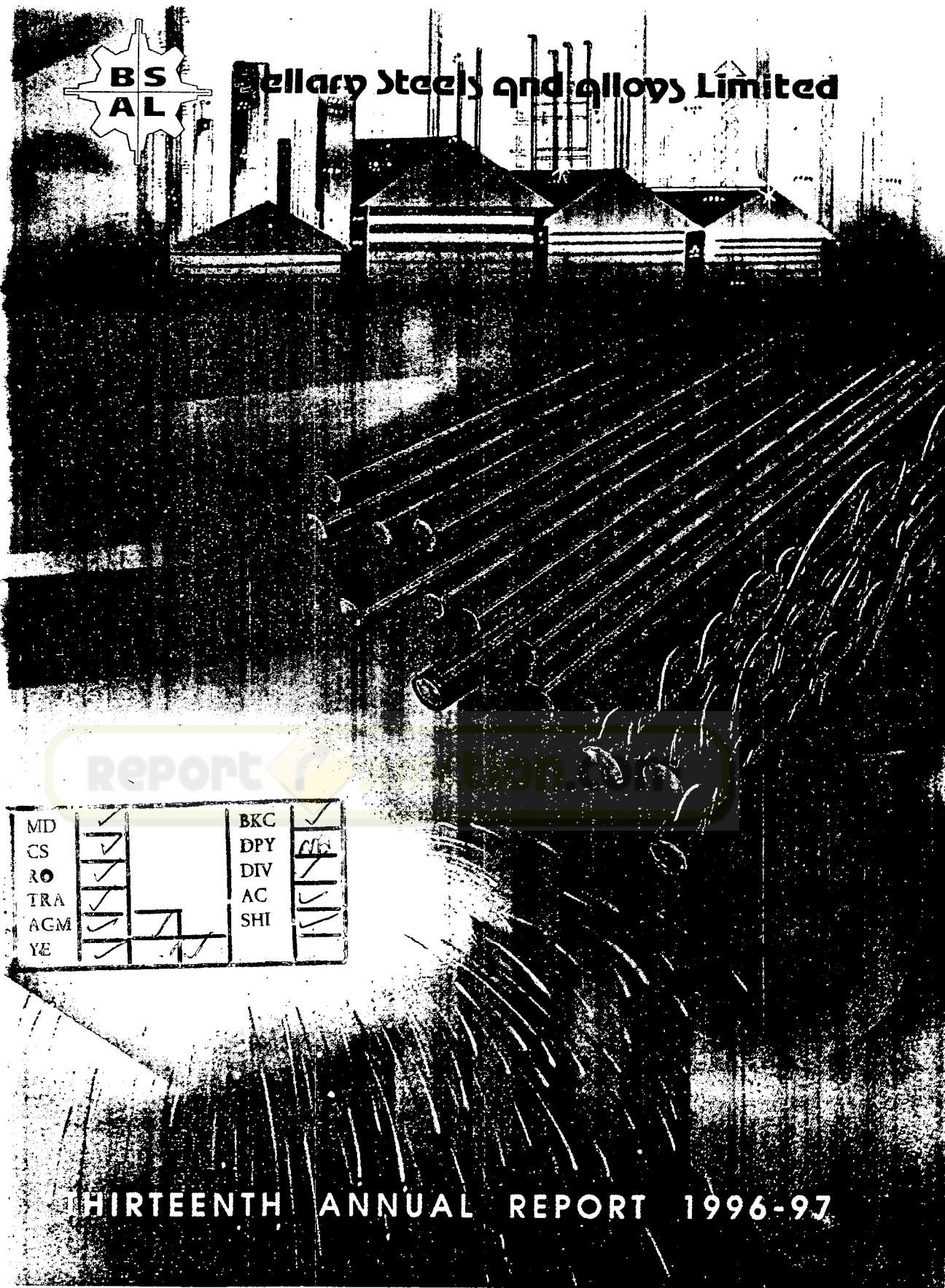




Cellary Steels and Alloys Limited



Report

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓		SHI	✓
YE	✓			✓

THIRTEENTH ANNUAL REPORT 1996-97



BOARD OF DIRECTORS

Shri MOOSA RAZA	:	<i>Chairman</i>
Shri S. MADHAVA	:	<i>Managing Director</i>
Shri B. RAVINDRANATH	:	<i>Nominee of IDBI</i>
Shri C.S. PANI	:	
Shri P.K. GUPTA	:	<i>Nominee of IFCI</i>
Shri C. SASIKANTH	:	<i>Director - Finance</i>
Smt. PARVATHI S. MADHAVA	:	

EXECUTIVES

Shri D.N. RAO	:	Chief Executive (ISP)
Shri P. SRIDHAR	:	President
Shri M. KAMARAJU	:	General Manager (F & A)
Shri V. VAIDHYANATHAN	:	Jt. Company Secretary

AUDITORS

:	M/s. D.V. Sarovar & Co., Chartered Accountants Car Street, Bellary - 583 101
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BANKERS

:	State Bank of India State Bank of Travancore Central Bank of India Indian Bank The Dhanalakshmi Bank Ltd ICICI Banking Corporation Ltd Times Bank Ltd Dena Bank
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**REGISTERED OFFICE /
FACTORY**

:	S-10/11, Anantapur Road Bellary - 583 101 (Karnataka) Grams : "BESTEEL" Telex : 0817 - 211 BSAL IN Phone No. : 08392 - 78701 (4 Lines) Fax : 08392 - 77113
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CORPORATE OFFICE

:	"Sri Lakshmi" # 4000, 100 Ft. Road HAL II Stage, Indiranagar, Bangalore 560 008 Phone : 080 - 5260423/424 Fax : 080 - 5261490
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BELLARY STEELS AND ALLOYS LIMITED**NOTICE TO THE SHARE HOLDERS**

NOTICE is hereby given that the 13th Annual General Meeting of the Shareholders of Bellary Steels & Alloys Limited will be held on Saturday, the 27th September 1997 at 10.30 A.M. at the Registered Office of the Company at S-10/11, Anantapur Road, Bellary - 583 101, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1997 and the Profit & Loss Account for the period ended on that date together with the reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in the place of Shri C S Pani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Smt. Parvathi S Madhava, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

M/s D V Sarovar & Co., Chartered Accountants, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT subject to - the enactment of the proposed Companies Act, 1997, the provisions enabling the Company to purchase its own shares and in accordance with the guidelines as may be prescribed by Securities and Exchange Board of India and the listing agreement entered into by the Company where the Company's shares are listed and subject further to any necessary approvals, consents, permissions and/or sanctions of any other appropriate Authorities, Financial Institutions/Banks or bodies, the consent of the Company be and is hereby accorded to the Board of Directors to buy back equity shares of the Company and deal with such shares on such terms and conditions as may be decided by the Board from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, appropriate or desirable and to settle any question, difficulty, or doubt that may arise in regard to the buy back of its shares and further to do all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

Thirteenth Annual Report

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered in the manner stated below :

- (i) To substitute the existing Article No. (6g) as follows :

The Redeemable Cumulative Preference Shares shall be liable to be redeemed or converted into equity share, at par or at a premium, either in whole or in part, in one or more instalments, at the discretion of the Board or the General Meeting of the Company or as may be specified at the time of each issue of Redeemable Cumulative Preference Shares.

- (ii) To read the following as Article No. (7a)

The Company shall have power to buy back its own shares or other specified securities subject to the provisions that may be provided in the Act as amended from time to time and the rules that may be framed thereunder and such shares shall be cancelled or re-issued or dealt in such other manner as the Board may determine."

By order of the Board
for BELLARY STEELS AND ALLOYS LIMITED

PLACE : Bangalore
DATE : 12th August, 1997

V. VAIDHYANATHAN
JT. COMPANY SECRETARY

NOTES :

1. Explanatory statement under section 173(2) of the Companies Act, 1956 is annexed herewith in respect of special business.
2. Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy form should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members of the Company will remain closed during the period from 27th September 1997 to 25th October 1997 (both days inclusive) for the purpose of dividend.
4. The dividend on the equity share capital recommended by the Board of Directors, if declared, the same will be paid to the shareholders, whose names appear on the Company's Register of Members as on the date of Annual General Meeting i.e. 27th September, 1997.
5. Shareholders are requested to furnish their change in address, if any, immediately to the Company's Registrars, M/s Karvy Consultants Ltd., 51/2, Opp. National College, Vanivilas Road, Basavanagudi, Bangalore - 560 004.

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BELLARY STEELS AND ALLOYS LIMITED

6. Members/Proxies, should bring the Attendance slip sent herewith duly filled in for attending the meeting and hand it over at the entrance of the hall.
7. Shareholders are hereby informed that the Company has transferred to the Central Government all unclaimed dividend relating to the accounting year 1992-93. Shareholders who have not collected dividends for accounting year 31.3.1993 are requested to make an application to Registrar of Companies, Karnataka, Kendriya Sadan, E Wing, II Floor, Koramangala, Bangalore - 560 034 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed, Form No II under the Companies unpaid Dividend (Transfer to Central Revenue Account of the Central Government) Rule, 1978.

Explanatory Statement as required u/s 173(2) of the Companies Act, 1956

Item No. 6 :

The proposed Companies Act, 1997 has made provisions for buy back of shares by Companies and the Draft Companies Bill 1997 is being introduced in the current monsoon session of Parliament and the Guidelines for buying back shares are expected to be notified shortly. The Company proposes to buy back the equity shares on such terms and conditions as may be decided by the Board from time to time.

The Directors of the Company are deemed to be interested to the extent of their Shareholding.

Item No. 7 :

- (i) The existing Articles of Association of the Company provide for redemption of preference shares at par either in whole or in part. It is proposed to alter the Articles in order to provide for redemption of preference shares at a premium or converting such shares into equity shares on such terms as may specified at the time of issue of preference shares or thereafter.
- (ii) In view of the proposal for buy back of shares provided in the Draft Companies Bill 1997, it is thought fit to enable the Company to have such power in the Articles of Association of the Company. The provisions of Section 31 of the Companies Act 1956 require the approval of the Shareholders for any alteration of the Articles of the Company.

The Directors of the Company are deemed to be interested to the extent of their Shareholding.

Thirteenth Annual Report**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 13th Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March 1997.

REVIEW OF OPERATIONS

The country witnessed a slowdown in the growth of the economy in the year due to political uncertainty prevailing in the country adversely affecting the industry. The steel industry also went through a crisis when all the steel producers were constrained to regulate and adapt their operations to the pace of the economy. While the prices of all the steel inputs have been rising, the increase in the selling prices of finished products could not keep pace. Further, the Company had to give extended credits to its customers as most of them faced around liquidity crunch. Despite such constraints, your Company is gratified to report an improvement in its performance.

The shareholders are aware that the Company had completed the modernisation of its steel melt shop during 1995-96, the benefits of which flowed to the Company during the current year in the form of better productivity and higher production.

The Company continues to serve a niche market and hence does not foresee any difficulty in maintaining its operations and improving them.

FINANCIAL RESULTS

Your Company has concluded another year with a sustained growth and expects to maintain the same pace. Your Company's performance for the period under review shows an increase in turnover of 20.3% and profit after tax of 21.7% compared to the previous year.

The summarised financial results are as under -

	Current year (Rs. In Lacs)	Previous year (Rs. In Lacs)
Total Income	25323	18924
Gross Profit	7704	4317
Less : Finance Charges	1797	1597
Profit Before Depreciation & Taxes	5907	2720
Less : Depreciation	3147	504
Net Profit Before Tax	2760	2216
Less : Provision for Taxation	63	-
Net Profit after Tax	2697	2216
Add : Balance from the Previous Year	2442	1176
Amount available for appropriation	5139	3392

BELLARY STEELS AND ALLOYS LIMITED**Appropriations**

Debenture Redemption Reserve	-	506
Proposed Dividend	345	333
Transfer to General Reserve	135	111
Balance carried to Balance sheet	4659	2442

DIVIDEND

Your Directors have pleasure in recommending a dividend of 15% for the year ended 31st March, 1997. The dividend, if approved, by the shareholders at the Annual General Meeting will absorb a sum of Rs. 379 lacs including tax of Rs. 34 lacs.

NEW PROJECT

As reported last year, the Company is setting up an integrated steel plant with an initial capacity of 0.5 million tpa for long products at Bellary through Blast Furnace (BF)- Basic Oxygen Furnace (BOF) - Continuous Casting (CC) - Rolling Mill (RM) Route at a cost of Rs. 891 crores. The implementation of the project has been progressing as per the schedule and no difficulty is envisaged in maintaining the tempo.

DIRECTORS

Mr C S Pani, and Mrs Parvathi S Madhava, Directors of your Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr K C Kondaiah, a Whole-time Director has resigned from the Board of Directors of the Company in the month of April, 1997. The Company places on record with deep appreciation, the invaluable services rendered by him during his tenure.

Mr K S Shetty, a Director nominated by Industrial Credit and Investment Corporation of India Ltd., (ICICI) has been withdrawn by them. Your Directors place on record the valuable services rendered by him during his tenure.

AUDITORS

M/s D V Sarovar & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. As required under section 224 (1-B) of the Companies Act, 1956, the present Auditors have furnished the necessary certificate.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**Conservation of Energy and Technology Absorption :**

The information required to be furnished under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules 1988, is given in annexure-I forming part of this report.

Thirteenth Annual Report**Foreign Exchange Earnings and outgo :**

The foreign exchange earnings and outgo during the year are as under :

	Amount (Rupees in lacs)
Earnings -	-
Outgo -	
1. Imports (CIF value)	508
2. Foreign Travel Expenses	33

PARTICULARS OF EMPLOYEES

The Board records its appreciation of the support from the employees at all levels. The industrial relations in the Company continues to be cordial.

Information in accordance with section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended up to date forming part of this Report is given in annexure-II.

FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the unstinted support extended to the Company by the Financial Institutions, Banks, Central/State and other Government Agencies. Your Directors are also grateful to the customers, suppliers, and shareholders who reposed their confidence in your Company and hope to have their continued support in the future.

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for and on behalf of the Board of Directors

PLACE : Bangalore
DATE : 23.6.1997

MOOSA RAZA
Chairman