

**16th ANNUAL REPORT  
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**BELLARY STEELS AND ALLOYS LIMITED**

## BELLARY STEELS & ALLOYS LIMITED

### BOARD OF DIRECTORS

Shri S. Madhava - Managing Director  
 Shri B. Ravindranath - Nominee of IDBI  
 Shri S. Ramasubramanian - Nominee of ICICI  
 Shri D. Ray - Nominee IFCI  
 Smt Parvathi S. Madhava - Director

### EXECUTIVES

Shri K. Kamalaksha - President (Finance)  
 Shri S. Sivaram Prasad - President (Operations & Admn.)  
 Shri O.N. Krishnan - Vice President (ISP)  
 Shri V. Ramasamy - Dy. General Manager (F&A)

### AUDITORS

M/s. Moorthi & Kantharaj  
 Chartered Accountants  
 # 11/1, II Floor, Hospital Road  
**BANGALORE - 560 053**

### BANKERS

State Bank of India  
 Central Bank of India  
 ICICI Banking Corporation Ltd.  
 Punjab National Bank  
 HDFC Bank Ltd.  
 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 - 61201 (4 Lines), Fax : 08392-60113

### 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  
 # 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



## Bellary Steels and Alloys Limited

### NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixteenth 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 Wednesday, the 31st January, 2001.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th September 2000 and 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 Sri. S Madhava, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Smt. Parvathi S Madhava, who retires by rotation and being eligible, offers herself 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, the retiring Auditors are eligible for reappointment.

#### SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to provisions of sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for reappointment of Shri. S Madhava, Managing Director of the Company for a period of 5 years with effect from 7th July 2001 on the following salary and perquisites.

- [a] SALARY : Rs.30,000/- per month in the scale of Rs.30,000 - Rs.60,000 including dearness and all other allowances.
- [b] PERQUISITES : Perquisites will be in addition to the salary and will be subject to the condition that the monetary value shall be restricted to an amount equal to the annual salary and will include furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal

accident insurance etc., in accordance with the rules of the Company, for the purposes of each limit.

- [i] Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at actual cost; and
- [ii] Use of Company Car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included ;
- [c] Company's contribution to Provident Fund and Superannuation Fund as per the Rules of the Company together not exceeding 25% of the salary. Gratuity will be limited to half a month's salary for each completed year of service.

**"RESOLVED FURTHER THAT** where in any financial year the Company has no profits or its profits are inadequate, the remuneration payable to Shri S Madhava, shall be governed by Part II of Schedule XIII of the Companies Act, 1956 or any statutory enactment thereof".

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter and vary terms and conditions of the said appointment in accordance with the laws in force from time to time as may be agreed to between the Board of Directors and Shri S Madhava".

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution".

6. 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

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modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions while 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, LIC, 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 on 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".

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

Bellary  
6th January, 2001

S MADHAVA  
Managing Director

## 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 remained closed during the period from 16th December, 2000 to 30th December, 2000. (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.
- (v) This notice itself may kindly be treated as an abstract under section 302 of the Companies Act, 1956, as far as the agenda item No. 5 is concerned.

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

## ITEM NO. 5

Mr. S.Madhava has been the Managing Director of the Company almost since inception. His present tenure expires on 06-07-2001. It is proposed to re-appoint him as Managing Director for a further period of 5 years with effect from 7th July 2001 on the following terms as his continuation is most essential in the best interest of the Company :

- [a] **SALARY :** Rs.30,000/- per month in the scale of Rs.30,000 - Rs.60,000 including dearness and all other allowances.



## Bellary Steels and Alloys Limited

- (b) **PERQUISITES** : Perquisites will be in addition to the salary and will be subject to the condition that the monetary value shall be restricted to an amount equal to the annual salary and will include furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc., in accordance with the rules of the Company, for the purposes of which limit -

- (i) perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at actual cost; and
- (ii) Use of Company Car for official purposes and telephone at residence (including payment for local calls and long distance official calls) shall not be included ;

- (c) Company's contribution to Provident Fund and Superannuation Fund as per the Rules of the Company together not exceeding 25% of the salary. Gratuity will be limited to half a month's salary for each completed year of service.

The draft agreement proposed to be entered into with Mr. S. Madhava is available for inspection by any Member of the Company at the registered office of the Company on any working day between the hours of 11 a.m and 1 p.m. This may also be treated as an abstract of the draft agreement between Mr. S Madhava and the Company pursuant to section 302 of the Companies Act, 1956. There is no change in the salary and perquisites as compared to the previous five year period as the financials of the Company do not permit for any enhancement.

Your Directors commend the resolution for approval.

None of the Directors of the Company except Shri. S Madhava and Smt. Parvathi S Madhava being related to him, is concerned or interested in the resolution.

### ITEM NO. 6

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.1211 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	122.00
	<hr/> 281.93
	<hr/> 585.82

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/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 installments 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. The members at the 15th Annual General Meeting had approved the above. However they require your fresh approval as the earlier approval was valid only for a period of three months. The company has also approached the LIC for obtaining subscription to OFCD to the extent of Rs. 50 crores and to equity/preference share to the extent of Rs. 100 crores.

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 share holding.

By order of the Board  
for BELLARY STEELS AND ALLOYS LIMITED

Bellary  
6th January, 2001

S. MADHAVA  
Managing Director

**16th Annual Report 1999-2000****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report of the Company with the Audited Financial Statements for the year ended on 30th September, 2000.

**INDUSTRY SCENARIO**

The industry continues to reel under recession globally with lower demand and falling prices. The domestic industry suffered the same fate. During the year the domestic consuming industries like housing, infrastructure projects, power projects, fertilizer projects, auto sector and white goods sector have shown a slump in demand for steel and inventories of main producers have gone up. The prices of finished products have declined while input costs have gone up.

**FINANCIAL RESULTS**

The Sales for the year was at Rs.263 Crores compared to Rs.305 Crores for the previous year, thus showing a decline of 14%. During the year, the company had temporarily suspended the operations of Electric Arc Furnace, in view of the increase in power and other input costs and lower demand and prices. The company has incurred a loss of Rs.17.20 Crores during the year under review compared to a loss of Rs.5.94 Crores for the previous year.

The summarised financial results are as under:

	Current year Rs. in Lacs	Previous year Rs. in Lacs
Total Income	26,384	32,127
Gross Profit	1,919	4,444
Less: Financial Charges	2,938	2,786
Profit before Depreciation and Income Tax	(1,019)	1,658
Less: Depreciation	686	2,214
Net Profit / (Loss) before tax	(1,705)	(556)
Less: Income Tax	15	38
Net Profit / (Loss) after tax	(1,720)	(594)
Add: Balance from the previous year	5,970	6,298
Amount available for Appropriations	4,250	5,704

**DIVIDEND**

In view of the loss incurred by the Company and the liquidity problems during the year under review, your Directors have decided not to recommend dividend to the shareholders.

**CAPITAL**

During the year, the Directors have called up the remaining portion of call money to the extent of Rs. 170 lacs due from the shareholders to whom preferential allotment was made in the year 1995-96. Out of the above, Rs.85 lakhs was appropriated towards equity and balance towards share premium.

During the year the promoters have brought in share application money of Rs. 1000 lacs towards implementation of the Integrated Steel Plant Project.

During the year preferential allotment of shares to the promoters to the extent of Rs. 2430 Lacs was made out of the share application money received in earlier years.

**NEW PROJECT**

The implementation of the Integrated Steel Plant is further delayed due to inability to attain financial closure. In view of the lukewarm response of the investors, both domestic and overseas, it has been decided to approach financial institutions to immediately disburse the amount required for completion of Blast Furnace on priority basis.

**DIRECTORS**

Shri. S Madhava and Smt. Parvathi S Madhava Directors of your Company retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Shri. D.Ray has been nominated by the Industrial Finance Corporation of India (IFCI) with effect from 23.6.2000 in place of Shri.P.Krishnan. Shri. B. Ravindranath has been nominated by the Industrial Development Bank of India (IDBI) in place of Dr.K.Kameshwar Rao with effect from 25.08.2000.

Shri.D.N.Rao, Director Technical has resigned with effect from 29.02.2000.

Your Company places on record with appreciation the valuable services and guidance rendered by these outgoing Directors.





## Ballary Steels and Alloys Limited

### AUDITORS

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

### FIXED DEPOSITS

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

### 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 (Disclosure of particulars in the report of the Board of Directors) Rules 1968, is given in annexure-I forming part of this report.

#### Foreign Exchange Earnings and Outgo :

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

	Amount (Rs. in lacs)
Earnings	—
Outgo -	
1. Import of Capital Goods	480
2. Foreign Travel Expenses	34
3. Others	3

### PARTICULARS OF EMPLOYEES

Information in accordance with section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules 1975 as amended upto date forming part of this report is given in annexure-II

### ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation of the unstinted support extended to the Company by Financial Institutions, Banks, Central/State Governments 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. The Board records its appreciation of the support from the employees at all levels.

For and on behalf of the Board of Directors

**S.MADHAVA** **PARVATHI S MADHAVA**  
Managing Director Director.

Bangalore  
6th January, 2001

### ADDENDUM TO DIRECTORS' REPORT

#### Explanations for Auditors' Comments in their Report :

1. Fixed assets register is being updated and will be completed shortly.
2. Due to funds constraints certain dues for PF and ESI are not paid on due dates. However, ESI and Employees' Contribution to PF as on the date of Balance Sheet were remitted subsequently. Employer Contribution to PF will be remitted at the earliest.
3. Other comments are self-explanatory.

For and on behalf of the Board of Directors

**S.MADHAVA** **PARVATHI S MADHAVA**  
Managing Director Director.

Bangalore  
6th January, 2001

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## ANNEXURE - I TO THE DIRECTORS' REPORT

## PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

POWER AND FUEL CONSUMPTION		Year ended 30.09.00	Year ended 30.09.99
<b>1 Electricity:</b>			
Units Purchased (lacs)		13	89
Amount (Rs. in lacs)		83	519
Rate per Unit (Rs.)		7	6
Own Generation			
Units (lacs)		45	83
Amount (Rs. in lacs)		148	252
Rate per Unit (Rs.)		3	3
<b>2 Furnace Oil/HSD/LDO:</b>			
Quantity KL		1099	1505
Amount (Rs. in Lacs)		154	93
Average Rate per LT. (Rs.)		14	6
<b>3 Liquid Oxygen:</b>			
Purchase+Own Generation			
Qty. 000' Cu. M.		50	324
Amount (Rs. in lacs)		7	38
Average Rate (Rs.)		14	12
<b>4 Coal:</b>			
Qty. Tons		50403	46213
Amount (Rs. in lacs)		1193	1068
Average Rate Rs./Ton		2367	2311
<b>5 Consumption per Unit of Production:</b>			
Electricity Purchased			
Own generation (Units)		120	618
Liquid Oxygen ( Cu.M)		19	16
Furnace Oil/HSD/LDO ( Ltrs.)		23	54
Coal (MT.)		1	1





## ANNEXURE-II TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 30th September 2000, employed for part of the financial year under review and was in receipt of remuneration aggregating not less than Rs. 50,000/- p.m.

Name	Designation/ Nature of Duties	Remuneration Received	Qualification	Total Experience (Years)	Date of Commencement of Employment	Nature of Employment of Employment	Age Years	Particulars of Last employment Designation	Name of the Employer
D.N.Rao	Technical Director	Rs.385917/-	BE (Hons.)	38	26.08.96	Contractual	59	Managing Director	ARM Steels Ltd., Vishakapatnam

## NOTES:

- 1) The above employee is not related to any Directors of the Company.
- 2) Remuneration includes Salary, reimbursement of medical facilities, value of free accommodation and other allowances.
- 3) The employee is entitled to Gratuity as per Gratuity Act and Mediclaim, Group Personal Accident Insurance as per the Company's Rules.