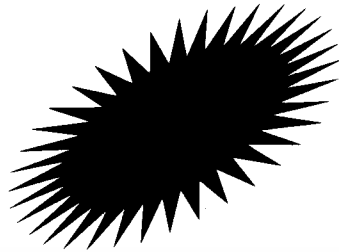


# NAVA BHARAT FERRO ALLOYS LIMITED



**31st ANNUAL REPORT 2002-03**

## NAVA BHARAT FERRO ALLOYS LIMITED

## Notice to Shareholders

NOTICE is hereby given that the 31st Annual General Meeting of Nava Bharat Ferro Alloys Limited will be held on Saturday, the 30th August, 2003 at 10.30 a.m. at Hotel Green Park, 7-1-26, Greenlands, Begumpet, Hyderabad - 500 016 to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares.
3. To appoint a Director in place of Dr. E R C Shekar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### Special Business

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the remuneration payable to Mr. D Ashok, Managing Director, be revised with effect from 1st April, 2003, for the remainder of his tenure, as under :

#### 1) Remuneration :

i) Salary - Rs.1,50,000/- per month

#### ii) Commission :

Commission @ 2% on the net profits of the Company computed in the manner laid down under Section 309 (5) of the Companies Act, 1956.

#### 2) Perquisites :

In addition to the salary and commission, the Managing Director shall be entitled to the

perquisites, classified under Category 'A', 'B' and 'C', as set out in the Explanatory Statement annexed hereto provided that the perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary."

"RESOLVED FURTHER THAT the salary and perquisites aforesaid be paid and allowed, as minimum remuneration to the Managing Director during the remaining period of his tenure, in the event of loss or inadequacy of profits in any financial year provided such minimum remuneration shall be limited to a period of three years from such financial year."

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the remuneration payable to Mr. P Trivikrama Prasad, Executive Director, be revised with effect from 1st April, 2003, for the remainder of his tenure, as under :

#### 1) Remuneration:

i) Salary - Rs.1,50,000/- per month

#### ii) Commission:

Commission @ 2% on the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956.

#### 2) Perquisites:

In addition to the salary and commission, the Executive Director shall be entitled to the perquisites, classified under Category 'A', 'B' and 'C', as set out in the Explanatory Statement annexed hereto provided that the perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary."

"RESOLVED FURTHER THAT the salary and perquisites aforesaid be paid and allowed, as

## NAVA BHARAT FERRO ALLOYS LIMITED

minimum remuneration to the Executive Director during the remaining period of his tenure, in the event of loss or inadequacy of profits in any financial year provided such minimum remuneration shall be limited to a period of three years from such financial year."

**7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :**

"RESOLVED THAT Mr. G R K Prasad, who was appointed as an Additional Director of the Company with effect from 28th June, 2003, under Article 104 of the Articles of Association and who holds office until the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation."

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, Mr. G.R.K. Prasad, be appointed as Director (Finance & Corporate Affairs) for a period of 5 years with effect from 28th June, 2003 on the following remuneration :

**1) Remuneration:**

Salary - Rs.75,000/- per month

**2) Perquisites:**

In addition to the remuneration, Mr. G.R.K. Prasad shall be entitled to the perquisites, classified under Category 'A', 'B' and 'C', as set out in the Explanatory Statement annexed hereto to provided that the perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary."

"RESOLVED FURTHER THAT the salary and perquisites aforesaid be paid and allowed, as minimum remuneration to Mr. G.R.K. Prasad during his tenure, in the event of loss or inadequacy of profits in any financial year provided such minimum remuneration shall be limited to a period of three years from such financial year."

**8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :**

"RESOLVED THAT Mr. C. V. Durga Prasad, who was appointed as an Additional Director of the Company with effect from 28th June, 2003, under Article 104 of the Articles of Association and who holds office until the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation."

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, Mr. C. V. Durga Prasad, be appointed as Director (Business Development) for a period of 5 years with effect from 28th June, 2003 on the following remuneration :

**1) Remuneration:**

Salary - Rs.75,000/- per month

**2) Perquisites:**

In addition to the remuneration, Mr. C V Durga Prasad shall be entitled to the perquisites, classified under Category 'A', 'B' and 'C', as set out in the Explanatory Statement annexed hereto provided that the perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary."

"RESOLVED FURTHER THAT the salary and perquisites aforesaid be paid and allowed, as minimum remuneration to Mr. C V Durga Prasad during his tenure, in the event of loss or inadequacy of profits in any financial year provided such minimum remuneration shall be limited to a period of three years from such financial year."

**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 30th August, 2003 at 10.30 a.m. at Hotel Green Park, 7-1-26, Greenlands, Begumpet, Hyderabad - 500 016.

Name of the Shareholder
-------------------------

Folio No./Client ID No.
No. of Shares

- ★ A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
  - ★ If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the proxy brings this Attendance Slip for the meeting.
- I hereby record my presence at the 31st Annual General Meeting of the Company, on 30th August, 2003.

Name of the Proxy (if any) in Block Letters
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Signature of the Member/Proxy
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**NAVA BHARAT FERRO ALLOYS LIMITED**

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

**PROXY FORM**

Folio No./Client ID No.
No. of Shares

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 31st Annual General Meeting of the Company to be held on the 30th day of August, 2003 and at any  
adjournment thereof.

Signed this ..... day of ..... 2003.

Signature: \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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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****Category 'C':**

- i) Free use of Company's car with driver for the business of the Company. Use of car for private purpose shall be billed by the Company;
- ii) Free telephone facility at residence. All personal long distance calls shall be billed by the Company;
- iii) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months' service;
- iv) They shall also be entitled to reimbursement of expenses actually and properly incurred by them for the business of the Company; and
- v) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The perquisites, under this Category, shall not be included in the computation of the ceiling on remuneration specified in the Resolution."

**The resolutions set out at Items 5 to 8 together with this Explanatory Statement constitute the Memorandum of Interest of the respective Directors under Section 302 of the Companies Act.**

**Item No.9 : Voluntary delisting of securities from Madras Stock Exchange Limited**

Since there have been practically no transactions on the Madras Stock Exchange Limited for several years and as the number of shareholders in the Madras Stock Exchange

region are very few and as the listing of Securities continue to be listed on National Stock Exchange of India Limited and The Stock Exchange, Mumbai, it is proposed to delist the securities from Madras Stock Exchange Limited.

Members at the 29th Annual General Meeting held on 27th September, 2001 have already approved voluntary delisting of Securities from Madras Stock Exchange Limited. However, Madras Stock Exchange Limited is yet to confirm the delisting although the Company had complied with the then prevailing guidelines. SEBI has since issued fresh guidelines in the form of SEBI (Delisting of Securities) Guidelines, 2003. It is proposed to pass the Special Resolution at Item No.9 of the Notice as an abundant caution and to comply with the SEBI Guidelines.

The Company does not intend to give an exit option to the Shareholders situated in the region pertaining to Madras Stock Exchange Limited as the Securities of the Company continue to be listed on National Stock Exchange of India Limited and The Stock Exchange, Mumbai, which have wide coverage in the region.

By Order of the Board of Directors  
For Nava Bharat Ferro Alloys Limited

**G.R.K. Prasad**  
Director (Finance &  
Corporate Affairs)  
and Company Secretary

Place : Hyderabad  
Date : 25.07. 2003

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## NABA BHARAT FERRO ALLOYS LIMITED

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT further to the approval of the Members obtained vide Special resolution dated 27th September, 2001 and in accordance with the SEBI(Delisting of Securities) Guidelines, 2003 on the voluntary delisting of Securities on Stock Exchanges, the Securities of the Company be delisted from the Madras Stock Exchange Limited with immediate effect."

By Order of the Board  
For Nava Bharat Ferro Alloys Limited

G.R.K. Prasad  
Director (Finance &  
Corporate Affairs)  
and Company Secretary

Place: Hyderabad  
Date: 25.07. 2003

## NOTES :

1. The Explanatory Statement in respect of Item Nos.5 to 9 of the Notice, pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll only, on his/her behalf and such Proxy need not be a Member of the Company. The Proxy Form duly completed and signed must be deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
3. The Share Transfer Register and the Register of Members of the Company will remain closed from 28.08.2003 to 30.08.2003 (both days inclusive) in connection with the Annual General Meeting.
4. The dividend for the year ended 31st March, 2003 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the Company's Register of Members on 30.08.2003. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

5. As per provisions of Section 205A of the Companies Act, 1956, the Company has already transferred the amount of all unclaimed dividends declared upto and including the period ended 31st March, 1995 to the General Revenue Account of the Central Government. Those Shareholders who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend from the Registrar of Companies, Andhra Pradesh, Hyderabad.

Members are hereby informed that after the amendment of the Companies Act, 1956, with effect from October 31, 1998, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. In accordance with Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the Fund in respect of dividends remaining unclaimed and unpaid for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.

Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 1995 onwards, are requested to make their claim to the Company accordingly, without any delay.

6. Members are requested to furnish change of address, details of their bank accounts viz., name of bank, full address of the branch, account number and folio number for incorporation in the dividend warrant, to the Company's Registrars and Share Transfer Agents, M/s Karvy Consultants Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500 034.
7. Members seeking any information or clarification on the accounts are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries, only at the meeting.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrars and Share Transfer Agents



**NAVA BHARAT FERRO ALLOYS LIMITED**

enclosing their share certificates to enable consolidation of their shareholdings in one folio.

9. Members are requested to bring their copies of the Annual Report to the Meeting.

10. Retirement of Directors by Rotation

Dr. E R C Shekar, Director of the Company retires by rotation and being eligible offers himself for reappointment.

Dr. E.R.C. Shekar is a Doctorate in Metallurgy with 47 years of experience in Iron and Steel Industry.

He was the Managing Director of Bhilai Steel Plant and later Vice Chairman of Steel Authority of India Limited. Directors commend the reappointment of Dr. E .R. C. Shekar by the Members.

Mr. V S Prasad, Director retires by rotation at the ensuing Annual General Meeting but does not seek reappointment. Members are requested to pass an ordinary resolution to the effect that the vacancy thereby created be not filled up.

### **Explanatory Statement (Pursuant to Section 173(2) of the Companies Act, 1956) for Item Nos. 5 to 9 of the accompanying Notice :**

#### **Item Nos.5 & 6 : Enhancement of Remuneration to the Managing Director and the Executive Director**

Members are aware that the remuneration of the Managing Director and the Executive Director was fixed last in April, 2001. The Remuneration Committee took up the review of their remuneration at its meeting held on the 30th January, 2003. After taking into account the substantial improvement in the profitability and financial position of the Company since the last revision and the prevailing remuneration packages in other Companies, the Committee decided that a revision in the remuneration of the Managing Director and the Executive Director is called for and accordingly approved the remuneration set out in the resolution No.5 & 6 to the Managing Director and the Executive Director with effect from 1st April, 2003.

Mr. D Ashok , an MBA from USA, has been holding senior positions in the Company as General Manager, Executive Director of the Company and as Managing Director from 1999.

Other Directorships : 1. Andhra Pradesh Gas Power Corporation Limited  
2. Brahmani Power Company Private Limited

Mr. P. Trivikrama Prasad, is an MBA from USA. He had held highly responsible positions in various Divisions of

the Company including General Manager and Plant Incharge of Company's Sugar Plant at Pugalur. He is presently the Executive Director.

Other Directorships : 1. Kinnera Power Company Limited  
2. Brahmani Power Company Private Limited

The Board commends the resolutions for members' approval.

Except Mr. D. Ashok and Mr. P. Trivikrama Prasad, no other Director is deemed to be interested or concerned in these resolutions.

#### **Item Nos.7 & 8 : Appointment of Director (Finance & Corporate Affairs) and Director (Business Development)**

Mr. G R K Prasad and Mr. C V Durga Prasad were co-opted as Additional Directors and appointed as Director (Finance & Corporate Affairs) and Director (Business Development) respectively on the Board of the Company with effect from 28th June, 2003 pursuant to Section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company. Mr. G R K Prasad and Mr. C V Durga Prasad will hold office only upto the date of the ensuing Annual General Meeting.

## NAVA BHARAT FERRO ALLOYS LIMITED

The Company has received notices in writing along with a deposit of Rs.500/- each from two members under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. G R K Prasad and Mr. C V Durga Prasad as candidates for the Office of the Directors.

Mr. GRK Prasad is a Fellow Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India and has 22 years of varied professional experience and has been incharge of Finance & Accounts of the Company since August, 1995. Mr. G.R.K. Prasad is not a Director on any other Company.

Mr. C V Durga Prasad is a Commerce Graduate and has been in various positions in the Company for the last 30 years covering a wide spectrum of commercial functions such as material procurement, sales, logistics and marketing of Ferro Alloys in India and abroad and sale of Sugar and its by-products like Rectified Spirit, ENA etc. He is also responsible for development and nurturing lucrative markets by interacting with leading customers in India and abroad. Mr. C.V.Durga Prasad is not a Director on any other Company.

The Remuneration Committee of the Board met on 25th July, 2003 and fixed the remuneration to the Director (Finance & Corporate Affairs) and the Director (Business Development) as set out in this notice and Explanatory Statement.

The Board commends the necessary resolutions for members' approval.

Except Mr. G R K Prasad and Mr. C V Durga Prasad, no other Director is deemed to be interested or concerned in these Resolutions.

**Details of Perquisites for the Managing Director, the Executive Director, the Director (Finance & Corporate Affairs) and the Director (Business Development) :**

**Perquisites:**

Besides the Remuneration set out in resolutions 5,6,7 and 8, Mr. D Ashok, Managing Director, Mr. P Trivikrama Prasad, Executive Director, Mr. G.R.K.Prasad, Director (Finance & Corporate Affairs) and Mr. C.V.Durga Prasad, Director (Business Development), shall be entitled to the perquisites, classified under Category 'A', 'B' and 'C', as follows, provided that the perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary.

**Category 'A':**

**i) Housing:**

- (a) The expenditure incurred by the Company on hiring furnished accommodation for them will be subject to a ceiling of 60% of salary;
- (b) Where accommodation in the company-owned house is provided, they shall pay to the Company, by way of rent 10% of the salary.

Wherever the Company does not provide accommodation, House rent allowance shall be paid in accordance with (a) above; and

- (c) The expenditure incurred by the Company on gas, electricity, water and furnishing will be evaluated as per Income-Tax rules, 1962. This will, however, be subject to a ceiling of 10% of the salary paid to them.

**ii) Medical benefits for self and family :**

Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years.

**iii) Leave Travel concession:**

For self and family, once in a year, incurred in accordance with the rules of the Company.

**iv) Club fees:**

Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.

**v) Personal accident insurance:**

As per the rules of the Company.

**Category 'B':**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company, to the extent, these are not taxable, under the Income-Tax Act, either singly or put together. Gratuity payable, shall not exceed, half a month's salary, for each completed year of service.

The perquisites, under this Category, shall not be included in the computation of the ceiling on remuneration specified in the resolution.



# NAVA BHARAT FERRO ALLOYS LIMITED

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

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**NAVA BHARAT FERRO ALLOYS LIMITED****Five Years at a Glance**

(Rs. in Lakhs)

	2002-03	2001-02	2000-2001	1999-2000	1998-99
<b>Sources of Funds :</b>					
Share Capital	1337.01	1774.75	1774.75	2074.75	2073.32
Reserves	12528.25	9241.64	7806.55	7484.86	7260.42
Loans	16368.63	17548.22	18300.85	19838.85	17863.37
	<u>30233.89</u>	<u>28564.61</u>	<u>27882.15</u>	<u>29398.46</u>	<u>27197.11</u>
<b>Application of Funds :</b>					
Fixed Assets less Depreciation	19982.12	16962.44	17576.09	21694.71	19284.07
Investments	210.71	206.11	290.40	288.08	374.30
Net Current Assets	10041.06	11392.14	10007.37	7403.01	7521.72
Miscellaneous Expenditure	—	3.92	8.29	12.66	17.02
	<u>30233.89</u>	<u>28564.61</u>	<u>27882.15</u>	<u>29398.46</u>	<u>27197.11</u>
<b>Profits :</b>					
Profit after Taxation	3027.94	1699.92	593.95	529.55	420.34
Dividend	443.52 *	288.55	272.26 *	306.61 *	249.75 *
Retained Profit	<u>2584.42</u>	<u>1411.37</u>	<u>321.69</u>	<u>222.94</u>	<u>170.59</u>
* Includes Corporate Dividend Tax					
<b>Other Data :</b>					
Dividend per Share (Rs.)	3.00	1.80	1.20	1.20	1.50
Debt Equity Ratio	0.78	1.11	1.43	1.62	1.52
<b>Our Contribution to Revenue</b>					
Sales Tax, Purchase Tax etc.	688.90	782.95	1356.81	1053.20	662.62
Excise Duty	2352.96	1383.06	1291.89	1359.84	1018.09
	<u>3041.86</u>	<u>2166.01</u>	<u>2648.70</u>	<u>2413.04</u>	<u>1680.71</u>