



**FIFTEENTH ANNUAL REPORT
1998-99**



BELLARY STEELS AND ALLOYS LIMITED

BOARD OF DIRECTORS

Shri. S Madhava	:	Managing Director
Dr. K Kameswara Rao	:	Nominee of IDBI
Shri. S Ramasubramanian	:	Nominee of ICICI
Shri. P Krishnan	:	Nominee of IFCI
Shri. D N Rao	:	Technical Director
Smt. Parvathi S Madhava	:	Director

EXECUTIVES

Shri. O N Krishnan	:	Vice President (Electrical)
Shri. B A Kumar	:	General Manager (Operation)
Shri. V Ramasamy	:	Dy. General Manager (F&A)
Shri. V Vaidhyathan	:	Company Secretary

AUDITORS

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

BANKERS

:	State Bank of India
	Central Bank of India
	ICICI Banking Corporation Ltd.
	Punjab National Bank
	Times Bank Limited
	State Bank of Travancore
	Bank of Maharashtra
	The South Indian Bank Ltd.
	The Dhanalakshmi Bank Ltd.
	Indian Bank
	Dena Bank
	Development Credit Bank Ltd.
	Bharath Overseas Bank Ltd.
	State Bank of Mysore

**REGISTERED OFFICE/
FACTORY**

:	S-10/11, Anantapur Road
	Bellary - 583 101.
	Grams: "BESTEEL"
	Telex: 0817- 211 BSAL IN
	Phone : 08392 - 78701 (4 lines), Fax: 08392 - 77133

CORPORATE OFFICE

:	"Sri Lakshmi", # 4000, 100 Ft. Road
	HAL II Stage, Indiranagar, Bangalore - 560 008.
	Phone 080 - 5260423/424, Fax: 080 - 5261490

**NAME OF THE STOCK
EXCHANGES WHERE THE
COMPANY'S SHARES ARE
LISTED**

:	Bangalore Stock Exchange Limited
	No. 51, Stock Exchange Towers, J C Road
	Bangalore - 560 027, Phone : 2995234
	The Stock Exchange Mumbai
	Phiroze Jeejeebhoy Towers, Dalal Street
	Mumbai - 400 001, Phone : 2655581

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of Bellary Steels and Alloys Limited will be held at its Registered Office at S-10/11 Anantapur Road, Bellary, - 583 101 at 10.30 a.m. on Thursday, the 23rd December 1999 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th September 1999 and the Profit & Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Smt. Parvathi S Madhava, who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in the place of Shri D N Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. 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. Moorthi & Kantharaj, Chartered Accountants, Bangalore are eligible for appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of section 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 in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary, and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions 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 (hereinafter referred to as the "Committee") 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 issue/offer -

- a) 16,00,00,000 equity shares of the face value of Rs.10/- each for cash aggregating to Rs.160 crores ,
- b) 16,00,00,000 redeemable preference (cumulative/non-cumulative) shares of Rs.10/- each for cash aggregating to Rs. 160 crores and
- c) 2,50,00,000 of Optionally Fully Convertible Debentures (OFCD) of Rs.100/- each for cash aggregating to Rs.250 crores to be converted into 15% Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each with an option to redeem such CRPS in three equal annual instalments at the end of the 7th, 8th and 9th year from date of issue of OFCDs or convert such CRPS into equity

shares of Rs.10/- each at par as the Board/Committee at its sole discretion may at any time or times hereafter decide to the Promoters, Members, Debentureholders, Employees, Financial Institutions/ Banks, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and/or to such other persons, whether through public issue, rights issue, private placement or on preferential basis as the Board/Committee may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, on such terms and conditions as the Board/Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons”.

“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 or such other persons or otherwise as the Board/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 of issue of the 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, desirable or expedient as it may deem fit”.

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

“RESOLVED THAT existing Clause V of the Memorandum of Association of the Company as to the share capital be and is hereby altered as follows :

Clause V

“The Authorised Capital of the Company is Rs.570,00,00,000/- (Rupees five hundred and seventy crores only) divided into 16,00,00,000 (Sixteen crores only) Equity Shares of Rs.10/- (Rupees ten only) each , 16,00,00,000 (Sixteen crores only) Redeemable Preference Shares Cumulative and/ or Non-cumulative of Rs.10/- (Rupees ten only) each and 2,50,00,000 - 15% Cumulative Redeemable Preference shares of Rs.100/- (Rupees one hundred only) each , with power to the Company to increase or reduce the said capital, from time to time in accordance with the Regulations of the Company and legislative provisions for the time being in force in this behalf”.

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act 1956, the Articles of Association of the Company be and is hereby altered in the following manner :

Clause 5

“The Authorised Capital of the Company is Rs.570,00,00,000/- (Rupees five hundred and seventy crores only) divided into 16,00,00,000 (Sixteen crores only) Equity Shares of Rs.10/- (Rupees ten only) each , 16,00,00,000 (Sixteen crores only) Redeemable Preference Shares Cumulative and/

or Non-cumulative of Rs.10/- (Rupees ten only) each and 2,50,00,000 - 15% Cumulative Redeemable Preference shares of Rs.100/- (Rupees one hundred only) each , with power to the Company to increase or reduce the said capital, from time to time in accordance with the Regulations of the Company and legislative provisions for the time being in force in this behalf".

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

" RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act 1956, the Articles of Association of the Company be and is hereby altered in the following manner :

- (a) The following Article shall be inserted as Article 12(f) after Article 12(e) of the Articles of Association of the Company :-

Nomination

- 12(f) (i) Notwithstanding anything contained in these Articles and subject to the provisions of Sections 109A and 109B of the Companies Act, 1956, every member and debenture-holder of the Company may at any time nominate in the prescribed manner, a person to whom his shares or debentures of the Company shall vest in the event of his death.
- (ii) In case of more than one holder, the joint holders may together nominate, in the prescribed manner a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (iii) The nominee shall, on the death of the holder of shares or debentures of the Company or all the joint holders thereof, as the case may be, become entitled to all the rights in such shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where nominee is a minor, the holder of shares or debentures of the Company may appoint a person to become entitled to such shares or debentures, in the event of his death during the minority of nominee.
- (v) Only individual holders of shares or debentures can make nominations. Non individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, (HUF), Holder of Power of Attorney cannot nominate and none of these can be appointed as a nominee.
- (vi) Transfer of shares or debentures in favour of a nominee and payment of amount of debentures on redemption to nominee shall be valid discharge by the Company against the legal heirs.

12(g) Dematerialisation of securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.

12(h) Issue of securities and option for investors

Notwithstanding anything contained in these Articles, an issue of security by the Company may also be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialise the securities subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary, the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines. The shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.

12(i) Securities in depository mode to be in fungible form

All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply.

12(j) Right of Depositories and Beneficial Owners

- (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

12(k) Service of documents

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the Company by means of electronic mode or by delivery of floppies or discs.

12(l) Transfer of securities

Nothing contained in Section 103 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the Register maintained by a depository under the Depositories Act, 1996.

12(m) Distinctive numbers of securities held in the Depository mode

Nothing contained in the act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

12(n) Register and Index of Beneficial Owners

The Register and Index of beneficial owners maintained by a Depository under section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of members and holders of securities for the purposes of these Articles and the Act".

- (b) The following Articles shall be substituted/inserted under Article 2 of the Articles of Association of the Company.

2(j) 'Member' means a member as defined under section 41 of the Companies Act, 1956 and 'Beneficial owner' means a person whose name is recorded in the Register maintained by a Depository under the Depositories Act, 1996:

- 2(w) 'SEBI' means the Securities and Exchange Board of India.
- 2(x) 'Depository' means a company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the provisions of the Securities and Exchange Board of India Act, 1992.

By order of the Board
For **BELLARY STEELS AND ALLOYS LIMITED**

V. VAIDHYANATHAN
Company Secretary

PLACE : Bangalore

DATE : 22.11.1999

NOTES

- (i) Explanatory statement under section 173(2) of the Companies Act, 1956 is annexed herewith in respect of special business.
- (ii) 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.
- (iii) The Register of Members of the Company will remain closed during the period from 1st December, 1999 to 30th December, 1999 (both days inclusive).
- (iv) ~~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.~~

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

Item No.5

The shareholders are aware that the Company is implementing an Integrated Steel Plant Project with a capacity of 0.5 million tpa for manufacture of long products at Bellary. Due to delay in implementation, the Company had approached Industrial Development Bank of India (IDBI) for increase in the project cost. Accordingly IDBI had re-appraised the project and the revised project cost is Rs.1214 crores. The additional funds required for the project is as under :

		Rs. crores
Debt from Financial Institutions/Banks		203.89
Supplier's credit..		100.00..
Share Capital -		
OFCDs	159.93	
Promoters & Associates	<u>122.00</u>	<u>281.93</u>
		<u>585.82</u>

In order to part finance the cost of the project as above, it is proposed to issue

- a) 16,00,00,000 equity shares of the face value of Rs.10/- each for cash aggregating to Rs.160 crores ,
- b) 16,00,00,000 redeemable preference (cumulative/noncumulative) shares of Rs.10/- each for cash aggregating to Rs. 160 crores and

- c) 2,50,00,000 of Optionally Fully Convertible Debentures (OFCD) of Rs.100/- each for cash aggregating to Rs.250 crores to be converted into 15% Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each with an option to redeem such CRPS in three equal annual instalments at the end of the 7th, 8th and 9th year from date of issue of OFCDs or convert such CRPS into equity shares of Rs.10/- each at par to the promoters, friends and relatives, members, Financial Institutions, Banks, OCBS and/or to such other persons, through public issue, rights issue, private placement/preferential allotment or any one or more combination of the above method.

Issue of further shares in the above manner requires the approval of the shareholders by way of special resolution under the provisions of section 81 of the Companies Act, 1956.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of their shareholding.

Item No.6 & 7

Presently the Authorised Share capital of the Company is Rs.230 crores divided into 15 crores of Equity Shares of Rs.10/- each and 8 crores of Redeemable Preference Shares, Cumulative and/or Non-cumulative of Rs.10/- each. It is proposed to increase the Authorised Capital from Rs.230 crores to Rs.570 crores divided into 16,00,00,000 (Sixteen crores only) Equity Shares of Rs.10/- (Rupees ten only) each, 16,00,00,000 (Sixteen crores only) Redeemable Preference Shares Cumulative and/or Non-cumulative of Rs.10/- (Rupees ten only) each and 2,50,00,000 - 15% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees one hundred only) each, in order to enable the Company to raise further capital for the implementation of Integrated Steel Plant project in accordance with the re-appraisal done by The Industrial Development Bank of India (IDBI).

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

Item No.8

The Companies (Amendment) Act, 1999 has introduced the facility of nomination to the shareholders of the Company.

Also consequent upon the setting up of the Depository System and the introduction of the Depositories Act, 1996 there have been significant amendments in the provisions of the Companies Act, 1956 relating to issue, holding, transfer and dealing in shares and issue of certificates thereof in dematerialised form.

It is, therefore, proposed to suitably amend the Articles as set out in the resolution in order to ensure that the provisions of the Articles of Association are in consonance with the provisions of the Companies Act, 1956 and Depositories Act, 1996 to enable the dematerialisation of securities when the same is undertaken by the Company under the Depository System.

The above special resolution is for approval by the shareholders in terms of Section 31 of the Companies Act, 1956.

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