

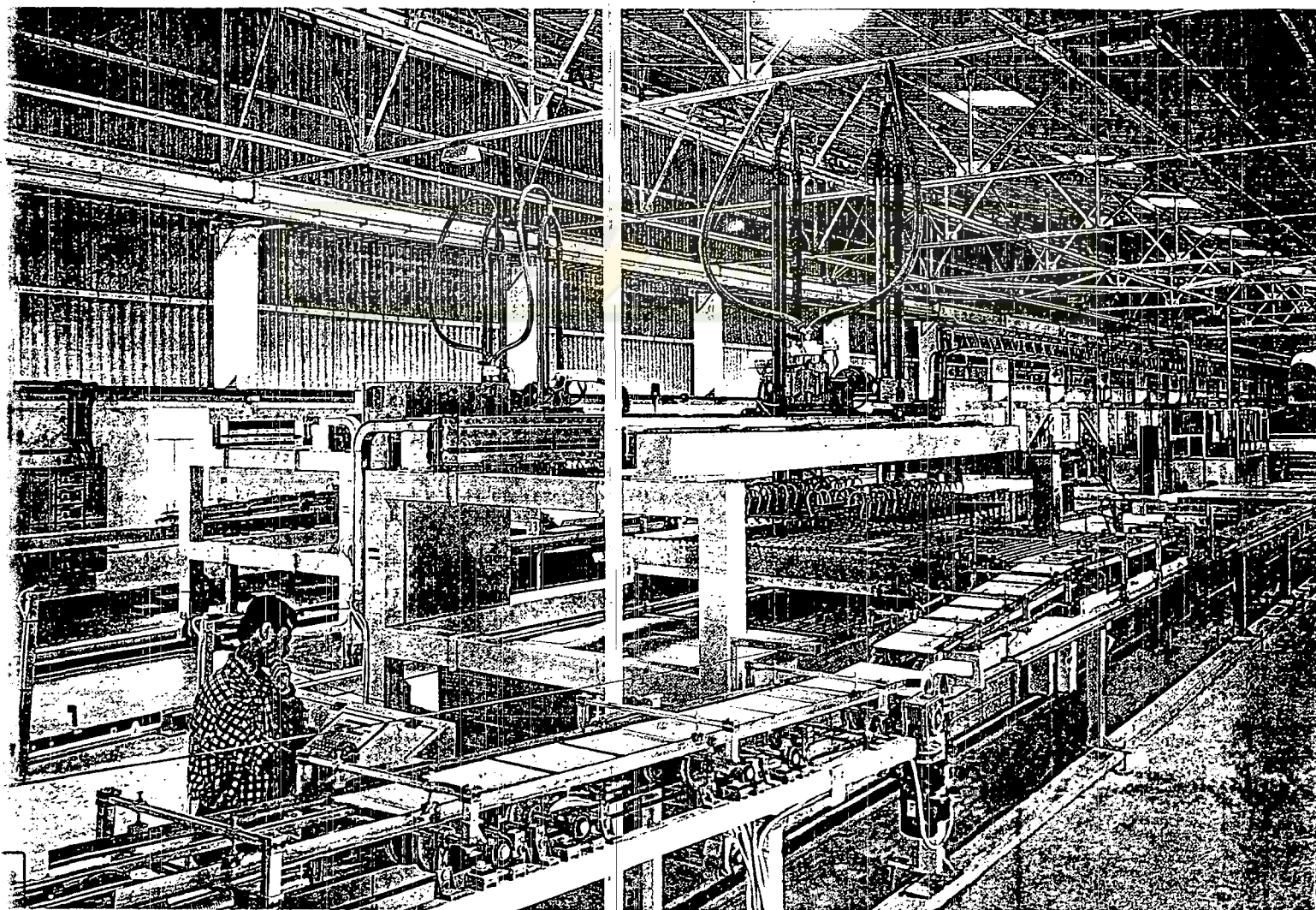
MD.	<input checked="" type="checkbox"/>			BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>			DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>			DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>			AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

# 11th Annual Report 1996-97



**Bell**  
CERAMICS LIMITED

# Karnataka Plant - State of Art Technology



*Computerised Flexi-Store and Selection Line*



## BOARD OF DIRECTORS

Mr. R. G. N. Swamy	Chairman
Mr. S. K. Jatia	Vice-Chairman
Mr. Ramesh Jatia	Managing Director
Mr. R.K. Jatia	
Mr. S.N. Atreya	
Mr. N. K. Ahuja	
Mr. Lalit Bhasin	
Mr. S.P. Sen Gupta	
Mr. V. Ananthakrishnan	Nominee Director
Mr. G.R. Divan	

## CHIEF EXECUTIVE OFFICER

Mr. N.C. Mehta

## GENERAL MANAGER (CORPORATE AFFAIRS) & COMPANY SECRETARY

Mr. S.R. Vyas

## BANKERS

Bank of India  
The British Bank of the Middle East  
Bank of Bahrain and Kuwait

## AUDITORS

M/s. R.P. Malhan & Co.  
Chartered Accountants  
1A & C, Vandhana Building,  
11, Tolstoy Marg,  
New Delhi - 110 001

## REGISTERED OFFICE

Village Dora, Taluka Amod,  
Dist. Bharuch, Gujarat (INDIA)

## REGISTRAR & SHARE TRANSFER AGENT

PCS Industries Ltd.  
'Ashirwad' 18, Ganga Park,  
Race Course,  
Baroda - 390 015  
Gujarat (INDIA)

## CONTENTS

	Page No.
Notice .....	2
Directors' Report .....	4
Auditors' Report .....	7
Balance Sheet .....	8
Profit & Loss Account .....	9
Schedules to Accounts .....	10
Cash Flow Statement .....	21
Subsidiaries Annual Reports .....	23
Proxy .....	



## NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of Bell Ceramics Limited will be held on Friday, the 19th September, 1997 at 12.00 Noon at the Registered Office of the Company situated at Village Dora, Taluka Amod, District Bharuch, Gujarat to transact the following business:

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account of the Company for the Financial Year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. R.K. Jatia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.N. Atreya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N.K. Ahuja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass the following resolution with or without modification, as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 224A of the Companies Act, 1956, M/s. RP Malhan & Company, Chartered Accountants, New Delhi, the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company on a remuneration to be decided by the Chairman and the Auditors."

### SPECIAL BUSINESS :

To consider and if thought fit to pass the following resolutions with or without modifications:

#### Item No. 6. ORDINARY RESOLUTION

"RESOLVED THAT in accordance with the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all the immovable and movable properties of the Company, wherever situate, both, present and future or the whole or substantially the whole of the undertaking or undertakings of the Company:

#### (A) On the first charge basis in favour of

- (i) Bank of Bahrain & Kuwait (BBK) for its foreign currency loan of US\$ 2.25 million under FCNR (B) Scheme.
- (ii) Industrial Development Bank of India (IDBI) for its Corporate Loan of Rs.500 lacs.

#### (B) On the second charge basis in favour of

- (i) Bank of India, (BOI) Raopura, Baroda for the additional fund based working capital finance of Rs.190 lakhs and non-fund based facilities of Rs.67.50 lakhs.
- (ii) Foreign Currency Loan of US \$ 1.50 Million under External Commercial Borrowing (ECB) Scheme.
- (iii) The British Bank of the Middle East (BBME), Bombay for the additional working capital finance of Rs.144 lakhs and non-fund based facilities of Rs.112.30 lakhs.
- (iv) Bank of Bahrain & Kuwait, Bombay, for the additional working capital finance of Rs.116 lakhs and non-fund based facilities of Rs.100 lakhs.

together with interest, commission, costs, charges expenses and any other money payable by the Company to the Banks/Institutions as above towards the financial assistance granted/to be granted by them to the Company

"FURTHER RESOLVED THAT the mortgage and/or charge so created on the first charge basis shall be pari passu with the existing first charges created in favour of institutions/banks and the mortgage/charge so created on second charge basis shall be subject to the first and prior charges created/to be created favouring Finance Institutions/Banks and the same shall rank pari passu with the existing second charge created in favour of Banks and the Trustees for Debentureholders etc.

"FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorised to make and/or agree to any modifications in the terms and conditions and to settle or resolve any question or difficulty or matter of interpretation of whatsoever nature as they consider necessary, expedient, usual or proper or otherwise, in the best interest of the Company

#### Item No.7 ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and further subject to such approvals as may be necessary, the Company hereby approves the re-appointment of Mr. Ramesh Jatia as the Managing Director of the Company for a period of five years w.e.f. 28.05.1997 on the terms and conditions as set out in the Agreement dated 06.02.1997 executed between the Company and Mr. Ramesh Jatia, the copy whereof duly authenticated by the Chairman is placed before this Meeting"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorised to do all such acts, deeds, matters and things as they may consider necessary, desirable and expedient for the purpose of giving effect to this resolution".

Regd.Office,  
Village Dora, Taluka Amod  
District Bharuch, Gujarat

Date 28.05.97

By Order of the Board  
S.R. VYAS  
General Manager  
(Corporate Affairs) &  
Company Secretary





## NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item No.5,6 and 7 is annexed.
2. **A 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 OF THE COMPANY.**
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 1.9.97 to 19.9.97 (Both days inclusive).
4. The shareholders are requested to intimate the Company immediately of the change in their address.

## EXPLANATORY STATEMENT :

As required under Section 173 of the Companies Act, 1956 the following explanatory statement sets out all the material facts relating to the business mentioned in item No.5,6 and 7 of the accompanying notice.

## Item No. 5

Section 224A of the Companies Act, 1956 requires that in a Company in which not less than 25% of the subscribed share capital is held by the Government, Government Companies, Nationalised Banks and Public Financial Institutions referred to therein, the appointment of Auditors is to be made by a Special Resolution. Since Unit Trust of India alongwith other Public Financial Institutions and Banks holds more than 25% of the subscribed share capital of the Company, the Special Resolution at item No.5 is submitted to accord sanction to the appointment of the Auditors and for payment of remuneration to them.

## Item No. 6

Pursuant to the resolution passed at the 10th Annual General Meeting of the Company held on 21.9.96, during the F.Y. 1996-97, the Company has been granted additional financial assistance by various institutions & banks for the purpose of working capital requirement and to part finance the cost of new project at Bangalore and the modernisation/upgradation of the existing plant at Village Dora. These assistance are required to be secured by 1st and 2nd charge on the assets of the Company, both, present and future. Details of such charges to be created are enumerated in the resolution mentioned at item No.6 of the accompanying notice. Creation of charge/mortgage requires approval of shareholders under section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company are considered to be interested in this resolution.

The Directors recommend to approve the resolution.

## Item No. 7

The existing term of appointment of Mr.Ramesh Jatia, Managing Director of the Company has expired on 27.5.97. Considering the overall performance of Mr.Ramesh Jatia, the Board of Directors of the Company in its meeting held on 24.1.97, re-appointed him as the Managing Director of the Company for a further period of 5 years w.e.f. 28.5.97. The above approval of the Board of Directors is subject to the approval of shareholders and other authorities required in this connection. The terms of re-appointment enumerated in the agreement entered into by the Company with Mr.Ramesh Jatia on 6.2.97 are as under :

## Salary:

A salary of Rs.50,000/- (Rupees fifty thousand only) per month in the pay scale of Rs.50000 - 5000 - 75000.

He will also be entitled for Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund as per rules of the Company. In addition to the above, the Managing Director shall be entitled to the following perquisites.

This will comprise House Rent Allowance, Leave Travel Concession, Medical Reimbursement, Fees on Clubs and Personal Accident Insurance. These will be provided for as under:

- i) **Housing :** The Managing Director shall be entitled to house rent allowance at 60% of his salary.
- ii) **Gas, Electricity, Water, Furnishing :** The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director.
- iii) **Medical re-imbursement :** Expenses incurred for the Managing Director and the family subject to a ceiling of ten per cent of salary every year.
- iv) **Leave Travel Concession :** For the Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
- v) **Club Fees :** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- vi) **Encashment of Leave :** At the end of tenure
- vii) **Personal Accident Insurance :** Premium not to exceed Rs.4000/- per annum.

## Commission:

Remuneration by way of commission at 1 1/2% will be also allowed in addition to salary and perquisites. The amount of it, based on the net profits of the Company in a particular year, shall be subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

Notwithstanding anything contained hereinabove, where in any financial year, during the currency of tenure of the Managing Director the Company has no profit or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to a maximum amount of Rs.87,500/- p.m. or Rs.10,50,000/- per annum. He will also be eligible to contribution to Provident Fund, Superannuation Fund or Annuity, Gratuity, Encashment of Leave at the end of tenure, leave travel concession as detailed hereinabove.

Copy of the aforesaid agreement is available for inspection by the members at the Registered Office of the Company during usual office hours.

None of the Directors except Mr.S.K.Jatia, Mr.R.K.Jatia and Mr.Ramesh Jatia are interested or concerned in this resolution.

The particulars set above may be treated as an abstract of the terms of contract for the remuneration / appointment of Mr. Ramesh Jatia as Managing Director of the company which is required to be given to every member under provisions of Section 302(2) of the Companies Act, 1956

Regd Office,  
Village Dora, Taluka Amod  
District Bharuch, Gujarat  
Date : 28.06.97

By Order of the Board  
S.R. VYAS  
General Manager  
(Corporate Affairs) & Company Secretary



## DIRECTORS' REPORT :

Your Directors submit herewith the Eleventh Annual Report and the Audited Accounts of the Company for the financial year ended 31st March, 1997.

## FINANCIAL RESULTS :

	(Rs. in lakhs)	
	Current Year	Previous Year
	1996-97	1995-96
Sales & Other Income	3067.60	3535.76
Profit before Interest and Depreciation	918.27	1268.09
Interest	374.50	437.19
Profit before Depreciation	543.77	830.90
Depreciation	267.10	219.75
Profit for the Year	276.67	611.15
Add: Extraordinary Items	5.32	0.26
Less: Prior period Expenses	6.07	116.68
<b>PROFIT BEFORE TAX</b>	<b>275.92</b>	<b>494.73</b>
Income Tax	—	17.00
Income-Tax Paid for earlier year	13.20	—
<b>PROFIT AFTER TAX</b>	<b>262.72</b>	<b>477.73</b>
Profit B/F from previous year	529.82	400.77
Amount available for Appropriation	792.54	878.50
<b>DIVIDEND</b>	<b>—</b>	<b>267.78</b>
Transfer to General Reserve	—	50.00
Transfer to Debenture Redemption Reserve	30.90	30.90
<b>Profit carried to Balance Sheet</b>	<b>761.64</b>	<b>529.82</b>

## DIVIDENDS :

Since the Company has undertaken a major expansion in its capacity, the Board thought it fit to conserve the resources and accordingly the Board with great constraint took a decision not to recommend any dividend on the Equity Capital for the current year.

## FINANCE:

During the year, the Company has repaid Rs.218.36 lakhs towards the outstanding term loans. Interest on term loans and working capital facilities have been regularly paid.

## REVIEW OF OPERATIONS:

During the year under review, the construction industry passed through a recessionary trend. This has resulted into pressure on the Ceramic tile industry. The effort of Central Government to help the industry by reducing excise duty from 30% to 25% in the budget for 97-98 will help the industry to overcome the situation to certain extent.

For the non-continuous process industries in the State of Gujarat,

the Gujarat Electricity Board (GEB) had stipulated two days staggered holidays in a week during the most part of the year. In order to maintain the productivity of the plant, the Company has installed one MW natural gas based Co-gen turbine at a cost of about Rs.5 crores. For commissioning of the turbine, the tile plant of the Company was closed for a period of about one month. Delay in commissioning of turbine coupled with various technical problems in the initial period of operation created difficulties in the efforts to maintain the level of production.

The turbine was practically put into effective use in the last fortnight of March, 1997. Since then the operation has been satisfactory. Almost 60% of power requirement is met from the electricity generated through turbine. In spite of the adverse situation prevailing as above, the Company could produce 31697 MT (Previous year 36835 MT) of Ceramic tiles. Both Sales and Profitability was effected due to the above reasons.

Research and Development activities within the factory enabled the Company to introduce new designs & textures in the final product. In order to strengthen the distribution systems and to meet with the consumers requirement on the priority basis, during the completed year, the Company has set up its own Sales Depots at the various important places all over the Country. This has resulted in improvement of sales realization and after sales services to the customers. With the above long-term strategy, the Company is quite confident of achieving the targeted results in the years to come.

## NEW PROJECT AND THE MODERNIZATION:

During the year under review, the new project to manufacture Ceramic Glazed floor tiles with installed capacity of 55000 MT per annum has been successfully commissioned in the State of Karnataka. This plant has been commissioned in technical collaboration with M/s. Ceramica Mirage SPA, Italy, the world leader in the state of art Multiline Dry Process Technology to manufacture Ceramic Glazed tiles. The Commercial Production commenced w.e.f. 27.03.1997. The total cost of the Project as per the re-appraisal done by IDBI increased from Rs.56 crores to Rs.70 crores. The over-run in the project was basically due to additions of various imported machineries as suggested by the collaborators, the increase in the pre-operative expenses due to delay in commissioning of the Plant by six months and exchange fluctuations in the Foreign Currency Loan from the financial institutions.

The product from the new plant has been launched in the market during May, 1997 and the results are encouraging.

The modernization and upgradation of the existing plant at Village Dora in the State of Gujarat is under implementation. The Roller Hearth Kiln and Press imported from Italy are being commissioned. New Glazing line to manufacture Wall tiles is being erected. Barring unforeseen circumstances, the plant will simultaneously start manufacturing wall tiles by November, 1997. The cost of modernization and upgradation is also re-appraised by IDBI at Rs.20 crores. Cost revision is due to replacement of indigenous tunnel Kiln by an imported Roller Hearth Kiln. Arrangements for additional finance have been finalized.

On completion of the above two projects, the turnover and profitability of the Company in the coming year will increase substantially.

## PERFORMANCE AND PROJECTIONS:

Due to delay in commissioning the plants as above, Company could not achieve the targeted projections mentioned in the Letter of Offer dt 31.08.95 for the previous Rights Issue. Details required by Clause



43 of the Listing Agreement with Stock Exchanges are given as under:

	Performance	Projections
Sales (Net of Excise)	2773.16	4842.00
Net Profit before Interest, Depreciation & Tax	918.27	1844.00
Profit After Tax	262.72	861.00

#### SUBSIDIARY COMPANIES:

Reports pursuant to Section 212 of the Companies Act, 1956 in respect of M/s. Zirchem Industries (Bombay) Limited, Bell International Pte. Limited, Singapore and Bell Trachem Ceramics Limited, the subsidiaries of the Company are annexed to this report.

#### PUBLIC DEPOSITS:

As on the 31.03.97, the Company hold eleven deposits amounting to Rs.0.85 lakhs matured but not claimed. Out of this two deposits amounting to Rs.0.20 lakhs have since been paid/renewed.

#### DIRECTORS :

At the ensuing Annual General Meeting, Mr RK Jatia, Mr SN Atreya and Mr NK Ahuja, the Directors of the Company retire by rotation and they being eligible offer themselves for re-appointment. The present terms of Mr Ramesh Jatia for the office of Managing Director of the Company expired on 28.05.97. The Board of Directors have re-appointed him as Managing Director of the Company for a further period of 5 years on the terms of remuneration mentioned in the Agreement entered into with him.

#### PARTICULARS OF EMPLOYEES:

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in the Annexure forming part of this Report.

#### PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC.

Information as per Section 217(1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 and forming part of this report is given as annexure to this report.

#### AUDITORS :

The Auditors M/s. RP Malhan & Company, Chartered Accountants, New Delhi, shall retire at the conclusion of the ensuing Annual General Meeting and confirmation has been received from them that if re-appointed, their re-appointment shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

#### INDUSTRIAL RELATIONS :

During the year under review, the Company has entered into Production Linked Wage Agreement with the Workmen Union. Relations between the Management and Workmen remained cordial. Your Directors sincerely thank all the employees for their continued efforts to achieve the targets in fulfilling the objectives of the Company.

#### ACKNOWLEDGEMENT :

Your Directors wish to acknowledge and place on record the co-operation and support received from the Financial Institutions, Banks,

the Foreign Collaborators, M/s. Societa Impianti Termoelettrici Industriali SpA, Italy and M/s. Ceramica Mirage SPA, Italy. Your Directors also place on record the cooperation and support extended by the State and other Government and Semi-Government Agencies, local agencies and the foreign technicians in completing the new project at Karnataka.

Place: Bombay  
Date : 28.06.1997

For and on behalf of the Board  
**R.G.N. SWAMY**  
CHAIRMAN

### ANNEXURE TO THE DIRECTOR'S REPORT :

#### ANNEXURE - I

#### CONSERVATION OF ENERGY:

##### A. Energy Conservation Measure taken:

During the later part of the year, Company has installed 900 KW Turbo Generator. The exhaust gasses of the generator are effectively put into use to heat Spray Dryer resulting into conservation of energy.

Regular preventive maintenance of all capital goods were carried out. This has resulted into considerable energy saving.

##### B. Technology Absorption:

Company has entered into a collaboration agreement with M/s. Ceramica Mirage SPA, Italy for import of a Multiline Dry Process Technology for its new project at Bangalore. The plant has commissioned on 27.03.97. This technology has helped in considerable fuel saving. Efforts are continued to absorb the technology.

##### C. Research and Development (R&D):

The R&D Division of the Company remained engaged in the following activities:

- Development of products with new designs, textures, colours & sizes as per the requirement of the market.
- Development of alternative raw materials for reduction in the cost as also flexibility in the input materials management.
- Development of different screen printing effect.
- Development of indigenous spares to reduce dependence on import.

##### D. Benefits derived as a result of the above R&D :

- The Company has developed local substitutes for some of the imported components required for the equipments.
- Established quality assurance by adopting procedures to ensure international quality.
- Due to wide range of product, presence of Company's product in the international market has been maintained.

##### E. Future Plan of Action :

- Continuous efforts will be made to increase the production and to concentrate on quality products.

##### F. Expenditure on R&D :

- During the year, Company has spent nominal amount on R&D.

##### G. Foreign Exchange Earnings & Outgo:

The information of foreign exchange earnings & outgo are contained in the notes to accounts in Schedule 14 (Item No. 18,19,20).

**ANNEXURE - II**

Particulars of Employees as per Section 217 (2A) (6) (ii) read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 1997.

Sr. No.	Name	Designation	Qualification and experience (in years)	Date of Joining	Remuneration (Rs.)	Age (years)	Details of previous employment
<b>A) EMPLOYED THROUGHOUT THE YEAR :</b>							
1)	Mr. Ramesh Jatia	Managing Director	B.Com 10 years.	01.02.87	14,00,992	37	—
2)	Mr. N.C. Mehta	Chief Executive Officer	B.E. Mech. With Hons. 25 Yrs.	20.02.95	5,87,107	45	General Manager Bajaj Tempo Ltd Pithampur, Indore
3)	Mr. S.R. Vyas	G.M. (Corp.Aff.) & Company Secretary	B.Com. FCS LLB 26 Yrs.	21.02.88	3,75,495	45	Senior Secretarial Executive ASE Ltd., Baroda
4)	Mr. A.S. Rao	G.M.(Works)	Dip. in Ceramics 34 Yrs.	29.09.95	3,71,935	54	G.M. - Plant Stiles India Ltd. Tirupati
5)	Mr. P.N. Jha	G.M. (Projects)	BE (Mech.) Chartered Engr. 27 Yrs.	17.01.96	3,27,496	48	Senior Manager International Glass Industries, Nigeria
6)	Mr. A.N. Rangaswamy	G.M.(Mktg.)	M.A. 18 Yrs.	24.11.94	3,40,975	40	Chief Mktg. Manager Morgan Industries Ltd., Madras
<b>B) EMPLOYED FOR PART OF THE YEAR:</b>							
7)	Mr. K.M. Pai	Dy. C.E.O.	M.Sc. M.B.A.(Finance) IIM, B'lore AICWA, ACS, 22 Yrs.	28.10.96	1,26,793	45	Vice President - Fin. Murudeshwar Ceramics Limited, Hubli

**Notes :**

- (1) The remuneration shown above includes Salary, Commission, HRA, Leave Travel Allowance, Medical Reimbursement, Leave Encashment, Company's contribution to PF, Superannuation Fund, Gratuity and monetary value of other benefits.
- (2) Nature of employment of employees except Sr.No. 1(A) is non-contractual.
- (3) Mr. Ramesh Jatia is related to Mr. S.K. Jatia and Mr. R.K. Jatia, the Directors of the Company. No other employee is related to any Directors of the Company.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I.	Registration Details : Registration No. 08196										State Code : 04		Balance sheet : 31-03-1997			
II.	<b>Capital raised during the year (Amount in Rs.Thousand)</b>															
	Public Issue		Nil		Rights Issue		Nil		Bonus Issue		Nil		Private Placement		Nil	
III.	<b>Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousand)</b>															
	Total Liabilities		1475958		Total Assets		1475958									
	Sources of Funds				Paid-up Capital		215214		Reserves & Surplus		382308		Secured Loans		821888	
													Unsecured Loans		56548	
	Application of funds															
	Net Fixed Asset		1160445		Investments		44433		Net Current Assets		214345		Misc. Expenditure		56735	
	Accumulated Losses Nil															
IV.	<b>Performance of Company (Amount in Rs.Thousand)</b>															
	Turnover		318578		Total Expenditure		290986		Profit Before Tax		27592		Profit After Tax		26272	
	Earning per share Rs.		1.22		Dividend rate %		—									
V.	<b>Generic Names of Three Principle Products/Services of Company (as per monetary terms):</b>															
	Item Code No.(ITC Code)		690500		Product Description :		CERAMIC GLAZED TILE									

ON BEHALF OF THE BOARD OF DIRECTORS

RAMESH JATIA Managing Director  
R.G.N.SWAMY Chairman  
S.K.JATIA Vice-Chairman  
S.R.VYAS General Manager(Corporate Affairs) & Company Secretary

Place : Bombay  
Date : 28.06.97





## AUDITORS' REPORT

TO  
THE MEMBERS OF BELL CERAMICS LIMITED  
GUJARAT

We have audited the attached Balance Sheet of BELL CERAMICS LIMITED as at 31st March 1997 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, which are in agreement with the books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such examination of the books and records of the Company as we consider proper and the information and explanations given to us during the course of our audit, we report that :

1. In our opinion, the Company is in the process of updating records to show full particulars including quantitative details and situation of its Fixed Assets. A part of the fixed assets have been physically verified by the management during the year however there exists a programme of verification of the assets over a period. In our opinion the frequency of verification of the fixed assets by the management is at reasonable intervals having regard to the size of the Company and nature of the assets and no material discrepancies were noticed between the book records and the physical inventory in respect of the assets physically verified.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials except for clay owing to its nature have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
4. In our opinion and according to the information and explanation given to us the procedures of physical verification of stocks followed by the Management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and / or to companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956 except an interest free loan to a wholly owned subsidiary company and other costs recoverable from the subsidiaries, the terms and conditions of which are not prima facie prejudicial to the interest of the Company in view of over all involvement of the the Company in such bodies corporate.
9. Besides the loans as referred to in para (8) above, no loans and advances in the nature of loans except for loans/advances to staff have been given by the Company, recovery of principal amounts and interest, wherever applicable have been as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods.
11. There were no transactions of sale of goods, materials and services,

made in pursuance of contracts or arrangements entered in the register (s) maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party. In respect of purchase of materials from a subsidiary company, prices are reasonable having regard to the prevailing market prices for such goods.

12. As explained to us the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and rules framed thereunder to the extent applicable.
14. In our opinion reasonable records have been maintained by the Company for the sale of scrap. As explained to us, the Company's operation do not generate any realisable by-products.
15. Internal Audit has been conducted by an independent firm of Chartered Accountants during the year and is commensurate with the size of the Company and the nature of its business.
16. The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for the Company.
17. The Company has been regular in the deposits of Provident fund and Employees State Insurance dues with the appropriate authorities.
18. There are no undisputed amounts payable in respect of Income tax, wealth tax, sales tax, custom duty and excise duty outstanding at the last day of the financial year concerned, for a period of more than six months from the day they became payable.
19. The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the Company provision has been made for the loss arising out of damaged goods if any, to the extent determined.
22. The Company has maintained proper records of the transactions and contracts of dealings in investments during the year and timely entries have been made therein. All the investments were held in the name of the Company.

We further report that, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company as required by law so far as appears from our examination of those books. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information in the manner required by the Companies Act, 1956 and we report that subject to Note 6 regarding recoverability of certain loans and advances, Note 8 regarding change in accounting policy for lease rentals and Note 11 regarding Provision for Taxation the Balance Sheet shows a true and fair view of the state of the Company's affairs as at 31st March, 1997 and the Profit and Loss Account shows a true and fair view of the profit for the year ended on that date.

(Vikas Vig)  
Partner

For & on Behalf of  
R.P. MALHAN & COMPANY  
Chartered Accountants

Place : Bombay  
Date : 28.6.1997

**BALANCE SHEET AS AT MARCH 31, 1997**

	SCHEDULE	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	2152.14	2152.14
Reserves & Surplus	2	3823.08	3560.36
		<u>5975.22</u>	<u>5712.50</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	8218.88	4152.53
Unsecured Loans	4	565.48	203.89
		<u>8784.36</u>	<u>4356.42</u>
		<u>14759.58</u>	<u>10068.92</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		12035.75	5122.77
Less : Depreciation		1716.52	1447.59
Net Block		<u>10319.23</u>	<u>3675.18</u>
Capital Work in Progress		1285.22	1946.98
		<u>11604.45</u>	<u>5622.16</u>
<b>INVESTMENTS</b>	6	444.33	378.56
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	7		
Inventories		973.51	742.12
Sundry Debtors		819.74	1716.51
Cash and Bank Balance		111.72	171.12
Loans and Advances		1626.35	2205.84
		<u>3531.32</u>	<u>4835.59</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	8		
Current Liabilities		1320.87	634.60
Provisions		67.00	334.78
		<u>-1387.87</u>	<u>-969.38</u>
<b>NET CURRENT ASSETS</b>		<u>2143.45</u>	<u>3866.21</u>
<b>MISCELLANEOUS EXPENDITURE</b>	9	567.35	201.99
		<u>14759.58</u>	<u>10068.92</u>
<b>SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES</b>	14		

"As per our Report of even date"

Vikas Vig  
Partner  
For & on behalf of  
**R.P. MALHAN & CO.**  
Chartered Accountants  
Place : Bombay  
Date : 28.06.97

**RAMESH JATIA**  
Managing Director

ON BEHALF OF THE BOARD OF DIRECTORS

**R.G.N. SWAMY**  
Chairman

**S.K. JATIA**  
Vice-Chairman

**S.R. VYAS**  
General Manager(Corporate Affairs)  
& Company Secretary