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NAVA BHARAT FERRO ALLOYS LIMITED



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25th ANNUAL REPORT 1996-97

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## Notice to the Shareholders

Notice is hereby given that the 25th Annual General Meeting of Nava Bharat Ferro Alloys Limited will be held on Thursday, the 25th September, 1997 at 4.00 p.m at Hotel Green Park, 'Residency - Hall', Begumpet, Hyderabad - 500 016 to transact the following business:

- 1) To receive and adopt the Profit & Loss Account for the year ended 31st March, 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2) To declare dividend.
- 3) To appoint a Director in place of Shri D Ashok who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Shri P Trivikrama Prasad who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint Auditors and to fix their remuneration.

### Special Business

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

"RESOLVED THAT subject to Schedule XIII and other applicable provisions of the Companies Act, 1956, subject to the approval of the Financial Institutions and such other approvals as may be required, Shri D Ashok, be and is hereby reappointed as Executive Director for a further period of five years with effect from 19th March, 1997 on the existing remuneration, terms and conditions."

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

"RESOLVED THAT subject to Schedule XIII and other applicable provisions of the Companies Act, 1956, subject to the approval of the Financial Institutions and such other approvals as may be required, Shri P. Trivikrama Prasad, be and is hereby reappointed as Executive Director for a further period of five years with effect from 19th March, 1997 on the existing remuneration, terms and conditions."

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

"RESOLVED THAT subject to Schedule XIII and other applicable provisions of the Companies Act, 1956, subject to the approval of the Financial Institutions and such other approvals as may be required, Shri V.S.Prasad, be and is hereby reappointed as Executive Director for a

further period of five years with effect from 1st July, 1997 on the existing remuneration, terms and conditions."

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

"RESOLVED THAT in accordance with the provisions of Sections 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.30,00,00,000/- (Rupees thirty crores only) divided into 5,00,000 - 15% Cumulative Redeemable Preference Shares of Rs.100/-each amounting to Rs.5,00,00,000/- and 2,50,00,000 Equity Shares of Rs.10/-each amounting to Rs.25,00,00,000/-to Rs.50,00,00,000 comprising of 25,00,000 - Cumulative Redeemable Preference Shares of Rs.100/-each amounting to Rs.25,00,00,000/- and 2,50,00,000 Equity Shares of Rs.10/-each amounting to Rs.25,00,00,000/- and consequently the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place the following new Clause V:

"V. The Authorised Share Capital of the Company is Rs.50,00,00,000/- divided into 25,00,000 Cumulative Redeemable Preference Shares of Rs.100/-each amounting to Rs.25,00,00,000/- and 2,50,00,000 Equity Shares of Rs 10/-each amounting to Rs. 25,00,00,000/- with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and attach thereto respectively subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company".

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered as under:

- i) Article 3 relating to the Authorised Share Capital of the Company, be deleted and substituted with the following new Article:



## Five Years at a Glance

	1992-93	1993-94	1994-95	1995-96	(Rs. in Lakhs) 1996-97
<b>Sources of Funds:</b>					
Share Capital	354.03	354.03	528.14	639.77	1,039.29
Share Application/Allotment/Call Money	—	157.33	90.86	325.54	—
Reserves	1,495.65	1,610.84	2,190.82	3,715.59	6,463.13
Loans	2,230.29	1,560.14	2,829.23	5,523.10	15,981.52
	<u>4,079.97</u>	<u>3,682.34</u>	<u>5,639.05</u>	<u>10,204.00</u>	<u>23,483.94</u>
<b>Application of Funds:</b>					
Fixed Assets less Depreciation	1,622.67	1,443.19	1,907.77	4,284.57	14,241.06
Investments	378.64	415.46	420.52	465.76	479.30
Net Current Assets	2,065.73	1,815.07	3,306.45	5,453.67	8,737.37
Miscellaneous Expenditure	12.93	8.62	4.31	—	26.21
	<u>4,079.97</u>	<u>3,682.34</u>	<u>5,639.05</u>	<u>10,204.00</u>	<u>23,483.94</u>
<b>Profits:</b>					
Profit	780.42 *	186.00	409.53	1,143.73	1,049.68
Dividend	56.13	70.81	92.63	164.97	271.99 @
Retained Profit	<u>724.29</u>	<u>115.19</u>	<u>316.90</u>	<u>978.76</u>	<u>777.69</u>
<b>Other Data:</b>					
Dividend per Share (Rs.)	1.50	2.00	2.00	3.00	2.50
Debt Equity Ratio	1:0.44	1:0.30	*1:0.45	1:0.90	1:1.74

### OUR CONTRIBUTION TO NATIONAL REVENUE

Sales Tax, Purchase Tax etc.	342.02	248.19	371.35	475.65	396.77
Excise Duty	816.43	705.32	777.98	841.84	1,166.30
	<u>1,158.45</u>	<u>953.51</u>	<u>1,149.33</u>	<u>1,317.49</u>	<u>1,563.07</u>

\* Includes Profit on Sale of Pugalur Sugar unit Rs. 1254.99 lakhs

@ Includes Corporate Dividend Tax



hereafter decide, to such person or persons, whether or not shareholder of the Company, including one or more of the members, promoters, debentureholders, employees, Non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), bodies corporate, companies, private or public or other entities, in one or more combinations thereof, whether through public issue, rights issue, private placement, preferential allotment, in one or more modes or combinations thereof and in one or more tranches, as the Board or Committee thereof may in its absolute discretion think fit, in consultation with advisors or such persons and on such terms and conditions including the number of securities to be issued, redemption period, terms of redemption, terms of conversion and matters incidental thereto."

"RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/ Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors/Bodies Corporate/ such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/ issue, allotment and utilisation of the proceeds, issue of securities and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

By Order of the Board  
For Nava Bharat Ferro Alloys Limited

T.R. Rao  
Company Secretary &  
Chief General Manager  
(Corporate Affairs)

Hyderabad  
16th August, 1997

#### NOTES :

01. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
02. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll only, on his/her behalf and such Proxy need not be a Member of the Company. The Proxy Form duly completed and signed must be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
03. The Share Transfer Register and Register of Members of the Company will remain closed from 16th September, 1997 to 25th September, 1997 (both days inclusive) to determine Members' entitlement to dividend.
04. As per provisions of Section 205A of the Companies Act, 1956, the Company has already transferred to the General Revenue Account of the Central Government the amount of all unclaimed dividends declared upto and including the period ended 31st March, 1993. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from Registrar of Companies, Andhra Pradesh, Hyderabad. The unclaimed dividend for the period ended 31st March, 1994 will also be transferred to the said Account of the Central Government as per the provisions of the aforesaid Section. Hence, the Members of the Company and also the Members of erstwhile Nav Chrome Limited (since amalgamated with the Company) who have not yet claimed their dividend for the year 1993-94, may claim the same immediately.
05. Members are requested to furnish details of their Bank Accounts, viz., name of bank, full address of the branch and Account No. for incorporation in the dividend warrant.
06. Any change of address of the Members may please be notified to our Registrars, M/s.KARVY Consultants Limited, 'KARVY HOUSE', 46, Road No.4, Street No.1, Banjara Hills, Hyderabad - 500 034 quoting the Registered Folio Number.
07. Please bring your copy of the Annual Report at the Meeting.





# NAVA BHARAT FERRO ALLOYS LIMITED

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

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### Authorised Share Capital

"3. The Authorised Share Capital of the Company is Rs.50,00,00,000/- divided into 25,00,000 Cumulative Redeemable Preference Shares of Rs.100/-each amounting to Rs.25,00,00,000/- and 2,50,00,000 Equity Shares of Rs.10/-each amounting to Rs.25,00,00,000 with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and attached thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

- ii) The following new Article number 3 (a) be included after Article 3:

### Power to Issue Shares with non-voting and disproportionate rights

"3(a).Notwithstanding anything contained in any other Article, but subject to the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Company may from time to time and at any time issue to any person(s) as it may deem proper, shares, whether Equity, Preference or any other class or any other Financial Instruments or Securities, by whatever name called, with non-voting rights and the Shares/ Instruments/Securities so issued may carry rights as to voting, dividend, capital or otherwise which may be disproportionate to the rights attached to the other Shares or Securities of the Company."

- iii) The existing Article 21 concerning purchase of Company's shares, be deleted and substituted with the following new Article 21:

### Purchase of Company's Shares

"21. The Company shall have power subject to the provisions of the Companies Act, 1956 as amended from time to time and in accordance with all the applicable provisions of law and subject to such other approvals, permissions and sanctions as may be necessary to purchase any of its own shares whether or not they are redeemable, on such terms and conditions upto such limits as may be prescribed by law and as may be decided by the Directors of the Company from time to time and make issue of Shares, Debentures, Bonds or other securities in accordance with the prescribed provisions and guidelines to effect such purchase provided that

nothing herein contained shall be deemed to effect the provisions of Section 100 to 104 and Section 402 of the Act in so far as they are applicable."

### Dividends

- iv) The existing Article 132 relating to dividends, be amended by inclusion of the following additional para therein:

"Provided that the dividend on Cumulative Redeemable Preference Shares shall be at such rate and for such period or periods as may be decided by the Directors from time to time."

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

"RESOLVED THAT in supersession of the Special Resolution No.8 passed on 26.09.1996, and in accordance with the provisions of Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to the approval of Securities and Exchange Board of India, Reserve Bank of India, Government of India, Financial Institutions, Banks, Debentureholders and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions, sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to offer/issue/allot such number of Cumulative Redeemable Preference Shares of the face value of Rs.100/- each and Equity Shares of Rs.10/-each at such premium as may be fixed by the Board in consultation with the Issue Managers/Advisors, in accordance with the guidelines of SEBI or such other authorities as may be prevailing at the time of offer, either separately or in any combination with or without Warrants either by way of partly or fully Convertible Debentures (PCD or FCD) for an aggregate sum of Rs.100 crores (hereinafter for brevity's sake referred to as 'Securities') as the Board at its sole discretion may at any time or times





## Board of Directors

Sri A.S. Chowdhri, M.P.	<i>Chairman</i>
Dr. D. Subba Rao	<i>Managing Director</i>
Sri P. Punnaiah	<i>Joint Managing Director</i>
Sri V.S. Prasad	<i>Executive Director</i>
Sri A. Venkateswara Rao	
Dr. G. Sreeramjee	
Sri A. Lakshmana Prasad	
Sri D. Ashok	<i>Executive Director</i>
Sri P. Trivikrama Prasad	<i>Executive Director</i>

**Company Secretary &  
Chief General Manager  
(Corporate Affairs)**  
Sri T.R. Rao

**Auditors**  
Messrs Brahmayya & Co.  
Chartered Accountants  
920, Tilak Road  
Hyderabad-500 001

**Registrars and Share Transfer Agents**  
Karvy Consultants Limited  
"Karvy House"  
46, Road No. 4, Street No. 1  
Banjara Hills  
Hyderabad-500 034

**Bankers**  
State Bank of India  
Andhra Bank  
Bank of India  
IDBI Bank Ltd.

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

**Administrative Office**  
**Engineering Division**  
47, Graemes Road  
Chennai-600 006.

**Electrometallurgical Division  
Works**  
**Ferro Alloy Plant (A.P.) &  
Power Plant**  
Paloncha-507 154  
Khammam District.

**Ferro Alloy Plant (Orissa)**  
Khadgaprasad Village,  
Dhenkanal District-759 121.

**Ferro Alloy Plant (M.P.)**  
Plots 114 to 122, Sector 'C',  
Industrial Area,  
Urla-493 221  
Raipur District.

**Sugar Division**  
Samalkot-533 440  
East Godavari District, A.P.

**Machine Building Division**  
Nacharam  
Hyderabad-501 507. A.P.

**Marine Products Division**  
"Manganese House",  
Harbour Road,  
Visakhapatnam-530 001. A.P.



## Explanatory Statement (Pursuant to Section 173(2) of the Companies Act, 1956)

### Item Nos. 6, 7 & 8:

Shri D Ashok and Shri P Trivikrama Prasad were appointed as Executive Directors for a period of five years from 19th March, 1992 by the members at the General Meeting held on 6th May, 1992 and their reappointment is due from 19th March, 1997. Similarly, Shri V S Prasad was appointed as Executive Director for a period of five years from 1st July, 1992 and renewal of his term is due from 1st July, 1997.

The diversified business activities of the Company have been well managed by the Executive Directors assisting the Managing Director. The Board of Directors while appreciating their services and contribution for the growth and profitability of the Company, approved their reappointment for a further period of five years in each case from the date of expiry of their present term, on the existing remuneration, terms and conditions.

Shri D Ashok, Shri P Trivikrama Prasad and Shri V S Prasad are interested in their individual capacity in the respective resolutions concerning their reappointments. Dr D Subba Rao being related to Shri D Ashok and Shri P Trivikrama Prasad is also deemed to be interested.

### Item No. 9:

The present Authorised Share Capital of the Company is Rs.30 crores inclusive of 15% Cumulative Redeemable Preference Share Capital of Rs.5 crores. It is proposed to increase the Authorised Share Capital to Rs.50 crores by creation of additional 2,00,000 Cumulative Redeemable Preference Shares of Rs.100/-each amounting to Rs.20 crores. The Cumulative Redeemable Preference Share Capital shall not have any fixed rate of dividend and it is the intention of the Company to raise Redeemable Preference Share Capital with a view to augment the resources without diluting the Equity Shareholders' interest. For this purpose, it is proposed to amend the Capital clause and related clauses in the Memorandum and Articles of Association as set out in the resolution.

The Directors commend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

### Item No. 10:

It is proposed to amend the Articles of Association of the Company by special resolution pursuant to the provisions of Section 31 of the Companies Act, 1956 as explained below:

#### Authorised Share Capital:

In view of the amendment of the Capital clause of the Memorandum of Association, Article 3 of the Articles of

Association has to be correspondingly substituted with a new Article 3 as embodied in the resolution.

#### Power to issue Shares with Non-voting and Disproportionate Rights and purchase of Company's shares:

The new Companies Bill under consideration before the Parliament contains provisions enabling the Companies to issue shares with non-voting and disproportionate rights and to buy back Company's shares without affecting the other provisions of the Act. These provisions are a step in the right direction. It is, therefore proposed to amend the Articles of Association to enable the Company to issue shares with non-voting and disproportionate rights and to buy back its shares.

#### Dividends:

With the deletion of the fixed rate of dividend on Cumulative Redeemable Preference Shares, it is proposed to authorise the Directors to decide the rate of dividend from time to time.

The Directors commend the resolutions proposing amendments to the Articles of Association for Members' approval.

A copy of the Articles of Association of the Company showing the proposed alterations is available for inspection at the Registered Office of the Company during office hours on all working days between 10.00 a.m and 12.00 noon, upto the date of the Annual General Meeting.

None of the Directors of the Company is in any way concerned or interested in the resolutions.

### Item No. 11

At the Annual General Meeting held on 26th September, 1996 the Shareholders approved raising of resources by the Company in the form of Preference Shares, Equity Shares, Euro-bonds, Global Depository Receipts and such other similar securities in the domestic and international markets. It is proposed to modify the resolution by deleting the fixed rate of dividend on Preference Share Capital to enable the Board of Directors to negotiate most beneficial rates to minimise the cost of funds.

The Directors recommend the resolution for your approval.

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

By Order of the Board  
For NAVA BHARAT FERRO ALLOYS LIMITED

Hyderabad  
16th August, 1997

T R RAO  
Company Secretary &  
Chief General Manager  
(Corporate Affairs)