

BELLS CONTROLS LIMITED

Annual Report 1996-97





BELLS CONTROLS LIMITED

BOARD OF DIRECTORS

Sudhir Jalan

Chairman & Managing Director

Milan Sen

Adarsh Jalan

R. Srinivasan, Dr.

Albert. H. Isaac

Pramod Kumar Khaitan

A. P. Kurian

Rajive Kaul

S. M. Datta

MD	✓			BKC	✓
CS	✓			DPY	NA
RO	✓			DEV	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

SECRETARY

P. K. Sarawagi

PRINCIPAL BANKERS

Allahabad Bank

State Bank of India

Standard Chartered Bank

AUDITORS

Lovelock & Lewes

REGISTRARS & SHARE TRANSFER AGENTS

Advance Management Services Limited

137, S. P. Mukherjee Road

Calcutta - 700 026

REGISTERED OFFICE

Bells House

21 Camac Street

Calcutta - 700 016

Directors' Report

BELLS CONTROLS LIMITED

The Directors present the Sixty-seventh Annual Report together with the audited Statement of Accounts of the Company for the financial year ended 31st March, 1997.

FINANCIAL RESULTS

	Rs. in lacs	Previous Year Rs. in lacs
Profit before tax	434.92	516.71
Provision for tax	115.00	170.00
Profit after tax	319.92	346.71
Balance brought forward from previous year	16.34	31.20
Amount available for Appropriation	336.26	377.91
Appropriations :		
Proposed Dividend	180.71	161.57
Tax on Proposed Dividend	18.07	—
Transfer to General Reserve	125.00	200.00
Balance carried forward	12.48	16.34
	336.26	377.91

SHARE CAPITAL

The Company made rights and public issues of shares in June 1995 which were oversubscribed and the Allotment Money on the shares allotted was called in August, 1995. Some shareholders, however, failed to pay the Allotment Money on 15769 shares despite three reminders and final notice of forfeiture issued to them. These shares were, therefore, forfeited by the Company on 26th February, 1997 pursuant to the provisions of the Articles of Association of the Company.

The funds raised through the rights-cum-public issue of equity shares amounting to Rs. 14.36 crores have been fully utilised for the purpose for which they were raised i.e., to augment the resources for working capital requirements, financing the expansion-cum-diversification projects and also for routine capital expenditure.

DIVIDEND

The Directors are pleased to recommend payment of dividend at the rate of 16% amounting to Rs. 180.71 lacs which will be exempt from income-tax in the hands of the shareholders in view of the recent amendment in the Income-tax Act, 1961. However, the Company will have to pay an additional income-tax of 10% on the dividend for which provision has been made in the accounts for the year ended 31st March, 1997.

OPERATIONS

The Company's turnover increased from Rs. 6015 lacs in the previous year to Rs. 7227 lacs reflecting a growth of 20%. The profit before tax for the year was Rs. 435 lacs which was, however, somewhat lower than that for the previous year mainly due to low margins on systems business, and higher interest costs as a result of very high interest rates ruling during the year under review and delay in receiving payments from customers on account of the then prevailing severe liquidity crunch. The Company expects an improvement in both sales and profit during the current year.

Exports

The Company has made good progress in increasing its exports to The Foxboro Company, USA. A part of the order of US \$ 1.20 million for convertors received in early 1996 was executed during the year under review. The delivery schedules were strictly maintained and the products shipped by the Company were found to be of quality of international standards by The Foxboro Company as well as by its customers to whom the products were sold by it. The Foxboro Company has now decided to source the whole of its global requirement of convertors from the Company in future and repeat orders are expected from time to time. The Company has also started exporting some critical castings and forgings to The Foxboro Company and the volumes of these exports are expected to rise substantially.

The Company has also received orders from Foxboro Singapore for control panels and marshalling racks. Besides export of process control hardware, the Company's software engineers have rendered engineering and technical services outside India on various projects.

The Company is currently having negotiations with The Foxboro Company, which are in an advanced stage, for supply of pneumatic instruments, magflow tubes and micro-processor based controllers and indicators for its world-wide marketing and on successful conclusion of these negotiations, the Company expects to receive orders for these instruments for a substantial value. The Company expects to become a global resource base for The Foxboro Company resulting in a significant boost in its exports in the next few years.

Erection and Commissioning

The Company is now a market leader in the field of installation and commissioning of Instrumentation Systems and has successfully executed contracts for chemical, power, refinery, steel, paper and fertilizer industries. The Division

BELLS CONTROLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-seventh Annual General Meeting of Bells Controls Limited will be held at the Indian Chamber of Commerce, Calcutta, India Exchange Place, Calcutta - 700 001, on Thursday, the 21st August, 1997 at 11.00 A.M. to transact the following business :

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a director in place of Mr. Pramod Kumar Khaitan who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. A.P.Kurian who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint Auditors and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS :

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

6. As an Ordinary Resolution :

"RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, to the appointment and terms of remuneration of Mr. Adarsh Jalan as a Whole-time Director of the Company for a period of five years from 1st July, 1997 on the terms and conditions set out in the Agreement to be made between the Company and Mr. Adarsh Jalan, a draft of which initialled by the Chairman for the purpose of identification is placed before the meeting, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. Adarsh Jalan."

7. As an Ordinary Resolution :

"RESOLVED THAT Mr. S.M.Datta be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

8. As an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Shyam Sundar Gupta be and is hereby appointed a Director of the Company."

Registered Office :
Bells House
21 Camac Street
Calcutta 700 016
Dated : 3rd July, 1997

By Order of the Board

P. K. Sarawagi
Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself.
2. An Explanatory Statement relating to items of Special Business is annexed hereto as required under Section 173(2) of the Companies Act, 1956.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 12th August, 1997 to 21st August, 1997, both days inclusive.
4. The Dividend, if declared, will be payable to those Members whose names appear on the Register of Members of the Company on 21st August, 1997.
5. In accordance with Section 205A of the Companies Act, 1956, the amount of unclaimed dividend for the financial year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for that year, may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, II M.S.O. Building, 234/4, Acharya J C Bose Road, Calcutta - 700 020.

EXPLANATORY STATEMENT

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

Item No. 6

Mr. Adarsh Jalan has been a non-executive Director of the Company since 23rd September, 1991. Subject to the approval of the Members of the Company in a General Meeting, the Board of Directors of the Company ('the Board') at its meeting held on 27th June, 1997 appointed Mr. Adarsh Jalan as a Whole-time Director of the Company for a period of five years with effect from 1st July, 1997, on the following terms of remuneration :

1. Salary : Rs. 30,000 per month subject to such increments as the Board may approve from time to time.
2. Commission : One half percent of the net profit of the Company for each financial year or part thereof, subject to a ceiling of an amount equal to his annual salary.
3. Perquisites : Perquisites and allowances as mentioned below will be allowed in addition to salary and commission :
 - (a) Rent-free residential accommodation shall be provided by the Company and in case no such accommodation is provided, he shall be paid house rent allowance subject to a ceiling of 60% of his salary.
 - (b) Reimbursement of gas, electricity and water charges, subject to a ceiling of 10 percent of his salary.
 - (c) Reimbursement of medical expenses incurred for self and his family and premium for Hospitalisation Insurance Policy for self and his family.
 - (d) Leave travel concession for self and his family once in a year in accordance with the rules of the Company.
 - (e) Membership fees of clubs.
 - (f) Personal accident insurance as per the rules of the Company.
 - (g) Car for use on the Company's business and telephone at residence, which will not be considered as perquisites. Use of car for private purpose and personal long distance calls on the telephone shall be billed by the Company to him.
 - (h) Contribution to Provident Fund as per the rules of the Company.
 - (i) One month's leave with full remuneration for every eleven months of service. Encashment of leave at the end of the tenure will be allowed and will not be included in computation of the ceiling on perquisites.
 - (j) Gratuity not exceeding half a month's salary for each completed year of service.

The above remuneration is within the permissible limits specified in Schedule XIII to the Companies Act, 1956.

4. In the event of loss or inadequacy of profits in any financial year during the period of his appointment, he shall be paid the above mentioned remuneration by way of salary, perquisites and allowances not exceeding the ceiling specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force.

The Board of Directors of the Company considers that the appointment of Mr. Adarsh Jalan as a Whole-time Director will be beneficial to the Company and accordingly recommends the resolution set out in item no. 6 of this notice. The draft of the Agreement referred to in the resolution will be available for inspection by the Members at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 noon upto the date of the Annual General Meeting. The above statement read with the resolution shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

Except Mr. Adarsh Jalan and Mr. Sudhir Jalan who is a relative of Mr. Adarsh Jalan, no Director of the Company is interested or concerned in the resolution.

Item No. 7

Mr. S.M. Datta was appointed a Director on the Board with effect from 19th September, 1996, in the vacancy caused by the resignation of Brig. Y. Nirula (Retd.). Brig. Nirula, in whose place Mr. Datta was appointed a Director, would have held office upto the date of this Annual General Meeting, if it had not been vacated. Pursuant to Article 104 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956 ('the Act'), Mr. Datta will hold office upto the date of the forthcoming Annual General Meeting of the Company.

A notice in writing has been received from a Member of the Company in terms of Section 257 of the Act signifying his intention to propose the appointment of Mr. S.M. Datta as a Director of the Company. Mr. Datta is willing to act as a Director of the Company, if appointed, and has filed with the Company his consent in writing.

The Board of Directors of the Company considers that the appointment of Mr. S.M. Datta will be beneficial to the Company and accordingly recommends the resolution set out in item no. 7 of this notice.

No Director of the Company, except Mr. S.M. Datta, is interested or concerned in the resolution.

Item No. 8

Mr. Shyam Sundar Gupta has, by his letter dated 13th January, 1997, given notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director of the Company. Mr. Gupta holds 61 shares in the Company.

The resolution for appointment of Mr. Shyam Sundar Gupta is being included in the Notice of the Annual General Meeting as required by law. It must, however, be made clear that it is not the Management's intention to support the proposed resolution.

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

Directors' Report



has received the Contractor Safety Award from BPCL for an excellent safety record. The Company has now enlarged the activities of this Division to include installation and commissioning of electrical and fire and security systems.

Power Transmission

In September 1996, as a part of the Company's ongoing diversification programme, it acquired the business of erection and commissioning of transmission lines from a Company engaged in this activity. With this acquisition, the Company has made a major foray in this line of business which involves site survey, profiling, foundation laying, erection of towers, stringing of conductors and commissioning of the lines. In view of the major thrust being given to the Power Sector, both with regard to generation and distribution, the Company sees tremendous opportunities for growth in this business and expects this Division to make significant contribution to the Company's turnover and profitability in future years.

Fire Protection & Security Systems

Bells-Cerberus Division set up for promoting sales of Fire Protection and Security systems under a Collaboration Agreement with Cerberus AG., Switzerland, commenced its operations successfully during the year under review and orders booked during the year are now under execution. The Company participated in Fire India Exhibition held in New Delhi in January, 1997 and is now empanelled with major consultants and prospective customers for these systems.

To further strengthen its position in total fire protection solutions, the Company has recently entered into an exclusive Distributor Agreement with Reliable Automatic Sprinkler Co. Inc., USA, for water based fire extinguishing products like sprinklers, deluge valves etc., which would be complementary to the Cerberus products. These products, for which there are good business prospects, will either be used by the Company as part of its own fire protection systems sales or marketed to other fire protection equipment vendors in India and neighbouring countries.

Distributed Control Systems

The Company's operating margins were adversely affected by the low margins in the Distributed Control System business due to intense competition and delay in realisation of receivables. The Company has reached an understanding with Foxboro, its collaborator, whereby Foxboro would now directly bid for all Intelligent Automation Systems Jobs in India. The Company's Bangalore Unit would become an

exclusive Engineering and Software Unit. Since Foxboro would be directly bidding for all systems jobs including mega projects, the Company expects substantial increase in its margins from Engineering and Software development and also expects considerable growth in business for related products like marshalling racks, panels, consoles manufactured by its factories and other related services.

Foreign Collaborations

The Company entered into a new Technical Collaboration Agreement with The Foxboro Company, USA, in September, 1996 for transfer of technical know-how for upgradation of technology for manufacture of controllers, magflow instruments etc.

The Company had entered into an Agreement with KDG Mobrey Limited, U.K. last year for marketing of its products, particularly Level Instruments with the intention of manufacturing some of these items in the Company's factory later. The Company has now executed a Technical Collaboration Agreement with KDG Mobrey Limited under which it will obtain know-how for manufacture of certain products at its plant at Calcutta.

The Company also entered into Agreement with Foxboro Eckardt GmbH, Germany, in February, 1997 to act as its International Representative in India for Foxboro-Eckardt products.

ISO CERTIFICATION UPGRADATION

Quality continues to be an important area of focus for the Company and the Directors are pleased to report that the ISO 9002 accreditation granted to the Company's Mysore Factory earlier was upgraded to ISO 9001 during the year under review.

AUDITORS' REPORT

The observations of the Auditors in the Auditors' Report are suitably explained in the relevant notes on the Accounts.

FIXED DEPOSITS

The amount of Fixed Deposits which had matured but remained unclaimed as on 31st March, 1997 was Rs. 5000 in respect of two deposits.

TECHNOLOGY ABSORPTION etc.

The information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' forming part of this Report.