulations shall not be applicable to the Company owing to the nature of business engaged by it and accordingly are of the view that the financial statements as at and for the year ended 31 March 2020 do not warrant any adjustments to this effect.

### Other pending litigations

- (xii) The Company, along with certain other petitioners, have filed a Special Leave Petition with the

Honourable Supreme Court of India in relation to applicability of provisions of the Andhra Pradesh Electricity Duty Act, 1939 to the captive power generation facility of the Company situated at Samalkot, Andhra Pradesh for the period beginning 1 April 2003 until the 31 March 2013. The Company has already recognised liabilities aggregating to ₹236.19 (31 March 2019: ₹236.19) towards electricity duty on the number of units of energy captively consumed. Pursuant to an interim order from the Honourable Supreme Court, the Company has already paid an amount of ₹137.28 (31 March 2019: ₹137.28) towards the said levy. However, on the basis of its assessment of the facts and status of the case and the underlying regulations on applicability of the electricity duty, the management does not foresee any further adjustments to these financial statements in this regard.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

- (xiii) The balance of trade receivables as at 31 March 2020 includes an amount of ₹189.93 (31 March 2019: ₹189.93) receivable from the Grid Corporation of Odisha (GRIDCO) in relation to the sale of power made during the earlier periods. GRIDCO had filed an appeal with the Supreme Court of India in relation to the payment of the said dues subsequent to an order passed by the Appellate Tribunal for Electricity of the state of Odisha, directing payment of sums aggregating to ₹2,582.00 (31 March 2019: ₹2,582.00) to the Company in this regard. On the basis of its internal assessment of the case and the favourable order received from the appellate authorities in this regard, management is confident of recovering the aforesaid dues from GRIDCO.
- (xiv) During the earlier years, the Company had received demands aggregating to ₹668.00 (31 March 2019: ₹668.00) from the electricity regulatory authorities of the state of Telangana towards the payment of Voltage Surcharge and additional charges for the period 1 March 1983 to 30 June 1987. The Company had filed a petition against the same in Supreme Court which was decided in its favour.

However bank guarantees furnished by the Company to the tune of ₹409.00 (31 March 2019: ₹409.00) against the said demands were encashed by the authorities, against which management has filed necessary appeals with the Honourable High Court of the State of Telangana. Pending final outcome of the said petitions, the management has already recognised adequate liabilities in relation to the said dues and does not foresee any additional adjustments to the financial statements in this regard.

- (xv) The Company is a party, as a petitioner and a respondent, to certain other cases in respect of certain land allotments, illegal land encroachments and other matters which are pending for disposal as at 31 March 2020 and 31 March 2019 with various civil courts and appellate authorities, as the case may be. The management, in consultation with its internal and external legal counsel is of the view that the probability of the same being settled against the Company is remote and accordingly are of the view that the financial statements as at and for the year ended 31 March 2020 do not require any adjustments in this regard.

### 35. Related Party Disclosures

#### (a) Name of related parties and nature of relationship

Names of the related parties	Nature of relationship
Nava Bharat Energy India Limited Nava Bharat Projects Limited Brahmani Infratech Private Limited Nava Bharat (Singapore) Pte. Limited Nava Energy Pte. Limited Nava Agro Pte. Limited Nava Holding Pte. Limited	Subsidiaries
Maamba Collieries Limited NB Rufiji Private Limited (Upto 20 September 2018) NB Tanagro Limited (Upto 20 September 2018) Nava Energy Zambia Limited Kawamba Sugar Limited Tiash Pte. Limited TIS Pte. Limited The Iron Suites Pte. Limited Compai Pharma Pte. Limited Compai Healthcare Sdn. Bhd Kinta Valley Mining Resources Sdn. Bhd.	Step-down subsidiaries

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

Names of the related parties	Nature of relationship
D Ashok P Trivikrama Prasad GRK Prasad CV Durga Prasad Ashwin Devineni T Hari Babu (Chief Financial Officer) (Upto 29 January 2020) Sultan A. Baig (Chief Financial Officer) (Appointed w.e.f 30 January 2020)	Key Management Personnel (KMP)
K. Balarama Reddi (Upto 31 March 2019) Dr. MVG Rao (Upto 31 March 2019) Dr. ERC Shekar (Upto 31 March 2019) Dr. D Nageswara Rao Dr. CV Madhavi (Upto 29 May 2019) CA B. Shanti Sree (Appointed w.e.f 30 October 2019) Indra Kumar Alluri (Appointed w.e.f 7 February 2019) K Durga Prasad (Appointed w.e.f 6 August 2018) GP Kundargi (Appointed w.e.f 6 August 2018)	Independent Directors
D Nikhil Dr. D Rajasekhar	Relatives of KMP

### (b) Transactions with related parties

	For the year ended	
	31 March 2020	31 March 2019
<b>Nava Bharat (Singapore) Pte. Limited</b>		
Interest income	827.40	2,283.27
Investments in equity shares	1,412.75	684.50
<b>Maamba Collieries Limited</b>		
Reimbursements received	36.81	60.85
Lease rent earned	3.35	3.00
Staff support services rendered	52.92	69.15
<b>Nava Bharat Energy India Limited</b>		
Interest income on loans	1,566.71	1,062.92
Lease rent earned	1.98	1.84
Utility charges received	280.33	283.19
Manganese ore brick conversion services availed	198.62	-
Purchase of fly ash Bricks	18.45	21.09

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019
Staff support services rendered	-	92.62
Staff support services availed	-	58.81
Loans granted	-	15,500.00
Collections made on behalf of the entity	-	244.62
Guarantee extended	7,200.00	-
<b>Nava Bharat Projects Limited</b>		
Purchase of products	-	1.97
Reimbursements paid	-	12.41
<b>Nava Energy Pte. Limited</b>		
Operation and maintenance services rendered	7,250.35	6,808.69
Guarantee commission income	547.06	538.10
Dividend income	709.53	-
<b>Nava Energy Zambia Limited</b>		
Reimbursements receivable	106.65	126.69
<b>Nava Agro Pte. Limited</b>		
Investments in equity shares	-	353.50
<b>Nava Holding Pte. Limited</b>		
Investments in equity shares	703.54	799.01
<b>Kawambwa Sugar Limited</b>		
Reimbursements received	4.22	5.60
Staff Support services rendered	20.22	7.55
<b>Transactions with key management personnel</b>		
Managerial Remuneration	2,025.02	2,193.77
<b>Transactions with Independent directors</b>		
Commission and sitting fees	36.25	33.10
<b>Relatives of key managerial personnel</b>		
<b>Rent paid</b>		
Dr. D. Rajasekhar	13.60	13.56
<b>Remuneration</b>		
D. Nikhil	120.00	11.94

**Note:** Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on 8 August 2019, the entire outstanding balance of loans and interest receivable to the Company from Nava Bharat (Singapore) Pte. Limited, to the tune of ₹45,948.50 and ₹4,868.32 respectively has been converted into investment in 71,886,861 equity shares of US\$1 each in Nava Bharat (Singapore) Pte Limited.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (c) Balances receivable / (payable)

	As at	
	31 March 2020	31 March 2019
<b>Key Management personnel</b>		
D Ashok	(429.01)	(564.59)
P Trivikrama Prasad	(429.01)	(564.59)
<b>Commission payable to Independent directors</b>	(25.00)	(25.00)
<b>Subsidiaries</b>		
Nava Bharat (Singapore) Pte. Limited	167.24	49,475.20
Nava Bharat Energy India Limited	15,657.66	15,790.57
Maamba Collieries Limited	60.64	19.52
Nava Energy Pte. Limited	692.28	561.48
Nava Energy Zambia Limited	251.72	126.05
Kawambwa Sugar Limited	44.14	12.14

### (d) Balances of corporate guarantees outstanding

	As at	
	31 March 2020	31 March 2019
Provided on behalf of		
- Nava Bharat Energy India Limited*	7,200.00	-
- Nava Energy Pte Limited**	29,023.57	26,624.68

\* Represents guarantee extended on behalf of Nava Bharat Energy India Limited (NBEIL) to its lenders, against the working capital facilities availed by the same.

\*\* Represents performance guarantee extended amounting to US\$ 385.00 on behalf of Nava Energy Pte Limited (NEPL) to Maamba Collieries Limited (MCL), against the operations and maintenance service contract provided by MCL to NEPL in relation to the operations and maintenance services of power plant of MCL situated at Zambia.

### (e) Key managerial personnel compensation

	For the year ended	
	31 March 2020	31 March 2019
Short-term employee benefits	1,885.31	2,112.00
Post-employment defined benefit	50.19	38.07
Compensated absences	18.00	12.00
Termination benefits	71.52	64.80

(f) In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with certain designated related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31 March 2020. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.



## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 36. Financial Risk Management Objectives and Policies:

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The Company's risk management policies are established to identify and analyse the risks faced by the Company and seek to, where appropriate, minimize potential impact of the risk and to control and monitor such risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

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

#### (i) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. The Company is exposed to market risk primarily related to interest rate risk, currency rate risk and other price risks, such as equity risk. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenues generated and operating activities in foreign currencies.

##### a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the floating interest rate borrowings. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk. Further, the loans extended by the Company carries a fixed interest rate and therefore not subject to interest rate risk since neither the carrying value nor the future cash flows will fluctuate because of the change in market interest rates.

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt. A major portion of foreign currency debt is linked to international interest rate benchmarks like LIBOR. The Company also hedges a portion of these risks by entering into derivative instruments like interest rate swaps and currency swaps.

The exposure of the Company to fixed rate and variable rate instruments at the end of the reporting period are as follows:

	As at	
	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Loans	15,439.38	60,373.25
Deposits with banks	1,864.22	1,834.65
Other deposits	654.00	626.68
<b>Financial liabilities</b>		
Borrowings	-	121.74
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Borrowings*	29,687.52	31,915.10

#### Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the variable rate instruments. With all other variables held constant, the Company's profit before tax is affected (decrease / (increase)) through the impact on floating rate borrowings as follows:

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	Change in basis points	31 March 2020	31 March 2019
Increase in basis points	50.00	148.44	159.58
Decrease in basis points	(50.00)	(148.44)	(159.58)

\* The Company has entered into interest rate swap arrangement against the variable rate borrowing amounting to ₹1,124.97 (31 March 2019: ₹13,188.40) and accordingly the impact of interest rate sensitivity as mentioned above is expected to be offset proportionately.

### (b) Foreign Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency) and financing activities (when borrowings are denominated in foreign currency).

The Company has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Company does use financial derivatives such as foreign currency forward contracts and swaps.

#### Derivative financial instruments

The following table gives details in respect of outstanding derivative contracts against principle amount. The counterparty for these contracts are banks.

(Amount in lakhs)

	USD	31 March 2020	31 March 2019
Derivatives not designated as hedges			
Forward contract	Buy	\$14.89	\$192.90
Forward contract	Sell	\$25.00	-

#### Unhedged foreign currency exposure as at each reporting date:

	As at			
	31 March 2020		31 March 2019	
	Foreign currency (in lakhs)	₹	Foreign currency (in lakhs)	₹
<b>United states dollars (USD):</b>				
<b>Financial assets</b>				
- Trade and other receivables	32.87	2,487.57	94.87	6,560.66
- Loan	-	-	650.00	44,950.75
- Bank balances	30.62	2,317.19	-	-
- Others	3.33	251.72	3.88	248.85
<b>Financial liabilities</b>				
- Borrowings	73.43	5,556.58	190.71	13,188.40
- Trade and other payables	0.70	53.29	-	-
- Derivative liability	-	30.47	-	781.75

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in US\$ to the Indian Rupee with all other variables held constant. The impact (increase / (decrease)) on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities is given below:

Particulars	Change	31 March 2020	31 March 2019
<i>US\$ sensitivity</i>			
₹/US\$ - Increase by	5.00%	(29.19)	1,889.51
₹/US\$ - Decrease by	-5.00%	29.19	(1,889.51)

### (c) Other price risk

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company based on working capital requirement keeps its liquid funds in current accounts. Excess funds are invested in long term instruments. The Company has listed and non-listed equity securities that are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and reports on the equity portfolio are submitted to the management on a regular basis.

The following table demonstrates the sensitivity to the impact of increase / (decrease) of the index on the Company's equity and profit for the period. The analysis is based on the assumption that index has increased or decreased by 10%, with all other variables held constant and that the Company's equity instruments moved in line with the index.

Particulars	Change	31 March 2020	31 March 2019
<i>NSE Nifty 50 sensitivity</i>			
- Increase by	10.00%	50.04	57.66
- Decrease by	-10.00%	(50.04)	(57.66)

The following table demonstrates the sensitivity of the Company's un-quoted investments on the profit (increase / (decrease) / for the period. The analysis is based on the assumption that net asset values has increased or decrease by 10%, with all other variables held constant.

Particulars	Change	31 March 2020	31 March 2019
<i>Net Asset value sensitivity</i>			
- Increase by	10.00%	65.47	48.92
- Decrease by	-10.00%	(65.47)	(48.92)

### (ii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty defaults on its obligations. The Company's exposure to credit risk arises primarily from loans extended, security deposits, balances with bankers and trade and other receivables. The Company minimises credit risk by dealing exclusively with high credit rating counterparties. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company'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 Company's exposure to bad debts is not significant.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (a) Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

### (b) Credit risk concentration profile

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

### (c) Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, other bank balances, loans, security deposits and other receivables were past due or impaired as at 31 March 2020. Trade and other receivables including loans that are neither past due nor impaired are from creditworthy debtors with good payment record with the Company. Cash and short-term deposits investment securities that are neither past due nor impaired, are placed with or entered with reputable banks financial institutions or companies with high credit ratings and no history of default.

### (d) Financial assets that are either past due or impaired:

The Company doesn't have any significant trade receivables or other financial assets which are impaired. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management also evaluates the factors that may influence the credit risk of its customer base, including the default risk and country in which the customers operate. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. The Company's receivables turnover is quick and historically, there was no significant default on account of trade and other receivables. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

### (iii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of 31 March 2020:

	On Demand	upto 1 year	1 to 3 years	After 3 years
Borrowings	-	15,739.72	5,896.20	8,051.60
Trade payables	-	5,094.60	-	-
Financial guarantee contracts*	7,200.00	-	-	-
Derivative liability	-	30.47	-	-
Other financial liabilities	-	4,117.01	11.20	-
	<b>7,200.00</b>	<b>24,981.80</b>	<b>5,907.40</b>	<b>8,051.60</b>

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of 31 March 2019:

	On Demand	upto 1 year	1 to 3 years	After 3 years
Borrowings	-	12,395.45	9,485.20	10,156.19
Trade payables	-	8,099.97	-	-
Derivative liability	-	781.75	-	-
Other financial liabilities	-	5,113.63	33.40	-
	-	<b>26,390.80</b>	<b>9,518.60</b>	<b>10,156.19</b>

\* Based on maximum amount that can be called for under the financial guarantee contract.

### 37. Segment Information

In accordance with Indian Accounting Standard (Ind AS) 108 on "Operating Segments", segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

### 38. Capital Management

Capital includes equity capital and all other reserves attributable to the equity holders of the parent. The primary objective of the capital management is to ensure that it maintain an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder's value. The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a debt to capital employed ratio which is debt divided by total capital plus debt. The Company's policy is to keep this ratio at an optimal level to ensure that the debt related covenants are complied with.

	As at	
	31 March 2020	31 March 2019
Borrowings <sup>#</sup>	29,687.52	32,036.84
Less: Cash and cash equivalents	2,712.55	1,478.35
<b>Net Debt</b>	<b>26,974.97</b>	<b>30,558.49</b>
Total equity	295,334.10	290,698.59
<b>Equity and net debt</b>	<b>322,309.07</b>	<b>321,257.08</b>
Gearing ratio	8.37%	9.51%

<sup>#</sup>Total Borrowings include long-term borrowing, current maturities of long-term borrowings and working capital loans like cash credit and buyer's credit.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call back loans and borrowings.

There have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

No changes were made in the objectives, policies or processes for managing the capital during the year ended 31 March 2020 and 31 March 2019.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 39. Discontinued Operations

Pursuant to a resolution passed at their meeting held on 2 March 2020, the Board of Directors have resolved to cease the sugar operations of the Company at its sugar manufacturing facility located at Samalkot, Andhra Pradesh, after completion of the ongoing crushing season during March 2020, owing to non-availability of sugar cane and unviable sugar operations. The Board of Directors have also resolved to dispose the non-current assets of the said sugar division comprising of the underlying land available in Samalkot and the assets pertaining to the sugar manufacturing facility. Accordingly, these non-current assets have been classified as assets held for sale in these financial statements as at and for the year ended 31 March 2020. Further, owing to the aforesaid resolution, the financial performance of the sugar division have been presented as discontinued operations in the Statement of Profit and Loss for the year ended 31 March 2020 in accordance with the provisions of Ind AS 105 – Non-Current Assets Held for Sale and Discontinued Operations.

(a) The results of Sugar division are presented below:

	For the year ended	
	31 March 2020	31 March 2019
<b>Income:</b>		
Revenue from contracts with customers including other operating income	12,773.71	14,404.33
Other income	99.45	236.45
<b>Expenses:</b>		
Cost of materials consumed	7,013.49	11,899.00
Purchase of stock-in-trade	39.32	224.69
Change in inventories of finished goods, stock-in-trade and work-in-progress	2,052.24	(3,330.60)
Other manufacturing expenses	600.85	2,137.47
Employee benefits expense*	1,708.72	1,284.39
Finance costs	552.14	457.90
Depreciation and amortisation expense	518.91	522.33
Other expenses	764.50	1,124.11
<b>Profit / (loss) before tax from a discontinued operations</b>	<b>(377.02)</b>	<b>321.49</b>
Tax expenses / (benefit):		
- Related to current pre-tax profit / (loss)	(131.75)	112.34
<b>Profit / (loss) for the year from a discontinued operations</b>	<b>(245.27)</b>	<b>209.15</b>

\* including compensation payable and accrued to the tune of ₹484.29 (31 March 2019: Nil) towards termination of employees of Sugar division pursuant to discontinuation of the operations.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

**(b) The net cash (outflows) / inflows of Sugar division are presented below:**

	For the year ended	
	31 March 2020	31 March 2019
- Operating activities	632.46	(1,411.01)
- Financing activities	(669.74)	1,373.31
- Investing activities	33.62	72.13
<b>Net cash (outflow) / inflow</b>	<b>(3.66)</b>	<b>34.43</b>

**(c) The major classes of non-current assets of Sugar division held for sale as at 31 March 2020 are, as follows:**

	As at 31 March 2020
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment (refer note 3)	5,611.23
Inventories - Stores and spares	233.15
<b>Assets held for sale directly related to the disposal group</b>	<b>5,844.38</b>

**Note:** In accordance with Ind AS 105, the management has assessed the fair values less cost to sell. Based on the assessment, no impairment charge was recorded during the current year to bring the carrying value of assets of the disposal group, to their net realisable values.

- (d)** The management has commenced necessary actions with respect to disposal of the non-current assets pertaining to the sugar division mentioned above, such as by engaging an independent valuer to assess the fair values of the underlying land available and the plant and equipment. On the basis of the assessment of the status of the aforesaid process initiated, the management is confident of completing the said intended disposal of the non-current assets of the sugar division by the year ending 31 March 2021. Further, on the basis of the assessment of the fair market value of the underlying land performed by the independent valuer engaged, non-current assets of the aforesaid sugar division has been carried at the lower of the carrying value or their net realisable value as at 31 March 2020 in accordance with the accounting principles.

### 40. Subsequent Events

**(a) Proposed distribution**

	31 March 2020	31 March 2019
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on 31 March 2020: Nil (31 March 2019: ₹1.50) per share	-	2,529.44
Dividend distribution tax (DDT) on the above	-	514.99

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) in accordance with the applicable accounting principles.

## Notes

to the Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 41. Scheme of Capital Reduction

The Board of Directors of the Company, at their meeting held on 8 August 2019, have approved a Scheme of Capital Reduction (Scheme), pursuant to which 9,947,020 and 2,800,000 number of equity shares of Company held by Nava Energy Private Limited and Nava Bharat Ventures Employees Welfare Trust, respectively would be cancelled. During the year ended 31 March 2020, no adverse observation letter for the Scheme has been received from the Stock Exchanges and necessary filings with National Company Law Tribunal of the Ministry of Corporate Affairs, Government of India have been completed and its sanction is awaited.

42. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of receivables, investments and other assets. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**VSN Raju**  
Company Secretary  
& Vice President

Place : Hyderabad, India  
Date : June 26, 2020

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D. Ashok**  
Chairman  
DIN: 00006903

**Ashwin Devineni**  
Chief Executive Officer

Place : Singapore  
Date : June 26, 2020



## Statement containing salient features of the financial statements of Subsidiaries and Associate Companies for the year ending March 31, 2020 (Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

### Part A: Subsidiaries

Name of the subsidiary	Reporting Currency	Exchange rate on the last date of relevant financial year	Share Capital	Reserves and surplus	Total Assets	Total Liabilities	Investments	Average Exchange rate for the purpose of P&L A/c for the relevant financial year	Turnover	Profit/(Loss) before Taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share holding
			₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	
Nava Bharat Projects Limited	Rs	-	9,080.40	17,269.01	26,699.85	350.44	19,814.58	-	1,599.84	1,205.65	99.07	1,106.58	-	100.00
Nava Bharat Energy India Limited	Rs	-	20,000.00	31,951.53	78,019.77	26,068.42	-	-	24,912.92	(709.78)	(100.54)	(609.24)	-	100.00
Brahmani Infratech Private Limited	Rs	-	6,312.50	2,605.13	12,068.45	3,150.82	6,250.90	-	2,87.34	171.31	(3.77)	175.08	-	65.74
Nava Bharat (Singapore) Pte. Limited	US\$	75.3859	1,88,266.38	(4,342.54)	1,85,067.52	1,143.63	97,455.47	70.8790	3,890.09	2,474.89	529.65	1,945.24	-	100.00
Maamba Collieries Limited	US\$	75.3859	1,45,899.87	3,325.66	6,45,494.96	4,96,269.40	-	70.8790	1,59,389.31	37,246.33	(1,634.71)	38,881.04	-	64.69
Nava Energy Pte. Limited	US\$	75.3859	0.75	2,405.31	3,517.83	1,111.77	1.01	70.8790	11,404.02	1,972.37	330.66	1,641.71	709.53	100.00
Nava Energy Zambia Limited	US\$	75.3859	1.01	686.97	3,256.82	2,568.83	-	70.8790	8,315.91	185.30	317.52	(132.22)	-	100.00
Nava Agro Pte. Ltd.	US\$	75.3859	1,093.85	(12.49)	1,083.88	2.52	1,013.94	70.8790	-	(3.34)	-	(3.34)	-	100.00
Kawambwa Sugar Ltd.	US\$	75.3859	1,013.94	(474.89)	1,357.20	818.16	-	70.8790	-	(569.90)	10.15	(580.05)	-	100.00
Nava Holding Pte. Ltd	US\$	75.3859	2,337.72	121.18	2,461.76	2.86	0.05	70.8790	84.46	73.00	2.83	70.17	-	100.00
Tiash Pte Limited	US\$	75.3859	0.08	(395.02)	1,868.11	2,263.05	214.84	70.8790	213.15	(109.29)	-	(109.29)	-	100.00
Compai Pharma Pte. Ltd.	US\$	75.3859	0.08	(195.13)	939.84	1,134.89	0.02	70.8790	31.75	(93.89)	-	(93.89)	-	65.00
Compai Health care SDN. BHD.	US\$	75.3859	0.02	(681.90)	338.60	920.47	-	70.8790	109.28	(318.09)	-	(318.09)	-	65.00
TIS Pte Limited	US\$	75.3859	207.73	(197.19)	10.54	-	-	70.8790	12.95	(170.64)	1.55	(172.19)	-	42.25
The Iron Suites Pte. Ltd	US\$	75.3859	5.29	(481.99)	87.39	564.09	-	70.8790	190.14	(107.11)	-	(107.11)	-	38.02
Kinta Valley Mining Resources SDN. BHD.	US\$	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Names of subsidiaries which are yet to commence operations : 2
- Names of subsidiaries which have been liquidated or sold during the year : NIL

# Consolidated Financial Statements

# Independent Auditor's Report

To

**The Members of Nava Bharat Ventures Limited**

**Report on the Audit of the Consolidated Financial Statements**

## Opinion

1. We have audited the accompanying consolidated financial statements of Nava Bharat Ventures Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.
3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16(i) of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverability of ZESCO trade receivables balances and Expected Credit Losses (ECL)- The matter related to the audit of Maamba Collieries Limited (MCL) (step-down subsidiary of the Holding Company):</b></p> <p>Refer note 10 for the related disclosures.</p> <ul style="list-style-type: none"> <li>The ZESCO trade receivable balance amounted to ₹207,923.36 lakhs (31 March 2019: ₹114,575.02 lakhs) including interest is significant to the component as it represents 99% of the total receivables balance of MCL and 32% (2019: 21%) of the total assets of the component. Interest income arising as a result of default by ZESCO recognised in the profit and loss amounted to ₹6,614.08 lakhs (31 March 2019: ₹5,714.67 lakhs).</li> <li>In accordance with the ESCROW Agreement, ZESCO is required to deposit an amount of ₹19,698.34 lakhs into the ESCROW account. ZESCO has failed to fund the ESCROW account, breaching the provisions of the agreement.</li> <li>These receivable balances have been outstanding for a period more than one year which raises uncertainty on its recoverability. The collectability of trade receivables is a key element of MCL's working capital management, which is managed on an ongoing basis by local management.</li> <li>The allowance for impairment losses (Expected Credit Losses (ECL)) on trade receivable balances is a significant matter as it requires the application of judgement and use of subjective assumptions by management. An ECL provision of ₹19,569.76 lakhs (31 March 2019: ₹2,728.41 lakhs) has been recognised in the consolidated financial statements.</li> <li>The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and the timing and amount of expected future cash flows.</li> <li>MCL records allowances of trade receivable balances. In accordance with IFRS 9 Financial Instruments: Recognition and Measurement, impairment provisions are measured according to a credit loss impairment model under which each financial asset is classified based on the past due status. IFRS 9 also requires an estimation of expected credit losses to be unbiased and probability weighted, including information about the past, current conditions and reasonable supportable forecasts of future events at the reporting date.</li> </ul>	<p>In view of the significance of the matter, the auditor of MCL has reported that the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Review of the ESCROW Security agreement and the related government guarantees, and conditions for its enforcement;</li> <li>Review the assumptions which included the probability of calling in the government guarantee and the arbitration process;</li> <li>Review the four scenarios applied and assessed the probability of the outcomes and the impact on the related expected credit loss;</li> </ul> <p>In respect to Expected Credit Losses, the audit procedures adopted by component auditor included:</p> <ul style="list-style-type: none"> <li>Assessing the reasonableness of the expected credit loss model methodology and related parameters developed by management, which included: <ul style="list-style-type: none"> <li>probability of default;</li> <li>loss given default;</li> <li>gross domestic product rates;</li> <li>significant increase in credit risk;</li> <li>recovery rates; and</li> </ul> </li> <li>projected or expected cash receipts amongst other factors;</li> <li>Assessing the forward-looking information management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumptions of multiple macroeconomic scenarios;</li> <li>Evaluating the models and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral of IFRS 9;</li> <li>Review the adequacy of the expected credit losses recognised by the component in respect of ZESCO receivable as at 31 March 2020;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Going concern - The matter related to the audit of MCL:</b></p> <p>Refer note 2(e)(xix) for the accounting policy.</p> <ul style="list-style-type: none"> <li>As at 31 March 2020, MCL had a significant breach of the Common Terms Agreement (CTA) section 10 paragraph 24, which defines key events or circumstances that will result in events of default.</li> <li>MCL is required to make semi annual repayments to the lenders of the project finance on 25 September and 25 March. Failure to meet this requirement, could result in the lenders declaring that all or part of the Loans be payable on demand resulting in the project finance obligations being reclassified as current liabilities.</li> <li>The availability of sufficient funding and the testing of whether MCL will be able to continue meeting its obligations under the financing covenants are important for the going concern assumption and, as such, are significant aspects of our audit. This test or assessment is largely based on the expectations of and the estimates made by management. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations.</li> </ul>	<p>In view of the significance of the matter the auditor of MCL has reported that the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence</p> <ul style="list-style-type: none"> <li>Review lenders correspondence (specifically the reservation of rights letter) in respect to material breaches noted in note 15(l) of the consolidated financial statements;</li> <li>Review the insurance policies issued in favor of the lenders;</li> <li>Evaluate the assumptions and forecasts made by management in the future budgets;</li> <li>Reviewed and evaluated the security documents applicable to this facility (project finance);</li> <li>Devoted attention to the assumptions made with respect to the ability of the MCL to continue as a going concern, the results and the cash flows in order to assess the MCL's ability to continue meeting its payment obligations and its obligations under the financing covenants in the year ahead</li> </ul>
<p><b>Treatment of transaction cost on borrowings - The matter related to the audit of MCL:</b></p> <p>Refer note 48(a) for the restatement related disclosures.</p> <ul style="list-style-type: none"> <li>MCL obtained loans from various lenders for the construction of the 300MW Thermal Power Plant that was commissioned in July 2017. The component paid a total of ₹36,331.23 lakhs. These costs were capitalised to the cost of the asset.</li> <li>IAS 39/ IFRS 9, however requires that transactions costs directly related to the acquisition of the loan must be deducted from the carrying amount of the loan and accounted for using the effective interest method, which requires the amortisation of the transaction costs over the life of the financial liability.</li> <li>This was significant to our audit because the assessment process is complex and the transaction costs are significant to the financial statements of the component.</li> <li>Management are required to determine the effective interest rate applicable and accordingly recompute the cash flows applicable after determining the effective interest rate using various financial analysis tools. This will result in significant changes in the interest expense charged in the MCL's income statement as well as the amounts that would have been capitalised as borrowing costs in line with IAS 23 – Borrowing costs.</li> </ul>	<p>In view of the significance of the matter the auditor of MCL has reported the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence</p> <ul style="list-style-type: none"> <li>Reviewing the loan amortisation schedules as well as the amortisation schedules based on the effective interest method as per IAS 39 and IFRS 9;</li> <li>Recomputing the effective interest rate using various financial modelling tools;</li> <li>Assessing the accounts that were affected which included, Property, Plant and Equipment, Project Finance, and Deferred tax;</li> <li>Assessing the amounts that would qualify as borrowing costs under IAS 23, and reviewed the respective restatements so as to confirm if it was in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Classification of the borrowings of MCL:</b></p> <p>Refer note 15(l) for the related disclosures.</p> <p>In accordance with the Common Terms Agreement (CTA) between MCL and its lenders in connection with the term loans availed, certain key events or circumstances is defined that will result in events of default.</p> <p>On and at any time after the occurrence of an event of default, which is continuing, the Inter-creditor agent may exercise or, as appropriate, instruct the security trustee to exercise any or all of the remedies in accordance with the terms of the CTA.</p> <p>A breach in one or more of the “events of default” clauses could lead to making significant management judgements with respect to the assessment of the classification of the borrowings between long-term and short-term, the legal rights available with MCL and the other consequences in accordance with the CTA. Accordingly, owing to these factors, the classification of the balance of borrowings of MCL has been assessed as a significant risk and considered as a key audit matter.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- Understanding the provisions of the CTA between MCL and its lenders with respect to the legal and other rights available;</li> <li>- Review of the communications between MCL and its lenders and between MCL and its customer, ZESCO and Government of Zambia;</li> <li>- Testing the management assessment of the classification of borrowings, including review of the terms of the insurance cover and the sovereign guarantee issued by the Government of Zambia;</li> <li>- Verification of the communication between MCL and ZESCO in connection with the initiation of necessary dispute resolution process;</li> <li>- Review of the independent legal advise sought by the management in relation to the various legal rights available to MCL and the time frame associated with each of the options;</li> <li>- Testing the management assessment of the outcome of the dispute resolution process;</li> <li>- Evaluating the appropriateness of the disclosures made in the financial statements in respect of this matter.</li> </ul>
<p><b>Impairment assessment of thermal power plants:</b></p> <p>Refer note 2(e)(i) and 2(k) for the accounting policy and note 3 for the related disclosures</p> <p>The Holding Company has property, plant and equipment pertaining to 60 MW thermal power generation station located at Odisha and 20 MW thermal power generation station located at Dharmavaram with carrying value of ₹19,200.79 lakhs (31 March 2019: ₹19,800.29 lakhs) and ₹7,720.20 lakhs (31 March 2019: ₹7,969.22 lakhs), respectively.</p> <p>In accordance with Ind AS 36, Impairment of assets, the management has assessed the recoverable values of these power plants since these these plants have not generated power owing to the mismatch between demand and supply of power and pending receipt of certain approvals from the regulatory authorities.</p> <p>The aforesaid assessment of the recoverable values to determine impairment, if any, involve exercising significant judgements with regard to assumptions and estimates involved in forecasting future cash flows and in the assessment of net-realizable values. These assumptions include capacity utilization of the plans, tariff rates, discount rates and other operating parameters.</p> <p>Considering the significance of the amounts involved, degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment assessment of the aforesaid power generating plants as a key audit matter.</p>	<p>Our audit procedures included, but were not limited to, the following</p> <ul style="list-style-type: none"> <li>- Tested the design and operating effectiveness of the key controls put in place by the management in relation to the impairment assessment of property, plant and equipment;</li> <li>- Assessed the Holding Company's cash flow forecast models in respect of these units and the reasonability of the expected value on sale/disposal;</li> <li>- Evaluated key judgements made by the management in cash flow forecasts used in the determination of the value in use for each of the units and the expected realizable value of these units;</li> <li>- Assessed the appropriateness of the discount rates applied in determining the value in use of each unit;</li> <li>- Assessed the reasonableness of the key assumptions regarding future profitability and revenue growth rates, potential electricity to be generated, realizable value of the underlying asset; and</li> <li>- Performed an overall evaluation of the individual unit's cash flow models based on our knowledge of the Holding Company, our discussion with the management of the Holding Company's strategic plan combined with the external data which we considered relevant;</li> <li>- Obtained specific representations from the management where relevant;</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in accordance with the applicable accounting standards.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverability of Minimum Alternate Tax (MAT) credit asset</b></p> <p>Refer note 2(e)(viii) and 2(y) for the accounting policy and 18 for the related disclosures.</p> <p>As detailed in note 18 to the accompanying consolidated financial statements, the Holding Company and its subsidiary Nava Bharat Energy India Limited has deferred tax assets aggregating to ₹20,757.35 lakhs (31 March 2019: 24,103.55) in the nature of credit of Minimum Alternate Tax (MAT) as at 31 March 2020.</p> <p>The ability to recover the deferred tax asset is assessed by the management at each reporting date which depends on the estimates of future operations and taxable profits the Holding Company and its subsidiary expects to earn within the period of by which such MAT balance can be utilized as governed by the Income-tax Act, 1961.</p> <p>We have identified the recoverability of MAT Credit as a key audit matter owing to the materiality of the amounts involved and inherent subjectivity involved in determination of utilization of MAT credit through estimation of future taxable profits.</p>	<p><b>Our audit procedures included, but were not limited to, the following:</b></p> <ul style="list-style-type: none"> <li>- Evaluated the design and tested the operating effectiveness of key controls implemented over recognition of MAT credit;</li> <li>- Obtained management's analyses for MAT credit realizability and evaluated the analyses and workings in relation to the recognition of deferred tax assets taking into account the status of recent income-tax audits and enquiries, changes to the tax laws etc;</li> <li>- Evaluated the reasonability of future projected profitability by assessing the forecasts against past results and our knowledge of the industry;</li> <li>- Compared the prior year expected tax profits with the actual results to determine the efficacy of the management's budgeting process;</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in respect of deferred tax assets in accordance with the applicable accounting standards.</li> </ul>
<p><b>Classification and presentation of assets held for sale and discontinued operations:</b></p> <p>Refer note 2(af) for the accounting policy and note 43 for the related disclosures.</p> <p>The Holding Company has, in its board meeting held on 2 March 2020, approved the cessation of operations at the Sugar Plant situated at Samalkot, Andhra Pradesh. Accordingly, the management has classified the non-current assets pertaining to this division as assets held for sale and discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations .</p> <p>Based on management's assessment of the fair value less costs to sell of these non-current assets held for sale, no impairment cost was recognised during the current year ended 31 March 2020 to bring the carrying value of these assets to their net realizable values.</p> <p>This was considered to be one of the areas which required significant auditor attention owing to significant management judgement involved in evaluation of the net realizable value of the underlying assets of the aforesaid sugar division and assessment of compliance with the requirements of the applicable accounting standards and accordingly identified this area as a key audit matter.</p>	<p><b>Our audit procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>- Tested the design and operating effectiveness of the controls put in place by the management in relation to the impairment assessment of property, plant and equipment;</li> <li>- Assessed the compliances with respect to the classification and presentation requirements of the underlying assets of sugar division in accordance with the provisions of Ind AS 105;</li> <li>- Assessed whether the Holding Company's management was committed to a plan to sell the business and actively had initiated the program to locate a buyer and complete the plan as at the reporting date;</li> <li>- Assessed the likelihood of disposal group being available for immediate sale in its current state and whether it is highly probable that the sale will take place;</li> <li>- Tested management's assessment whether the carrying values of disposal groups are at least equal to their estimated fair value less cost to sell;</li> <li>- Obtained the fair valuation report of the management's expert for the underlying land and assessed the appropriateness of valuation methodology and techniques along with the assumptions adopted by the expert and the management. Also, evaluated the independence, objectivity and competency of the expert that was engaged by the management.</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made in the financial statements in accordance with the applicable accounting standards.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Contingent liabilities relating to ongoing litigation:</b></p> <p>Refer note 2(x) for the accounting policy and note 35 (a) and (c) for the related disclosures.</p> <p>As disclosed in note 35 to the accompanying consolidated financial statements, the Holding Company is involved in various indirect taxes and regulatory cases ('litigations').</p> <p>Whether a liability is recognised as a provision or disclosed as a contingent liability in the financial statements involves inherent judgments dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and/or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute.</p> <p>The amounts involved are significant and due to the range of possible outcomes and considerable uncertainty around the various litigations the determination of the need for creating a provision in the financial statements is inherently subjective and therefore is considered to be a key audit matter in the current year.</p>	<p><b>Our audit procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the management process for <ul style="list-style-type: none"> <li>• identification of legal and indirect tax matters initiated against the Holding Company;</li> <li>• assessment of accounting treatment for each such litigation identified as per the applicable accounting standards; and</li> <li>• measurement of amounts involved;</li> </ul> </li> <li>- Tested the design and operating effectiveness of the controls put in place by the management in relation to assessment of the outcome of these pending litigations;</li> <li>- Obtained an understanding of the nature of litigations pending against the Holding Company and discussed the key developments during the year for these litigations with the management, in-house legal team;</li> <li>- Where relevant, we read the external legal advice obtained by the management;</li> <li>- Obtained relevant third party legal confirmations, together with follow up discussions where appropriate on certain cases;</li> <li>- Evaluated the appropriateness and adequacy of the disclosures made relating to provisions and contingent liabilities in accordance with the applicable accounting standards.</li> </ul>
<p><b>Impairment of goodwill:</b></p> <p>Refer note 2(j) for the accounting policy and note 5 for the related disclosures.</p> <p>The Group has a carrying value of goodwill as on 31 March 2020 to the tune of ₹41,688.33 lakhs (31 March 2019: ₹38,242.65 lakhs) in relation to the acquisition of MCL.</p> <p>This balance is subject to a test of impairment by the management in accordance with Ind AS 36, Impairment of Assets. As at 31 March 2020, the management has assessed that the value of goodwill will be recovered through future cash flows from the acquisition. However, there is a potential risk that the goodwill will be impaired if the projected cash flows are not met.</p> <p>The impairment assessment performed by the management based on projected future cash flows involves use of significant judgements and estimates such as budgeted volumes, operating margins, long-term growth rates and the discount rate used. Changes in these assumptions could lead to an impairment to the carrying value of goodwill.</p> <p>We identified this as a key audit matter for current year audit owing to the materiality of the amounts involved and inherent subjectivity involved in the determination of recoverable value through estimation of future cash flows.</p>	<p><b>Our audit procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>- Evaluated the design and tested the operating effectiveness of the Holding Company's controls over recognition of impairment assessment process;</li> <li>- Obtained the impairment analyses performed by the management and tested the appropriateness of the impairment model and reasonableness of the key assumptions used by obtaining management approved strategy plans, customer contracts for growth rates used in the analyses, selection of the discount rates with the help of our valuation experts;</li> <li>- Compared the prior year budgets with the actual results to determine the efficacy of the management's budgeting process;</li> <li>- Performed sensitivity analysis on the key assumptions to determine the impact of estimation uncertainty on the carrying value;</li> <li>- Evaluated the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable accounting standards.</li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p><b>Judgment and disclosure with respect to deferred tax - The matter related to the audit of MCL:</b></p> <p>Refer note 2(y) for the accounting policy and note 48 for the related disclosures.</p> <ul style="list-style-type: none"> <li>MCL computed a deferred tax liability of ₹30,843.44 lakhs (31 March 2019: ₹33,186.71 lakhs) on the power plant in the period under review. The computation has taken into account the 10-year tax holiday on the power plant.</li> <li>Significant judgement is applied in estimating the taxable profit, the reversal of the temporary differences in each tax year.</li> <li>At 31 March 2020, the deferred tax assets in the mining division were valued at ₹97.03 lakhs (31 March 2019: ₹1,846.10 lakhs).</li> <li>This was significant to our audit because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions.</li> <li>Significant judgement is required in estimating if there will be future taxable profits from which the tax losses will be utilised, also taking in to account the expiry and timing of the utilisation of the related tax losses.</li> </ul>	<p><b>In view of the significance of the matter the auditor of MCL has reported that the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:</b></p> <ul style="list-style-type: none"> <li>Evaluating the assumptions, such as expected future taxable income and methodologies used by MCL;</li> <li>This entailed reviewing the MCL's latest tax planning strategy and ascertaining that it was derived from the latest approved strategic business plan, which is subject to an internal management review process;</li> <li>Reviewed ZRA and legal opinions in respect to tax positions taken by MCL on the utilisation of tax losses;</li> <li>Discussed and challenged the business plan to determine the appropriateness that the deferred tax assets may be recoverable within the statutory limited timeframe of 10 years;</li> <li>The financial statements have been restated as a result of the position taken by the revenue authorities as well as a legal opinion obtained on the treatment and utilisation of carried forward tax losses;</li> </ul>
<p><b>Estimation of decommissioning, dismantling and restoration provisions – The matter related to the audit of MCL:</b></p> <p>Refer note 2(e)(xvi) and 2(e)(xvii) for the accounting policy and note 17 for the related disclosures.</p> <ul style="list-style-type: none"> <li>MCL has made a provision for decommissioning of the mining and power plant amounting to ₹2,836.14 lakhs (31 March 2019: ₹5,425.98 lakhs).</li> </ul> <p>The calculation of decommissioning, dismantling and restoration provisions, which are primarily in respect of mining and power plant assets, require significant management judgement because of the inherent complexity in estimating future costs.</p> <ul style="list-style-type: none"> <li>The decommissioning of power plant infrastructure is a relatively new activity and consequently there is limited historical precedent in Zambia against which to benchmark estimates of future cost. These factors increase the complexity involved in determining accurate accounting provisions that are material to the component's statement of financial position.</li> <li>MCL will review decommissioning, dismantling and restoration provisions annually. This review incorporates the effects of any changes in local regulations, management's expected approach to decommissioning, dismantling and discount rates, along with the effects of changes in exchange rates.</li> </ul>	<p><b>In view of the significance of the matter the auditor of MCL has reported that the following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence:</b></p> <ul style="list-style-type: none"> <li>Performing detailed testing of the provision recorded in respect of certain assets based on the associated risk and materiality. Testing involved understanding the mandatory or constructive obligations with respect to the decommissioning and dismantling of each asset based on the contractual arrangements and relevant local regulation to validate the appropriateness of the method of decommissioning, and dismantling underpinning the cost estimates;</li> <li>For those assets we considered the competence of the experts to MCL, who produced the cost estimates. We tested the accuracy of calculations and evaluated the appropriateness of the discount rate applied;</li> </ul>

### Emphasis of Matters – Litigations

6. We draw attention to:
- a. note 35 (xvii) to the consolidated financial statements of the Holding Company, which describes the uncertainty related to the outcome of the lawsuit filed against a subsidiary Company, Brahmani Infratech Private Limited. Pending final outcome of the aforesaid matter, which is presently unascertainable, the Holding Company have considered this matter as contingent liability/asset and have not recorded any adjustment in the consolidated financial statements.
  - b. note 35 (xix) to the consolidated financial statements of the Holding Company, which describes the uncertainty related to the outcome of proceedings against a subsidiary Company, Nava Bharat Projects Limited, regarding the attachment of the equity shares invested in by such subsidiary company in a step-down subsidiary company, Nava Bharat Energy India Limited. Pending final outcome of the aforesaid matter, which is presently unascertainable, no adjustments have been recorded in the consolidated financial statements.
  - c. the following Emphasis of matter paragraph has been included in the audit report on the financial statements of MCL, issued by independent auditors vide their report date 19 June 2020:
    - (i) We draw attention to note 35(xx) to the consolidated financial statements which describe the legal dispute filed against MCL by ZCCM-IH, an equity shareholder of MCL. ZCCM-IH is suing MCL for the recovery of ₹7,538.59 lakhs advanced in March 2019. As at the date of this report the matter was pending in the courts of Zambia.

Our opinion is not modified in respect of these matters.

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise

appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

16. (i) We did not audit the financial statements of 12 subsidiaries, whose financial statements reflects total assets of ₹845,144.19 lakhs and

net assets of ₹353,235.76 lakhs as at 31 March 2020, total revenues of ₹188,800.70 lakhs and net cash inflows amounting to ₹1,678.67 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under International Standards on Auditing and generally accepted auditing standards applicable in their respective countries, as the case may be. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries, located outside India, are based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

- (ii) We did not audit the financial statements of 1 subsidiary, whose financial statements reflects total assets of ₹0.17 lakhs and net assets of ₹(8.01) lakhs as at 31 March 2020, total revenues of ₹Nil and net cash inflows amounting to ₹Nil for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial statements of 1 branch, whose financial statements reflects total assets and net assets of ₹16.41 lakhs as at 31 March 2020, total revenues of ₹Nil and net cash inflows amounting to ₹16.41 lakhs for the year ended on that date, as considered in the consolidated

financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and branch, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and branch, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of this matter with respect to our reliance on the financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and 2 subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 1 subsidiary company covered under the Act have not paid or provided for any managerial remuneration during the year.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in note 35 to the consolidated financial statements;
- ii) provision has been made in these consolidated financial statements, as

required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 16 to the consolidated financial statements;

- iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies during the year ended 31 March 2020; and
- iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No.: 207660

UDIN: 20207660AAAACA7604

Place : Hyderabad

Date : June 26, 2020

# Annexure 1

## List of entities included in the Statement:

1. Nava Bharat Energy India Limited, India
2. Nava Bharat Projects Limited, India
3. Brahmani Infratech Private Limited, India
4. Maamba Collieries Limited, Zambia
5. Nava Energy Zambia Limited, Zambia
6. Kawambwa Sugar Limited, Zambia
7. Nava Bharat (Singapore) Pte. Limited, Singapore
8. Nava Energy Pte. Limited, Singapore
9. Nava Agro Pte. Limited, Singapore
10. Nava Holding Pte. Limited, Singapore
11. Tiash Pte. Limited, Singapore
12. TIS Pte. Limited, Singapore
13. The Iron Suites Pte. Limited, Singapore
14. Compai Pharma Pte. Limited, Singapore
15. Compai Healthcare Sdn. Bhd., Malaysia
16. Kinta Valley Mining Resources Sdn. Bhd., Malaysia

# Annexure I

## **Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Nava Bharat Ventures Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, which are companies covered under the Act, as at that date.

## **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, as aforesaid.

## **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use,

or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Holding Company, its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial

statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660  
UDIN: 20207660AAAACA7604

Place : Hyderabad  
Date : June 26, 2020



# Consolidated Balance Sheet as at 31 March 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	Notes	As at		
		31 March 2020	31 March 2019 (Restated)	1 April 2018 (Restated)
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	3	5,54,004.76	5,55,292.22	5,48,582.91
Capital work-in-progress		1,685.52	621.97	969.36
Investment property	4	4,997.71	2,290.39	2,294.67
Goodwill	5	41,688.33	38,242.65	36,041.72
Right of use assets	44	703.92	-	-
Other intangible assets	5	510.43	626.18	662.42
Financial assets				
(i) Investments	6(a)	1,155.58	1,066.29	1,610.59
(ii) Other financial assets	7(a)	1,470.59	1,565.32	1,361.32
Deferred tax assets	18	8,338.54	13,223.46	16,525.94
Non-current tax assets		1,766.95	845.25	1,035.50
Other non-current assets	8(a)	438.90	3,142.70	3,013.38
		<b>6,16,761.23</b>	<b>6,16,916.43</b>	<b>6,12,097.81</b>
<b>Current Assets</b>				
Inventories	9	39,863.14	41,967.31	40,427.61
Financial assets				
(i) Investments	6(b)	11,265.47	14,450.28	15,878.25
(ii) Trade receivables	10	2,19,343.30	1,37,847.54	72,549.91
(iii) Cash and cash equivalents	11	22,813.97	22,618.59	27,804.48
(iv) Bank balances other than (iii) above		1,343.37	2,266.27	4,050.80
(v) Loans	12	94.43	22.83	35.98
(vi) Other financial assets	7(b)	1,460.17	968.64	2,771.56
Other current assets	8(b)	12,801.09	10,139.69	20,767.13
Assets of a disposal group classified as held for sale	43	5,844.38	-	-
		<b>3,19,829.32</b>	<b>2,30,281.15</b>	<b>1,84,285.72</b>
<b>Total Assets</b>		<b>9,36,590.55</b>	<b>8,47,197.58</b>	<b>7,96,383.53</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	3,525.60	3,572.77	3,572.77
Other equity	14	4,14,989.08	3,65,346.21	3,31,108.22
<b>Equity attributable to equity holders of holding company</b>		<b>4,18,514.68</b>	<b>3,68,918.98</b>	<b>3,34,680.99</b>
Non-controlling interests		55,070.72	37,565.33	29,792.98
		<b>4,73,585.40</b>	<b>4,06,484.31</b>	<b>3,64,473.97</b>
<b>LIABILITIES</b>				
<b>Non-current Liabilities</b>				
Financial liabilities				
(i) Borrowings	15(a)	2,55,589.12	2,80,722.49	3,08,740.00
(ii) Other financial liabilities	16(a)	4,954.58	4,706.26	425.42
(iii) Lease liabilities	44	280.66	-	-
Provisions	17(a)	5,775.56	7,423.65	5,206.36
Deferred tax liabilities	18	31,071.74	33,550.69	2,859.53
Current liabilities				
Financial liabilities				
(i) Borrowings	15(b)	19,192.25	13,148.71	12,521.09
(ii) Trade payables				
(a) total outstanding dues of micro and small enterprises	32	950.54	975.05	774.02
(b) total outstanding dues other than (ii) (a) above		9,670.74	13,090.03	12,173.41
(iii) Other financial liabilities	16(b)	1,13,717.23	75,731.94	83,689.87
Other current liabilities	19	19,204.31	8,476.56	3,495.88
Provisions	17(b)	877.58	1,529.63	1,901.28
Current tax liabilities		1,720.84	1,358.26	122.70
<b>Total Liabilities</b>		<b>4,63,005.15</b>	<b>4,40,713.27</b>	<b>4,31,909.56</b>
<b>Total Equity and Liabilities</b>		<b>9,36,590.55</b>	<b>8,47,197.58</b>	<b>7,96,383.53</b>

The accompanying notes 1 to 48 form an integral part of these consolidated financial statements. This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

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

**Sultan A. Baig**  
Chief Financial Officer

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**Ashwin Devineni**  
Chief Executive Officer

**VSN Raju**  
Company Secretary  
& Vice President

**D Ashok**  
Chairman  
DIN: 00006903

Place : Hyderabad, India  
Date : June 26, 2020

Place : Hyderabad, India  
Date : June 26, 2020

Place : Singapore  
Date : June 26, 2020

# Consolidated Statement of Profit and Loss

## for the year ended 31 March 2020

(All amounts in lakhs of ₹, except earnings per equity shares)

	Notes	For the year ended	
		31 March 2020	31 March 2019 (Restated)
Revenue from operations	20	2,75,872.09	2,94,604.39
Other income	21	12,220.08	8,931.72
<b>Total income</b>		<b>2,88,092.17</b>	<b>3,03,536.11</b>
<b>Expenses</b>			
Cost of materials consumed	22	79,121.00	89,853.42
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(637.38)	5,948.26
Other manufacturing expenses	24	26,029.06	22,954.76
Employee benefits expense	25	16,199.43	16,069.17
Finance costs	26	31,876.79	36,208.87
Depreciation and amortisation expense	27	28,864.50	27,628.16
Other expenses	28	47,351.96	29,374.50
<b>Total expenses</b>		<b>2,28,805.36</b>	<b>2,28,037.14</b>
<b>Profit before tax from continuing operations</b>		<b>59,286.81</b>	<b>75,498.97</b>
<b>Tax expense of continuing operations</b>	29		
(a) Current tax		9,715.34	10,747.60
(b) Deferred tax expense /(benefit)		(3,749.25)	31,058.29
		<b>5,966.09</b>	<b>41,805.89</b>
<b>Profit for the year from continuing operations</b>		<b>53,320.72</b>	<b>33,693.08</b>
<b>Discontinued operations</b>	43		
Profit / (loss) before tax for the year from discontinued operations		(377.02)	321.49
Tax expense / (benefit) of discontinued operations		(131.75)	112.34
<b>Profit / (loss) for the year from discontinued operations</b>		<b>(245.27)</b>	<b>209.15</b>
<b>Profit for the year</b>		<b>53,075.45</b>	<b>33,902.23</b>
<b>Net profit for the year attributable to:</b>			
- Shareholders of the Company		39,545.50	27,619.26
- Non-controlling interest		13,529.95	6,282.97
<b>Other comprehensive income</b>	30		
Items that will not be reclassified subsequently to profit or loss, net of income taxes		4,020.64	1,575.73
Items that will be reclassified subsequently to profit or loss, net of income taxes		18,275.95	9,307.19
<b>Total other comprehensive income for the year</b>		<b>22,296.59</b>	<b>10,882.92</b>
<b>Total comprehensive income for the year</b>		<b>75,372.04</b>	<b>44,785.15</b>
Total comprehensive income attributable to:			
- Shareholders of the Company		57,866.65	37,012.80
- Non-controlling interest		17,505.39	7,772.35
<b>Total comprehensive income attributable to shareholders of the Holding Company from:</b>			
- Continuing operations		58,111.92	36,803.65
- Discontinuing operations		(245.27)	209.15
<b>Earnings per equity share (EPES)</b>	31		
Earnings per equity share for continuing operations			
- Basic EPES (In absolute ₹ terms)		24.25	16.53
- Diluted EPES (In absolute ₹ terms)		24.25	16.53
Earnings per equity share for discontinued operations			
- Basic EPES (In absolute ₹ terms)		(0.15)	0.13
- Diluted EPES (In absolute ₹ terms)		(0.15)	0.13
Earnings per equity share for continuing and discontinued operations			
- Basic EPES (In absolute ₹ terms)		24.10	16.66
- Diluted EPES (In absolute ₹ terms)		24.10	16.66

The accompanying notes 1 to 48 form an integral part of these consolidated financial statements.  
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**VSN Raju**  
Company Secretary  
& Vice President

Place : Hyderabad, India  
Date : June 26, 2020

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D Ashok**  
Chairman  
DIN: 00006903

**Ashwin Devineni**  
Chief Executive Officer

Place : Singapore  
Date : June 26, 2020

# Consolidated Statement of Changes in Equity for the year ended 31 March 2020

## (a) Equity Share Capital

(All amounts in lakhs of ₹, except equity shares data)

	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Equity shares of ₹2 each				
Balance at the beginning of the year		3,572.77	17,85,75,482	3,572.77
Shares extinguished on account of buy-back		(47.17)	-	-
Balance at the end of the year	13(f)	3,525.60	17,85,75,482	3,572.77

## (b) Other Equity

	Reserves and Surplus						Treasury shares	Other Comprehensive Income		Equity attributable to equity holders of holding company	Non-controlling interest	Total
	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Other reserve	Surplus in statement of profit and loss		Foreign currency translation reserve	Actuarial gain/(loss)			
Balance as at 1 April 2018	60.20	826.39	26,214.22	87,566.65	33.60	2,11,393.51	(2,745.67)	187.11	3,34,895.08	31,859.97	3,66,755.05	
Restatement impact (refer note 48)	-	-	-	-	-	(3,786.86)	-	-	(3,786.86)	(2,066.99)	(5,853.85)	
Restated balance as at 1 April 2018	60.20	826.39	26,214.22	87,566.65	33.60	2,07,606.65	(2,745.67)	187.11	3,31,108.22	29,792.98	3,60,901.20	
Total comprehensive income for the year ended 31 March 2019	-	-	-	-	-	27,619.26	-	-	27,619.26	6,282.97	33,902.23	
Profit for the year	-	-	-	-	-	-	-	-	-	6,282.97	33,902.23	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	9,307.19	6,282.97	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>27,619.26</b>	-	<b>9,307.19</b>	<b>37,012.80</b>	<b>7,772.35</b>	<b>44,785.15</b>	
Dividend on equity shares	-	-	-	-	-	(2,529.43)	-	-	(2,529.43)	-	(2,529.43)	
Corporate dividend tax	-	-	-	-	-	(619.93)	-	-	(619.93)	-	(619.93)	
Adjustment pursuant to the scheme of amalgamation (refer note 42)	-	-	-	-	-	274.55	-	-	274.55	-	274.55	
<b>Balance as at 31 March 2019</b>	<b>60.20</b>	<b>826.39</b>	<b>26,214.22</b>	<b>87,566.65</b>	<b>33.60</b>	<b>2,32,451.10</b>	<b>(2,745.67)</b>	<b>273.46</b>	<b>3,65,346.21</b>	<b>37,565.33</b>	<b>4,02,911.54</b>	
<b>Balance as at 31 March 2019</b> (as originally presented)	60.20	826.39	26,214.22	87,566.65	33.60	2,44,373.88	(2,745.67)	273.46	3,77,425.45	44,158.59	4,21,584.04	
Restatement impact (refer note 48)	-	-	-	-	-	(11,922.78)	-	(156.46)	(12,079.24)	(6,593.26)	(18,672.50)	
Restated balance as at 1 April 2019	60.20	826.39	26,214.22	87,566.65	33.60	2,32,451.10	(2,745.67)	273.46	3,65,346.21	37,565.33	4,02,911.54	
Total comprehensive income for the year ended 31 March 2020	-	-	-	-	-	39,545.50	-	-	39,545.50	13,529.95	53,075.45	
Profit for the year	-	-	-	-	-	-	-	-	-	18,321.15	3,975.44	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	18,275.95	22,296.59	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>39,545.50</b>	-	<b>45.20</b>	<b>57,866.65</b>	<b>17,505.39</b>	<b>75,372.04</b>	
Dividend on equity shares	-	-	-	-	-	(4,995.22)	-	-	(4,995.22)	-	(4,995.22)	
Corporate dividend tax	-	-	-	-	-	(1,026.78)	-	-	(1,026.78)	-	(1,026.78)	
Buyback of shares (refer note 13(f))	-	-	(2,201.78)	-	-	-	-	-	-	-	-	
Transfer from general reserves on account of buyback of equity shares	-	47.17	-	(47.17)	-	-	-	-	-	-	-	
Balance as at 31 March 2020	60.20	873.56	24,012.44	87,519.48	33.60	2,65,974.60	(2,745.67)	38,942.21	4,14,989.08	55,070.72	4,70,059.80	

The accompanying notes 1 to 48 form an integral part of these consolidated financial statements

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076/N/500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

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

**Sultan A. Baig**  
Chief Financial Officer

**GRK Prasad**  
Executive Director  
DIN: 000066852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**Ashwin Devineni**  
Chief Executive Officer

**VSN Raju**  
Company Secretary  
& Vice President

**D Ashok**  
Chairman  
DIN: 00006903

Place : Hyderabad, India  
Date : June 26, 2020

Place : Singapore  
Date : June 26, 2020

# Consolidated Statement of Cash Flows

## for the year ended 31 March 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
<b>Cash flow from operating activities:</b>		
Profit before tax from continuing operations	59,286.81	75,498.97
Profit / (loss) before tax for the year from discontinued operations	(377.02)	321.49
<b>Profit before tax</b>	<b>58,909.79</b>	<b>75,820.46</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	29,383.41	28,150.76
Employee benefits expense	452.45	(287.92)
Provision for decommissioning and restoration cost	(549.37)	513.65
Allowance for credit loss	15,604.68	2,753.72
Liabilities no longer required written back	(140.04)	(175.28)
Interest income from bank deposits and others	(7,188.65)	(6,409.08)
Changes in fair value of investments	(531.34)	(871.37)
Gains on sale of investments	(81.57)	(394.96)
Dividend Income	(286.64)	(180.79)
Loss on sale of property, plant and equipment	20.11	531.80
Bad debts written-off	1.89	189.77
Derivative loss on forward contracts	11,023.08	5,056.69
Interest expense	31,431.53	35,007.98
Unrealised foreign exchange loss (net)	(4,299.90)	(735.76)
Exchange differences on translation of foreign operations	298.96	7.54
<b>Operating cash flows before changes in working capital</b>	<b>1,34,048.39</b>	<b>1,38,977.21</b>
<b>Adjustment for changes in working capital:</b>		
Decrease / (increase) in inventories	2,313.58	(902.08)
Increase in trade receivables	(82,987.17)	(65,419.35)
Decrease / (increase) in other financial assets	(99.26)	294.26
Decrease / (increase) in other assets	(2,781.73)	10,971.77
Increase / (decrease) in trade payables	(4,118.50)	880.99
Decrease in other financial liabilities	(956.55)	(937.30)
Increase in other current liabilities	14,650.59	4,882.48
	(73,979.04)	(50,229.23)
<b>Cash generated from operations</b>	<b>60,069.35</b>	<b>88,747.98</b>
Income taxes paid	(7,417.41)	(6,303.03)
<b>Net cash generated from operating activities</b>	<b>52,651.94</b>	<b>82,444.95</b>

# Consolidated Statement of Cash Flows (Cont...)

for the year ended 31 March 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,028.63)	(13,155.21)
Proceeds from sale of fixed assets	47.66	43.63
Loans given / (received)	(71.60)	15.32
Changes in other bank balances	758.96	1,432.22
Investments made during the year	(9,329.65)	(11,028.83)
Proceeds from sale of investments	13,038.08	14,500.42
Dividend received	286.64	180.79
Interest received	7,082.48	6,501.01
<b>Net cash used in investing activities</b>	<b>(1,216.06)</b>	<b>(1,510.65)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	1,550.00	15,500.00
Repayment of long-term borrowings	(28,246.30)	(69,400.80)
Proceeds from / (repayment) of short-term borrowings, net	5,240.10	3,004.25
Repayment of lease liabilities	(422.89)	-
Dividends paid	(6,022.00)	(3,049.36)
Buyback of equity shares	(2,248.95)	-
Interest paid	(18,006.52)	(33,815.02)
<b>Net cash used in financing activities</b>	<b>(48,156.56)</b>	<b>(87,760.93)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,279.32</b>	<b>(6,826.63)</b>
Cash and cash equivalents at the beginning of the year	22,618.59	27,804.48
Cash and cash equivalents transferred Pursuant to the scheme of arrangement (refer note 42)	-	34.52
Foreign currency translation reserve	1,916.06	1,606.22
<b>Cash and cash equivalents at the end of the year</b>	<b>27,813.97</b>	<b>22,618.59</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	16.15	15.15
Balances with banks:		
On current accounts	26,782.56	21,603.44
On deposit accounts	1,015.26	1,000.00
<b>Total cash and cash equivalents (note 11)</b>	<b>27,813.97</b>	<b>22,618.59</b>

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**VSN Raju**  
Company Secretary  
& Vice President

Place : Hyderabad, India  
Date : June 26, 2020

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**D Ashok**  
Chairman  
DIN: 00006903

**Ashwin Devineni**  
Chief Executive Officer

Place : Singapore  
Date : June 26, 2020

# Notes

to the Consolidated Financial Statements – March 31, 2020

## 1. Corporate Information:

The consolidated financial statement comprise financial statements of Nava Bharat Ventures Limited ("Holding Company" or "the Company") together with its subsidiaries (collectively terms as "the Group"). The Holding Company was incorporated in India on 7 November, 1972 under the Companies Act, 1956 with its registered office situated at Nava Bharat Chambers, 6-3-1109/1 Raj Bhavan road, Hyderabad – 500082, India. The Company's equity shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). At present the Group is engaged in the business of manufacture of ferro alloys, sugar, generation of power and mining activities in India, Singapore and Zambia.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 June 2020.

## 2. Significant Accounting Policies:

### a) Basis of preparation of consolidated financial statements:

The consolidated financial statements have been prepared on a going concern basis in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 ("the Rules") (as amended).

The consolidated financial statements have been prepared under historical cost convention and on an accrual basis, except for financial instruments which have been measured at fair value at the end of each reporting period. The accounting policies applied by the Group are consistent with those used in the prior periods, unless otherwise stated elsewhere in these consolidated financial statements.

### b) Consolidation procedure:

#### i. Subsidiaries:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

#### ii. Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

#### iii. Acquisition of non-controlling interests (NCI):

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

#### iv. Loss of Control:

Upon loss of control, the Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated Statement of Profit and Loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL) financial asset, depending on the level of influence retained.

#### c) Business Combination:

The group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed cost of acquisition, after reassessing the fair value of the net assets and contingent liabilities, the excess is recognised as capital reserve.

## Notes

to the Consolidated Financial Statements – March 31, 2020

The interest of the non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfer of interest in entities that are under the common control are accounted at historical cost. The difference between consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholder's equity.

**d) The consolidated financial statements have been prepared on the basis of the financial statements of the following subsidiaries and step-down subsidiaries.**

S. No	Name of the subsidiaries	Country of incorporation	% of effective holding	% of holding by immediate parent entity
1.	Nava Bharat Energy India Limited	India	100%	100%
2.	Nava Bharat Projects Limited	India	100%	100%
3.	Brahmani Infratech Private Limited	India	65.74%	65.74%
4.	Maamba Collieries Limited	Zambia	64.69%	64.69%
5.	Nava Energy Zambia Limited	Zambia	100%	100%
6.	Kawambwa Sugar Limited	Zambia	100%	100%
7.	Nava Bharat (Singapore) Pte. Limited	Singapore	100%	100%
8.	Nava Energy Pte. Limited	Singapore	100%	100%
9.	Nava Agro Pte. Limited	Singapore	100%	100%
10.	Nava Holding Pte. Limited	Singapore	100%	100%
11.	Tiash Pte. Limited	Singapore	65%	65%
12.	TIS Pte. Limited	Singapore	65%	65%
13.	The Iron Suites Pte. Limited	Singapore	58.5%	58.5%
14.	Compai Pharma Pte Ltd	Singapore	65%	65%
15.	Compai Healthcare Sdn Bhd	Malaysia	65%	65%
16.	Kinta Valley Mining Resources Sdn Bhd	Malaysia	100%	100%

**e) Significant accounting estimates, assumptions and judgements:**

The preparation of consolidated financial statements requires management to make accounting estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures of contingencies at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

**Judgements, estimates and assumptions:**

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

Group, based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-current assets:**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a "Discounted Cash Flow" (DCF) model.

# Notes

to the Consolidated Financial Statements – March 31, 2020

## ii. Defined benefit plans:

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

## iii. Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets.

## iv. Life time expected credit loss on trade and other receivables:

Trade receivables / Contract assets are stated at their transaction value as reduced by life time expected credit losses ("LTECL"). As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. This amount is reflected under the head other expenses / other income in the Statement of Profit and Loss. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the

gross carrying amount. The information about the ECLs on the group's trade receivables is disclosed in Note 10.

## v. Contingencies:

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/ claims / litigations against the Group/by the Group as it is not possible to predict the outcome of pending matters with accuracy.

## vi. Assessment of useful lives of property, plant and equipment:

Depreciation on property, plant and equipment is calculated on a straight-line basis / written down value based on the useful lives estimated by the management. Management reviews its estimate of the useful lives and residual values of all its property, plant and equipment at each reporting date, based on the expected utility of the assets. The management believes that useful lives currently considered fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these in certain cases are different from lives prescribed under Schedule II to the Companies Act, 2013.

## vii. Intangibles:

Internal technical or user team assess the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

## viii. Income taxes:

Deferred tax assets including Minimum Alternative Tax (MAT) Credit Entitlement is recognized to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

## ix. Existence of inventories:

The Management estimates the existence of its inventories of raw material and finished goods of its ferro alloys and power division by engaging an external volumetric expert. The said expert does compute the quantity of physical inventories by measuring the areas over which the inventories are spread and its methodology of stacking them and after consideration of the density of the underlying material. These techniques involve use of significant judgements which are based on



# Notes

to the Consolidated Financial Statements – March 31, 2020

certain qualitative characteristics of the underlying inventory and accordingly any changes to these estimates would have a significant effect on the quantity of inventory available and its carrying amount

- x. Refer note 43 for the estimates relating to classification and assessment of net realisable values of assets pertaining to discontinued operations.
- xi. Refer note 2(o)(ii) Sale of power/energy, 2(i) inventories and 2 (v) Financial instruments – Impairment of financial assets for the other judgements and estimates

**xii. Coal reserve:**

A coal reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the Group'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 coal reserve requires the size, shape and depth of coal 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 judgments and calculations to interpret the data.

- xiii. Brahmani Infratech Private Limited (BIPL), a group company, have its principal objectives of engaging in the business of infrastructure development. However, owing to pending disposal of a continuing litigation, the management has temporarily invested the available funds as at 31 March 2020, thereby yielding investment income. On the basis of assessment of the nature of business of BIPL, duly supported by an independent opinion from an expert, the management is of the view that the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to BIPL.
- xiv. Nava Bharat Projects Limited (NBPL), a component's principle business objectives are to provide project support /management, and operating and maintenance services to power generating companies. Whereas, due to certain ongoing pending litigations, management had temporarily deployed its surplus assets in interest and dividend earning investments, which under the instant rules and regulations could be construed as

a non-banking financial services activities. However, in view of management's immediate and long term plans to continue with its primary business activities, and considering the temporary nature of such investments, management on the basis of internal assessment duly supported by the opinion of an independent expert, has assessed that the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to NBPL.

**xv. Water drawing rights:**

The Group has obtained the water drawings rights, for its power projects, from Government authorities initially for a period of 5 - 10 years as the case may be. The management of the Group believes that the water drawing rights will be extended further. Hence, the Group has considered the useful life of water pipelines as 40 years to amortise the erection cost of pipeline, in line with the useful life of power generating assets.

**xvi. Environmental Rehabilitation obligations:**

The Group has long-term remediation obligations comprising decommissioning, dismantling 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.

The Group has recognised a provision for environmental restoration costs based on an independent environmental impact assessment report by an independent consultant. The value recognised is the present value of the estimated future restoration costs attributable to the current period.

**xvii. Decommissioning and dismantling cost:**

Provision is made for costs associated with restoration of the land in which the power generating assets of the group are situated. The restoration/dismantling costs are estimated on the basis of the management plans and the estimated discounted costs of dismantling and removing these facilities.

## Notes

### to the Consolidated Financial Statements – March 31, 2020

The costs of restoration are capitalised when incurred reflecting the group's obligations at that time.

A corresponding provision is created on the liability side. The capitalised asset is charged to the Statement of Profit and Loss over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

#### xviii. Revenue from contracts with customers:

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in the sale of goods and provision of services.
- Determining the timing of satisfaction of goods and services.

#### Consideration of significant financing component in a contract

Maamba Collieries Limited (MCL), a step-down subsidiary of the Holding Company sells power generated by the power plant and the coal to customers for which there is no manufacturing lead time. This type of contract includes two alternative payment options for the customer i.e., payment of the transaction price equal to the cash selling price upon delivery of the power generated by the power plant and the coal sold to customers or payment of a lower transaction price when the contract is signed. MCL concluded that there is no significant financing component for contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of power generated by the power plant and the coal sold to customers, as well as the prevailing interest rate in the market.

#### xix. Going Concern:

The management of MCL has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt

on the ability of MCL to continue as a going concern.

MCL on two occasions had material breaches in respect of its loan repayments during March and September 2019. MCL was required to repay the loans on 25 March 2019 of United States Dollars (US\$) 50,121,479 (equivalent to ₹37,784.53) and it managed to settle the loan repayment on 28 March 2019. MCL was required to make another payment of US\$ 48,031,351 (equivalent to ₹36,208.87) on 25 September 2019 (Principal and Interest) which was paid on 3 October 2019. In both instances, the breaches were cured by MCL within 5 business days as stipulated in the Common Terms Agreement section 10 paragraph 24. The payment due on 25 March 2020 of US\$ 45,576,560 (equivalent to ₹34,358.30) (principal and interest) was not made and this resulted in a material breach of the covenants. Management have communicated with the lenders about this breach. The principal payment has not yet been paid to the lenders by MCL. The lenders issued a reservation of rights letter to MCL on 25 March 2020, indicating that there was a material breach and the letter was in no way providing a waiver of the rights of the lenders. MCL is yet to receive a formal waiver from its lenders as the date of adoption of its financial statements.

On the basis of assessment of the following factors by the management, the financial statements of MCL have been prepared on a going concern basis:

- MCL obtained Insurance cover on some of the Project Finance loans at the commencement of the project. In the unlikely event of default on payments, the impact on the MCL's cash flows should the lenders call in the insurance claim will be reduced significantly, as the Insurance Company would pay the specified amounts as per the provisions of the insurance policy.
- The Government of Zambia issued a sovereign guarantee for the Project Finance loans. In the unlikely event of the MCL's default on payments owing to non-receipt of monies from its customer for sale of power, the impact on its cash flows should the lenders call for immediate repayment will be reduced significantly, as the Government of Zambia would pay the specified amounts as per the provisions of the Guarantee.

# Notes

to the Consolidated Financial Statements – March 31, 2020

- Subsequent to year-end, MCL has commenced good faith negotiations with ZESCO in order to reach a settlement arrangement. Management are confident that an acceptable arrangement will be agreed upon between MCL and ZESCO.
- MCL does not believe that there will be a withdrawal of financial support from the lenders and shareholders. Continued financial support has been provided by all stakeholders.
- MCL in a letter to the Project Finance lenders have requested for an approval in relation to certain matters such as – deferral of the principal and interest due on the 25 March 2020 and 25 September 2020 to 25 March 2021; agreement for a standstill on acceleration and enforcement until the 31 March 2021 and an approval to commence arbitration proceedings against ZESCO for non-receipt of dues for sale of power. A formal response in respect of these matters is yet to be received.
- The lenders have not yet demanded for immediate repayment of the loans. Management do not believe that the lenders will demand for immediate repayment of the loans at this point, as discussions are currently underway on how the loans may be restructured as demonstrated above.

## f) Current vs non-current classifications:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it satisfies the below mentioned criteria:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when it satisfies the below mentioned criteria:

- i. Expected to settle the liability in normal operating cycle;
- ii. Held primarily for the purpose of trading;

- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

## g) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated 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 property, plant and equipment 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 put to use.

The Group adopted cost model as its accounting policy, in recognition of the property, plant and equipment and recognises transaction value as the cost. The Company had applied for the one-time transition exemption of considering the previous GAAP carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

Direct expenditure incurred and other attributable costs on projects under implementation are treated as unallocated capital expenditure pending allocation to the assets and under construction or in the process of installation are termed as Capital work-in-progress and shown at cost in the Balance Sheet.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The improvements/modifications carried on the lease hold land/property are recognised as lease hold improvements and are written off over the primary lease period or the life of such improvement whichever is lower.

## Notes

### to the Consolidated Financial Statements – March 31, 2020

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost of the assets after commissioning, less its residual value, over their useful lives as estimated by the management. Land is not depreciated.

The details of the useful lives as estimated by the management, the useful lives as per the Act and the method of computation of depreciation is as follows:

Category of asset	Method of depreciation	Estimated useful lives as assessed by the management	Useful lives as per Schedule II to the Act
Buildings	Straight line method (SLM)	10-60 years	30-60 years
Temporary structures	SLM	3-5 years	3 years
Plant and Equipment	SLM	3-40 years	15-40 years
Furniture and Fixtures	SLM	8-10 years	8-10 years
Vehicles	Written down value method (WDV)	8-10 years	10 years
Office equipment	SLM	5-15 years	5 years
Computers	SLM	3 years	3 years
Air conditioners and Coolers	SLM	5 years	5 years
Railway sidings	SLM	15 years	15 years
Power evacuation lines	SLM	40 years	40 years
Aircraft	SLM	10 years	20 years
Other assets	WDV	3-40 years	15 years

#### Stripping cost:

As part of its coal mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The costs of such stripping are accounted for in the same way as development stripping (as outlined above). Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the coal to be mined in the future. Where the benefits are realised in the

form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to coal to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits (being improved access to the coal body) are probable;
- The component of the coal body for which access will be improved can be accurately identified;
- The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the Statement of Profit and Loss as operating costs as they are incurred. In identifying components of the coal body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total coal body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include,

# Notes

to the Consolidated Financial Statements – March 31, 2020

but are not limited to: the type of commodity, the geological characteristics of the coal body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the coal body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of deferred stripping cost in the Statement of Property, plant and equipment. This forms part of the total investment in the relevant cash generating unit(s), which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the units of production method over the life of the identified component of the coal body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the coal body, the stripping activity asset is then carried at cost less depreciation and any impairment losses.

## h) Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment

properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Company had applied for the one-time transition exemption of considering the previous GAAP carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of de-recognition.

## i) Intangible assets:

### Computer software:

Costs incurred towards purchase of computer software are amortised over the useful life as estimated by the Management which in the range of 3 to 5 years for all of the intangible computer software assets.

### Water drawing rights:

Cost incurred towards obtaining the initial water drawings rights, for its power projects, from Government and the cost incurred by the Group in erecting water pipelines to draw water from the resources which are recognised as intangible assets are amortised over the estimated useful life of 40 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of Profit and Loss.

The Company had applied for the one-time transition exemption of considering the previous

# Notes

## to the Consolidated Financial Statements – March 31, 2020

GAAP carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

### j) Goodwill:

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill on consolidation and acquisition is not amortized but is tested for impairment on a periodic basis and impairment losses are recognized where applicable.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss.

### k) Impairment of non-financial assets:

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

### l) Leases:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has adopted Ind AS 116 - Leases, using "Modified retrospective approach"

with effect from 1 April 2019 and accordingly these consolidated financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 116. Also, the application of Ind AS 116 did not have any significant impact on the financial statements considering the number of assets under operating lease arrangements of the Group.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i. Right-of-use assets:

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the balance lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (k) Impairment of non-financial assets.

#### ii. Lease Liabilities:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments

# Notes

to the Consolidated Financial Statements – March 31, 2020

that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets:

- iii) The Company applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## m) Inventories:

Inventories consisting of raw materials, stores and spares, work-in-progress and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Stores and spares, that do not qualify to be recognised as property, plant and equipment is classified as inventory to be used by the Group.

By-products are valued at estimated net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

## n) Revenue recognition:

Revenue comprises of sale of goods, sale of power and rendering of services and other operating revenues comprise of export benefits and other miscellaneous incomes. Revenue is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Group.

The group has adopted Ind AS 115 - Revenue from Contracts with Customers, using cumulative catch-up transition method with effect from 1 April 2018 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down under Ind AS 115. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements of the group.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the group expects to receive in exchange for those products or services.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- i. the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs; or
- ii. the group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

# Notes

## to the Consolidated Financial Statements – March 31, 2020

- iii. the group's performance does not create an asset with an alternative use to the group and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue in excess of invoicing are classified as contract asset while collections in excess of revenues are classified as contract liabilities.

Further, at the time of revenue recognition, the entity also determines whether there are any material unsatisfied performance obligations and determines the portion of the aggregate consideration, if any, that needs to be allocated and deferred.

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts with an original expected duration of one year or less and in respect of contracts where the revenue recognised corresponds directly with the value to the customer of the Group's performance completed to date.

Specifically, the following basis is adopted for various sources of income:

**i. Sale of goods:**

Revenue is recognised at a point in time, on satisfaction of performance obligation upon transfer of control of promised products which generally coincides with delivery and on the date of bill of lading in case of domestic sales and export sales, respectively. Amounts disclosed as revenue are net of returns, trade allowances, rebates and exclusive of goods and services tax.

**ii. Sale of power/energy:**

Revenue from energy units sold is recognized at a point in time, on satisfaction of performance obligation upon transfer of control i.e., based on the units of energy delivered and in accordance with the terms of arrangement with customers and based on the rate agreed with customers.

**iii. Income from services:**

Sale of services comprises of Revenue from conversion of ferro alloys on behalf of a customer. The revenue from conversion of ferro alloys is recognised on the basis of completion of conversion work on the

underlying quantity in accordance with the terms of the relevant agreements as accepted and agreed with the customers wherein, the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The amount of conversion works completed which is yet to be billed has been presented as accrued conversion charges in other financial assets /trade receivables, as the case may be.

**iv. Interest/dividend:**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when the right to receive payment is established.

**v. Export benefits:**

Export benefits in the form of duty drawback and Merchandise Exports from India and other schemes are recognised on accrual basis.

**vi. Other sundry incomes:**

Insurance claims and conversion escalations are accounted for on realisation.

**o) Foreign exchange transactions:**

The Group's consolidated financial statements are presented in Indian rupees, which is the functional currency of the Company. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to Statement of Profit and Loss reflects the amount that arises from using this method.

**a) Initial recognition:**

Foreign currency transactions are recorded by the Group's entities at their respective functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and foreign currency at the date of the transaction.

**b) Conversion:**

Foreign currency monetary items are reported at functional currency spot rate of exchange at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the



# Notes

to the Consolidated Financial Statements – March 31, 2020

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 is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in Other Comprehensive Income (OCI) or profit or loss are also recognized in OCI or profit or loss, respectively).

**c) Exchange differences:**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**d) Group companies:**

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their Statements of Profit and Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Statement of Profit and Loss.

**p) Restoration, environment rehabilitation, decommissioning and dismantling costs:**

Restoration, environment rehabilitation, decommissioning and dismantling costs are recognised at the net present value of the amounts estimated by the management expert engaged in this regard. The cost estimates are arrived at after consideration of certain key factors such as the planned duration of the operations, the appropriate discount rates, the cost inflation index of the respective geography, restoration technology, etc. Such costs are capitalised at the start of each project with the recognition of a corresponding liability, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the

unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as finance cost in Statement of Profit and Loss. Costs for the restoration of subsequent site damage, which is caused on an ongoing basis during production, are charged to Statement of Profit and Loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

**q) Government Grant:**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**r) Retirement and other employee benefits:**

- i. Employer's contribution to provident fund/ employee state insurance/ National Pension Scheme Authority (NAPSA) which are in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.
- ii. Gratuity liability is in the nature of defined benefit obligation. Such liability is provided

# Notes

to the Consolidated Financial Statements – March 31, 2020

based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

- iii. Actuarial gain/(loss) in the valuation are recognised as other comprehensive income for the period.
- iv. Compensated absences are provided for based on estimates of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

## s) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## t) Operating segment:

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management/Chief Operating Decision Maker ("CODM").

The Board of Directors of the Group has identified the Chairman as the CODM.

## u) Dividends:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

## v) Earnings per equity share:

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period, net off treasury shares.

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

## w) Provisions:

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when 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 amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where 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 provisions due to the passage of time is recognised as a finance cost.

## x) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities.

## y) Taxes on income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income tax regulations prevalent in the respective geographies. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

# Notes

to the Consolidated Financial Statements – March 31, 2020

future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority. The power generating assets in the group are entitled for certain income tax benefits in the form of an income tax exemption for the proportion of profits earned by these assets, as specified in the income tax regulations of the underlying geography. The Group has not recognised deferred tax on temporary differences relating to depreciation which originate and reverse during the tax holiday period and on the unutilised tax losses which are not eligible to be carried forward after the tax holiday period.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement.

## **z) Cash and cash equivalents:**

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment.

### **aa) Fair value measurement:**

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### **ab) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# Notes

to the Consolidated Financial Statements – March 31, 2020

Financial assets:

**a) Initial recognition and measurement:**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in Statement of Profit and Loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**b) Subsequent measurement:**

For subsequent measurement, financial assets are classified into following categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at FVTPL
- c. Equity instruments at FVTPL

**a) Debt Instruments:**

**A 'debt instrument' is measured at the amortised cost if both the following conditions are met:**

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**b. Debt instruments at FVTPL:**

As per the Ind AS 101 and Ind AS 109, the Group is permitted to designate the previously recognised financial asset at initial recognition irrevocably at FVTPL on the basis of facts and circumstances that exists on the

date of transition to Ind AS. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**c. Equity instruments:**

Equity instruments/Mutual funds in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the Statement of Profit and Loss.

Equity investments / Mutual funds are classified as FVTPL.

**c) De-recognition:**

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.

**Impairment of financial assets:**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

# Notes

to the Consolidated Financial Statements – March 31, 2020

Expected credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the Statement of Profit and Loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

## Financial liabilities:

### a) Initial recognition and measurement:

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

### b) Subsequent measurement:

#### i. Financial liabilities at FVTPL:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Gain or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

The Group has not designated any financial liability at FVTPL.

#### ii. Financial liabilities at amortised cost:

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liability with maturity of less than one year is shown at transaction value.

### c) De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid,

including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other income or finance costs.

### ac) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of a debt instrument.

The Group measures any financial guarantee on initial recognition at their fair value.

Subsequently these contracts are measured at the higher of:

- a) the amount of the loss allowance determined as per impairment requirements of Ind AS 109, and
- b) the amount initially recognised, less where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115.

### ad) Derivatives financial instruments:

The Group uses derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations and interest rates. Such derivative financial instruments are initially recognised at contract/agreed rate on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

### ae) Hedging activities and derivatives:

Derivatives not designated as hedging instruments:

The Group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions generally from one to 6 months.

## Notes

### to the Consolidated Financial Statements – March 31, 2020

A hedging relationship qualifies for hedge accounting if, and only if all the following conditions are met.

- a. At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include the identification of hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.
- b. The hedge is expected to be highly effective in achieving offsetting changes in fair values or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.
- c. For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to various cash flows that could ultimately affect profit or loss.
- d. The effectiveness of the hedge can be reliably measured i.e.; the fair values or the cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
- e. The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

As at 31 March 2020, the Group's hedging instruments did not qualify for hedge accounting in accordance with the Group's policy. Hence the interest rate swap contracts and the foreign exchange forward contracts are not designated in hedge relationships and are measured at FVTPL.

The Group uses foreign currency denominated borrowings, foreign exchange forward contracts and interest rate swaps to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions generally from one to 6 months. The Group's policy is to use interest rate

swaps to convert a proportion of its fixed rate debt to floating rates in order to hedge the interest rate risk arising, principally, from capital market borrowings. These Interest rate swaps are entered into for periods consistent with the period of the underlying exposure. As these interest rate swaps are not designated as cash flow hedge, all the gains and losses on remeasurement of these instruments is recognised in the Statement of profit and loss.

#### **af) Non-current assets (or disposal groups) held for sale and discontinued operations:**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit and loss.

# Notes

to the Consolidated Financial Statements – March 31, 2020

## 3. Property, Plant and Equipment

(All amounts in lakhs of ₹, unless otherwise stated)

	Land - Freehold*	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers and coolers	Air conditioners and coolers	Railway sidings	Power evacuation lines**	Air craft	Deferred stripping costs	Bearer plant	Leasehold improvements	Other assets	Total
<b>Gross block</b>																
<b>As at 1 April 2018 (Restated)</b>	3,377.97	68,920.29	4,76,414.29	152.52	2,400.03	148.33	222.80	42.30	358.72	7,009.01	2,496.41	9,654.23	-	25,644.77	462.55	5,97,304.22
Additions during the year	209.40	3,008.39	1,71,111.96	21.59	414.74	200.84	13.25	6.39	-	-	-	4,314.30	279.25	15.40	33.09	10,228.61
Less: Disposals/Adjustments	-	-	431.06	-	171.34	71.62	0.86	2.02	-	-	-	-	-	-	-	676.90
Foreign currency translation adjustments***	(1.94)	4,383.38	21,477.99	1.07	98.84	2.97	1.46	-	-	-	152.45	625.04	(2.58)	8.30	0.04	26,747.02
<b>As at 31 March 2019</b>	<b>3,585.44</b>	<b>76,312.06</b>	<b>4,99,173.18</b>	<b>175.18</b>	<b>2,742.26</b>	<b>280.52</b>	<b>236.65</b>	<b>46.67</b>	<b>358.72</b>	<b>7,009.01</b>	<b>2,648.86</b>	<b>14,593.57</b>	<b>276.67</b>	<b>25,668.47</b>	<b>495.68</b>	<b>6,33,602.95</b>
Additions during the year	21.06	955.54	635.73	7.28	124.84	43.15	1.96	2.82	-	-	-	-	49.17	33.86	49.07	1,924.48
Less: Disposals	23.93	-	3,445.84	-	100.36	14.46	1.12	-	-	-	-	-	-	-	-	3,585.71
Less: Adjustments (note 43)*	343.05	1,953.42	7,942.13	26.29	39.83	35.66	-	18.48	-	-	-	-	-	-	22.10	10,380.96
Foreign currency translation adjustments***	-	6,895.93	33,543.05	0.95	175.94	4.59	3.86	-	-	-	238.66	1,314.89	9.14	15.42	0.11	42,202.54
<b>As at 31 March 2020</b>	<b>3,239.52</b>	<b>82,210.11</b>	<b>5,21,963.99</b>	<b>157.12</b>	<b>2,902.85</b>	<b>278.14</b>	<b>241.35</b>	<b>31.01</b>	<b>358.72</b>	<b>7,009.01</b>	<b>2,887.52</b>	<b>15,908.46</b>	<b>334.98</b>	<b>25,717.75</b>	<b>522.76</b>	<b>6,63,763.30</b>
<b>Accumulated depreciation</b>																
<b>Upto 31 March 2018</b>	-	<b>5,381.19</b>	<b>36,777.72</b>	<b>125.11</b>	<b>1,388.39</b>	<b>72.26</b>	<b>64.05</b>	<b>21.71</b>	<b>113.13</b>	<b>578.44</b>	<b>1,092.41</b>	<b>2,759.65</b>	-	<b>126.49</b>	<b>220.76</b>	<b>48,721.30</b>
Charge for the year	-	3,951.23	23,204.85	31.18	327.57	38.61	49.96	6.58	37.71	263.52	267.36	41.63	17.82	53.77	92.31	28,384.10
Disposals/Adjustments	-	-	310.08	-	153.52	66.79	0.36	1.98	-	-	-	-	-	-	-	532.73
Foreign currency translation adjustments***	-	122.59	1,239.42	0.25	66.20	1.71	0.72	-	-	-	64.24	243.50	(0.16)	2.03	(2.43)	1,738.06
<b>Upto 31 March 2019</b>	-	<b>9,455.02</b>	<b>60,911.91</b>	<b>156.54</b>	<b>1,628.64</b>	<b>45.79</b>	<b>114.37</b>	<b>26.31</b>	<b>150.84</b>	<b>841.96</b>	<b>1,424.01</b>	<b>3,044.78</b>	<b>17.65</b>	<b>182.29</b>	<b>310.64</b>	<b>78,310.73</b>
Charge for the year	-	4,033.39	23,298.60	24.07	335.47	91.62	41.73	5.46	37.71	263.52	271.49	367.04	82.51	88.38	80.16	29,011.15
Less: Disposals	-	-	959.37	-	96.42	9.05	0.35	-	-	-	-	-	-	-	-	1,065.19
Less: Adjustments (note 43)*	-	676.09	1,953.34	20.41	16.08	21.40	-	15.82	-	-	-	-	-	-	16.26	2,779.40
Foreign currency translation adjustments***	-	691.46	4,912.07	0.48	148.79	3.51	2.22	0.07	-	-	145.59	297.04	6.84	13.08	0.10	6,221.25
<b>Upto 31 March 2020</b>	-	<b>13,503.78</b>	<b>86,209.87</b>	<b>160.68</b>	<b>2,000.40</b>	<b>110.47</b>	<b>157.97</b>	<b>16.02</b>	<b>188.55</b>	<b>1,105.48</b>	<b>1,841.09</b>	<b>3,698.86</b>	<b>107.00</b>	<b>283.75</b>	<b>374.64</b>	<b>1,09,758.54</b>
<b>Net block</b>																
<b>As at 31 March 2020</b>	<b>3,239.52</b>	<b>68,706.33</b>	<b>4,35,754.12</b>	<b>(3.56)</b>	<b>902.45</b>	<b>167.67</b>	<b>83.38</b>	<b>14.99</b>	<b>170.17</b>	<b>5,903.53</b>	<b>1,046.43</b>	<b>12,209.60</b>	<b>227.98</b>	<b>25,434.00</b>	<b>148.12</b>	<b>5,54,004.76</b>
<b>As at 31 March 2019 (Restated)</b>	<b>3,585.44</b>	<b>66,857.04</b>	<b>4,38,261.27</b>	<b>18.64</b>	<b>1,113.62</b>	<b>234.73</b>	<b>122.28</b>	<b>20.36</b>	<b>207.88</b>	<b>6,167.05</b>	<b>1,224.85</b>	<b>11,548.79</b>	<b>259.02</b>	<b>25,486.18</b>	<b>185.04</b>	<b>5,55,292.22</b>

\* Free hold land includes land aggregating to ₹451.38 (31 March 2019: ₹451.38), held in the name of erstwhile companies, which were transferred to the Company pursuant to a scheme of amalgamation in earlier years.

\*\* Represents the cost incurred towards laying the power evacuation lines, the ownership of which vests with the State Owned Power Distribution Company. However, these assets are exclusively available to the group for its utilisation and accordingly, the amounts spent have been capitalised in the accordance with the provisions of the accounting principles.

\*\*\* Represents adjustments on account of translation of financial information of foreign operation.

(i) The written down value of property, plant and equipment as at 31 March 2020 includes amounts of ₹19,200.79 (31 March 2019: ₹19,800.29) and ₹7,720.20 (31 March 2019: ₹7,969.22) pertaining to the 60 MW thermal power generation station located at Odisha and 20 MW thermal power generation station located at Dharmavaram, respectively. These units are non-operational owing to the mis-match in the demand and supply of power in the underlying jurisdiction in which they operate and due to pending receipt of certain regulatory approvals. The management has assessed that the carrying values of the aforesaid assets are fully recoverable on the basis of internally developed financial projections and the expected realizable value on sale/disposal. The projections so made involve making significant assumptions including capacity utilization, tariff rates and other operating parameters and the realizable value of the underlying asset which, on the basis of the management, reasonably reflects the future outcome of the planned business efforts. Consequently, no adjustments have been made to the carrying values of these assets in this regard.

(ii) \* Includes adjustments to the tune of

- (i) ₹8,330.63 (31 March 2019: ₹Nil) towards the gross block and ₹2,719.40 representing the accumulated depreciation of assets held for sale pertaining to discontinuing operations (refer note 43).
- (ii) ₹1,842.86 (31 March 2019: ₹Nil) representing the balance of capital creditors which has been written back during the year ended 31 March 2020 pursuant to a settlement agreement with them.
- (iii) ₹207.47 (31 March 2019: ₹Nil) representing the gross block of land transferred to right of use assets in accordance with the provisions of Ind AS 116.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 4. Investment Property

	Land	Building	Total
<b>Gross block</b>			
<b>As at 1 April 2018</b>	2,149.30	173.93	2,323.23
Additions during the year	-	-	-
<b>As at 31 March 2019</b>	<b>2,149.30</b>	<b>173.93</b>	<b>2,323.23</b>
Additions during the year	0.46	2,731.94	2,732.40
<b>As at 31 March 2020</b>	<b>2,149.76</b>	<b>2,905.87</b>	<b>5,055.63</b>
<b>Accumulated depreciation</b>			
<b>Upto 31 March 2018</b>	-	28.56	28.56
Charge for the year	-	4.28	4.28
<b>Upto 31 March 2019</b>	-	<b>32.84</b>	<b>32.84</b>
Charge for the year	-	25.08	25.08
<b>Upto 31 March 2020</b>	-	<b>57.92</b>	<b>57.92</b>
<b>Net block</b>			
As at 31 March 2020	2,149.76	2,847.95	4,997.71
As at 31 March 2019	2,149.30	141.09	2,290.39

#### (a) Fair value disclosure

	31 March 2020	31 March 2019
Investment property		
- Land	3,270.00	3,570.00
- Building	2,764.00	-

#### Estimation of fair value

The Company performs a valuations for its investment properties at least annually by its internal/ external team. The best evidence of fair value is current prices in an active market for similar properties.

The fair value of investment properties have been determined by the management on the basis of their expertise in this field and by engaging an external valuer. The main inputs used are the relevant prices of comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

### 5. Other Intangible Assets

	Other intangible assets			Goodwill***
	Computer Software	Water drawing rights	Total	
<b>Gross block</b>				
<b>As at 1 April 2018</b>	621.54	422.21	1,043.75	36,041.72
Additions during the year	97.10	-	97.10	-
Disposals	(0.13)	-	(0.13)	-
Foreign currency translation adjustments*	23.61	-	23.61	2,200.93
<b>As at 31 March 2019</b>	<b>742.12</b>	<b>422.21</b>	<b>1,164.33</b>	<b>38,242.65</b>
Additions during the year	6.61	-	6.61	-
Less: Adjustments **	17.64	-	17.64	-
Foreign currency translation adjustments*	36.52	-	36.52	3,445.68
<b>As at 31 March 2020</b>	<b>767.62</b>	<b>422.21</b>	<b>1,189.82</b>	<b>41,688.33</b>



## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

	Other intangible assets			Goodwill***
	Computer Software	Water drawing rights	Total	
<b>Accumulated amortization</b>				
<b>Up to 31 March 2018</b>	246.75	134.58	381.33	-
Charge for the year	128.53	23.67	152.20	-
Foreign currency translation adjustments*	4.62	-	4.62	-
<b>Up to 31 March 2019</b>	<b>379.90</b>	<b>158.25</b>	<b>538.15</b>	-
Charge for the year	125.97	12.78	138.76	-
Less: Adjustments **	17.64	-	17.64	-
Foreign currency translation adjustments*	20.12	-	20.12	-
<b>Up to 31 March 2020</b>	<b>508.35</b>	<b>171.03</b>	<b>679.39</b>	-
<b>Net block</b>				
As at 31 March 2020	259.27	251.18	510.43	41,688.33
As at 31 March 2019	362.22	263.96	626.18	38,242.65

\* Represents adjustments on account of translation of financial information of foreign operations.

\*\* Represents the gross amount and accumulated depreciation of intangible assets pertaining to sugar operations which has been de-recognised during the period owing to discontinuance of the sugar operations.

\*\*\* The recoverable amount of goodwill has been assessed by using a value-in-use model of the underlying cash generating unit ("CGU"). The recoverable value is computed based on the net present value of the projected post-tax cash flows to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. The cash flow projections include specific estimates developed using internal forecasts based on contractual agreements entered. The planning horizon reflects the assumptions for short-to-mid term market developments which are based on key assumptions such as margins, expected growth rates based on past experience and management's expectations / extrapolation of normal increase in growth rate and tariff from customer. Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the CGU. Post-tax discount rates used were in the range of 16.90% to 19.70% for the year ended 31 March 2020 (31 March 2019: 15%). The cash flows projections have been considered for a period of 22 years which is in line with the contractual period of the long term power purchase agreement entered into in by MCL with its customer. The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

### 6. Investments

	Face value	As at	
		31 March 2020	31 March 2019
<b>(a) Non-current</b>			
<b>(i) Investments in equity shares (fully paid-up)</b>			
<b>(a) Quoted - designated at FVTPL (Non-Trade)</b>			
76,830 (31 March 2019: 76,830) shares in NB Footware Limited	₹10	-	4.84
9,600 (31 March 2019: 9,600) shares in Avathi Feeds Limited	₹2	28.25	39.15
8,000 (31 March 2019: 8,000) shares in IDBI Bank Limited	₹10	1.54	3.73
22,800 (31 March 2019: 22,800) shares in Union Bank of India Limited (pursuant to merger of Andhra Bank Limited with Union Bank of India in current year)	₹10	2.13	6.41
24,568 (31 March 2019: 24,568) shares in TATA Consultancy Services Limited	₹1	448.64	491.46
19,302 (31 March 2019: 19,302) shares in MOIL Limited	₹10	19.77	30.69
200 (31 March 2019: 200) shares in Kothari Sugars and Chemicals Limited	₹10	0.02	0.02
2,857 (31 March 2019: 2,857) shares in The Jeypore Sugar Company Limited	₹10	-	0.29
		<b>500.35</b>	<b>576.59</b>
<b>(b) Unquoted</b>			
<b>Investments designated at FVTPL - Others</b>			
75,000 (31 March 2019: 75,000) shares in Srinivasa Cystine Limited	₹10	654.73	489.20
<b>(ii) Investment in government Securities (at amortised cost)</b>			
- 6 years National Savings Certificates		0.50	0.50
		<b>1,155.58</b>	<b>1,066.29</b>
<b>(b) Current Investments</b>			
<b>(i) Investments in mutual funds</b>			
<b>Unquoted - designated at FVTPL - Others (Non-Trade)</b>			
1,219,448 (31 March 2019: 1,219,448) units in ICICI Prudential Medium Term Bond Fund - Growth		381.91	346.92
Nil (31 March 2019: 2,224,377) units in ICICI Prudential Income Opportunities Fund		-	572.89
685,251 (31 March 2019: 685,251) units in ICICI Prudential Credit Risk Fund - Growth		149.03	136.15
Nil (31 March 2019: 5,745,343) units in Kotak Credit Risk Fund - Growth (Regular Plan)		-	1,168.78
1,222,004 (31 March 2019: 2,303,687) units in L&T Credit Risk Fund - Growth		264.36	485.84
Nil (31 March 2019: 8,633,274) units in Reliance Strategic Debt Fund - Growth Plan - CBGP		-	1,269.97
528,639 (31 March 2019: 3,363,247) units in Reliance Credit Risk Fund - Growth Plan - Plan Growth Option - SDGP		120.91	867.00
Nil (31 March 2019: 2,088,409) units in UTI Credit Risk Fund		-	349.32
6,570,446 (31 March 2019: 3,642,124) units in ICICI Prudential Equity Arbitrage Fund - Dividend		898.42	496.08
4,373,558 (31 March 2019: 4,373,558) units in Kotak Arbitrage Fund - Monthly Dividend (Regular Plan)		467.63	468.34
Nil (31 March 2019: 89,776) units in Kotak Low Duration Fund Standard Growth (Regular Plan)		-	2,052.65
927,005 (31 March 2019: 927,005) units in Aditya Birla Sun Life Credit Risk Fund - Growth - Regular		134.04	126.77
Nil (31 March 2019: 34,122) units in HSBC Cash Fund - Growth		-	633.19
3,961,055 (31 March 2019: 3,961,055) units in IDFC Corporate Bond Fund Regular Plan - Growth		545.88	504.33

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

	Face value	As at	
		31 March 2020	31 March 2019
169,513 (31 March 2019: 198,391) units in Aditya Birla Sunlife Savings Fund - Growth - Regular Plan		673.85	732.33
Nil (31 March 2019: 2,019,176) units in HDFC Credit Risk Debt Fund		-	308.03
5,587,092 (31 March 2019: 5,848,911) units in HDFC Short Term Debt Fund		1,264.90	1,207.19
5,378,497 (31 March 2019: 5,114,432) units in ICICI Prudential Equity Arbitrage Fund - Dividend		735.44	696.59
1,258,420 (31 March 2019: 1,258,420) units in IDFC Bond Fund-Short Term Plan - Growth -(Regular Plan)		522.78	479.21
8,927,812 (31 March 2019: 8,927,812) units in Kotak Equity Arbitrage Fund - Monthly Dividend(Regular Plan)		954.57	956.06
1,124,638 (31 March 2019: 1,124,638 ) units in Kotak Credit Risk Fund - Growth(Regular Plan)		246.86	228.75
Nil (31 March 2019: 12,810) units in Tata Treasury Advantage Fund Regular Plan - Growth		-	363.90
981,260 (31 March 2019: Nil) units in IDFC Low Duration Fund Regular Plan - Growth		280.32	-
8,630 (31 March 2019: Nil) units in L & T Liquid Fund		234.01	-
2,111 (31 March 2019: Nil) units in Nippon India Liquid Fund		101.85	-
3,828,935 (31 March 2019: Nil) units in Edelweiss Arbitrage Fund Regular Plan - Growth		457.39	-
2,708,956 (31 March 2019: Nil) units in ICICI Prudential Banking & PSU Fund		627.46	-
4,462,134 (31 March 2019: Nil) units in IDFC Ultra Short Term Growth Fund		507.54	-
1,228,839 (31 March 2019: Nil) units in IDFC Bond Growth Fund		510.49	-
22,514 (31 March 2019: Nil) units in Axis Treasury Advantage Fund		507.85	-
1,347,923 (31 March 2019: Nil) units in Nippon India Short Term Fund		509.18	-
7,060 (31 March 2019: Nil) units in IDFC Cash Fund		168.81	-
		<b>11,265.47</b>	<b>14,450.28</b>
Aggregate amount of Quoted Investments		500.35	576.59
Aggregate amount of Un-Quoted Investments		11,920.70	14,939.98
Aggregate amount of Impairment in Value of Investments		107.60	93.72

### 7. Other Financial Assets

	As at	
	31 March 2020	31 March 2019
(Unsecured, considered good)		
<b>(a) Non-current</b>		
Security deposits	872.77	1,132.46
Loans to employees	30.88	29.86
Fixed deposits with banks*	446.31	403.00
Margin money deposits	120.63	-
	<b>1,470.59</b>	<b>1,565.32</b>

\* Represents bank deposit amounting to ₹446.31 (31 March 2019: ₹403.00) with maturity period of more than 12 months, held under Debt Service Reserve Account (DSRA) against the term loan availed from ICICI Bank Limited with an outstanding balance of ₹15,345.00 (31 March 2019: ₹15,422.50)

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

	As at	
	31 March 2020	31 March 2019
<b>(b) Current</b>		
Restricted bank balances		
- Unpaid dividend accounts	218.85	175.64
Loans to employees	374.40	46.04
Security deposits	162.61	196.40
Interest accrued	164.17	58.00
Accrued conversion charges	390.40	278.86
Other receivables	149.74	213.70
	<b>1,460.17</b>	<b>968.64</b>

### 8. Other Assets

	As at	
	31 March 2020	31 March 2019
(Unsecured, considered good)		
<b>(a) Non-current</b>		
Capital advances	79.94	2,611.50
Payments made under protest *	201.29	243.69
Prepaid expenses	121.91	250.07
Other receivable	35.76	37.44
	<b>438.90</b>	<b>3,142.70</b>
<b>(b) Current</b>		
Deposits paid under protest (refer note 35(xvii))**	1,000.00	-
Advances to vendors	8,007.30	7,716.18
Balances with government authorities	2,573.55	1,495.91
Prepaid expenses	1,012.19	861.13
Other advances	208.05	66.47
	<b>12,801.09</b>	<b>10,139.69</b>

\* Represents payments made to government authorities in protest in connection with the ongoing disputes.

\*\* Represents amounts deposited under protest against ongoing litigation (refer note 35(xvii)).

### 9. Inventories (at lower of cost or net realisable value)

	As at	
	31 March 2020	31 March 2019
Raw materials (including raw material in transit aggregating to ₹1,951.09 (31 March 2019: ₹1,127.90))	16,582.69	18,830.34
Work-in-progress	314.22	502.58
Finished goods	16,137.83	17,270.86
Stock-in-trade	10.67	26.77
Stores and spares	6,815.01	5,334.36
Others	2.72	2.40
	<b>39,863.14</b>	<b>41,967.31</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity shares data and unless otherwise stated)

### 10. Trade Receivables

	As at	
	31 March 2020	31 March 2019
Secured, Considered good	-	-
Unsecured, Considered good		
- From related parties	-	-
- From others	238,913.06	140,575.95
Less: Expected credit loss on financial assets*	(19,569.76)	(2,728.41)
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	<b>219,343.30</b>	<b>137,847.54</b>

\* Duly adjusted for the effect of foreign currency translation adjustment of ₹1,236.67 (31 March 2019: ₹25.31).

- (i) Trade receivables as at 31 March 2020 includes receivables amounting to ₹207,923.36 (31 March 2019: ₹114,575.02) representing dues from a customer against sale of power and interest on delayed payments in accordance with the terms of the power purchase agreement. The aforesaid balance of receivables also includes an amount of ₹6,614.08 representing the interest income recognized during the year ended 31 March 2020 on the basis of certainty of collection being established. Based on the acknowledgement of the outstanding debt by the customer, and in view of the debt being secured by way of a sovereign guarantee issued by the Government of Zambia, management is of the view that these amounts are good and recoverable, though there has been significant delays in realization. Further, subsequent to the year end, management has initiated necessary dispute resolution process in accordance with the terms of contract and to expedite the process of collection. Taking cognizance of further delays in collection of dues from the customer, management, has recognized allowances for credit losses aggregating to ₹19,569.76 as at 31 March 2020 (31 March 2019: ₹2,728.41), including amounts of ₹15,604.68 (31 March 2019: ₹2,753.72) recognized during the year ended 31 March 2020.

#### (a) Reconciliation of Expected credit loss on financial assets at the beginning and at the end of the reporting period:

	As at	
	31 March 2020	31 March 2019
Balance at the beginning of the year	2,728.41	-
(Decrease)/Increase during the year	15,604.68	2,753.72
Foreign exchange impact on account of the above	1,236.67	(25.31)
<b>Balance at the end of the year</b>	<b>19,569.76</b>	<b>2,728.41</b>

### 11. Cash and Bank Balances

	As at	
	31 March 2020	31 March 2019
<b>Cash and cash equivalents</b>		
Balances with bank		
- on current accounts	26,782.56	21,603.44
Deposits with maturity less than 3 months	1,015.26	1,000.00
Cash on hand	16.15	15.15
	<b>27,813.97</b>	<b>22,618.59</b>
<b>Bank balances other than above</b>		
Deposits with bank with maturity period from 3 to 12 months	187.05	459.00
Margin money deposits *	1,276.95	1,807.27
Less: Amounts reclassified to other non-current financial assets as the same represents margin money deposits with maturity period of more than 12 months	(120.63)	-
	<b>1,343.37</b>	<b>2,266.27</b>
	<b>29,157.34</b>	<b>24,884.86</b>

\* Represents deposits held with banks as security against borrowings, guarantees and other arrangements of the group.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### 12. Loans

	As at	
	31 March 2020	31 March 2019
<b>Current</b>		
Secured, considered good	-	-
Unsecured, considered good - to others	94.43	22.83
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
	<b>94.43</b>	<b>22.83</b>

### 13. Equity Share Capital

	As at			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
<b>Authorized share capital</b>				
Equity shares of ₹2 each	250,000,000	5,000.00	250,000,000	5,000.00
	<b>250,000,000</b>	<b>5,000.00</b>	<b>250,000,000</b>	<b>5,000.00</b>
<b>Issued and subscribed share capital</b>				
Equity shares of ₹2 each	176,468,495	3,529.37	178,826,957	3,576.54
	<b>176,468,495</b>	<b>3,529.37</b>	<b>178,826,957</b>	<b>3,576.54</b>
<b>Fully paid-up share capital</b>				
Equity shares of ₹2 each	176,217,020	3,524.34	178,575,482	3,571.51
Add: Forfeited shares of ₹2 each (amount originally paid up)	-	1.26	-	1.26
	<b>176,217,020</b>	<b>3,525.60</b>	<b>178,575,482</b>	<b>3,572.77</b>

#### (a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period (Refer note (14(d)))

	As at			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	178,575,482	3,571.51	178,575,482	3,571.51
Less: Shares extinguished on account of buy-back (refer (f) below)	(2,358,462)	(47.17)	-	-
Balance at the end of the year	<b>176,217,020</b>	<b>3,524.34</b>	<b>178,575,482</b>	<b>3,571.51</b>

#### (b) Terms / rights attached to equity shares

The company has only one class of equity shares having a face value of ₹2/- per share with one vote per each 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.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### (c) Details of shareholders holding more than 5% equity shares in the Company

	As at			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
NAV Developers Limited	16,093,517	9.13%	16,093,517	9.01%
M/s Wellington Management Company, LLP with its PAC	10,472,095	5.94%	9,156,458	5.13%
IDFC Classic Equity Fund	9,112,374	5.17%	9,007,591	5.04%
A N Investments Private Limited	9,479,825	5.38%	9,288,074	5.20%
D Bhaktapriya	9,802,900	5.56%	9,802,900	5.49%

### (d) Details of treasury shares held by the Company (refer note 41)

- (i) The paid up share capital includes 9,947,020 (31 March 2019: 9,947,020) equity shares of ₹2/- each fully paid up, vested in a trustee (NAV Energy Private Limited) duly for the benefit of the Company, pursuant to an order of Hon'ble High Court of Andhra Pradesh dated 30 December 1996 in respect of the Scheme of amalgamation of Nav Chrome Limited with the Company. These shares are to be sold with the net sale proceeds to be paid to the Company. Further, these shares are not considered for dividend and treated as treasury shares, thereby duly reduced from other equity.
- (ii) The paid up share capital includes 2,800,000 (31 March 2019: 2,800,000) equity shares of ₹2/- each fully paid up, held by Nava Bharat Ventures Employee Welfare Trust towards the General Employees Benefit Scheme (GEBS). Consequently, the said shares have been accounted for as a treasury stock, thereby adjusting the balance of other equity.

### (e) Aggregate number of bonus shares issued during five years immediately preceding the date of Balance Sheet:

During the year ended 31 March 2017, the Company has issued 89,287,741 equity shares of ₹2 each fully paid up by way of bonus shares in the ratio of one equity share for every equity share held on the date of issue.

### (f) Buy-back of shares during the year:

The Board of Directors of the Company, at their meeting held on 29 May 2019, had approved a buy-back of fully paid-up equity shares of the Company at a price not exceeding ₹160 per share and for an aggregate consideration not exceeding ₹2,500.00. Pursuant to the said scheme, the Company has bought back 2,358,462 equity shares of ₹2 each for an aggregate purchase value of ₹2,248.95, including transaction costs and accordingly, equity share capital and securities premium have been adjusted to the tune of ₹47.17 and ₹2,201.78, respectively in this regards. All of the aforesaid shares bought back of ₹2 each were extinguished before 31 March 2020. Further in accordance with the requirements of section 69 of the Companies Act, 2013, an amount equivalent to the face value of the shares so purchased has be transferred to the capital redemption reserve from general reserves.

## 14. Other Equity

	As at	
	31 March 2020	31 March 2019 (Restated)
<b>Capital reserve</b>		
Balance at the beginning and end of the year	60.20	60.20
<b>Capital redemption reserve</b>		
At the beginning of the year	826.39	826.39
Add: Transfer from general reserve on account of buyback of equity shares (refer note 13(f))	47.17	-
At the end of the year	873.56	826.39
<b>Securities premium</b>		
At the beginning of the year	26,214.22	26,214.22
Less: Adjustments (refer note 13(f))	(2,201.78)	-
At the end of the year	24,012.44	26,214.22

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

	As at	
	31 March 2020	31 March 2019 (Restated)
<b>Treasury Shares (refer note 41)</b>		
Balance at the beginning and end of the year	(2,745.67)	(2,745.67)
<b>General reserve</b>		
At the beginning of the year	87,566.65	87,566.65
Less: Adjustments (refer note 13(f))	(47.17)	-
At the end of the year	87,519.48	87,566.65
<b>Other reserves</b>		
<b>Subsidies</b> - Balance at the beginning and end of the year	33.60	33.60
<b>Surplus in Statement of Profit and Loss</b>		
At the beginning of the year	232,451.10	207,606.65
Adjustment pursuant to the scheme of amalgamation (refer note 42)	-	274.55
Profit for the year (Restated)	39,545.50	27,619.26
At the end of the year	271,996.60	235,500.46
<b>Appropriations:</b>		
Dividend on Equity Share Capital*	(4,995.22)	(2,529.43)
Corporate Dividend Tax	(1,026.78)	(519.93)
At the end of the year	265,974.60	232,451.10
<b>Other comprehensive income</b>		
(i) Actuarial gain/(loss) on post employment benefits		
At the beginning of the year	273.46	187.11
for the year	45.20	86.35
At the end of the year	318.66	273.46
(ii) On Foreign currency translation reserve		
At the beginning of the year	20,666.26	11,359.07
for the year	18,275.95	9,307.19
At the end of the year	38,942.21	20,666.26
	414,989.08	365,346.21

### Nature and purpose of reserves:

#### (a) Capital redemption reserve

Capital redemption reserve was created in earlier years for the purpose of redemption of preference shares. The Company uses capital redemption reserve for transactions in accordance with the provisions of the Act.

#### (b) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve is utilised in accordance with the provisions of the Act.

#### (c) General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. This reserve is freely available for use by the Company.

#### (d) Treasury shares (refer note 41)

(i) Includes 9,947,020 (31 March 2019: 9,947,020) equity shares of ₹2/- each fully paid up, vested in a trustee (NAV Energy Private Limited) duly for the benefit of the Company, pursuant to an order of Hon'ble High Court of Andhra Pradesh dated 30 December 1996 in respect of the Scheme of amalgamation of Nav Chrome Limited with the Company. These shares are to be sold with the net sale proceeds to be paid to the Company. Further, these shares are not considered for dividend and treated as treasury shares, thereby duly reduced from other equity.



## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

- (ii) Includes amounts paid to Nava Bharat Ventures Employee Welfare Trust in the earlier years towards acquisition of 1,400,000 equity shares of the Company of ₹2 each. Consequently, the said shares along with the bonus shares issued during the year ended 31 March 2017 have been accounted for as a treasury stock as at 31 March 2019 and 31 March 2020, thereby adjusting the balance of other equity.

### (e) Actuarial gain/(loss) on employment benefits

The reserve represents the remeasurement gains / (losses) arising from the actuarial valuation of the defined benefit obligations of the Group. The remeasurement gains / (losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit and loss.

### (f) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income.

### (g) Surplus in Statement of Profit and Loss

Surplus in Statement of Profit and Loss represents the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.

\* Represents final dividend paid of ₹1.50 per equity share for financial year ended 31 March 2019 and interim dividend of ₹1.50 per equity share for the financial year ended 31 March 2020 (31 March 2019: final dividend paid of ₹1.50 per equity share for financial year ended 31 March 2018)

## 15. Borrowings

	As at	
	31 March 2020	31 March 2019 (Restated)
<b>(a) Non current borrowings</b>		
<b>Secured</b>		
Term loans		
- From banks (refer notes (a) to (d), (f) to (g), (j) and (l))	255,874.37	258,503.91
- From others (refer notes (h) to (j) and (l))	53,687.84	53,677.62
Other loan - from banks (refer note (e))	-	121.74
<b>Unsecured</b>		
- From related parties (refer note (k))	19,961.84	18,311.92
	<b>329,524.05</b>	<b>330,615.19</b>
Less: Current maturities of long-term borrowings (refer note 16)	73,934.93	49,892.70
	<b>255,589.12</b>	<b>280,722.49</b>
<b>(b) Current borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
- Working capital loan from banks (refer notes (m) and (o))	7,206.59	5,918.55
- Buyers credit (refer note (p))	4,447.07	-
<b>Unsecured</b>		
Loans from related parties (refer note (p))	7,538.59	7,230.16
	<b>19,192.25</b>	<b>13,148.71</b>

### Details of security and other terms of borrowings:

- (a) Term loans outstanding to the tune of ₹2,869.10 (31 March 2019: ₹8,238.86) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second charge on the chargeable current assets of the Company. The loan is further secured by way of pledge of 51% shares of Nava Bharat (Singapore) Pte. Limited held by NBVL. The loan is repayable in 26 quarterly installments of ₹1,904.00 each, commencing from 1 April 2014. Until 31 March 2019, the Company had entered into a cross currency interest rate swap arrangement with the lenders duly converting the loan amount from Indian National Rupee (INR) to United States Dollar (USD) and fixing the interest rate in accordance with the terms of the arrangement.

## Notes

to the Consolidated Financial Statements – March 31, 2020

*(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)*

- (b) Term loans outstanding to the tune of ₹1,124.96 (31 March 2019: ₹4,949.53) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second charge on the chargeable current assets of the Company. The loan is further secured by way of pledge of 51% shares of Nava Bharat (Singapore) Pte. Limited held by NBVL. The loan is repayable in 10 quarterly installments of ₹1,060.00 each, commencing from 1 April 2018. The Company has entered into a cross currency interest rate swap arrangement with the lenders duly converting the loan amount from Indian National Rupee (INR) to United States Dollar (USD) and fixing the interest rate in accordance with the terms of the arrangement.
- (c) Term loans outstanding to the tune of ₹1,547.80 (31 March 2019: Nil) is secured by the pari pasu first charge on fixed assets including immovable and movable properties of the Company and a second charge on the current assets of the Company, both present and future along with the existing term lenders. The loan is repayable in 16 structured quarterly repayments of ₹96.85 each, commencing from June 2020.
- (d) Term loans outstanding to the tune of ₹15,345.00 (31 March 2019: ₹15,422.50) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second pari-pasu charge on the present and future current assets of the Company. The loan is further secured by way of exclusive charge on the Debt Service Reserve Account of the Company. The loan is repayable in 32 unequal quarterly installments from the date of first disbursement with final maturity date being 31 March 2026.
- (e) Term loans outstanding to the tune of Nil (31 March 2019: ₹121.74) is secured by the pari pasu first charge on fixed assets of the Company, both present and future excluding 38 acres of land at Paloncha and a second charge on the chargeable current assets of the Company. The loan is repayable in 36 monthly installments of ₹30.14 each, commencing from 22 August 2016.
- (f) All the above loans carry interest rates ranging from 4% to 11.40% per annum (31 March 2019: 3.89% to 11.40%).
- (g) Term loans availed by MCL and outstanding to the tune of ₹10,128.59, ₹173,957.96 and ₹50,900.96 (31 March 2019: ₹10,097.56, ₹169,550.86 and ₹50,244.60) availed from Barclays Bank Zambia Plc, lenders covered under the ECA facility and from Development Bank of South Africa carry an interest rates of 5%, 5% and 6.50% above LIBOR p.a. (31 March 2019: 5%, 5% and 6.50% above LIBOR p.a.), respectively. These loans are repayable in 20 half yearly installments. As at 31 March 2020, MCL has repaid six installments.
- (h) Term loans availed by MCL from financial institutions and outstanding to the tune of ₹52,749.97 (31 March 2019: ₹52,479.19) carry an interest rate of 7.75% and 6.60% above LIBOR p.a. (31 March 2019: 7.57% and 6.60% above LIBOR p.a.), respectively. These loans are repayable in 20 half yearly installments. As at 31 March 2019, MCL has repaid three installments.
- (i) Term loans availed by MCL and outstanding to the tune of ₹937.87 (31 March 2019: ₹1,198.45) carry an interest rate of 1.50% p.a. and is repayable over a period of 20 years, which includes a grace period of 5 years. MCL had signed an agreement in 2015 with the Government of Zambia to consolidate all the Government loans into one loan. The loans included were granted by Zambia Development Agency (Zambia Privatisation Agency), International Development Agency, Government Republic Zambia, Scheme of arrangement loans. The fair values of the Government loans 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, other government loan and their settlement amount has been recognised in the Statement of Profit and loss.
- (j) All the term loans of MCL, are secured by way of mortgage of all immovable properties including leasehold buildings, fixtures and fittings, hypothecation of all movable properties including movable plant and machinery, spares, tools and accessories, book debts, stocks and fixed charge over all accounts including DSRA, licenses, monetary claims, investments, intellectual property, insurance policies of MCL. Further secured by assignment of specific contracts like EPC, O&M Contracts, PPA, Insurance Contracts, Hedging Agreements etc executed by MCL and by assignment of sub-ordinated shareholder loans including security over shares held by all the shareholders of MCL.
- (k) Term loans from related parties represents loans availed by MCL from ZCCM Investments Holding Plc carrying an interest rate of 6% p.a. These loans are sub-ordinate to the project related loans availed by MCL and was originally repayable in 5 annual instalments commencing a year after the Commercial Operations Date (COD) of the power plant of MCL. However, owing to non-completion of certain agreed events in accordance with the terms of the lending arrangement between MCL and the lenders and pending receipt of lender's approval in relation to the repayment of these loans in accordance with the agreed repayment schedule, the repayment of these loans have not commenced as at 31 March 2020.

## Notes

to the Consolidated Financial Statements – March 31, 2020

*(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)*

(l) MCL had defaulted in repayment of the loan instalments amounting to US\$ 29.5 Million (equivalent to ₹22,238.84) which was due to its lenders on the 25 March 2020, owing to non-receipt of monies from its customer, ZESCO, towards sale of power. Consequently, the lenders had served a Reservation of Rights letter dated 25 March 2020 to MCL, duly reserving their rights in accordance with the terms of the Common Terms Agreement entered with them. These loans are primarily secured by the assets of MCL, a sovereign guarantee issued by the Government of Zambia (To the extent of monies owed to MCL by ZESCO) and an insurance cover for a majority portion of the outstanding balance. Pursuant to various on-going discussions held between the lenders and MCL, the management of MCL has invoked necessary dispute resolution clauses in accordance with the terms of the power purchase agreement with ZESCO, which is a mandatory pre-requisite for commencement of arbitration proceedings, in pursuit of strengthening its efforts to realise the amounts due and also to ensure the repayment of the instalment defaulted.

As mentioned in the aforesaid paragraph, these loans are collectively secured by a sovereign guarantee issued by the Ministry of Finance, Government of Zambia. Further, outstanding balances of majority of the lenders are also secured by an insurance cover. While the management has secured a formal approval from the lenders in relation to invoking the government guarantee, the invocation of the insurance claim does mandate completion of an arbitration proceedings against ZESCO in accordance with the terms of the power purchase agreement and the arbitration award being in favor of MCL. In accordance with the terms of the underlying insurance policy, the insurer would make good to the lenders only the amount of instalments which have been defaulted and the rest of the instalment would be paid in accordance with the terms of the original repayment schedule agreed between MCL and the lenders. Further, in accordance with the terms of the sovereign guarantee, the guarantee amounts are payable on demand failing which MCL has a right to initiate arbitration. The management is however, evaluating the status of the ongoing discussions/ dispute resolution process with the ZESCO in its evaluation of invocation of the sovereign guarantee.

Consequently, on the basis of a collective assessment of the status of the discussions with lenders, the dispute resolution process initiated with ZESCO, the acknowledgement by ZESCO of the amounts owed to MCL, the legal advice received from an independent attorney on the time frame for completion of the arbitration proceedings and the ability of the Government of Zambia to honor its sovereign guarantee, the management has continued to classify the outstanding balance of

borrowings owed to these lenders in accordance with the terms of the underlying common terms agreement as at 31 March 2020.

- (m) Working capital loans from banks outstanding to the tune of ₹4,353.59 (31 March 2019: ₹3,304.21) represents cash credit facility availed from banks and carry an interest linked to the respective Bank's prime/base lending rates, ranging from 9.25% to 10.75% per annum (31 March 2019: 9.25% per annum). The said facility is secured by hypothecation of all chargeable current assets of the Company, including raw materials, work-in-progress, finished goods, stores and spares and receivables both present and future and rank pari pasu with the other lenders. The facility is further secured by a pari pasu second charge on all fixed assets of the Company both present and future.
- (n) Suppliers credit outstanding to the tune of ₹4,447.07 (31 March 2019: ₹Nil) was availed from banks and carried an interest rate linked to the respective Bank's prime/base lending rates and ranged between 2.48% to 3.06% per annum. The said facility was secured by hypothecation of all chargeable current assets of the Company and ranked pari pasu with the other lenders. The facility was further secured by a pari pasu second charge on all fixed assets of the Company both present and future.
- (o) Current borrowings from bank to the tune of ₹2,853.00 (31 March 2019: ₹2,614.34), representing cash credit facility availed which is secured by way of a first charge created in favor of security trustee on the present and future fixed assets and current assets of the subsidiary, Nava Bharat Energy India Limited (NBEIL) and an equitable mortgage on the lease rights of land of 170 acres obtained from Nava Bharat Ventures Limited. The loan is further secured by a registered mortgage of the Flat No: 102, admeasuring 303 square feet situated at Plot No: 458 - C, III Avenue Road, Indira Nagar, Chennai - 600 020 and also by pledge of 260,000,000 equity shares held by the NBVL representing 26% of issued and paid up Share Capital of NBEIL and ranks pari passu with the security created or to be created in favor of the term loan lenders. It carries an interest rate linked to the respective Bank's prime/base lending rate and ranges from 9.35% to 10% per annum (31 March 2019: 9.5% to 10% per annum). Further, the facility is secured by way of corporate guarantee to the tune of ₹7,200.00 extended by Nava Bharat Ventures Limited in favor of the bank.
- (p) Represents interest free amounts due to related parties, which are repayable on demand. Refer note 35(xx) for the same.
- (q) Refer note 38(iii) for details of disclosure of maturity profile of the borrowings.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 16. Other Financial Liabilities

	As at	
	31 March 2020	31 March 2019
<b>(a) Non current</b>		
Employee deposits	1.17	2.14
Other retention deposits	11.20	1,001.14
Interest accrued - related party	4,942.21	3,584.25
Other liabilities	-	118.73
	<b>4,954.58</b>	<b>4,706.26</b>
<b>(b) Current</b>		
Dues to		
- Directors	862.18	1,155.35
- Employees*	2,383.50	2,258.76
Security deposits		
- Others	4,192.37	3,374.27
Forward contract liability	14,802.41	2,844.78
Interest accrued**	13,629.00	376.64
Unpaid dividends	218.85	175.64
Accrual for expenses		
- Others	2,197.38	2,566.48
Amounts due to related parties	387.90	-
Current maturities of long-term borrowings (refer note 15)	73,934.93	49,892.70
Current maturities of lease liabilities	194.69	-
Creditors for capital goods	914.02	12,582.11
Other liabilities	-	505.21
	<b>113,717.23</b>	<b>75,731.94</b>

\* including compensation payable towards termination of employees of Sugar division to the tune of ₹484.29 (31 March 2019: Nil) pursuant to discontinuation of the operations of Sugar division situated at Samalkot (refer note 43).

\*\* including interest of US\$ 16.07 million (equivalent to ₹12,119.46) which was due on 25 March and defaulted by MCL as referred to in note 15(l).

### 17. Provisions

	As at	
	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Provision for employee benefits		
- Compensated absence, unfunded	797.99	450.73
- Gratuity, funded	1,177.95	654.83
Provision for decommissioning costs (refer note (a))	3,218.04	5,264.44
Provision for environment rehabilitation costs (refer note (b))	581.58	1,053.65
	<b>5,775.56</b>	<b>7,423.65</b>
<b>(b) Current</b>		
Provision for employee benefits		
- Compensated absence, unfunded	553.61	660.90
- Gratuity, funded	323.97	707.05
Other provisions	-	161.68
	<b>877.58</b>	<b>1,529.63</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (a) Reconciliation of provision for decommissioning costs:

	As at	
	31 March 2020	31 March 2019
Carrying amount at the beginning of the year	5,264.44	3,440.26
Revision in estimates – Capitalized/(adjusted) during the year	(2,593.07)	1,535.69
Unwinding of discount	149.88	143.71
Foreign currency translation adjustments	396.79	144.78
Carrying amount at the end of the year	3,218.04	5,264.44

### (b) Reconciliation of provision for environment rehabilitation costs:

	As at	
	31 March 2020	31 March 2019
Carrying amount at the beginning of the year	1,053.65	647.62
Additions/(adjustments) during the year	(590.30)	317.86
Unwinding of discount	19.89	19.24
Prior period adjustment	-	32.84
Foreign currency translation adjustments	98.35	36.09
Carrying amount at the end of the year	581.58	1,053.65

### (c) Gratuity

The Company and the subsidiaries incorporated in India provides for gratuity for its employees as per the Payment of the Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is equivalent to employees 15 days of last drawn basic salary for each completed years of service. The gratuity plan is partly funded as at 31 March 2020 and 31 March 2019.

The following table set out the reconciliation of opening and closing balances of the present value and defined benefit obligation:

#### (i) Changes in projected benefit obligation

	As at	
	31 March 2020	31 March 2019
Present value of obligation at the beginning of year	2,081.25	1,956.48
Current service cost	120.92	138.72
Interest cost	120.89	138.76
Past service cost - (vested benefits)	-	(5.53)
Benefits paid	(32.14)	(31.73)
Benefits paid directly by the company	(64.15)	(98.43)
Actuarial (gain)/loss on obligation	(188.76)	(17.02)
Defined benefit obligation at end of the year	2,038.00	2,081.25

#### (ii) Change in plan assets

	As at	
	31 March 2020	31 March 2019
Fair value of plan assets at the beginning of the year	719.37	670.20
Adjustments to opening balance of plan assets	(203.87)	(6.33)
Return of plan assets (excl. int. income)	20.47	4.12
Interest income	8.25	48.48
Contributions during the year	21.78	34.62
Benefits paid during the year	(29.92)	(31.72)
Fair value of planned assets at the end of the year	536.08	719.37

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (iii) Reconciliation of present value of obligation on the fair value of plan assets

	As at	
	31 March 2020	31 March 2019
Present value of projected benefit obligation at the end of the year	2,038.00	2,081.25
Funded status of plan	(536.08)	(719.37)
<b>Net liability recognised in the balance sheet</b>	<b>1,501.92</b>	<b>1,361.88</b>

### (iv) Expenses recognised in the Statement of Profit and Loss:

	For the year ended	
	31 March 2020	31 March 2019
Current service cost	120.92	138.72
Net interest cost	112.64	90.27
Adjustments to opening liability	203.87	-
<b>Expense for the year</b>	<b>437.43</b>	<b>228.99</b>

### Recognised in other comprehensive income:

	For the year ended	
	31 March 2020	31 March 2019
Actuarial gain for the year	(186.30)	(17.02)
Return on plan assets excluding net interest	(20.47)	(4.12)
<b>Total expenditure recognised</b>	<b>(206.77)</b>	<b>(21.14)</b>

### (v) Key actuarial assumptions

	For the year ended	
	31 March 2020	31 March 2019
Discount rate	5.00% to 6.77%	6.94% to 7.66%
Salary escalation	6% and 3%	3% to 6%
Attrition rate	1% to 13.33%	1% to 13.33%
Expected rate of return on plan assets	7.29%	7.29%
Mortality rate	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Return on plan assets excluding net interest	7.59%	7.59%

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotions and other relevant factors. The Company and the subsidiaries incorporated in India evaluates these assumptions annually based on its long-term plans of growth and industry standards.

### (vi) Impact on defined benefit obligations

The impact ((increase)/decrease) on the Group's profit before tax due to changes in the discount rate and future salary is given below:

	For the year ended	
	31 March 2020	31 March 2019
Assumptions		
Sensitivity level		
- Discount rate : 1% increase	(78.49)	(75.33)
- Discount rate : 1% decrease	110.09	104.33
- Future salary : 1% increase	91.17	87.87
- Future salary : 1% decrease	(41.48)	(41.97)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

(vii) The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

	As at	
	31 March 2020	31 March 2019
<b>Maturity Profile</b>		
Year 1	323.97	707.05
Year 2	230.63	270.79
Year 3	172.79	235.61
Year 4	228.48	169.98
Year 5	163.64	221.11
Year (6 -10)	558.47	621.22
More than 10 years	713.20	479.64

### 18. Break-up of amounts disclosed on the face of Balance Sheet:

	As at	
	31 March 2020	31 March 2019 (Restated)
Deferred tax assets	8,338.54	13,223.46
Deferred tax liabilities	31,071.74	33,550.69
Deferred tax (liabilities)/assets, net	(22,733.20)	(20,327.23)

#### (a) Deferred tax assets, net

	As at	
	31 March 2020	31 March 2019 (Restated)
Deferred tax assets/(liabilities):		
- Minimum Alternate Tax (MAT) credit entitlement	20,757.35	24,103.55
- On carried forward business losses	26,486.12	29,412.83
- Employee benefits	1,936.34	1,350.24
- Others	801.88	1,671.07
- Property, plant and equipment and intangible assets	(72,453.87)	(76,419.35)
- Financial assets reported at fair value	(261.02)	(445.57)
Deferred tax (liabilities)/assets, net	(22,733.20)	(20,327.23)

#### (b) Movement in deferred tax assets:

	As at 1 April 2019 (Restated)	(Charge) / credited to		MAT credit utilisation	Others*	As at 31 March 2020
		Statement of Profit and Loss	Other Comprehensive Income			
(i) Property, plant and equipment and intangible assets	(76,419.35)	8,751.44	-	-	(4,785.96)	(72,453.87)
(ii) Employee benefits	1,350.24	613.34	(27.24)	-	-	1,936.34
(iii) Financial assets reported at fair value	(445.57)	184.55	-	-	-	(261.02)
(iv) On carried forward business losses	29,412.83	(5,021.74)	-	-	2,095.03	26,486.12
(v) Movement in Minimum Alternate Tax (MAT) balances	24,103.55	143.50	-	(3,346.20)	(143.50)	20,757.35
(vi) Others	1,671.07	(921.84)	-	-	52.65	801.88

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### (c) Movement in deferred tax assets:

	As at 1 April 2018 (Restated)	(Charge) / credited to		MAT credit utilisation	Others*	As at 31 March 2019 (Restated)
		Statement of Profit and Loss	Other Comprehensive Income			
(i) Property, plant and equipment and intangible assets	(17,672.01)	(59,081.30)	-	-	333.96	(76,419.35)
(ii) Employee benefits	1,299.96	106.62	(56.34)	-	-	1,350.24
(iii) Financial assets reported at fair value	(131.81)	(313.76)	-	-	-	(445.57)
(iv) On carried forward business losses	2,498.18	27,041.74	-	-	(127.09)	29,412.83
(v) Movement in Minimum Alternate Tax (MAT) balances	27,183.26	-	-	(3,079.71)	-	24,103.55
(vi) Others	488.84	1,188.41	-	-	(6.18)	1,671.07

\*Represents adjustments on account of foreign exchange fluctuations

- (i) Deferred tax assets as at 31 March 2020 includes an amounts of ₹20,757.35 (31 March 2019: ₹24,103.55), representing the credit of minimum alternative taxes paid and recognised by the Company and one of its' component in accordance with the provisions of the prevailing income tax regulations. Based on the assessment of the financial projections of the Company and its' component, the projected profitability and the history of achieving significant operational profits in the past, the management is confident of earning sufficient taxable profits in the future in order to be able to realise the aforesaid tax credits within the timelines prescribed under the income tax regulations.

### 19. Other Current Liabilities

	As at	
	31 March 2020	31 March 2019 (Restated)
Advance from customers	350.23	239.86
Statutory dues*	18,799.18	8,197.48
Other liabilities	54.90	39.22
	<b>19,204.31</b>	<b>8,476.56</b>

\* With effect from 11 January 2019, Maamba Collieries Limited has been registered as a VAT supplier engaged in the electricity generation subsector. It accounts for tax on supplies effected and deducts input tax on the basis of payments received from the customers i.e., on cash basis.

### 20. Revenue from Operations

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
<b>Revenue from contracts with customers</b>		
<b>(a) Sale of goods</b>		
- Ferro alloys	65,732.35	75,622.47
- Power	1,76,580.28	1,88,273.98
- Coal	8,438.16	7,146.21
- Others	-	3.39
<b>(b) Sale of services</b>		
- Ferro alloys conversion charges	20,649.99	19,237.54
- Others	299.58	244.86
	<b>2,71,700.36</b>	<b>2,90,528.45</b>



## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
<b>Other operating revenues</b>		
- Export incentives	748.36	1,043.12
- Sale of fly ash	2,118.74	1,968.09
- Scrap sales	615.40	207.97
- Others	689.23	856.76
	<b>2,75,872.09</b>	<b>2,94,604.39</b>

### (a) Reconciliation of transaction price and amounts allocated to performance obligations:

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
Revenues at contracted price	2,75,368.93	2,94,643.62
<b>Less: Adjustments</b>		
- Customer deductions	1,043.12	923.24
- Other adjustments	24.26	209.34
- Regulatory dues	2,601.19	2,982.59
Total revenue from operations	<b>2,71,700.36</b>	<b>2,90,528.45</b>

### (b) Disaggregation of revenue

#### Revenue based on Geography

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
- India	97,927.52	1,09,971.31
- Zambia	1,49,452.69	1,51,720.22
- China	12,747.73	10,281.13
- Japan	11,382.10	17,146.41
- Rest of the world	190.32	1,409.38
Total revenue from operations	<b>2,71,700.36</b>	<b>2,90,528.45</b>

(b) Refer note 36(a) for business segment wise details of the revenues.

## 21. Other Income

	For the year ended	
	31 March 2020	31 March 2019
Interest income on financial assets measured at amortised cost	7,222.84	6,320.09
<b>Income from investments</b>		
- Changes in fair value	531.34	871.37
- Gain on sale of investments	81.57	394.96
- Dividend income	286.64	180.79
<b>Other non-operating income</b>		
Foreign exchange fluctuations, net	3,012.25	-
Others	1,085.44	1,164.51
	<b>12,220.08</b>	<b>8,931.72</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### 22. Cost of Materials Consumed

	For the year ended	
	31 March 2020	31 March 2019
Inventory at the beginning of the year	18,830.34	15,751.77
Add: Purchases during the year	83,777.03	1,04,830.99
	<b>1,02,607.37</b>	<b>1,20,582.76</b>
Less: Inventory at the end of the year	16,582.69	18,830.34
	<b>86,024.68</b>	<b>1,01,752.42</b>
Less: Amount presented separately under discontinued operations (refer note 43)	<b>(7,013.49)</b>	<b>(11,899.00)</b>
	<b>79,011.19</b>	<b>89,853.42</b>
Adjustment for fluctuation in exchange rates	109.81	-
<b>Cost of materials consumed</b>	<b>79,121.00</b>	<b>89,853.42</b>

# Disclosed on the basis of derived amounts rather than the actual records of consumption.

### 23. Change in Inventories of Finished Goods, Stock-in-trade and Work-in-progress

	For the year ended	
	31 March 2020	31 March 2019
<b>Inventory at the beginning of the year</b>		
Stock-in-trade	26.77	68.58
Finished goods	17,270.86	19,875.61
Work-in-progress	502.58	297.30
	<b>17,800.21</b>	<b>20,241.49</b>
<b>Inventory at the end of the year</b>		
Stock-in-trade	10.67	26.77
Finished goods	16,137.83	17,270.86
Work-in-progress	314.22	502.58
	<b>16,462.72</b>	<b>17,800.21</b>
Less: Amount presented separately under discontinued operations (refer note 43)	<b>2,052.24</b>	<b>(3,330.60)</b>
	<b>(714.75)</b>	<b>5,771.88</b>
Adjustment for fluctuation in exchange rates	77.37	176.38
	<b>(637.38)</b>	<b>5,948.26</b>

### 24. Other Manufacturing Expenses

	For the year ended	
	31 March 2020	31 March 2019
Consumption of stores and spares	5,829.75	5,681.07
Mining expenses	7,358.33	4,389.17
Raw material handling charges	2,997.60	2,387.91
Operational and maintenance expenses	6,492.24	6,208.71
Power and fuel	1,332.15	2,135.79
Finished product handling charges	733.77	690.53
Others	1,285.22	1,461.58
	<b>26,029.06</b>	<b>22,954.76</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### 25. Employee Benefits Expense

	For the year ended	
	31 March 2020	31 March 2019
Salaries and wages	14,171.05	14,369.33
Contribution to provident and other funds (note a)	524.21	527.66
Staff welfare expenses	730.35	694.96
Gratuity and other compensated absences	773.82	477.22
	<b>16,199.43</b>	<b>16,069.17</b>

(a) During the current year ended 31 March 2020, the Group contributed ₹580.19 (31 March 2019: ₹586.08) to defined contribution plans. These amounts include contribution to defined contribution plans attributable to the discontinued operations amounting to ₹55.98 (31 March 2019: ₹58.42).

### 26. Finance Costs

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
Interest cost on financial liabilities measured at amortized cost	30,928.80	34,593.53
Unwinding of discount	169.77	513.65
Other borrowing cost		
- Bank charges and commission	778.22	1,101.69
	<b>31,876.79</b>	<b>36,208.87</b>

### 27. Depreciation and Amortisation Expense

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
Depreciation on property, plant and equipment	29,011.15	28,384.10
Amortisation of intangible assets	138.76	152.20
Depreciation on Right-of-use asset	208.42	-
Depreciation on investment property	25.08	4.28
	<b>29,383.41</b>	<b>28,540.58</b>
Less: Amount capitalised towards deferred stripping costs	-	390.09
Less: Amount presented separately under discontinued operations (refer note 43)	518.91	522.33
	<b>28,864.50</b>	<b>27,628.16</b>

### 28. Other Expenses

	For the year ended	
	31 March 2020	31 March 2019
Rent	92.64	291.18
Repairs and maintenance		
- Machinery	4,315.91	4,318.83
- Buildings	786.23	705.41
- Others	855.84	677.76

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

	For the year ended	
	31 March 2020	31 March 2019
Rates and taxes	2,885.71	3,259.11
Freight and transportation	1,867.88	2,185.79
Insurance	2,810.81	2,594.72
Advertisement and sales promotion	133.70	95.52
Communications expenses	120.09	198.78
Travelling and conveyance	731.45	793.70
Legal and professional charges	1,656.56	1,642.64
Foreign exchange fluctuations, net	-	757.35
Payments to auditors		
as auditors	81.32	81.20
for other services	10.79	3.91
for reimbursement of expenses	1.80	1.28
Corporate social responsibility (CSR) expenses (refer note (a) below)	795.82	1,151.74
Loss on sale of assets/material	1.22	612.45
Bad debts written-off	-	189.77
Loss on forward contracts	11,023.08	5,056.69
Allowance for credit loss	15,604.68	2,753.72
Ash disposal charges	1,042.86	804.38
Open access charges	910.59	100.67
Others	1,622.98	1,097.90
	<b>47,351.96</b>	<b>29,374.50</b>

### (a) Details of CSR expenditure

	For the year ended	
	31 March 2020	31 March 2019
a. Gross amount required to be spent by the Company and its subsidiaries incorporated in India during the year	421.22	431.58
b. Amount spent during the year on:		
(i) Construction / acquisition of any asset	140.19	202.91
(ii) On purposes other than (i) above*	655.63	948.83
<b>Amount remaining to be spent</b>	<b>-</b>	<b>-</b>

\*including amounts spent attributable to discontinued operations amounting to ₹7.99 (31 March 2019: ₹11.54).

## 29. Income Taxes

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
<b>Statement of Profit and Loss</b>		
Current tax expense / (benefit)		
- For continuing operations	9,715.34	10,747.60
- For discontinued operations	(131.75)	112.34
Deferred tax expense / (benefit)	(3,749.25)	31,058.29
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>5,834.34</b>	<b>41,918.23</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic corporate tax rate for the year ended 31 March 2020:

	For the year ended	
	31 March 2020	31 March 2019
Profit for the year from continuing operations before tax expense	59,286.81	75,498.97
Profit for the year from discontinued operations before tax expense	(377.02)	321.49
<b>Profit for the year before tax expense</b>	<b>58,909.79</b>	<b>75,820.46</b>
Tax rate applicable to the company	34.944%	34.944%
Tax expense on net profit	<b>20,585.44</b>	<b>26,494.70</b>
Increase/(decrease) in tax expenses on account of:		
(i) Non-taxable income/exempt income	(570.90)	(149.87)
(ii) Expenses inadmissible under income tax	3,557.46	4,052.56
(iii) Other adjustments	(86.79)	0.18
(iv) Deferred tax asset on unused tax losses	(100.54)	62.37
(v) Deferred tax assets of earlier years recognised now (refer note a)	(144.09)	(55.59)
(vi) On account of temporary differences of overseas subsidiary	-	4.11
(vii) Foreign tax	529.65	409.04
(viii) Difference in tax rates	0.05	226.72
(ix) Difference in tax rates of overseas subsidiaries	(2,702.69)	(3,010.87)
(x) MAT credit utilization	(100.34)	-
(xi) Income taxable at lower tax rates	(149.69)	-
(xii) Adjustments on account of foreign currency fluctuations	(18,930.17)	11,249.98
(xiii) Deferred tax on consolidation adjustments	3,946.95	2,634.89
	(14,751.10)	15,423.53
<b>Tax as per normal provision under Income tax</b>	<b>5,834.34</b>	<b>41,918.23</b>

(a) Represents the amounts of deferred tax asset of earlier years now recognised owing to compliances with the recognition criteria as per the accounting principles followed.

### 30. Other Comprehensive Income

	For the year ended	
	31 March 2020	31 March 2019
Actuarial gain/(losses) on post employment benefit expenses	72.44	142.69
Foreign currency translation adjustments		
- Holding Company	18,659.30	9,307.19
- Non-controlling interests	3,975.44	1,489.38
Effects of income taxes on above	(410.59)	(56.34)
	<b>22,296.59</b>	<b>10,882.92</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, except equity share data and unless otherwise stated)

### 31. Earnings Per Equity Share [EPES]

	For the year ended	
	31 March 2020	31 March 2019 (Restated)
(a) Net profit from continuing operations attributable to equity shareholders	39,790.77	27,410.11
(b) Net profit from discontinued operations attributable to equity shareholders	(245.27)	209.15
(c) Total net profit attributable to equity shareholders	39,545.50	27,619.26
(d) <b>Computation of weighted average number of equity shares:</b>		
Weighted average number of equity shares outstanding during the year	164,090,883	165,828,462
Add: Effect of potential dilutive shares	-	-
Weighted average number of equity shares adjusted for the effect of dilution	164,090,883	165,828,462
(e) <b>EPES:</b>		
(i) Earnings per share for continuing operations		
Basic (in absolute ₹ terms)	24.25	16.53
Diluted (in absolute ₹ terms)	24.25	16.53
(ii) Earnings per share for discontinued operations		
Basic (in absolute ₹ terms)	(0.15)	0.13
Diluted (in absolute ₹ terms)	(0.15)	0.13
(iii) Earnings per share for continuing discontinued operations		
Basic (in absolute ₹ terms)	24.10	16.66
Diluted (in absolute ₹ terms)	24.10	16.66

### 32. Dues to Micro and Small Enterprises

The Micro, Small and Medium Enterprises have been identified on the basis of the information available with the Company and its' subsidiaries incorporated in India (Covered entities). This has been relied upon by the auditors. Dues to such parties are given below:

	As at	
	31 March 2020	31 March 2019
(a) The principal amount remaining unpaid as at the end of the year	950.54	975.05
(b) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(c) Amount of interest paid by the Covered entities in terms of Section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006)	-	-
(e) The amount of further interest remaining due and payable 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 (MSMED Act, 2006)	-	-

# Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

## 33. Fair Value Measurements

### (i) Financial instruments by category

	As at			
	31 March 2020		31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Investments	12,420.55	0.50	15,516.07	0.50
Security deposits	-	872.77	-	1,132.46
Employee loans	-	30.88	-	29.86
Trade receivables	-	219,343.30	-	137,847.54
Cash and cash equivalents	-	27,813.97	-	22,618.59
Other bank balances	-	1,343.37	-	2,266.27
Other deposits	-	566.94	-	403.00
Loans	-	94.43	-	22.83
Other financial assets	-	1,460.17	-	968.64
<b>Financial liabilities</b>				
Borrowings	-	348,716.30	-	343,763.90
Employee retention deposits	-	1.17	-	2.14
Interest accrued	-	18,571.21	-	3,960.89
Other deposits	-	4,203.57	-	4,375.41
Lease liabilities	-	475.35	-	-
Trade payables	-	10,621.28	-	14,065.08
Derivative liability	14,802.41	-	2,844.78	-
Other financial liabilities	-	6,963.82	-	19,362.28

The Group's principal financial liabilities, comprise borrowings, trade and other payables and derivative liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, cash and cash equivalents, investments and other bank balances that derive directly from its operations. The Group also holds FVTPL (Fair value through profit and loss) investments.

- (ii) The carrying amounts of trade receivables, trade payables and other payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

For the financial assets measured at fair values, the carrying amounts are equal to the fair values.

### (iii) Valuation technique used to determine fair value:

The fair value of the financials assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted shares are based on price quotations at the reporting dates.
- The fair value of unquoted equity shares are based on the net assets available for equity shareholders of the underlying Companies which was ascertained based on data available from the financial statements of the respective Companies.
- The fair value of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in their published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund as well as the price at which issuers will redeem such units for the investors.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

- d. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates as at end of reporting period, yield curves, volatility, etc., as applicable.
- e. Management has assessed the fair value of the borrowings, which approximate their current value largely since they are carried at floating rate of interest.

### (iv) Fair Value hierarchy:

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three levels are defined based in the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy, of financial assets and liabilities measured at fair value on a recurring basis as at 31 March 2020 and 31 March 2019:

#### Quantitative disclosures of fair value measurement hierarchy as at 31 March 2020:

Particulars	Level 1	Level 2	Level 3
<b>Financial Assets measured at FVTPL</b>			
Investments	500.35	11,920.20	-
<b>Financial Liabilities measured at FVTPL</b>			
Derivative liability	-	14,802.41	-

#### Quantitative disclosures of fair value measurement hierarchy as at 31 March 2019:

Particulars	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Investments	576.59	14,939.48	-
<b>Financial Liability</b>			
Derivative liability	-	2,844.78	-

### 34. Net Debt Reconciliation

The following table sets out an analysis of the movements in net debt for the year:

Particulars	Lease liabilities	Current borrowings	Non-Current borrowings	Interest accrued
<b>Net debt as on 31 March 2018 (Restated)</b>	-	12,521.09	388,239.07	282.35
Cash flows	-	3,004.25	(53,900.80)	-
Interest expense*	-	-	-	35,007.98
Interest paid	-	-	-	(33,815.02)
Other adjustments	-	(2,485.58)	-	2,485.58
Foreign exchange adjustments**	-	108.95	(3,723.08)	-
<b>Net debt as on 31 March 2019 (Restated)</b>	-	<b>13,148.71</b>	<b>330,615.19</b>	<b>3,960.89</b>
Lease liabilities recognised during the year	881.83	-	-	-
Cash flows	(422.89)	5,240.10	(26,696.30)	-
Interest expense*	-	-	-	31,431.53
Interest paid	-	-	-	(18,006.52)
Foreign exchange adjustments**	16.41	803.44	25,605.16	1,185.31
<b>Net debt as on 31 March 2020</b>	<b>475.35</b>	<b>19,192.25</b>	<b>329,524.05</b>	<b>18,571.21</b>

\* including interest expense attributable to discontinued operations amounting to ₹502.73 (31 March 2019: ₹414.45)

\*\* Represents adjustment on account of foreign currency fluctuations.



# Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

## 35. Contingent Liabilities, Commitments and Pending Litigations

	As at	
	31 March 2020	31 March 2019
<b>Contingent Liabilities</b>		
(a) Claims against the Company not acknowledged as debts relating to:		
- Cross subsidy charges (refer note (i) below)	3,927.53	3,927.53
- Electricity duty (refer note (ii) & (iii) below)	733.25	733.25
- Land lease charges (refer note (v) below)	295.92	274.86
- Royalty on coal procurement (refer note (iv) below)	53.82	380.31
- Central excise matters (refer note (vi) below)	426.32	907.06
- Service tax matters (refer note (vii) below)	71.76	716.24
- Customs matters (refer note (viii) below)	206.06	206.06
- Sales tax matters (refer note (ix) below)	144.23	144.23
- Others	227.35	226.90
(b) Other money for which the Company is contingently liable:		
(i) Disputed income tax liabilities (refer note (x) below)	3,581.84	3,493.17
(c) Renewal power purchase obligation (refer note (xi) below)	1,366.47	1,133.71
<b>Commitments</b>		
(d) Estimated amount of contracts remaining to be executed on capital account and not provided for		
- In relation to investment properties	-	190.67
- Others	268.21	14.98

### Notes:

- (i) The Holding Company has received demand notices from the Electricity Regulatory authorities of the states of Odisha and Telangana towards levy of cross-subsidy charges amounting to ₹2,441.53 (31 March 2019: ₹2,441.53) and ₹1,486.00 (31 March 2019: ₹1,486.00) respectively. The matters have been contested by the management at the Honorable High Courts of the State of Odisha and Telangana, which is pending for disposal as at 31 March 2020. On the basis of its internal assessment of the compliances with the prevailing regulations, the management is of the view of the matter being settled in favor of the Holding Company.
- (ii) During the earlier years, the Holding Company had received certain demands from the electricity regulatory authorities of the state of Andhra Pradesh to the tune of ₹542.43 (31 March 2019: ₹542.43), towards levy of electricity duty on the sale of power made by it from the power generation station situated in Dharmavaram, Andhra Pradesh. Aggrieved by the aforesaid demands, the management has filed necessary appeals with the Honorable High Court of Andhra Pradesh, which is pending for disposal as at 31 March 2020. However, on the basis of its assessment of the applicability of the provisions of the Electricity Duty Act and the nature of operations carried out, the management is confident of the case being settled in favor of the Holding Company.

- (iii) The Holding Company had received a demand notice for an amount of ₹186.93 (31 March 2019: ₹186.93) from the electricity regulatory authorities towards electricity supply charges and other levies in relation to the utilisation of the energy granted in accordance with the provisions of the Electricity Act, 2003. The management has filed a writ petition against the said demand with the Honorable High Court of the State of Telangana alleging, which is pending for disposal as at 31 March 2020. The Holding Company had also received an interim order from the Honorable High Court in their favor.
- (iv) During the prior years, the Holding Company and Nava Bharat Energy India Limited, a subsidiary company, had received demands from the mining departments of the Governments of the States of Telangana and Odisha to the tune of ₹53.82 (31 March 2019: ₹53.82) and ₹Nil (31 March 2019: ₹326.49), respectively. These demands were towards levy of certain royalties on the coal procured during the prior years. The management has filed a writ petition against the said demands with the Honorable High Courts of Telangana and Odisha. The Holding Company had received a favorable order from the Honorable High Court of the State of Odisha during September 2019 and the matter is pending for disposal with the Honorable High Court of Telangana as at 31 March 2020.

## Notes

to the Consolidated Financial Statements – March 31, 2020

*(All amounts in lakhs of ₹, unless otherwise stated)*

- (v) During the earlier years, the Holding Company had received certain demands from certain individuals towards vacation of a portion of land leased to the sugar manufacturing facility and for amounts of ₹295.92 (31 March 2019: ₹274.86) in relation to certain damages. The management is in the process of entering into a conciliation arrangement with the aforementioned parties and purchasing the underlying land, while the matter is currently sub-judice with the local courts of Kakinada as at 31 March 2020.
- (vi) The Holding Company had in the prior years, received various demand notices from the Central Excise Authorities for sums aggregating to ₹426.32 (31 March 2019: ₹907.06) towards certain non-compliances with the provisions of the Central Excise Credit Rules and their regulations relating to determination of assessable values. The management had contested against these demands at various appellate authorities of the underlying jurisdictions which are pending for disposal as at 31 March 2020. The Holding Company had settled certain demands during the year ended 31 March 2020 in accordance with the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019. In respect of the remaining matters, on the basis of its internal assessment of the compliances with these regulations and an independent expert advise, the management is confident of settling those cases in their favor.
- (vii) The Holding Company had received various demands from the service tax authorities for sums aggregating to ₹71.76 (31 March 2019: ₹716.24) towards non-compliances with the prevailing regulations on Central Excise Credit Rules and import of services. The management had contested these demands with various appellate authorities of the underlying jurisdictions. Further, having settled few demands during the year ended 31 March 2020 under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, the management is confident of settling the cases in favor of the Holding Company in respect of the other matters which are pending for disposal as at 31 March 2020.
- (viii) During the year ended 31 March 2016, the Holding Company had received a demand for an amount of ₹214.09 (31 March 2019: ₹214.09) from the customs authorities of Bhubaneswar towards levy of customs duty, along with interest and penalties, on an import of coal made during the year ended 31 March 2013. The management has filed an appeal against the said demand with the underlying appellate authorities which is pending for disposal as at 31 March 2020.
- (ix) The Holding Company had received demands in the prior year from the Sales tax authorities of the state of Telangana for sums of ₹144.23 (31 March 2019: ₹144.23) towards levy of sales tax on certain export entitlement licenses sold. The management has filed necessary appeals against the said demand with the concerned appellate authorities which is pending for disposal as at 31 March 2020.
- (x) Pursuant to the income tax assessments for the years mentioned below, the Holding Company had received various demands from the income tax authorities in relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law and compliances with the arm's length guidelines in relation to international transactions with associated enterprises. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities and the necessary advise received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against the Holding Company is remote and accordingly do not foresee any adjustment to the financial statements in this regard. The details of the relevant financial year which is subject to the dispute and the amount of demand along with the interest and penalties demanded is as follows:

Financial year ended	As at	
	31 March 2020	31 March 2019
2004-05	311.60	311.60
2007-08	325.24	325.24
2008-09	114.94	114.94
2009-10	2,144.21	2,144.21
2010-11	264.77	176.11
2011-12	290.01	290.01
2012-13	85.19	85.19
2015-16	45.88	45.88

## Notes

to the Consolidated Financial Statements – March 31, 2020

*(All amounts in lakhs of ₹, unless otherwise stated)*

(xi) The Holding Company has filed a writ petition with the Honorable High Court of the Judicature at Hyderabad of the Combined State of Andhra Pradesh and Telangana challenging the applicability of the provisions of APERC - Renewal Power Purchase Obligation (Compliance by Purchase of Renewable Energy/Renewable Energy Certificates) Regulations, 2012 issued by the Andhra Pradesh Electricity Regulatory Commission. The management, on the basis of its assessment of the terms of the aforesaid regulations is of the view that the said regulations shall not be applicable to the Holding Company owing to the nature of business engaged by it and accordingly are of the view that the financial statements as at and for the year ended 31 March 2020 do not warrant any adjustments to this effect.

### Other pending litigations:

(xii) The Holding Company, along with certain other petitioners, have filed a Special Leave Petition with the Honorable Supreme Court of India in relation to applicability of provisions of the Andhra Pradesh Electricity Duty Act, 1939 to the captive power generation facility of the Holding Company situated at Samalkot, Andhra Pradesh for the period beginning 1 April 2003 until the 31 March 2013. The Holding Company has already recognised liabilities aggregating to ₹236.19 (31 March 2019: ₹236.19) towards electricity duty on the number of units of energy captively consumed. Pursuant to an interim order from the Honorable Supreme Court, the Holding Company has already paid an amount of ₹137.28 (31 March 2019: ₹137.28) towards the said levy. However, on the basis of its assessment of the facts and status of the case and the underlying regulations on applicability of the electricity duty, the management does not foresee any further adjustments to these financial statements in this regard.

(xiii) The balance of trade receivables as at 31 March 2020 includes an amount of ₹189.93 (31 March 2019: ₹189.93) receivable from the Grid Corporation of Odisha (GRIDCO) in relation to the sale of power made during the earlier periods. GRIDCO had filed an appeal with the Supreme Court of India in relation to the payment of the said dues subsequent to an order passed by the Appellate Tribunal for Electricity of the state of Odisha, directing payment of sums aggregating to ₹2,582.00 (31 March 2019: ₹2,582.00) to the Holding Company in this regard. On the basis of its internal assessment of the case and the favorable order received from the appellate authorities in this regard, management is confident of recovering the aforesaid dues from GRIDCO.

(xiv) During the earlier years, the Holding Company had received demands aggregating to ₹668.00 (31 March 2019: ₹668.00) from the electricity regulatory authorities of the state of Telangana

towards the payment of Voltage Surcharge and additional charges for the period 1 March 1983 to 30 June 1987. The Holding Company had filed a petition against the same in Supreme Court which was decided in its favour. However bank guarantees furnished by the Holding Company to the tune of ₹409.00 (31 March 2019: ₹409.00) against the said demands were encashed by the authorities, against which management has filed necessary appeals with the Honorable High Court of the State of Telangana. Pending final outcome of the said petitions, the management has already recognized adequate liabilities in relation to the said dues and does not foresee any additional adjustments to the financial statements in this regard.

(xv) The Holding Company is a party, as a petitioner and a respondent, to certain other cases in respect of certain land allotments, illegal land encroachments and other matters which are pending for disposal as at 31 March 2020 and 31 March 2019 with various civil courts and appellate authorities, as the case may be. The management, in consultation with its internal and external legal counsel is of the view that the probability of the same being settled against the Holding Company is remote and accordingly are of the view that the financial statements as at and for the year ended 31 March 2020 do not require any adjustments in this regard.

(xvi) MCL has several pending litigations as at 31 March 2020. Based on the assessment of lawyers and management of MCL, the likelihood of the claims against MCL being successful is unlikely and accordingly are of the view that the financial statements as at and for the year ended 31 March 2020 do not require any adjustments in this regard.

(xvii) Brahmani Infratech Private Limited (BIPL), a subsidiary of the Holding Company is a defendant in a proceedings against a claim lodged by Mantri Technology Parks Private Limited (MTPPL) regarding disputes, claims and counter claim in relation to the development agreement between BIPL and MTPPL being a co-developer of a project. The matter being sub-judice, BIPL has relied on an opinion from an independent legal advisor in its assessment of a favorable outcome of the matter. Accordingly, claims aggregating to ₹2,442.08 (31 March 2019: ₹6,122.03) of MTPPL after adjustment of the balance of security deposit received as at 31 March 2020 and the claims receivable to BIPL to the tune of ₹508.83 (31 March 2019: ₹4,220.85) pursuant to the aforesaid order of City Civils Court have been considered as contingent liabilities and contingent asset, respectively as at 31 March 2020.

(xviii) During the year ended 31 March 2020, one of the shareholders of the subsidiary Company Brahmani Infratech Private Limited (BIPL), had filed a petition with the National Company Law Tribunal (NCLT)

## Notes

to the Consolidated Financial Statements – March 31, 2020

alleging oppression of the rights of minority shareholders of BIPL and mis-management of the entity along with certain other matters. The management is in the process of filing necessary responses with the NCLT in this regard. However, on the basis of its internal assessment of the nature of allegations levied supported by a legal advise, the management is confident of a positive outcome in this regard. Accordingly, no adjustments are deemed necessary to the financial statements in this regard.

(xix) Nava Bharat Projects Limited (NBPL), a subsidiary of the Holding Company, had set up a joint venture for setting up of a power plant, and it had then obtained various key clearances including coal linkage from Mahanadi Coalfields Limited along with allotment of a captive coal block. However, due to certain developments the interest in the said joint venture was transferred for a consideration of ₹14,800.00, net of tax, and the entire proceeds from such sale being invested in the equity shares of Nava Bharat Energy India Limited (NBEIL). Subsequently, based on the findings of investigation agencies, it was alleged that the aforesaid joint venture entity had made misrepresentation regarding allocation of coal block. Accordingly, necessary proceedings were initiated against the joint venture by the Enforcement Directorate, Government of India. Further, the ED has attached the entire equity shares held by NBPL in NBEIL. Management, on the basis of its internal assessment of the facts of the case, is of the view that the charges alleged and levied by the authorities are not tenable in law, and is confident of resolving the case in favor of the NBPL. The matter is currently sub-judice with the Special Court of Central Bureau of Investigation and there have been no further developments on the same during the year ended 31 March 2020.

(xx) During the year, one of the shareholders of MCL, ZCCM-IH, commenced legal proceedings against MCL for the recovery of ₹7,538.59 advanced in March 2019. The advance was made to MCL as a short term working capital arrangement. An agreement had been entered with ZCCM-IH to settle

*(All amounts in lakhs of ₹, unless otherwise stated)*

the short term advance within a period of six months from the date the funds were received by MCL. MCL's defence currently hinges on the financing agreements executed between MCL, ZCCM-IH and Lenders, which subordinated shareholder loans to the loan facility. The case is still before the courts and a determination remains pending at the date of issuance of these financial statements.

### 36. Segment Information

For management purposes, the group is organized into business units based on its products and services and has three reportable segments as follows:

- i. Ferro Alloys (FAP) Segment which produces various Alloy Metals viz., Ferro Chrome, Silico Manganese and Ferro Silicon and also carrying conversion work on job work basis to others.
- ii. Power Segment which generates Thermal energy for captive use and also for outside sale.
- iii. Mining Segment wherein coal is mined for captive use and also for outside sale.

Refer note 43 for details of disclosure of discontinuing sugar operations.

No operating segments have been aggregated to form above reportable operative segments.

The Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group manages its financing and income taxes separately, Group as a whole and are not allocated to operating segments.

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties wherever available.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (a) Business segment

For the year ended 31 March 2020:

Particulars	FAP	Power	Mining	Unallocated	Total
<b>Segment Revenue</b>					
External sales	88,308.44	217,130.11	29,107.76	19,958.29	<b>354,504.61</b>
Inter segment sales	(352.52)	(37,671.34)	(20,669.61)	(19,939.04)	<b>(78,632.52)</b>
<b>Total segment revenue</b>	<b>87,955.92</b>	<b>179,458.77</b>	<b>8,438.15</b>	<b>19.25</b>	<b>275,872.09</b>
<b>Expense</b>					
Depreciation and amortisation expense	713.05	23,997.99	3,476.14	677.32	<b>28,864.50</b>
<b>Results</b>					
Segment result	3,950.56	54,209.06	14,112.50	6,671.40	<b>78,943.52</b>
Finance costs					<b>31,876.79</b>
Add: Interest income					<b>12,220.08</b>
<b>Profit before tax</b>					<b>59,286.81</b>

Other information as at 31 March 2020:

Particulars	FAP	Power	Mining	Unallocated	Total
Segment assets	43,464.67	763,118.19	103,655.18	37,112.06	947,350.10
Segment liabilities	9,570.66	422,763.50	24,241.84	30,921.50	487,497.50
Additions to non-current assets other than financial instruments and deferred tax assets	377.35	31,870.39	5,229.71	1,330.65	38,808.10

For the year ended 31 March 2019 (Restated):

Particulars	FAP	Power	Mining	Unallocated	Total
<b>Segment Revenue</b>					
External sales	96,955.51	228,969.86	26,067.60	18,499.01	<b>370,491.98</b>
Inter segment sales	(567.05)	(38,151.89)	(18,747.45)	(18,421.20)	<b>(75,887.59)</b>
<b>Total segment revenue</b>	<b>96,388.46</b>	<b>190,817.97</b>	<b>7,320.15</b>	<b>77.81</b>	<b>294,604.39</b>
<b>Expense</b>					
Depreciation and amortisation expense	681.53	23,922.15	2,798.33	226.15	<b>27,628.16</b>
<b>Results</b>					
Segment result	6,407.13	84,402.02	9,604.33	2,362.64	<b>102,776.12</b>
Finance costs					<b>36,208.87</b>
Add: Interest income					<b>8,931.72</b>
<b>Profit before tax</b>					<b>75,498.97</b>

Other information as at 31 March 2019 (Restated):

Particulars	FAP	Power	Mining	Unallocated	Total
Segment assets	51,168.11	672,319.71	94,632.13	36,234.62	854,354.57
Segment liabilities	6,499.61	386,020.40	30,413.53	39,910.58	462,844.11
Additions to non-current assets other than financial instruments and deferred tax assets	623.64	27,350.58	8,741.68	1,145.13	37,861.03

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### Reconciliation of segment assets and liabilities to total assets and liabilities:

Particulars	As at	
	31 March 2020	31 March 2019 (Restated)
Segment assets	947,350.10	854,354.57
Assets of discontinued operations	17,649.19	20,554.21
Inter segment eliminations	(28,408.74)	(27,711.20)
<b>Total assets</b>	<b>936,590.55</b>	<b>847,197.58</b>
Segment liabilities	487,497.50	462,844.11
Liabilities of discontinued operations	3,916.39	5,580.35
Inter segment eliminations	(28,408.74)	(27,711.19)
<b>Total liabilities</b>	<b>463,005.15</b>	<b>440,713.27</b>

### (b) Other disclosures

- (i) The Company is domiciled in India. The following table shows the distribution of the Group's revenues based on the location of the customers:

Particulars	For the year ended	
	31 March 2020	31 March 2019 (Restated)
<b>Revenues from external customers</b>		
- India	99,980.54	112,079.16
- Zambia	151,571.40	153,688.31
- China	12,747.73	10,281.13
- Japan	11,382.10	17,146.41
- Rest of the world	190.32	1,409.39

- (ii) The following table shows the distribution of the Group's non-current assets other than financial assets and deferred tax assets based on the location of the assets:

Particulars	As at	
	31 March 2020	31 March 2019 (Restated)
- India	132,927.20	143,138.67
- Zambia	429,041.26	417,682.53
- Rest of the world	42,061.11	39,394.91

- (iii) Information about major customers:

- (a) Revenues from two of the customers of the Group's Power segment were ₹176,416.36 (31 March 2019: ₹190,593.89) representing 63.95% (31 March 2019: 64.69%) of the Group's total revenues, for the year ended.

# Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

## 37. Related Party Disclosures

### (a) Name of related parties and nature of relationship

Names of the related parties	Nature of relationship
ZCCM Investments Holdings Plc	Shareholder with significant influence over subsidiary
CV Durga Prasad D Ashok P Trivikrama Prasad GRK Prasad Ashwin Devineni T Hari Babu (Chief Financial Officer) (Upto 29 January 2020) Sultan A. Baig (Chief Financial Officer) (Appointed w.e.f 30 January 2020)	Key Management Personnel (KMP)
K Balarama Reddi (Upto 31 March 2019) Dr. MVG Rao (Upto 31 March 2019) Dr. ERC Shekar (Upto 31 March 2019) Dr. D Nageswara Rao Dr. CV Madhavi (Upto 29 May 2019) CA B. Shanti Sree (Appointed w.e.f 30 October 2019) Indra Kumar Alluri (Appointed w.e.f 7 February 2019) K Durga Prasad (Appointed w.e.f 6 August 2018) GP Kundargi (Appointed w.e.f 6 August 2018)	Independent Directors
D Nikhil Dr. D Rajasekhar	Relative of KMP

### (b) Transactions with related parties

	For the year ended	
	31 March 2020	31 March 2019
<b>ZCCM Investments Holdings Plc</b>		
Interest expense	973.16	1,124.36
Transaction costs	67.46	39.70
Loans taken	-	8,946.65
<b>Transactions with key management personnel</b>		
Managerial remuneration	3,156.80	3,214.42
Advance given to directors	354.40	-
<b>Transactions with Independent directors</b>		
Commission and sitting fee	38.14	33.10
<b>Relatives of key managerial personnel</b>		
Rent paid		
Dr. D Rajasekhar	13.60	13.56
<b>Remuneration</b>		
D Nikhil	120.00	11.94

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### (c) Balances receivable/(payable)

	As at	
	31 March 2020	31 March 2019
D Ashok	(429.01)	(564.59)
P Trivikrama Prasad	(429.01)	(564.59)
Commission payable to Independent directors	(25.00)	-
Ashwin Devineni	328.64	-
ZCCM Investments Holdings Plc	(32,830.68)	(29,126.32)

### (d) Key managerial personnel compensation

	For the year ended	
	31 March 2020	31 March 2019
Short-term employee benefits	3,017.08	3,099.55
Post-employment defined benefit	50.19	38.07
Compensated absences	18.00	12.00
Termination benefits	71.52	64.80

## 38. Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The Group's risk management policies are established to identify and analyse the risks faced by the Group and seek to, where appropriate, minimize potential impact of the risk and to control and monitor such risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

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

### (i) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. The Group is exposed to market risk primarily related to interest rate risk, currency rate risk, and other price risks, such as equity risk. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenues generated and operating activities in foreign currencies.

#### (a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the floating interest rate borrowings. The Group's investment in deposits with banks are for short durations and therefore do not expose the Group to significant interest rate risk.

The Group's exposure to changes in interest rates relates primarily to the Group's outstanding floating rate debt. While most of the Group's outstanding debt are on floating rate basis and accordingly are subject to interest rate risk. A major portion of Group's debt is linked to international interest rate benchmarks like LIBOR. The Group also hedges a portion of these risks by way of derivative instruments like interest rate swaps and currency swaps.

The exposure of the Group to fixed rate and variable rate instruments at the end of the reporting period are as follows:

	As at	
	31 March 2020	31 March 2019
<b>Borrowings</b>		
- Fixed rate instruments	28,438.30	26,740.51
- Variable rate instruments*	320,278.00	317,023.39



## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the variable rate instruments. With all other variables held constant, the Group's profit before tax (decrease/(increase)) is affected through the impact on floating rate borrowings for the year ended:

	Change in basis points	For the year ended	
		31 March 2020	31 March 2019
Increase in basis points	50.00	1,601.39	1,585.12
Decrease in basis points	(50.00)	(1,601.39)	(1,585.12)

\* The Group has entered into interest rate swap arrangement against the variable rate borrowing amounting to ₹203,498.42 (31 March 2019: ₹240,602.02) and accordingly the impact of interest rate sensitivity as mentioned above is expected to be offset proportionately.

### (b) Foreign Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates internationally in foreign currencies and is exposed to the risk of change in foreign exchange rates which relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency) and financing activities (when borrowings are denominated in foreign currency). Foreign exchange risk arises from transactions denominated in a currency that is not the functional currency of the relevant group entity.

The Group has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group uses financial derivatives such as foreign currency forward contracts and swaps.

### Derivative financial instruments

The following table gives details in respect of outstanding derivative contracts against principle amount. The counterparty for these contracts are banks.

(Amounts in lakhs)

	United States Dollar (\$)	As at	
		31 March 2020	31 March 2019
Derivatives not designated as hedges			
Forward contract	Buy	\$14.89	\$192.90
Forward contract	Sell	\$25.00	-
Interest rate swap	Buy	\$2,684.50	\$3,360.03

### Unhedged foreign currency exposure as at each reporting date:

	As at			
	31 March 2020		31 March 2019	
	Foreign currency (in lakhs)	₹	Foreign currency (in lakhs)	₹
<b>United states dollar (USD):</b>				
<b>Financial assets</b>				
- Trade and other receivables	21.52	1,640.14	21.31	1,473.39
- Cash and bank balances	30.62	2,317.19	-	-
- Others	-	-	1.77	103.28
<b>Financial liabilities</b>				
- Borrowings	73.43	5,556.58	190.71	13,188.40
- Trade and other payables	1.53	107.15	0.83	57.76
- Derivative liability	-	30.47	-	781.75

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in United states dollar (USD) to the Indian Rupee with all other variables held constant. The impact (increase/(decrease)) on the Group's profit before tax due to changes in the fair value of monetary assets and liabilities is given below:

Particulars	Change	For the year ended	
		31 March 2020	31 March 2019
<i>United states dollar sensitivity</i>			
₹/United states dollar - Increase by	5.00%	(86.84)	(622.56)
₹/United states dollar - Decrease by	-5.00%	86.84	622.56

### (c) Other price risk

Other price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Group based on working capital requirement keeps its liquid funds in current accounts. Excess funds are invested in long-term/ short-term instruments. The Group has listed and non-listed equity securities that are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and reports on the equity portfolio are submitted to the management on a regular basis.

The following table demonstrates the sensitivity to the impact of increase/decrease of the index on the Group's equity and profit for the period. The analysis is based on the assumption that index has increased or decreased by 10%, with all other variables held constant and that the Group's equity instruments moved in line with the index.

Particulars	Change	For the year ended	
		31 March 2020	31 March 2019
<i>NSE Nifty 50 sensitivity</i>			
- Increase by	10.00%	50.03	57.66
- Decrease by	-10.00%	(50.03)	(57.66)

The following table demonstrates the sensitivity of the Group's un-quoted investments on the profit for the period. The analysis is based on the assumption that net asset values has increased or decrease by 10%, with all other variables held constant.

Particulars	Change	For the year ended	
		31 March 2020	31 March 2019
Net Asset value sensitivity			
- Increase by	10.00%	1,192.02	1,493.95
- Decrease by	-10.00%	(1,192.02)	(1,493.95)

### (ii) Credit risk:

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly. Trade receivables consist of few major customers for sale of power and other goods. Ongoing credit evaluation is performed based on the financial condition of accounts receivables and collaterals as appropriate are held as security.

#### (a) Exposure to credit risk:

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

# Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

## (b) Credit risk concentration profile:

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

## (c) Financial assets that are neither past due nor impaired:

None of the Group's cash equivalents, other bank balances, loans, security deposits and other receivables (including contract assets) were past due or impaired as at 31 March 2020 and 31 March 2019. Other receivables including loans that are neither past due nor impaired are from creditworthy debtors with good payment record with the Group. Cash and short-term deposits, investment securities that are neither past due nor impaired are placed with or entered with reputable banks financial institutions or companies with high credit ratings and no history of default.

## (d) Financial assets that are either past due or impaired:

The Group's exposure to credit risk with regards to trade receivables is influenced mainly by the individual characteristics of each customer. However, the Management also evaluates the factors that may influence the credit risk of its customer base, including the default risk and country in which the customers operate. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. The Group assesses at each date of balance sheet whether a financial asset or a is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

## (iii) Liquidity risk:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of 31 March 2020:

	Upto 1 year	1 to 3 years	After 3 years
Borrowings	85,588.59	140,167.28	146,456.18
Trade payables	10,621.28	-	-
Lease liability	194.69	280.66	-
Interest accrued	13,629.00	-	4,942.21
Other financial liabilities	25,958.61	12.37	-
	<b>135,992.17</b>	<b>140,460.31</b>	<b>151,398.39</b>

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of 31 March 2019:

	Upto 1 year	1 to 3 years	After 3 years
Borrowings	63,040.22	91,088.10	213,169.85
Trade payables	14,065.08	-	-
Interest accrued	376.64	-	3,584.25
Other financial liabilities	25,462.60	120.87	1,001.14
	<b>102,944.54</b>	<b>91,208.97</b>	<b>217,755.24</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 39. Subsequent Events

#### (a) Proposed distribution

	As at	
	31 March 2020	31 March 2019
Proposed dividends on Equity shares:		
Final dividend for the year ended on 31 March 2020: Nil (31 March 2019: ₹1.50) per share	-	2,529.44
Dividend distribution tax (DDT) on the above	-	514.99

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) in accordance with the applicable accounting principles.

### 40. Capital Management

Capital includes equity share capital and all other reserves attributable to the equity holders of the parent. The primary objective of the capital management is to ensure that the group maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder's value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a debt to capital employed ratio which is debt divided by total capital plus debt. The Group's policy is to keep this ratio at an optimal level to ensure that the debt related covenants are complied with.

	As at	
	31 March 2020	31 March 2019 (Restated)
Borrowings <sup>#</sup>	348,716.30	343,763.90
Less: Cash and cash equivalents	27,813.97	22,618.59
<b>Net Debt</b>	<b>320,902.33</b>	<b>321,145.31</b>
Equity attributable to equity holders of the holding company	418,514.68	368,918.98
<b>Equity and net debt</b>	<b>739,417.01</b>	<b>690,064.29</b>
Gearing ratio	43.40%	46.54%

<sup>#</sup> Total Borrowings include long-term borrowings, current maturities of long-term borrowings and working capital loans like cash credit and buyer's credit.

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call back loans and borrowings.

There have been no breaches in the financial covenants of any interest bearing loans and borrowings of the Holding Company in the current period which have been incurred. Refer note 15(l) for details of breaches in financial covenants of borrowings of MCL. No changes were made in the objectives, policies or processes for managing the capital during the year ended 31 March 2020 and 31 March 2019.

### 41. Scheme of Capital Reduction

The Board of Directors of the Holding Company, at their meeting held on 8 August 2019, have approved a Scheme of Capital Reduction (Scheme), pursuant to which 9,947,020 and 2,800,000 number of equity shares of Holding Company held by Nav Energy Private Limited

and Nava Bharat Ventures Employees Welfare Trust, respectively would be cancelled. During the year ended 31 March 2020, no adverse observation letter for the Scheme has been received from the Stock Exchanges and necessary filings with National Company Law Tribunal of the Ministry of Corporate Affairs, Government of India have been completed and its sanction is awaited.

### 42. Scheme of Arrangement of A9 Realty Private Limited

(a) A9 Realty Private Limited ("ARPL"), a wholly owned subsidiary of Nava Bharat Projects Limited (NBPL), a subsidiary of the Holding Company, amalgamated with it with effect from 1 July 2018 ("the appointed date"), pursuant to a composite scheme of arrangement sanctioned by Office of the Regional Director. The amalgamation has been accounted for under the 'pooling of interests' method as prescribed by the Indian Accounting Standard 103 (Ind AS 103) - "Business Combinations" specified under Section 133 of the Act. Accordingly, the assets, liabilities and reserves of A9 Realty Private Limited as at 1 July 2018 have been taken over at their book values and in the same form.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

(b) The details of the assets, liabilities and reserves of ARPL as at 1 July 2018 are as follows:

	Amount as at 1 July 2018
Assets	
Investments	970.00
Cash and bank balances	34.52
Deferred tax assets (MAT credit entitlement)	47.78
Loans and advances and other assets	22.15
Less: Liabilities and reserves	
Trade payables, other liabilities and provisions	(59.50)
Transfer of balances of surplus in the Statement of Profit and Loss of A9 Realty Private Limited	(274.55)
	<b>740.40</b>
Less:	
Adjustment for cancellation of investment by NBPL in ARPL	(737.00)
Adjustment for cancellation of advances given by the Company to A9 Realty Private Limited	(3.40)
Good-will/ Capital reserve	-

### 43. Discontinued Operations

Pursuant to a resolution passed at their meeting held on 2 March 2020, the Board of Directors have resolved to cease the sugar operations of the Holding Company at its sugar manufacturing facility located at Samalkot, Andhra Pradesh, after completion of the ongoing crushing season during March 2020, owing to non-availability of sugar cane and unviable sugar operations. The Board of Directors have also resolved to dispose the non-current assets of the said sugar division comprising of the underlying land available in Samalkot and the assets pertaining to the sugar manufacturing facility. Accordingly, these non-current assets have been classified as assets of a disposal group classified as held for sale in these financial statements as at and for the year ended 31 March 2020. Further, owing to the aforesaid resolution, the financial performance of the sugar division have been presented as discontinued operations in the Statement of Profit and Loss for the year ended 31 March 2020 in accordance with the provisions of Ind AS 105 – Non-Current Assets Held for Sale and Discontinued Operations and also leading to non-disclosure of the financial information of the aforesaid Sugar division in the Segment related disclosures furnished.

(a) The results of Sugar division are presented below:

	For the year ended	
	31 March 2020	31 March 2019
<b>Income:</b>		
Revenue from contracts with customers including other operating income	12,773.71	14,404.33
Other income	99.45	236.45
<b>Expenses:</b>		
Cost of materials consumed	7,013.49	11,899.00
Purchase of stock-in-trade	39.32	224.69
Change in inventories of finished goods, stock-in-trade and work-in-progress	2,052.24	(3,330.60)
Other manufacturing expenses	600.85	2,137.47
Employee benefits expense*	1,708.72	1,284.39
Finance costs	552.14	457.90
Depreciation and amortisation expense	518.91	522.33
Other expenses	764.50	1,124.11
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>(377.02)</b>	<b>321.49</b>
Tax expenses/(benefit)	(131.75)	112.34
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>(245.27)</b>	<b>209.15</b>

\*including accrual for compensation payable to the employees of Sugar division to the tune of ₹484.29 (31 March 2019: Nil) pursuant to discontinuation of the operations.

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

(b) The net cash (outflows)/inflows of Sugar division are presented below:

	For the year ended	
	31 March 2020	31 March 2019
- Operating activities	632.46	(1,411.01)
- Financing activities	(669.74)	1,373.31
- Investing activities	33.62	72.13
Net cash (outflow) / inflow	(3.66)	34.43

(c) The major classes of non-current assets of Sugar division held for sale as at 31 March 2020 are, as follows:

	As at 31 March 2020
<b>Assets</b>	
Non-current assets	
Property, plant and equipment (refer note 3)	5,611.23
Inventories – Stores and spares (refer note 10)	233.15
<b>Assets held for sale directly related to the disposal group</b>	<b>5,844.38</b>

(d) The management of the Holding Company has commenced necessary actions with respect to disposal of the non-current assets pertaining to the sugar division mentioned above, such as by engaging an independent valuer to assess the fair values of the underlying land available and the plant and equipment. On the basis of the assessment of the status of the aforesaid process initiated, the management is confident of completing the said intended disposal of the non-current assets of the sugar division by the year ending 31 March 2021. Further, on the basis of the assessment of the status of the aforesaid process initiated, the management is confident of completing the said intended disposal of the non-current assets of the sugar division by the year ending 31 March 2021. Further, on the basis of the assessment of the fair market value of the underlying land performed by the independent valuer engaged, no impairment charge has been recognised in the Statement of profit and loss for the year ended 31 March 2020 to bring the carrying value of these assets to their net realizable values.

#### 44. The carrying amounts of right-of-use assets recognised and the movements during the period

	Land	Building	Total
<b>Gross block</b>			
<b>As at 1 April 2019</b>	-	-	-
Adjustments on transition	433.74	448.09	881.83
Foreign currency translation adjustments	26.57	5.57	32.14
<b>As at 31 March 2020</b>	<b>460.31</b>	<b>453.66</b>	<b>913.97</b>
<b>Accumulated depreciation</b>			
Up to 31 March 2019	-	-	-
Depreciation expense for the year	9.90	198.52	208.42
Foreign currency translation adjustments	0.59	1.04	1.63
<b>Up to 31 March 2020</b>	<b>10.49</b>	<b>199.56</b>	<b>210.05</b>
<b>Net block as at 31 March 2020</b>	<b>449.82</b>	<b>254.10</b>	<b>703.92</b>

45. The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables and certain investments. For this purpose, the Group considered internal and external sources of information up to the date of approval of these financial statements. The Group has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group expects to fully recover the carrying amount of receivables, investments and other assets. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

## Notes

to the Consolidated Financial Statements – March 31, 2020

### 46. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

(i) As at and for the year ended 31 March 2020:

(All amounts in lakhs of ₹, unless otherwise stated)

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent								
1. Nava Bharat Ventures Limited	40.96%	295,334.10	24.00%	13,101.10	13.14%	50.63	23.92%	13,151.73
Subsidiaries								
Indian								
1. Nava Bharat Energy India Limited	7.21%	51,951.35	-1.12%	(609.24)	-0.96%	(3.69)	-1.11%	(612.93)
2. Nava Bharat Projects Limited	3.65%	26,349.41	2.03%	1,106.58	-0.04%	(0.14)	2.01%	1,106.44
3. Brahmani Infratech Private Limited	1.24%	8,917.63	0.32%	175.08	-0.39%	(1.50)	0.32%	173.58
Foreign								
1. Nava Bharat (Singapore) Pte Limited	25.51%	183,923.90	3.56%	1,945.24	0.00%	-	3.54%	1,945.24
2. Maamba Collieries Limited	20.70%	149,225.53	71.21%	38,881.10	0.00%	-	70.71%	38,881.10
3. Nava Energy Zambia Limited	0.10%	687.99	-0.24%	(132.22)	0.00%	-	-0.24%	(132.22)
4. Nava Energy Pte Limited	0.33%	2,406.06	3.01%	1,641.71	0.00%	-	2.99%	1,641.71
5. Nava Agro Pte Limited	0.15%	1,081.36	-0.01%	(3.34)	0.00%	-	-0.01%	(3.34)
6. Kawambwa Sugar Limited	0.07%	528.10	-1.06%	(580.05)	68.38%	263.49	-0.58%	(316.57)
7. Nava Holding Pte Limited	0.34%	2,458.90	0.13%	70.17	0.00%	-	0.13%	70.17
8. Tiash Pte Limited	-0.08%	(604.93)	-0.56%	(306.74)	6.48%	24.98	-0.51%	(281.75)
9. Compai Pharma Pte Limited	-0.03%	(195.05)	-0.17%	(93.89)	2.11%	8.11	-0.16%	(85.78)
10. Compai Healthcare Sdn. Bhd	-0.08%	(581.88)	-0.58%	(318.09)	6.42%	24.73	-0.53%	(293.36)
11. TIS Pte Limited	0.00%	10.54	-0.32%	(172.19)	-0.65%	(2.50)	-0.32%	(174.69)
12. The Iron Suites Pte Limited	-0.07%	(476.70)	-0.20%	(107.11)	5.51%	21.24	-0.16%	(85.88)
13. Kinta Valley Mining Resources Sdn. Bhd	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	<b>100.00%</b>	<b>721,016.31</b>	<b>100.00%</b>	<b>54,598.10</b>	<b>100.00%</b>	<b>385.35</b>	<b>100.00%</b>	<b>54,983.44</b>
		(247,430.91)		(1,522.65)		21,911.24		20,388.60
<b>Sub-total</b>		<b>473,585.40</b>		<b>53,075.45</b>		<b>22,296.59</b>		<b>75,372.04</b>
Non-controlling Interests in all subsidiaries		55,070.72		13,529.95		3,975.44		17,505.39
<b>Total</b>		<b>418,514.68</b>		<b>39,545.50</b>		<b>18,321.15</b>		<b>57,866.65</b>

# Notes

to the Consolidated Financial Statements – March 31, 2020

**(ii) As at and for the year ended 31 March 2019 (Restated):**

(All amounts in lakhs of ₹, unless otherwise stated)

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent								
1. Nava Bharat Ventures Limited	48.75%	290,698.59	45.55%	16,618.89	114.73%	104.22	45.72%	16,723.11
Subsidiaries								
Indian								
1. Nava Bharat Energy India Limited	8.82%	52,564.18	0.18%	66.16	-21.47%	(19.50)	0.13%	46.66
2. Nava Bharat Projects Limited	4.23%	25,242.95	1.56%	569.52	1.05%	0.95	1.56%	570.47
3. Brahmani Infratech Private Limited	1.47%	8,744.05	0.43%	155.46	0.75%	0.68	0.43%	156.14
Foreign								
1. Nava Bharat (Singapore) Pte Limited	19.41%	115,727.58	0.68%	248.95	0.00%	-	0.68%	248.95
2. Maamba Collieries Limited	16.60%	98,956.20	50.35%	18,371.02	0.00%	-	50.23%	18,371.02
3. Nava Energy Zambia Limited	0.13%	760.13	1.05%	382.02	0.00%	-	1.04%	382.02
4. Nava Energy Pte Limited	0.22%	1,297.66	2.11%	771.35	0.00%	-	2.11%	771.35
5. Nava Agro Pte Limited	0.17%	995.24	-0.01%	(3.37)	0.00%	-	-0.01%	(3.37)
6. Kawambwa Sugar Limited	0.10%	568.83	-0.10%	(36.30)	0.00%	-	-0.10%	(36.30)
7. Nava Holding Pte Limited	0.25%	1,495.65	0.12%	42.80	0.00%	-	0.12%	42.80
8. Tiash Pte Limited	-0.05%	(280.03)	-0.53%	(193.49)	-0.36%	(0.33)	-0.53%	(193.82)
9. Compai Pharma Pte Limited	-0.02%	(95.24)	-0.25%	(89.77)	-0.15%	(0.14)	-0.25%	(89.91)
10. Compai Healthcare Sdn. Bhd	-0.04%	(247.54)	-0.66%	(240.69)	0.76%	0.69	-0.66%	(240.00)
11. TIS Pte Limited	0.03%	180.11	-0.01%	(4.24)	4.78%	4.35	0.00%	0.11
12. The Iron Suites Pte Limited	-0.06%	(353.51)	-0.47%	(172.07)	-0.09%	(0.08)	-0.47%	(172.15)
13. Kinta Valley Mining Resources Sdn. Bhd	0.00%	(0.41)	0.00%	(0.58)	0.00%	-	0.00%	(0.58)
Consolidation adjustments	<b>100.00%</b>	<b>596,254.45</b>	<b>100.00%</b>	<b>36,485.66</b>	<b>100.00%</b>	<b>90.84</b>	<b>100.00%</b>	<b>36,576.50</b>
		(189,770.14)		(2,583.43)		10,792.08		8,208.65
<b>Sub-total</b>		<b>406,484.31</b>		<b>33,902.23</b>		<b>10,882.92</b>		<b>44,785.15</b>
Non-controlling Interests in all subsidiaries		37,565.33		6,282.97		1,489.38		7,772.35
<b>Total</b>		<b>368,918.98</b>		<b>27,619.26</b>		<b>9,393.54</b>		<b>37,012.80</b>



## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### 47. Non-Controlling Interests (NCI)

The financial information of subsidiaries with material non-controlling interests are as follows:

(a) Details of ownership interests and voting rights held by non-controlling interests:

	As at	
	31 March 2020	31 March 2019
Maamba Collieries Limited	35.31%	35.31%
Brahmani Infratech Private Limited	34.26%	34.26%
Tiash Pte. Limited*	35.00%	35.00%
TIS Pte. Limited*	35.00%	35.00%
The Iron Suites Pte. Limited*	41.50%	41.50%
Compai Pharma Pte Ltd*	35.00%	35.00%
Compai Healthcare Sdn Bhd*	35.00%	35.00%

(b) Information about non-controlling interests:

(i) Details of accumulated balances of non-controlling interest:

	As at	
	31 March 2020	31 March 2019
Maamba Collieries Limited	52,691.54	34,941.43
Brahmani Infratech Private Limited	3,055.18	2,995.71
Others*	(676.00)	(371.82)
	<b>55,070.72</b>	<b>37,565.33</b>

\*As these amounts are not significant, no further disclosures in respect of these non-controlling interests have been furnished.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations:

#### Summarised Balance sheet

	BIPL		MCL	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019 (Restated)
Current assets	7,305.27	7,334.59	217,389.60	137,950.41
Current liabilities	3,047.43	3,020.18	114,850.71	78,228.73
<b>Net current assets</b>	<b>4,257.84</b>	<b>4,314.41</b>	<b>102,538.89</b>	<b>59,721.69</b>
Non-current assets	4,763.18	4,634.80	428,081.33	419,948.04
Non-current liabilities	103.39	205.16	366,622.74	377,683.27
<b>Net non-current assets</b>	<b>4,659.79</b>	<b>4,429.64</b>	<b>61,458.59</b>	<b>42,264.77</b>
<b>Net assets</b>	<b>8,917.63</b>	<b>8,744.05</b>	<b>163,997.47</b>	<b>101,986.46</b>
Consolidation adjustments	-	-	(14,771.94)	(3,030.26)
<b>Net assets</b>	<b>8,917.63</b>	<b>8,744.05</b>	<b>149,225.53</b>	<b>98,956.20</b>

#### Summarised Statement of Profit and Loss

	BIPL		MCL	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019 (Restated)
Revenue	-	-	151,571.40	153,680.85
Profit for the year	175.08	155.46	49,664.12	23,508.94
Consolidation adjustments	-	-	(10,783.02)	(5,137.92)
<b>Total profit for the year</b>	<b>175.08</b>	<b>155.46</b>	<b>38,881.10</b>	<b>18,371.02</b>

## Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

### Summarised Cash Flows

	BIPL		MCL	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019 (Restated)
Cash flows from operating activities	(1,161.85)	(191.28)	34,715.83	58,740.45
Cash flows from investing activities	1,193.93	179.44	6,161.88	(8,730.12)
Cash flows from financing activities	-	-	(40,208.20)	(55,131.82)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>32.08</b>	<b>(11.84)</b>	<b>669.51</b>	<b>(5,121.48)</b>

### 48. Restatement of Financial Statements

In accordance with the requirements of the accounting policies of the Holding Company, the management has restated the consolidated financial statements of the Holding Company, pursuant to a restatement in the comparative financial information of MCL as at and for the year ended 31 March 2019 with respect to the following errors identified in the financial information of MCL:

#### (i) Balance Sheet as at 31 March 2019

	Notes	31 March 2019	Adjustments	31 March 2019
		Reported		Restated
Property, plant and equipment	(a)	582,092.88	(26,800.66)	555,292.22
Deferred tax liability (net)	(b)	19,991.85	13,558.84	33,550.69
Other equity	(a,b,c)	377,425.45	(12,079.24)	365,346.21
Non-controlling interest	(a,b,c)	44,158.59	(6,593.26)	37,565.33
Financial liabilities - Borrowings (Non-current)	(a)	304,256.76	(23,534.27)	280,722.49
Other current liabilities	(c)	6,629.28	1,847.28	8,476.56

#### (ii) Balance Sheet as at 1 April 2018

	Notes	1 April 2018	Adjustments	1 April 2018
		Reported		Restated
Property, plant and equipment	(a)	575,311.77	(26,728.86)	548,582.91
Deferred tax liability (net)	(b)	84.18	2,775.35	2,859.53
Other equity	(a,b,c)	334,895.08	(3,786.86)	331,108.22
Non-controlling interest	(d)	31,859.97	(2,066.99)	29,792.98
Financial liabilities - Borrowings (Non-current)	(a)	332,390.36	(23,650.36)	308,740.00

#### (iii) Statement of Profit and Loss:

	Notes	31 March 2019	Adjustments	31 March 2019
		Reported*		Restated
Revenue from operations	(c)	295,942.03	(1,337.64)	294,604.39
Depreciation	(a)	28,675.40	(1,047.24)	27,628.16
Finance cost	(a)	34,634.97	1,573.90	36,208.87
Deferred tax expense	(b)	20,345.80	10,712.49	31,058.29
<b>Earnings per equity share (EPES)</b>				
- Basic (In absolute ₹ terms)		21.56	(4.90)	16.66
- Diluted (In absolute ₹ terms)		21.56	(4.90)	16.66

\* The reported amounts have been duly adjusted for the effects of accounting for discontinued operation in accordance with Ind AS 105.

# Notes

to the Consolidated Financial Statements – March 31, 2020

(All amounts in lakhs of ₹, unless otherwise stated)

## Notes:

- (a) As per accounting principles of MCL, financial instruments requires that transactions costs directly related to the acquisition of the loan to be deducted from the carrying amount of the loan and accounted for using the effective interest method. The resultant transaction costs are amortised over the life of the financial liability using the effective interest method. Further the accounting policy of MCL requires the finance cost relating to qualifying costs to be capitalised. MCL had not deducted the transaction of ₹33,328.33 from the carrying amount of the Project Finance loans, and had not applied the effective interest method in determining the effective interest to be charged to the statement of profit and loss. This resulted in the asset and liability balances being materially overstated. Accordingly the Property, plant and equipment has been restated to the tune of ₹26,278.74 (1 April 2018: ₹26,728.86) with a reduction in borrowing to the tune of ₹23,534 (1 April 2018: ₹23,650.36) and the balance amount being adjusted to other equity in accordance with accounting principles of MCL.
- (b) The Zambia Income Tax Act, states that where a business incurs a loss in one tax year (in that its allowable deductions in the tax year exceed its incomes in that year), the business is allowed to carry forward the excess amount of losses and off-set it against incomes from the same source in subsequent tax years. Subsection 30(2) specifically mentions that the excess shall as far as possible be deducted from income for the following charge year. A business therefore must, as far as possible, off-set any excess losses against the first available income of the business in the tax year immediately following the tax year in which the losses were incurred. If the carried forward losses are not fully off-set in the next tax year, the excess can still be carried forward and deducted from the preceding tax year up to a maximum of 10 subsequent tax years (in the case of an electricity generation business) from the year in which the losses were first incurred. Accounting principles of MCL requires an entity to recognise deferred tax liabilities and assets in line with the provisions of the standard.
- MCL as part of its tax planning strategies was of the initial view that they would be in a position to halt the offsetting of losses and elect a tax year within which to off-set losses within a 10-year period. After consultation with the Zambia Revenue Authority as well as a legal opinion from a Tax Legal Expert, this practice was not consistent with the requirements of the Income Tax Act. This resulted in the deferred tax asset balances being overstated in the prior periods. The Company had not accounted for deferred tax on the Power plant in the 2018 financial period, contrary to the requirements of accounting principles of MCL. The deferred tax liability has been restated with a corresponding effect on other equity.
- (c) MCL is required by The Energy Regulation Act of Zambia to pay prescribed fees as determined by the Act from time to time. MCL had not computed the applicable fees payable to Energy Regulation Board (in respect to power sales) for the period dating back to the 2016 financial period. The effects of the misstatement for the period between 31 March 2016 and 31 March 2018 has been determined as not material and accordingly the adjustment for this period has been adjusted for in the 2019 financial period. This resulted in the asset and liability balances being materially understated. The Property plant and equipment has been restated to the tune of ₹521.92 (1 April 2018: Nil), balance of other financial liabilities to the tune of ₹1,847.28 (1 April 2018: Nil) with a corresponding impact on revenue to the tune of ₹1,337.64 (1 April 2018: Nil) and forex gain/loss on account of this transaction to the tune of ₹12.29 (1 April 2018: Nil) in accordance with the accounting principles of MCL.
- (d) The aforesaid adjustments in relation to the items appearing in the statement of profit and loss and the balance of other equity have lead to the restatement in the balance of Non-controlling interest.
- (e) The aforesaid restatements have been converted from the functional currency of the component to the reporting currency in accordance with the accounting principles detailed in note 2(o) to the summary of significant accounting policies and other explanatory information.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660

Place : Hyderabad, India  
Date : June 26, 2020

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

**Sultan A. Baig**  
Chief Financial Officer

**GRK Prasad**  
Executive Director  
DIN:00006852

**P Trivikrama Prasad**  
Managing Director  
DIN: 00006887

**Ashwin Devineni**  
Chief Executive Officer

**VSN Raju**  
Company Secretary  
& Vice President

**D Ashok**  
Chairman  
DIN: 00006903

Place : Hyderabad, India  
Date : June 26, 2020

Place : Singapore  
Date : June 26, 2020



## NOTICE

### NAVA BHARAT VENTURES LIMITED

Regd. Office: 6-3-1109/1, 'Nava Bharat Chambers', Raj Bhavan Road, Hyderabad-500082, Telangana.

CIN: L27101TG1972PLC001549 Tel : +91 40 23403501/40345999

e-Fax: +91 080 6688 6121; investorservices@nbv.in; www.nbventures.com

Notice is hereby given that the 48<sup>th</sup> Annual General Meeting ("AGM") of the members of Nava Bharat Ventures Limited will be held on Wednesday, the 2nd day of September, 2020 at 10:00 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

#### Ordinary Business:

##### Item No.1: Adoption of Financial Statements:

To receive, consider, approve and adopt the audited financial statements of the Company (standalone and consolidated) for the year ended March 31, 2020 including audited balance sheet as at March 31, 2020, the statement of profit & loss for the year ended on that date and the reports of the Board of directors and auditors thereon.

##### Item No.2: Confirmation of interim dividend paid on the equity shares:

To confirm the interim dividend paid on equity shares for the financial year 2019-20 as final dividend.

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

"RESOLVED THAT the interim dividend at the rate of 75% i.e. ₹1.50 (Rupee one and fifty paise only) per equity share of ₹2/- each declared by the Board of directors of the Company at their meeting held on March 2, 2020 absorbing a sum of ₹24,94,05,000/- (Twenty-four crores ninety-four lakhs and five thousand only) (excluding all applicable taxes) be and is hereby approved as the final dividend for the year ended March 31, 2020."

##### Item No.3: Re-appointment of director:

To appoint a director in place of Mr. GRK Prasad, who retires by rotation and, being eligible, offers himself for re-appointment.

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

"RESOLVED THAT, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. GRK Prasad (DIN : 00006852), who retires by rotation, be and is hereby re-appointed as a director liable to retire by rotation."

#### Special Business:

##### Item No.4: Appointment of CA (Mrs.) Shanti Sree Bolleni as an Independent 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 pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder, read with Schedule IV of the Act and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee of the Board, CA B. Shanti Sree (DIN: 07092258), who was appointed by the Board of directors as an additional director (Non-executive and Independent) of the Company at its meeting held on October 30, 2019 and who holds office up to the date of this annual general meeting of the Company in terms of Section 161(1) of the Act and Article 85 of the Articles of Association of the Company and who meets the criteria of independence as provided in Section 149(6) of the Act and rules made thereunder and Regulation 16(1)(b) of the Listing Regulations, has submitted a declaration to that effect and who is eligible for appointment as an Independent director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent director of the Company, not liable to retire by rotation, for a term of five (5) consecutive years commencing from October 30, 2019."

##### Item No.5: Commission payable to non-executive Directors and Independent directors:

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

"RESOLVED THAT pursuant to Section 197 and other applicable provisions, if any, of the Companies Act 2013 read with rules made thereunder and Regulation 17(6) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligation and

Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Company be and is hereby authorized to pay to its non-executive directors including Independent directors for each financial year for a period of five years commencing from April 1, 2021 such Commission as the Board may from time to time determine not exceeding 1% of the net profits of the Company in any financial year (to be computed in the manner provided in Section 198 of the Companies Act, 2013) subject to an overall ceiling of ₹25 lakhs (Rupees twenty-five lakhs only) per year to be paid and distributed equally amongst all the non-executive directors including Independent directors of the Company."

"RESOLVED FURTHER THAT each non-executive director including Independent director, in addition to the commission payable in the above manner, shall also be paid such sitting fee for every meeting of the Board or Committee not exceeding the limits specified in the Companies Act, 2013 and the Rules made thereunder, and with effect from such date, as may be determined by the Board of directors of the Company from time to time."

#### **Item No. 6: Ratification of appointment and remuneration of Cost Auditors for the financial year 2020-21:**

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of the Audit committee of the Company, the appointment of M/s. Narasimha Murthy & Co., Cost Accountants, situated at 3-6-365, 104 & 105, Pavani Estate, Y.V. Rao Mansion, Himayatnagar, Hyderabad – 500 029, approved by the Board, as Cost Auditors to conduct the cost audit in respect of the Company's products in all the units or plants relating to Electricity, Steel (Ferro Alloys) and Sugar & Industrial Alcohol for the financial year 2020-21 at an aggregate fee of ₹8 Lakhs plus out of pocket expenses and applicable taxes thereon, be and is hereby approved and ratified."

By Order of the Board  
For **Nava Bharat Ventures Limited**

**VSN Raju**  
Company Secretary & Vice President

Place: Hyderabad  
Date : June 26, 2020

Registered Office: 6-3-1109/1  
'Nava Bharat Chambers'  
Raj Bhavan Road, Hyderabad – 500 082  
CIN : L27101TG1972PLC001549  
Ph.No.040-23403501; e-Fax: +91 080 6688 6121  
E-mail : investorservices@nbv.in;  
Website : www.nbventures.com

#### **Notes**

1. The explanatory statement in respect of the special business in the notice, pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the AGM through VC / OAVM, without the physical presence of the members at a common venue. Further, Securities and Exchange Board of India ("SEBI") vide its Circular dated May 12, 2020 ("SEBI Circular") has also granted similar relaxations in relation to holding of the AGM through VC / OAVM. In compliance with the provisions of the Companies Act, 2013 ("the Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the 48th AGM of the Company will be held through VC / OAVM on Wednesday, September 2, 2020 at 10:00 a.m. (IST).
3. Pursuant to the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-voting as well as voting during the AGM to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ('NSDL') for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting during the AGM will be provided by NSDL.
4. The register of members and share transfer books will remain closed from August 29, 2020 to September 2, 2020 (both days inclusive) in connection with the AGM.
5. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy form and Attendance slip are not annexed to this notice.
6. Since the AGM will be held through VC / OAVM, the route map is not annexed to this notice.
7. The members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the meeting by following the procedure mentioned in

- the notice. The members will be able to view the proceedings on the NSDL's e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The detailed instructions for joining the meeting through VC / OAVM form part of the notes to this notice.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  9. In compliance with the aforesaid MCA and SEBI Circulars, notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company / Depositories. Members may note that the notice and Annual Report 2019-20 will also be available on the Company's website <https://www.nbventures.com/financials/>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of NSDL at <https://www.evoting.nsdl.com>.
  10. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) ("KTPL") for assistance in this regard.
  11. The unclaimed equity dividend for the year ended March 31, 2013 will be transferred on or after September 16, 2020 to the 'Investor Education and Protection Fund' on expiry of 7 years from the date of transfer to the Unpaid Dividend Account, pursuant to Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013). Members who have not encashed their dividend warrants for the said financial year or subsequent year(s) are requested to send the same to the Company or its Registrars and Share Transfer Agents ("RTA") for issue of fresh demand drafts.
  12. Subsequent to the issue of various reminders to the respective members the unclaimed physical share certificates with the RTA of the Company were transferred to unclaimed suspense account and dematerialized to the credit of "Nava Bharat Ventures Limited – Unclaimed Suspense Account". The dividend accruing on the said shares would be credited to the unpaid dividend account as the dividend is to be paid to the registered holders only. The details were placed on the website of the Company at <https://www.nbventures.com/unclaimed-unpaid-dividend-shares/>. The concerned members are requested to approach the RTA, KTPL with their claim for the transfer of their shares to their respective demat accounts along with the dividends, if any.
  13. As per the provisions of Section 124(6) of the Act read with Rule 6 of 'Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amended Rules, 2017' ("the Rules"), all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares), will be transferred by the Company to IEPF along with statement containing such details as directed by Ministry of Corporate Affairs from time to time.
  14. All shares in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares) upto and including FY 2011-12 were transferred by the Company in the name of IEPF on December 5, 2017, September 24, 2018 and October 16, 2019 and the statement containing such details as may be prescribed is placed on Company's website: <https://www.nbventures.com/unclaimed-unpaid-dividend-shares/>
  15. To promote green initiative, members who have not registered their email addresses are requested to register the same with their Depository Participants in case the shares are held by them in electronic form and with KTPL in case the shares are held in physical form.
  16. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC, etc., to their Depository Participants in case the shares are held by them in electronic form and to KTPL in case the shares are held by them in physical form.
  17. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed form duly filled-in to KTPL. Members holding shares in electronic mode may contact their respective Depository Participants (DPs) for availing this facility.
  18. Members holding shares in identical order of names in more than one folio are requested to write to the Company's RTA enclosing their share certificates to enable consolidation of their shareholdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.
  19. Pursuant to the directions/notifications of SEBI and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number ("PAN") either at the time of opening of the account or

subsequently. In case they have not furnished the Income Tax PAN to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circular all share transfer requests are therefore to be accompanied with PAN details.

20 The register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the register of contracts or arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.

21. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before August 28, 2020 through email on [investorservices@nbv.in](mailto:investorservices@nbv.in). The same will be replied by the Company suitably.

22. Members at 45<sup>th</sup> AGM held on August 9, 2017 approved the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 50<sup>th</sup> AGM to be held in FY 2022-23. The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 48<sup>th</sup> AGM.

23. The Board has not recommended the final dividend and the interim dividend of ₹1.50/- per equity share declared by the Board on March 2, 2020 shall be considered as the final dividend for FY 2019-20.

24. Additional information pursuant to Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on general meetings in respect of the directors seeking appointment / re-appointment at the annual general meeting is furnished in **Annexure-I** and forms part of the notice. The directors have furnished the requisite consent / declaration for their appointment / re-appointment.

25. Retirement of directors by rotation:

Mr. GRK Prasad, Executive Director of the Company, retires by rotation at the ensuing annual general meeting and, being eligible, offers himself for re-appointment.

The Board of directors commends the re-appointment of Mr. GRK Prasad as a director, liable to retire by rotation.

## 26. Instructions for e-voting and joining the AGM are as follows:

### A. Instructions for Remote E-voting:

- i. The remote e-voting period commences on Saturday, August 29, 2020 (9:00 a.m. IST) and ends on Tuesday, September 1, 2020 (5:00 p.m. IST). During this period, members holding shares either in physical form or in dematerialized form, as on Tuesday, August 25, 2020 i.e., cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- ii. The Board of Directors has appointed CS D. Renuka, Practicing Company Secretary as the 'Scrutinizer' to scrutinize the remote e-voting process and e-voting during the AGM in a fair and transparent manner.
- iii. The scrutinizer shall, immediately after the conclusion of e-voting during AGM, first count the votes cast during the AGM, thereafter unlock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than two days from the conclusion of the meeting, a consolidated report of the total votes cast in favour or against, if any, to the Chairman of the Company or to any other person authorized by him.
- iv. The Chairman of the Company or any person authorized by him will declare the result along with the Scrutinizer's report and the same will be communicated to the Stock Exchanges on which the Company's shares are listed, NSDL and will also be displayed on the Company's website at [www.nbventures.com](http://www.nbventures.com).
- v. The members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- vi. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vii. Any person, who acquires shares of the Company and becomes a member of the Company after sending of the notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he / she can use his/her existing User ID and password for casting the vote.

viii. The details of the process and manner for remote e-voting are explained herein below:

The way to vote electronically on NSDL e-Voting system consists of 'Two Steps' which are mentioned below:

**Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>**

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox from [evoting@nsdl.com](mailto:evoting@nsdl.com). Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - In case you have not registered your email address with the Company/ Depository,

- Once the home page of e-voting system is launched, click on the icon "Login" which is available under "Shareholders" section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://e-services.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

please follow instructions mentioned below in this notice.

- If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
  - Click on "Forgot User Details / Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.
- After you click on the "Login" button, Home page of e-voting will open.



## Step 2: Cast your vote electronically on NSDL e-voting system.

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, which is 113294.
4. Now you are ready for e-voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for Shareholders

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board resolution / Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [prenukaacs@gmail.com](mailto:prenukaacs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com> to reset the password.
3. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in), Tel: 91 22 2499 4545 / 1800-222-990.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card by email to [investorservices@nbv.in](mailto:investorservices@nbv.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of consolidated account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card to [investorservices@nbv.in](mailto:investorservices@nbv.in)
3. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining user ID and password by proving the details mentioned in point (1) or (2) as the case may be.

### The instructions for members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the EGM / AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM through VC / OAVM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

### B. Instructions for Members for Attending the AGM through VC / OAVM are as under:

- (a) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and password may retrieve the same by following the remote e-voting instructions mentioned in the notice. Further members can also use the OTP based login for logging into the e-voting system of NSDL.
- (b) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for members on first come first served basis.

- (c) Members may join the meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, members will be required to use Internet with a good speed to avoid any disturbance during the meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or Tablets or through Laptops connecting via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
- (d) Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 48<sup>th</sup> AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address at [investorservices@nbv.in](mailto:investorservices@nbv.in) before 3:00 p.m. (IST) on August 28, 2020. Such questions by the members shall be suitably replied by the Company.
- (e) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at [investorservices@nbv.in](mailto:investorservices@nbv.in) from August 24, 2020 (9:00 a.m. (IST)) to August 28, 2020 (3:00 p.m. (IST)). Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- (f) Members, who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Ms. Sarita Mote, Assistant Manager – NSDL at [saritam@nsdl.co.in](mailto:saritam@nsdl.co.in)/022-24994890 or Mr. Y Santhosh Reddy, Assistant Manager – NSDL at [ysanthosh@nsdl.co.in](mailto:ysanthosh@nsdl.co.in) / 040-44334178.

**Explanatory Statement pursuant to Section 102(1) of the Companies Act 2013, read with Rule 15(3) of the Companies (Meetings of Board and Its Powers) Rules, 2014.**

**Item No.4: Appointment of CA (Mrs.) Shanti Sree Bolleni as Independent director of the Company:**

The Board, based on the recommendation of the Nomination and Remuneration Committee, at its meeting held on October 30, 2019, appointed CA B. Shanti Sree as an additional director (Non-executive and Independent) under section 161 of the Companies Act, 2013 w.e.f October 30, 2019 and to hold office upto the date of ensuing AGM and thereafter subject to the approval of members.

The Company received a notice from one of the shareholders under Section 160 of the Companies Act, 2013 proposing that CA B. Shanti Sree be appointed as an Independent director.

CA B. Shanti Sree is a fellow member of the Institute of Chartered Accountants of India and a practicing Chartered Accountant. She is a designated Partner of M/s. Tukaram & Co LLP., Chartered Accountants, Hyderabad. She is also a registered Insolvency Professional with Insolvency and Bankruptcy Board of India.

She served as a Nominee director on the Board of State Bank of Hyderabad from March 21, 2015 to March 31, 2017, the date of merger with SBI.

She served as a Governing council member from 2008 to 2012 and as a President for the year 2010-11 of "The AP Tax Bar Association".

She is currently serving as a Trustee on the Board of M/s. Pallela Gopichand Badminton Foundation.

Further, she is also an External member, Board of studies, Department of Commerce, Osmania University College for Women (Autonomous University), Koti, Hyderabad.

Keeping in view of her vast expertise and knowledge, it will be in the interest of the Company that CA B. Shanti Sree is appointed as an Independent director of the Company.

CA Shanti Sree is not disqualified from being appointed as director in terms of Section 164 of the Act and has given her consent to act as director. The Company has also received declaration from her that:

- i. She meets the criteria of Independence as prescribed in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations; and
- ii. She is in compliance of sub-rule (1) and sub-rule (2) of Rule 6 the Companies (Appointment and Qualifications of Directors) Rules, 2014.

In the opinion of the Board, CA B. Shanti Sree fulfils the conditions for appointment as an Independent director as specified in the Act and the listing regulations as amended. Copy of the draft letter of appointment as Independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The profile of CA B. Shanti Sree along with details as required under regulation 36 of the listing regulations and pursuant to secretarial standards on general meetings is furnished in **Annexure – I** to this notice.

The resolution seeks the approval of members for the appointment of CA B. Shanti Sree as an Independent director of the Company for a period of 5 years with effect from October 30, 2019 pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and her office shall not be liable to retire by rotation.

No director, key managerial personnel of the Company or their relatives except CA B. Shanti Sree, to whom the

resolution relates, is interested in or concerned with the resolution in Item no. 4.

The Board recommends the ordinary resolution set forth in Item no. 4 for the approval of members.

**Item No.5: Commission payable to non-executive directors:**

The members at their annual general meeting held on August 27, 2015, by way of an ordinary resolution, approved to pay commission to the non-executive directors including Independent directors for each financial year from April 1, 2016 to March 31, 2021 an amount not exceeding 1% of the net profits of the Company subject to an overall ceiling of ₹25 lakhs (Rupees Twenty five lakhs only) for each financial year to be divided equally amongst the non-executive directors in such manner, as the Board may from time to time determine, which shall be in addition to the sitting fee for each meeting of the Board/Committee.

Section 197 of the Companies Act, 2013, permits payment of remuneration to the non-executive directors including Independent directors by way of commission not exceeding 1% of the net profits of the Company (to be computed in the manner provided in Section 198 of the Companies Act, 2013), if the Company authorizes such payment by a resolution at the general meeting of the Company.

Section 197(7) of the Companies Act, 2013, further states that an Independent director shall not be entitled to any stock option and may receive remuneration by way of sitting fee, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members. As per rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014, a Company may pay sitting fee to a director for attending meetings of the Board or Committees thereof, such sum as may be decided by the Board subject to the limits specified therein.

With the growth in the size, scale and complexity of the Company's operations and the level of involvement of the non-executive directors including Independent directors in the supervision and control of the Company and their guidance for the growth of the Company as members of the Board and also as chairman / members of the relevant Committees of the Board, the role of non-executive / Independent directors on the Board has undergone significant qualitative change and is expanding.

Your Board approved and recommended to the members to sanction the remuneration by way of commission payable to the non-executive directors including Independent directors for every year for a period of five years commencing from April 1, 2021 as proposed in the resolution apart from the sitting fee for attending Board/ Committee meetings not exceeding the limits specified in the resolution and by the Act, as may be decided by the Board from time to time, so that it is commensurate with their role and involvement in the Governance of the Company.

The Board recommends the ordinary resolution set forth in Item no. 5 for the approval of members.

No director, key managerial personnel of the Company or their relatives except Dr. D Nageswara Rao, Mr. K Durga Prasad, Mr. GP Kundargi, Mr. A Indra Kumar and CA B. Shanti Sree, being non-executive and Independent directors and to whom the resolution relates, is interested in or concerned with the resolution in Item no. 5.

**Item No. 6: Ratification of appointment and remuneration of Cost Auditors for the financial year 2020-21:**

The Board, on the recommendation of the Audit Committee, approved the appointment and remuneration payable to the cost auditors, M/s. Narasimha Murthy & Co., Cost Accountants, situated at 3-6-365, 104, Pavani Estate, Y.V. Rao Mansion, Himayatnagar, Hyderabad - 500029, to conduct the audit of the cost records of the Company across various segments, for the financial year ending March 31, 2021 as per the following details:

S. No.	Product	Fee for FY 2020-21 (₹)
1	Electricity (Eight Units)	5,20,000
2	Ferro Alloys (Steel) (Two Units)	1,80,000
3	Sugar and Industrial Alcohol	1,00,000
	<b>TOTAL</b>	<b>8,00,000</b>

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of directors, needs to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

The Board recommends the ordinary resolution set forth in Item no. 6 for the approval of members.

None of the directors, key managerial personnel of the Company and their relatives are in any way deemed to be interested or concerned in this Resolution.

By Order of the Board  
for **Nava Bharat Ventures Limited**

**VSN Raju**  
Company Secretary & Vice President

Place : Hyderabad  
Date : June 26, 2020

**Registered Office:**

6-3-1109/1  
`Nava Bharat Chambers', Raj Bhavan Road  
HYDERABAD – 500 082  
CIN : L27101TG1972PLC001549  
Ph.No.040-23403501; e-Fax : + 91 80 6688 6121  
E-mail : investorservices@nbv.in;  
Website : www.nbventures.com

## ANNEXURE - I

Details of Directors seeking appointment / re-appointment at the annual general meeting (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards on general meetings.

The particulars of Mr. GRK Prasad, Executive Director and CA B. Shanthi Sree, Independent director who are proposed to be appointed / re-appointed, are given below:

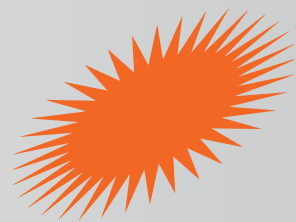
a	Name	Mr. GRK Prasad	CA B. Shanthi Sree
b	<b>Brief Resume</b>		
i)	Age	62 Years	58 Years
ii)	Qualification	B.Sc., FCA, FCS	FCA and registered Insolvency Professional
iii)	Experience	39 years	35 years
iv)	Date of appointment on the Board of the Company (Nava Bharat Ventures Ltd.)	June 28, 2003	October 30, 2019
c	Nature of his / her expertise in specific functional areas	Experience in all facets of finance and Corporate Affairs	Having good experience in the field of taxation, accountancy and auditing
d	Terms and Conditions along with details of remuneration sought to be paid	As mentioned in the resolution approved by the members of the Company at their meeting held on August 6, 2018	As per the resolution at Item no. 4 of this Notice read with the explanatory statement thereto
e	Relationship between Directors inter se [(As per Section 2(77) of the Companies Act, 2013 and Rule 4 of Companies (Specification of Definition Rules, 2014)]	Nil	Nil
f	Name(s) of other Companies in which Directorships held	1. Nava Bharat Projects Limited 2. Nava Bharat Energy India Limited 3. Brahmani Infratech Private Limited	B.N. Rathi Securities Limited
g	Name(s) of other companies in which Committee Membership(s) / Chairmanship(s) held	<b>Member of</b> 1. Audit Committee of Nava Bharat Energy India Limited, Nava Bharat Projects Limited and Brahmani Infratech Private Limited  2. Nomination and Remuneration Committee of Brahmani Infratech Private Limited and Nava Bharat Projects Limited	<b>Chairman</b> of Stakeholders Relationship Committee of B.N. Rathi Securities Limited  <b>Member</b> of Audit, Nomination & Remuneration Committee and Risk Management Committee of B.N. Rathi Securities Limited
h	No. of shares of ₹2/- each held by the Director his relatives <b>Total</b>	65,172 <u>2,20,000</u> <b>2,85,172</b>	7,500
i	Last Remuneration drawn	Nil	Nil
j	No. of Board Meetings attended during the year	6	3

This page intentionally left blank

This page intentionally left blank







**NAVA BHARAT**

*[www.nbventures.com](http://www.nbventures.com)*