

NAVA BHARAT FERRO ALLOYS LIMITED

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32nd ANNUAL REPORT 2003-04

NAVA BHARAT FERRO ALLOYS LIMITED

Notice to Shareholders

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Nava Bharat Ferro Alloys Limited will be held on Saturday, the 24th July 2004 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 2004 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 Sri P. Punnaiah, who retires by rotation and, being eligible, offers himself for reappointment.**
4. **To appoint a Director in place of Dr. M. V. G. Rao, who retires by rotation and, being eligible, offers himself for reappointment.**
5. **To appoint Auditors and to fix their remuneration.**

Special Business

6. **Reappointment of Sri D. Ashok, as Managing Director.**

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

“RESOLVED THAT Pursuant to the provisions of Sections 198, 269, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent of the Company be and is hereby accorded to the reappointment of Sri D. Ashok, as the Managing Director of the Company for a period of 5 years with effect from 14th August, 2004, on the remuneration, perquisites, commission and other allowances as under::

- A. Salary - Rs.1,50,000/- per month
- B. Commission : @ 2% on the net profits of the Company and

C. Perquisites:

- a) Housing
 - i) Where accommodation in the company owned house is provided, he shall pay to the Company, by way of rent 10% of the salary;
 - ii) Where hired accommodation is provided, the expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of salary;
 - iii) In case, the Company does not provide accommodation, House rent allowance shall be paid @ 60% of the salary; and
 - iv) The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the salary.
- b) Medical Reimbursement for self and family: Reimbursement of expenses actually incurred for self and family, 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.
- c) Leave Travel concession: For self and family, once in a year, in accordance with the rules of the Company.
- d) Club fees: Fees of clubs, subject to a maximum of two clubs.
- e) Personal accident insurance: As per the rules of the Company.
- f) Car: Free use of Company's car with driver.
- g) 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.
- h) Gratuity payable, shall not exceed, half a month's salary, for each completed year of service.
- i) Telephone: Free telephone facility at residence.
- j) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months' service;

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k) He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company; and

l) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

"RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites and other allowances shall be paid and allowed to Sri D. Ashok, Managing Director, as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period not exceeding three years."

7. 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 perquisites forming part of the remuneration payable to Sri P. Trivikrama Prasad, Executive Director, be revised as set out in the Explanatory Statement annexed hereto, the balance remuneration including the salary and commission being unaltered and remained the same."

"RESOLVED FURTHER THAT the existing salary and the perquisites aforesaid be paid and allowed as minimum remuneration to Sri P. Trivikrama Prasad, 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."

8. 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 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 perquisites forming part of the remuneration payable to Sri C. V. Durga Prasad, Director (Business Development), be revised as set

out in the Explanatory Statement annexed hereto, the balance remuneration including the salary being unaltered and remained the same."

"RESOLVED FURTHER THAT the existing salary and the perquisites aforesaid be paid and allowed as minimum remuneration to Sri C. V. Durga Prasad, Director (Business Development), 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."

9. 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 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 perquisites forming part of the remuneration payable to Sri G. R. K. Prasad, Director (Finance & Corporate Affairs), be revised as set out in the Explanatory Statement annexed hereto, the balance remuneration including the salary being unaltered and remained the same."

"RESOLVED FURTHER THAT the existing salary and the perquisites aforesaid be paid and allowed as minimum remuneration to Sri G. R. K. Prasad, Director (Finance & Corporate Affairs), 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."

By Order of the Board
For Nava Bharat Ferro Alloys Limited

M. Subrahmanyam
Company Secretary &
Chief General Manager (CA)

Place : Hyderabad
Date : 15.05.2004

Registered Office:
'Nava Bharat Chambers'
6-3-1109/1, Raj Bhavan Road
HYDERABAD – 500 082

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

Item No.6: Reappointment of Sri D. Ashok as Managing Director

Sri D. Ashok, is an M.B.A. from the University of Wisconsin, USA. He joined the Company as General Manager in 1981. He became the Chief Executive and later the Executive Director before taking over the reins of the Company as Managing Director in 1999.

Pursuing dynamic production and marketing strategies, Sri D. Ashok has brought the Company to a pre-eminent position in the Ferro Alloy Industry. Under his able guidance, the Company received several accolades in the areas of exports, productivity, quality, industrial safety, environmental protection etc. He has steered the Company to a distinctive competitive edge through well timed expansion, modernization and diversification measures like setting up of coal based power plants. Under his leadership your Company has earned a name for execution of large projects well within estimated time and cost parameters.

The Board at its meeting held on 15.05.2004 reappointed Sri D. Ashok as Managing Director for a period of 5 years from 14th August 2004 on the remuneration as set out in the resolution placed before you for your approval, pursuant to the recommendation of the Remuneration Committee.

He holds other Directorships in Andhra Pradesh Gas Power Corporation Limited and Brahmani Power Company Private Limited

The resolution set out at Item No.6 together with this Explanatory Statement constitute the Memorandum of Interest of the Managing Director under Section 302 of the Companies Act.

Except Sri D. Ashok and Sri P.Trivikrama Prasad, being relative of Sri D. Ashok, no other Director is deemed to be interested or concerned in the resolution.

The Board commends the resolution for members' approval.

Item Nos.7, 8 & 9 Perquisites payable to Sri P. Trivikrama Prasad, Executive Director, Sri C. V. Durga Prasad, Director (Business Development) and Sri G.R.K Prasad, Director (Finance & Corporate Affairs).

Sri P Trivikrama Prasad, Executive Director, was reappointed as such by the members with effect from 19th March 2002. The remuneration payable to Sri P. Trivikrama Prasad as Executive Director, was revised by the members at 31st Annual General Meeting held on 30th August 2003. Sri P Trivikrama Prasad, Executive Director, is paid a salary of Rs.1,50,000/- per month apart from the commission of 2% on the net profits and the perquisites being revised as set out in this Explanatory Statement.

Sri C V Durga Prasad, Director (Business Development), was appointed as such by the members with effect from 28th June 2003. The remuneration payable to Sri C V Durga Prasad, as Director (Business Development), was approved by the members at 31st Annual General Meeting held on 30th August 2003. Sri C V Durga Prasad, Director (Business Development), is paid a salary of Rs.75,000/- per month and the perquisites being revised as set out in this Explanatory Statement.

Sri G.R.K Prasad, Director (Finance & Corporate Affairs), was appointed as such by the members with effect from 28th June 2003. The remuneration payable to Sri G.R.K Prasad, as Director (Finance & Corporate Affairs), was approved by the members at 31st Annual General Meeting held on 30th August 2003. Sri G.R.K Prasad, Director (Finance & Corporate Affairs), is paid a salary of Rs.75,000/- per month and the perquisites being revised as set out in this Explanatory Statement.

Perquisites

The Board as per the recommendations of the Remuneration Committee took up the review of the perquisites payable to Sri P Trivikrama Prasad, Executive Director, Sri C V Durga Prasad, Director (Business Development) and Sri G.R.K. Prasad, Director (Finance & Corporate Affairs) at its meeting held on 15th May 2004 and decided that the perquisites payable to each of them be as follows:

- a) Housing
 - i) Where accommodation in the company owned house is provided, he shall pay to the Company, by way of rent 10% of the salary;

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Details of Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors who are proposed to be reappointed are given below:

Name	Sri P. Punnaiah - Director	Dr. M.V.G. Rao - Director	Sri D.Ashok - Managing Director
Age	85	63	47
Qualification	B.A.	B.Sc(Hons)(Chemical Engineering) F.I.E. DFRI (Pulp & Paper Technology) D.Sc. (HONORIS CAUSA)	M.B.A. (University of Wisconsin, U.S.A.)
Experience in Specific Functional area	Rich experience of over 54 years in Management	39 years of Industrial experience	Rich experience of more than two decades in various facets of manufacturing and marketing of bulk ferro alloys.
Date of appointment on the Board of the Company (Nava Bharat Ferro Alloys Limited)	07.11.1972	25.09.1997	19.03.1992
Name(s) of other Companies in which Directorships held (as per Section 275 and 278 of the Companies Act,1956)	Beardsell Ltd	Vamsadhara Paper Mills Ltd. Veera Laboratories Limited Vera Pharma Limited Hi-tech Print Systems Ltd. Regma Ceramics Limited Kommineni Infotech Pvt. Ltd.	A.P. Gas Power Corporation Limited Brahmani Power Company Private Limited
Name(s) of Companies in which Committee Membership(s)/ Chairmanship(s) held (as per Clause 49 of the Listing Agreement with the Stock Exchanges)	Member of the Share Transfer Committee of Beardsell Limited	Chairman of Audit Committee of Regma Ceramics Limited Chairman of Share Transfer Committee of Vera Laboratories Limited	Member of Share Transfer Committee of A.P. Gas Power Corporation Limited.

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NOTES

1. The Explanatory Statement in respect of Item No. 6 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 16.07.2004 to 24.07.2004(both days inclusive) in connection with the Annual General Meeting.
4. The dividend for the year ended 31st March 2004 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 24.07.2004. 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. The unclaimed dividend for the year ended 31st March, 1997 will be transferred to the 'Investor Education and Protection Fund' on expiry of 7 years from the date the dividend became due for payment, pursuant to Section 205A read with Section 205C of the Companies Act, 1956. It may be noted that after the expiry of the said period of 7 years on 04.11.2004, no claim shall lie in respect of unclaimed dividend. Members who have not encashed their Dividend Warrants for the said financial year and subsequent years are requested to send the same for revalidation to the Company.

The unpaid dividend in respect of the prior period has already been transferred to the General Revenue Account of the Central Government upto and including for the year 1994-95 and the Investor Education & Protection Fund for the year 1995-96 as per the provisions of the Companies Act, 1956 read with the relevant rules framed thereunder.
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 on the dividend warrant, to the Company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited(formerly M/s. Karvy Consultants Ltd), Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500034.
7. Members seeking any information or clarification on the accounts are requested to send in writing 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 Transfer Agents 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

Sri P. Punnaiah, Director of the Company retires by rotation at the Annual General Meeting and being eligible offers himself for reappointment.

Sri P. Punnaiah is an Industrialist with over 54 years of experience in Management.

Directors commend the reappointment of Sri P. Punnaiah by the Members.

Dr. M.V.G. Rao, Director retires by rotation at the Annual General Meeting and being eligible offers himself for reappointment.

Dr. M. V. G. Rao is a Doctorate in Chemical Engineering with over 39 years of industrial experience. Directors commend the reappointment of Dr. M.V.G. Rao by the Members.

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- ii) Where hired accommodation is provided, the expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of salary;
- iii) In case, the Company does not provide accommodation, House rent allowance shall be paid @ 60% of the salary; and
- iv) The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the salary.
- b) Medical Reimbursement for self and family: Reimbursement of expenses actually incurred for self and family, 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.
- c) Leave Travel concession: For self and family, once in a year, in accordance with the rules of the Company.
- d) Club fees: Fees of clubs, subject to a maximum of two clubs.
- e) Personal accident insurance: As per the rules of the Company.
- f) Car: Free use of Company's car with driver.
- g) 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.
- h) Gratuity payable, shall not exceed, half a month's salary, for each completed year of service.
- i) Telephone: Free telephone facility at residence.

- j) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months' service;
- k) Reimbursement of expenses actually and properly incurred for the business of the company; and
- l) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The resolution set out at item Nos.7, 8 & 9 together with this Explanatory Statement constitute the Memorandum of Interest of the Executive Director, the Director (Business Development) and the Director (Finance & Corporate Affairs) under Section 302 of the Companies Act.

Except Sri P Trivikrama Prasad, Executive Director, Sri C V Durga Prasad, Director (Business Development) and Sri G R K Prasad, Director (Finance & Corporate Affairs) and Sri D Ashok, Managing Director being relative of the Executive Director, no other Director is deemed to be interested or concerned in the resolution.

The Board commends the resolutions for members' approval.

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

M. Subrahmanyam
Company Secretary &
Chief General Manager (CA)

Place : Hyderabad
Date : 15.05.2004

Registered Office:
'Nava Bharat Chambers'
6-3-1109/1, Raj Bhavan Road
HYDERABAD – 500 082

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)

	2003-04	2002-03	2001-02	2000-01	1999-2000
Sources of Funds :					
Share Capital	1337.01	1337.01	1774.75	1774.75	2074.75
Reserves	15766.07	12528.25	9241.64	7806.55	7484.86
Loans	15173.89	16368.63	17548.22	18300.85	19838.85
Deferred Tax Liability	2121.56	—	—	—	—
	<u>34398.53</u>	<u>30233.89</u>	<u>28564.61</u>	<u>27882.15</u>	<u>29398.46</u>
Application of Funds :					
Fixed Assets less Depreciation	23374.94	19982.12	16962.44	17576.09	21694.71
Investments	243.71	210.71	206.11	290.40	288.08
Net Current Assets	10779.88	10041.06	11392.14	10007.37	7403.01
Miscellaneous Expenditure	—	—	3.92	8.29	12.66
	<u>34398.53</u>	<u>30233.89</u>	<u>28564.61</u>	<u>27882.15</u>	<u>29398.46</u>
Profits :					
Profit after Taxation	5564.04	3027.94	1699.92	593.95	529.55
Dividend	836.81*	443.52*	288.55	272.26*	306.61*
Retained Profit	<u>4727.23</u>	<u>2584.42</u>	<u>1411.37</u>	<u>321.69</u>	<u>222.94</u>
* Includes Corporate Dividend Tax					
Other Data :					
Dividend per Share (Rs.)	6.00	3.00	1.80	1.20	1.20
Debt Equity Ratio	0.62	0.78	1.11	1.43	1.62
Our Contribution to Revenue :					
Sales Tax, Income Tax etc.	1913.90	688.90	782.95	1356.81	1053.20
Excise Duty	2785.68	2352.96	1383.06	1291.89	1359.84
	<u>4699.58</u>	<u>3041.86</u>	<u>2166.01</u>	<u>2648.70</u>	<u>2413.04</u>

NAVA BHARAT FERRO ALLOYS LIMITED

Board of Directors

Mr. D. Ashok

Mr. P. Trivikrama Prasad

Mr. C.V. Durga Prasad

Mr. G.R.K. Prasad

Mr. P. Punnaiah

Mr. K.P. Rama Krishnan

Dr. G. Sreeramjee

Dr. E.R.C. Shekar

Dr. M.V.G. Rao

Mr. K. Balarama Reddi

Managing Director**Executive Director****Director (Business Development)****Director (Finance & Corporate Affairs)****IDBI Nominee**

**Company Secretary &
Chief General Manager (Corporate Affairs)**
Mr. M. Subrahmanyam

Registered Office

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

Auditors

Messrs Brahmayya & Co.
Chartered Accountants
Flat No. 403
Golden Green apartments
Irrum Manzil Colony
Somajiguda, Hyderabad - 500 082

Works :

**Electrometallurgical Division
Ferro Alloy Plant (A.P.)**
Paloncha - 507 154
Khammam District
Andhra Pradesh

**Power Division
Power Plant (A.P.)**
Paloncha - 507 154
Khammam District
Andhra Pradesh

Bankers

State Bank of India
Andhra Bank
Bank of India
State Bank of Hyderabad
UCO Bank

Ferro Alloy Plant (Orissa)

Kharagprasad Village - 759 121
Dhenkanal District
Orissa

Power Plant (Orissa)

Kharagprasad Village - 759 121
Dhenkanal District
Orissa

Registrars and Share Transfer Agents

Karvy Consultants Limited
"Karvy House"
46, Avenue 4, Street No. 1
Banjara Hills
Hyderabad - 500 034

Sugar Division

Samalkot - 533 440
East Godavari District
Andhra Pradesh

Machine Building Division

Nacharam
Hyderabad - 500 076
Andhra Pradesh