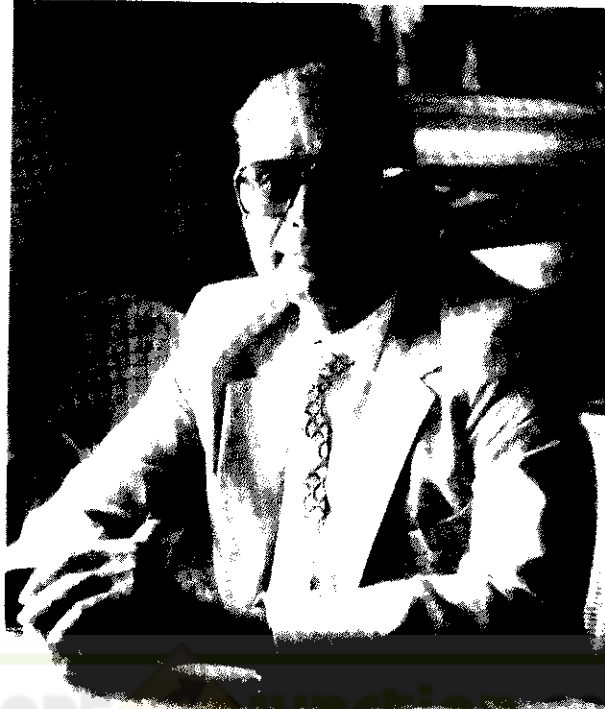


# NAVA BHARAT FERRO ALLOYS LIMITED



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**28th ANNUAL REPORT 1999-2000**



Our Source of Inspiration.  
**Dr. Devineni Subba Rao**  
1918 - 1999

# NAVA BHARAT FERRO ALLOYS LIMITED

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

## ATTENDANCE SLIP

Annual General Meeting on 22nd September, 2000 at 3.00 P.M. at Hotel Green Park, Begumpet, Hyderabad - 500 016.

Name of the Shareholder

Folio No.

- \* A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
- \* If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the proxy brings this Attendance Slip for the meeting.

I hereby record my presence at the 28th Annual General Meeting of the Company, on 22nd September, 2000

Name of the Proxy (if any) in Block Letters

Signature of the Member/Proxy

# NAVA BHARAT FERRO ALLOYS LIMITED

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

## PROXY FORM

Folio No.

I/We..... of .....  
in the district of ..... being  
a member/members of NAVA BHARAT FERRO ALLOYS LIMITED, hereby appoint .....  
..... of .....  
..... in the district of ..... or failing him.....  
..... of ..... in the district of .....  
..... as my/our Proxy to attend and vote for me/us on  
my/our behalf at the 28th Annual General Meeting of the Company to be held on the 22nd day of September, 2000 and at  
any adjournment thereof.

Signed this ..... day of ....., 2000

Signature :

Affix  
30 Paise  
Revenue  
Stamp

**Note :** The Proxy Form duly completed, must be deposited at the Regd. Office of the Company at Nava Bharat Chambers, 6-3-1109/1, Raj Bhavan Road, Hyderabad - 500 082 not less than 48 hours before the time for holding the Meeting.



# NAVA BHARAT FERRO ALLOYS LIMITED

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

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## Five Years at a Glance

	(Rs. in Lakhs)				
	1999-2000	1998-99	1997-98	1996-97	1995-96
<b>Sources of Funds :</b>					
Share Capital	2074.75	2073.32	1543.27	1039.29	639.77
Share Application/Allotment/Call Money	—	—	—	—	325.54
Reserves	7484.85	7260.42	7602.48	6463.13	3715.59
Loans	19838.86	17863.37	17515.25	15981.52	5523.10
	<u>29398.46</u>	<u>27197.11</u>	<u>26661.00</u>	<u>23483.94</u>	<u>10204.00</u>
<b>Application of Funds :</b>					
Fixed Assets less Depreciation	21694.71	19284.07	19530.69	14241.06	4284.57
Investments	288.08	374.30	439.17	479.30	465.76
Net Current Assets	7403.01	7521.72	6669.30	8737.37	5453.67
Miscellaneous Expenditure	12.66	17.02	21.84	26.21	—
	<u>29398.46</u>	<u>27197.11</u>	<u>26661.00</u>	<u>23483.94</u>	<u>10204.00</u>
<b>Profits :</b>					
Profit after Taxation	529.55	420.34	1433.46	1,049.68	1143.73
Dividend	306.61 @	249.75 @	313.99 @	271.99 @	164.97
Retained Profit	<u>222.94</u>	<u>170.59</u>	<u>1119.47</u>	<u>777.69</u>	<u>978.76</u>
<b>Other Data :</b>					
Dividend per Share (Rs.)	1.20	1.50	2.50	2.50	3.00
Debt Equity Ratio	1.62	1.52	1.47	1.74	0.90
<b>OUR CONTRIBUTION TO REVENUE</b>					
Sales Tax, Purchase Tax etc.	1053.20	662.62	574.73	396.77	475.65
Excise Duty	1359.84	1018.09	1317.88	1166.30	841.84
	<u>2413.04</u>	<u>1680.71</u>	<u>1892.61</u>	<u>1563.07</u>	<u>1317.49</u>

@ Includes Corporate Dividend Tax



## Board of Directors

Sri D. Ashok

**Managing Director**

Sri P. Punnaiah

Sri J. Narayana Murthy

**IDBI Nominee**

Dr. G. Sreeramjee

Dr. E.R.C. Shekar

Dr. M.V.G. Rao

Sri K. Balarama Reddi

**Executive Director**

Sri V.S. Prasad

**Executive Director**

Sri P. Trivikrama Prasad

**Company Secretary &  
Chief General Manager  
(Corporate Affairs)**

Sri T.R. Rao

**Registered Office**

"Nava Bharat Chambers"

6-3-1109/1

Raj Bhavan Road

Hyderabad - 500 082

**Auditors**

Messrs Brahmayya & Co.

Chartered Accountants

920, Tilak Road

Hyderabad - 500 001

**Works :**

**Electrometallurgical Division**

**Ferro Alloy Plant (A.P.) &**

**Power Plant**

Paloncha - 507 154

Khammam District

Andhra Pradesh

**Sugar Division**

Samalkot - 533 440

East Godavari District

Andhra Pradesh

**Bankers**

State Bank of India

Andhra Bank

Bank of India

IDBI Bank Ltd

**Ferro Alloy Plant (Orissa)**

Khadgaprasad Village

Dhenkanal District-759 121

Orissa

**Machine Building Division**

Nacharam

Hyderabad - 500 076

Andhra Pradesh

**Registrars and Share Transfer Agents**

Karvy Consultants Limited

"Karvy House"

46, Avenue 4, Street No. 1

Banjara Hills

Hyderabad - 500 034

**Ferro Alloy Plant (M.P.)**

Plot 114 to 122, Sector 'C'

Industrial Area

Urla - 493 221

Raipur District

Madhya Pradesh

**Marine Products Division**

Victory Court

Nowroji Road

Maharanipeta

Visakhapatnam - 530 002

Andhra Pradesh



## Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report of the Company together with the Audited Accounts and the Report of the Auditors for the year ended 31st March, 2000.

### FINANCIAL RESULTS

	Year ended 31.3.2000 Rs. Lakhs	Year ended 31.3.1999 Rs. Lakhs
Turnover and Income	28813.60	22917.92
Profit before Interest, Depreciation and Taxation	4675.24	5041.35
Less : Interest (net of interest income and interest capitalised)	2809.62	3168.04
Profit before Depreciation and Taxation	1865.62	1873.31
Depreciation	1266.07	1402.97
Profit after Depreciation	599.55	470.34
Provision for Taxation	70.00	50.00
Profit after Tax	529.55	420.34
Investment Allowance Reserve written back	—	52.80
Balance brought forward from last year	681.43	636.04
Profit available for Appropriation	1210.98	1109.18
<b>Appropriations:</b>		
Proposed Dividend - Equity	143.16	157.04
- Preference	106.30	70.00
Corporate Dividend Tax	57.15	22.71
Capital Redemption Reserve	200.00	150.00
General Reserve	50.00	28.00
Surplus carried to Balance Sheet	654.37	681.43
	1210.98	1109.18



#### REVIEW OF OPERATIONS:

Members will be pleased to note that the sales and operating income for the year ended 31<sup>st</sup> March, 2000 rose substantially to Rs. 273.39 crores compared to Rs. 212.21 crores for the previous year. 100% capacity utilisation in the Ferro Alloy unit in A.P., crushing of 4.10 lakh MT of Sugar Cane in the last season, both record achievements in the history of the Company and high plant load factor in the Power Plant mainly contributed to this spurt in the sales and operating income. Members will be glad to know further that the Ferro Alloy operations in Orissa have also stabilised at about 95% capacity from January, 2000 onwards. This creditable and qualitative improvement in Orissa Plant is a positive development in the operations. The Company's thrust on exports resulted in direct exports of Silico Manganese touching Rs. 31 crores in the year as against Rs. 17 crores in the previous year.

While sale of rectified spirit and increase in sale of co-generated power boosted the revenues in Sugar Division, pressure on free sale price and reduced releases continued to affect the operations of this division. The operations of the Machine Building Division were adversely affected because of acute recession plaguing the engineering industry.

The Company produced 89698 MT of ferro alloys during the year under review compared to 59229 MT of ferro alloys in the previous year reflecting an increase by 51%. The volume of sales including conversion also has gone up by 61% from 55234 MT to 89130 MT although the margins were under pressure. The recessionary pressure, you will be glad to know, has shown signs of abatement from the end of the last financial year and enabled the Company to reduce the operating loss compared to that of the previous year.

After reviewing the availability of captive power and to avoid penal minimum charges, your Company had sold 4 MW of power from APGPCL through equity divestment and augmented the long term resources of the Company. In the year end, the Company was served with huge levy of supplementary NTPC/PGCIL tariff by APTRANSCO, a substantial part of which relates to the period from August, 1995 - March, 1999. Following prudent principles of accounting, the Company has decided to absorb the entire cost in the year under review, which naturally affected the net profit before tax substantially.

#### DIVIDEND:

##### DIVIDEND ON PREFERENCE SHARE CAPITAL:

A sum of Rs. 106.30 lakhs being dividend for 1999-2000 on the Cumulative and Non-cumulative Redeemable Preference Share Capital is proposed to be appropriated out of the current year's profit.

##### DIVIDEND ON EQUITY SHARE CAPITAL:

Your Directors recommend Dividend @ 12% pro-rata on the Paid-up Equity Share Capital subject to the approval of the Financial Institutions and Banks absorbing a sum of Rs. 143.16 lakhs.

The aggregate dividend pay-out including Corporate Dividend Tax for the year 1999-2000 amounts to Rs. 306.61 lakhs as against Rs. 249.75 lakhs for the previous year.

#### OUTLOOK FOR THE CURRENT YEAR:

Having achieved optimal use of the capacities, your Company has initiated consolidation measures both in operational as well as non-operational areas. Balancing-cum-Expansion of the Power Plant from 30 MW to 50 MW is considered to be a major milestone achieved by the Company in the Current Year. Higher Power generation would ensure high quality uninterrupted power at reasonable cost in the production of ferro alloys. Your Company is installing continuous casting machines in the Ferro Alloy Plants, a first of its kind in the country, to achieve higher recovery of metal, to reduce fines generation and to increase productivity. In the Sugar Plant, continuous upgradation of process equipment is taking place to improve the quality of sugar and thereby realisation. This modernisation will also ensure sustained high crushing capacity with minimal downtime during the coming season.

High interest cost on term loans, you are aware, has been a major crippling factor affecting our profitability. You will be glad to know that the company has taken up a restructuring exercise to reduce interest rates through sourcing low cost Loans with a longer tenure.

While the measures on operation side will qualitatively improve the production efficiency, the financial restructuring will ensure lower interest outflow, higher net profit and improved financial position.

The above steps will help the Company, attain requisite resilience to withstand the cyclical industry pressures and sustain profitability.





#### **INFORMATION TECHNOLOGY AND E-COMMERCE:**

During the year under review, your Company has initiated implementation of SAP R/3 at the Ferro Alloy Plant and Power Plant in A.P. This Enterprise Resource Planning (ERP) Package should help the Company to achieve a seamless supply chain management and improve productivity in due course. Plans are afoot to extend this application to other units of the Company to achieve total integration of all profit centres. The Company is thus gearing itself ready for smooth migration into e-Commerce as and when suitable opportunities arise in this area.

#### **DEMATERIALISATION OF SHARES:**

Securities and Exchange Board of India notified that the Company's Equity Shares shall be traded compulsorily in dematerialised form by all the investors. The Company has entered into a Tripartite Agreement with Central Depository Services (India) Limited in addition to National Securities Depository Limited and Karvy Consultants Limited as the Registrars and Transfer Agents.

#### **FIXED DEPOSITS:**

There are no overdue deposits remaining unpaid beyond the date of maturity.

#### **INSURANCE:**

All the properties of the Company including Buildings, Plant and Machinery and Stocks have been adequately insured.

#### **DIRECTORS:**

Members will share the profound grief on the demise of Dr. D. Subba Rao, Chairman, the founder architect of the Company on 12<sup>th</sup> December, 1999. Directors placed on record his valuable services, inspiration and guidance to the Board and the Company during his tenure as the Managing Director for over 25 years which saw to the Company's growth over the years.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri P. Punnaiah and Dr. E.R.C. Shekar will be retiring by rotation at this Annual General Meeting and are eligible for reappointment.

#### **AUDITORS' COMMENTS:**

The Note No.9 of Schedule 22 to the attached Balance Sheet referred to by the Auditors in their report is

self-explanatory. The Company has been pursuing for recovery of the outstanding amounts and has initiated legal proceedings against parties who have defaulted in paying lease rentals and repaying of short term loans and other receivables. It is not considered necessary or advisable to make a provision at this stage.

#### **AUDITORS:**

M/s.Brahmayya & Co., Chartered Accountants, Hyderabad, the Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and they have conveyed their consent for reappointment.

#### **COST AUDIT:**

The approval of the Central Government for the appointment of Sri A.V. Ramana Rao, FICWA, Cost Accountant to conduct the Cost Audit in respect of Sugar and Industrial Alcohol manufactured by the Company for the year ended 31<sup>st</sup> March, 2000 as recommended by the Board has been received vide Order Nos. 52/261/CAB/89(CLB) and 52/236/CAB/88(CLB) dated 19<sup>th</sup> May, 2000.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

As required under the provisions of Section 217(1)(E) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo have been given in the annexure, which forms part of this Report.

#### **PARTICULARS OF EMPLOYEES:**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office.

#### **INDUSTRIAL RELATIONS:**

Industrial relations have been cordial and your Directors



appreciate the sincere and efficient services rendered by the employees of the Company at all levels towards successful working of the Company. You will be pleased to learn that the Ferro Alloy Plant at Paloncha has been awarded "Best Workers' Welfare (including Family Planning) Effort" by The Federation of Andhra Pradesh Chambers of Commerce & Industry.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation of the co-operation extended by the Financial Institutions and the Company's Bankers from time to time. Your Directors wish to thank the Governments of Andhra Pradesh, Orissa and the State utilities for their continued support. The Board is thankful to the Shareholders for their continued warm co-operation to the Company.

For and on behalf of the Board

**P. Trivikrama Prasad**  
Executive Director

Hyderabad  
24th June, 2000

**D.Ashok**  
Managing Director

