

BELLS CONTROLS LIMITED

Annual Report 2000 - 2001

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BELLS CONTROLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventy-first Annual General Meeting of Bells Controls Limited will be held at Mini Auditorium, Science City, JBS Haldane Avenue, Kolkata - 700 046, on Monday, the 31st December, 2001 at 4:00 p.m. to transact the following business :

- 1 To receive and adopt the Profit and Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Milan Sen who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Adarsh Jalan who retires by rotation but being eligible offers himself for re-appointment.
4. 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 :

5. As an Ordinary Resolution :
"RESOLVED THAT Mr. S. C. Bhandari 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."
6. As an Ordinary Resolution :
"RESOLVED THAT Mr. S. D. Mookerjee 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."
7. 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. S. D. Mookerjee as an Executive Director of the Company for a period of five years from 27th June, 2001 on the terms and conditions set out in the Agreement dated 27th June, 2001 made between the Company and Mr. Mookerjee, a copy of which 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. Mookerjee."

Registered Office :
Bells House
21, Camac Street
Kolkata - 700 016
Dated : 28th November, 2001

By Order of the Board

(Anoop Hoon)
Executive Director

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/herself.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th December, 2001 to 31st December, 2001, both days inclusive.
3. In accordance with Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said financial years, may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, II M.S.O. Building, 234/4 A. J. C. Bose Road, Kolkata - 700 020.
4. The Company's shares have been included in the list of compulsory trading in dematerialised form by the Securities and Exchange Board of India (SEBI) with effect from 30th October, 2000. The Company has established connectivity with both the depositories i.e., National Security Depository Limited and Central Depository Services (India) limited. The ISIN for the Company's shares is "INE025C01015".

EXPLANATORY STATEMENT

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

Item No. 5

Mr. S. C. Bhandari was appointed a Director on the Board with effect from 31st January, 2001 in the vacancy caused by the resignation of Dr. R. Srinivasan. Dr. Srinivasan, in whose place Mr. Bhandari 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. Bhandari 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 Companies Act, 1956 signifying his intention to propose the appointment of Mr. S. C. Bhandari as a Director of the Company. Mr. Bhandari is willing to act as a Director of the Company, if appointed, and has filed with the Company his consent in writing.

Mr. Bhandari, aged 71 years, is a Chartered Accountant and is having 48 years of vast experience in various types of industries including MNC houses.

The Board of Directors of the Company considers that the appointment of Mr. Bhandari will be beneficial to the Company and accordingly recommends the resolution set out in item no. 5 of this notice.

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

Item No. 6

Mr. S. D. Mookerjee, who had been heading the Finance and Accounts Department of the Company since 16th August, 1999, was appointed as Additional Director on the Board with effect from 27th June, 2001, and holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956.

A notice in writing has been received from a Member of the Company in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Mookerjee as a Director of the Company. Mr. Mookerjee is willing to act as a Director of the Company, if appointed, and has filed with the Company his consent in writing.

Mr. Mookerjee, aged 47 years, is a Chartered and Cost Accountant and is having 22 years of vast experience in various types of industries including MNC houses.

The Board of Directors of the Company considers that the appointment of Mr. Mookerjee will be beneficial to the Company and accordingly recommends the resolution set out in item no. 6 of this notice.

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

Item No. 7

Subject to the approval of the Members of the Company, the Board of Directors of the Company ("the Board") at its meeting held on 27th June, 2001 appointed Mr. S. D. Mookerjee as an Executive Director of the Company for a period of five years with effect from 27th June, 2001, on the following terms of remuneration :

1. Salary : Rs. 50,000 per month subject to such increments as the Board may approve from time to time.
2. Commission : One percent of the net profit of the Company, for each financial year or part thereof, subject to a ceiling of Rs. 6,00,000 per annum.
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 Rs. 3,000 per month and reimbursement of expenses incurred for purchase/subscription of books/journals upto Rs. 500 per month.
 - c) The Company shall also reimburse the wages of Rs. 4,000 per month for servant and durwan and Rs. 4,000 per month, shall be reimbursed on account of House Maintenance.
 - d) Reimbursement of soft furnishing, subject to a ceiling of Rs. 50,000 per annum.
 - e) Reimbursement of medical expenses incurred for self and his family and premium for Hospitalisation Insurance Policy for self and his family, as per rules of the Company.
 - f) Leave travel concession for self and his family once in a year in accordance with the rules of the Company.
 - g) Membership fees of two clubs.
 - h) 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.
 - i) Contribution to Provident and Superannuation Funds as per the rules of the Company.
 - j) 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.
 - k) Gratuity not exceeding half a month's salary for each completed year of service.
4. Mr. Mookerjee shall be paid fees for attending any meetings of the Board or a Committee thereof in accordance with the Articles of Association of the Company.
5. 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 recommends the resolution set out in item no. 7 of this notice for the approval of the Members.

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.

Except Mr. S. D. Mookerjee, no Director of the Company is interested or concerned in the resolution.

BELLS CONTROLS LIMITED

BOARD OF DIRECTORS

Milan Sen
Adarsh Jalan
Albert H. Isaac
Pramod Kumar Khaitan
A. P. Kurian
S. C. Bhandari
Anoop Hoon
Executive Director
S. D. Mookerjea
Executive Director

PRINCIPAL BANKERS

Allahabad Bank
State Bank of India
Canara Bank
Standard Chartered Bank

AUDITORS

Lodha & Co.

REGISTRARS & SHARE TRANSFER AGENTS

Advance Management Services Limited
137, S. P. Mukherjee Road.
Kolkata - 700 026

REGISTERED OFFICE

Bells House
21, Camac Street
Kolkata - 700 016

Directors' Report

BELLS CONTROLS LIMITED

The Directors present the Seventyfirst Annual Report together with the audited Statement of Accounts of the Company for the financial year ended 31st March, 2001.

FINANCIAL RESULTS

	Rs. in lacs	Previous Year Rs. in lacs
Profit / (Loss) before depreciation, interest and tax	(441.46)	213.10
Interest	375.85	385.86
Depreciation	137.93	146.64
Profit / (Loss) before tax	(955.24)	(319.40)
Provision for tax	—	—
Profit / (Loss) after tax	(955.24)	(319.40)
Balance brought forward from previous year	(1082.85)	(763.45)
Transfer from General Reserve	—	—
Balance carried forward	(2038.09)	(1082.85)

DIVIDEND

In view of loss in the year under review, the directors regret their inability to recommend declaration of dividend.

OPERATIONS

The unfavourable market conditions witnessed during the last two years continued throughout the year under review and the economy in general was in the grip of a recession. In addition, your Company faced severe financial crunch owing to continuing erosion of value resulting from significant losses recorded in past three years. In an age of rapid technology upgradation, the products of Process Control Division faces the challenge of newer version of the products in the market places and in spite of a loyal customer base, cannot register any significant growth in its market share. The cost structure of the company is also an area of concern. The overmanning at some segments in the Company, interest burden of the loans as well as lack of productivity is adversely affecting the operations of your Company.

In line with the need to streamline the loss making areas of the Company, your management decided to close operations at the Company's Mysore Factory with effect from 30th August, 2000 because of paucity of orders and deteriorating

industrial scenario in the Factory.

Your management is acutely aware of the need to enact drastic actions to remedy the situation. The Company has imposed cuts in salary of its employees at various levels ranging from 30% to 25% to reduce the fixed cost, retired employees without replacement to reduce manpower and, has severely tightened administrative expenses in all segments. However, the borrowing structure vis-a-vis, the present operations with consequential effect of high unaffordable interest cost needs urgent action for solution and is under active consideration of the management.

Your Company is in the process of an exhaustive review of the operations and aims to restructure / remodel the corporate objectives for the overall betterment on a long term basis.

Fire Protection & Security Systems

Fire & Security Division continues to remain the prime business focus area for the Company. The process of consolidation and building market equity by adding customer value services has begun to pay the Company dividends.

The growth registered has been built around the strategy of gathering comprehensive experience of various industries, and executing projects of various size and complexity, with key competence building in hazardous industries.

The Company has succeeded in building a good working relationship with large EPC contractors and would begin to partner them in overseas projects during the year to come.

Product training and primary solution providing with regard to design and engineering were the two areas which the Company focussed upon successfully during the year, thereby imparting competence to concerned employees.

The Fire & Security Division is poised for exponential growth in the years to come.

Exports

During the year under review, your Company has exported to USA, materials worth Rs. 2.77 crores, mainly to The Foxboro Company. Your Directors are also happy to state that supplies of castings for level switches to Messrs Solatron Mobrey UK, continues with increased orders in hand.

However, it may be pertinent to note that the performance of exports has somewhat suffered due to the financial crunch in the Company.

Directors' Report



Erection And Commissioning

This division of your Company continues to be the only complete Field Services solution provider in India catering to all types of industries. The division has progressed during the year under review despite the industrial slow down and has executed jobs from prestigious customers like Balmer & Lawrie, NTPC, GAIL etc. It is expected that the performance of the division in the later part of the current year would show an improvement over past year.

CURRENT YEAR'S PROSPECTS

As stated earlier, your management is looking at various options to restructure the operation. The goal of this exercise is to focus on Profitability, exit from business / products which are performing below par, better utilisation of idle assets and exercise strict vigilance on both variable and fixed costs. The expected measures arising from above exercise should prove beneficial in the long run.

SUBSIDIARIES

During the year under review, Bells Softech Limited, situated in Bangalore reported a turnover of Rs. 110.45 lacs resulting in growth over previous year by 117%. Bells Softech Inc., the USA subsidiary of Bells Softech Limited has reported an annual turnover of USD 611377 (Rs. 2,93,46,096).

Your management, while considering the likely restructured model of the company for the future, has divested from the entire shareholdings of Bells Softech Limited as per the Board Resolution dated 28th September, 2001.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Board of Directors confirm :

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2001 and of the loss of the Company for that period.

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) that the directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

In line with the requirement of the Companies Act, an Audit Committee of the Company was set up on 31st January, 2001 comprising of three independent directors i.e. Mr. S. C. Bhandari, Mr. Milan Sen and Mr. P. K. Khaitan under the Chairmanship of Mr. S. C. Bhandari.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956.

AUDITORS REPORT

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

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.

PERSONNEL

Industrial relations remained harmonious throughout the Company during the year under review.

The particulars of employees required under the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'B' forming part of this Report.

DIRECTORS

Messrs. Milan Sen and Adarsh Jalan retire by rotation and, being eligible, offer themselves for reappointment.

Dr. R. Srinivasan resigned from the Board with effect from 17th November, 2000 and Mr. S. C. Bhandari was appointed a Director with effect from 31st January, 2001 in the casual vacancy caused by the resignation of Dr. R. Srinivasan. Mr. S. C. Bhandari shall vacate his office at the forthcoming Annual General Meeting and shall seek election under Section 257 of the Companies Act, 1956.

Directors' Report**BELLS CONTROLS LIMITED**

Mr. Rajive Kaul resigned from the Board with effect from 27th June, 2001 and Mr. S. M. Datta resigned from the Board with effect from 28th September, 2001.

The Directors place on record their appreciation of the valuable services rendered by Dr. R. Srinivasan, Mr. Rajive Kaul and Mr. S. M. Dutta during their tenure as Directors of the Company.

Mr. S. D. Mookerjee was appointed as an Additional Director with effect from 27th June, 2001.

Mr. Sudhir Jalan resigned from the Board with effect from 28th September, 2001 after a tenure of more than 27 years as a Director, out of which 21 years was as Chairman and Managing Director of the Company. The Directors wish to place on record their appreciation for the meritorious services rendered by him to the Company over the last 27 years as Director, Chairman & Managing Director.

AUDITORS

Messrs. Lodha & Co., the Auditors of the Company, retire at the forthcoming Annual General Meeting, and being

eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

The Directors place on record their sincere appreciation of the continued support and co-operation extended to the Company by its bankers, foreign collaborators, valued customers and employees at all levels.

For and on behalf of the Board

ANOOP HOON

Executive Director

S. D. MOOKERJEA

Executive Director

Kolkata,
28th November, 2001

ANNEXURE 'B' TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956, REFERRED TO IN THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001 AND FORMING PART THEREOF :

Name	Age (Years)	Designation/ Nature of Duties	Gross Remuneration Rs.	Qualifications	No. of Years Experience	Date of Commencement of employment	Last employment held before joining the Company
EMPLOYED THROUGHOUT THE YEAR							
JALAN, SUDHIR	56	Chairman & Managing Director	1436764	B.Com. M.B.A.	40	01-01-1980	Managing Director Bengal Jute Mills Co. Ltd
EMPLOYED FOR PART OF THE YEAR							
HOON, ANOOP	45	Executive Director	1596712	P.G.D. IR & PM M.B.A., from XLRI, Jamshedpur	25	24-04-2000	Vice President & CEO - ISP BOC India Ltd.

Note : All appointments are contractual. Remuneration includes salary, allowances, monetary value of perquisites, Company's contribution to Provident fund and Superannuation fund and reimbursement of medical expenses.

Directors' Report



ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. Conservation of Energy

The Company's operations involve low energy consumption.

B. Technology Absorption

Research and Development (R&D)

1. The Company developed a Compact Power Cylinder to meet the requirement of one of the major Boiler Manufacturers in the Country. This has a feature of Single piece Air lock device and non contact Electronic position Transmitter. This was the long outstanding requirement of various other users as well.

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

R&D continues to provide valuable support to the Company's business by identifying and developing new products and modification of existing products.

3. Future plan of action :

The Company is putting special emphasis on R&D activities for re-engineering and improving the existing product range to expand the existing customer base and to achieve cost reduction.

4. Expenditure on R&D :

a) Capital	Nil
b) Recurring	Rs. 10,10,164
c) Deferred R&D costs	Nil
d) Total	Rs. 10,10,164
e) Total R&D expenditure as a percentage of total turnover	0.30%

Technology absorption, adaptation and innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :

The Company continues to benefit from transfer of technology from Foxboro for manufacture of various instruments and control systems. Training was imparted to technical personnel both in-house and at the collaborator's plant in USA, for absorption of technology and to effect modifications and updations.

2. Benefits derived as a result of the above efforts :

The Company has achieved indigenisation and cost reduction and has been able to provide a comprehensive package of instrumentation and solutions for the Indian process industries.

3. Particulars of technology imported during the last five years reckoned from the beginning of the financial year :

a) Technology imported	i) Intelligent Magflow Transmitters and Micro-processor based dual loop Controllers
	ii) Magnetic Level Switches
b) Year of Import	i) 1996-97
	ii) 1997-98
c) Has technology been fully absorbed	Technology is in the process of being absorbed

C. Foreign Exchange Earnings and Outgo

The information regarding Foreign Exchange earnings and outgo is contained in Notes (xxxiv) and (xxxv) of Schedule 16B of the Annual Accounts.

Balance Sheet

as at 31st March, 2001

BELLS CONTROLS LIMITED

	Schedule	31.3.2001 Rs.	31.3.2000 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	11,30,24,945	11,30,24,945
Reserve and Surplus	2	33,39,96,884	44,70,21,829
			34,29,39,441
			45,59,64,386
Loans Funds			
Secured	3	23,97,23,484	23,57,51,093
Unsecured		50,00,000	—
		24,47,23,484	23,57,51,093
		69,17,45,313	69,17,15,479
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	52,52,98,668	52,89,42,832
Less : Depreciation		20,72,74,805	31,80,23,863
			18,63,04,738
			34,26,38,094
Investments			
	5	1,69,26,578	4,27,98,480
Current Assets, Loans and Advances			
Inventories	6	8,62,47,814	7,57,25,848
Sundry Debtors	7	18,50,92,292	20,68,28,761
Cash and Bank Balances	8	45,30,836	26,44,889
Loans and Advances	9	3,49,49,036	4,45,57,762
		31,08,19,978	32,97,57,260
Less : Current Liabilities and Provisions			
	10	15,78,34,032	13,17,63,631
		15,78,34,032	13,17,63,631
Net Current Assets		15,29,85,946	19,79,93,629
Profit and Loss Account		20,38,08,926	10,82,85,276
		69,17,45,313	69,17,15,479
Accounting Policies and Notes on Accounts			
	16		

In terms of our report of even date
For LODHA & CO.
Chartered Accountants

Kolkata
28th November, 2001

P. L. VADERA
Partner

For and on behalf of the Board
ANOOP HOON
Executive Director

S. D. MOOKERJEA
Executive Director

Profit and Loss Account for the year ended 31st March, 2001



	Schedule	31.3.2001 Rs.	31.3.2000 Rs.
INCOME			
Sales		33,31,28,942	39,70,11,403
Other Sources	11	85,23,102	2,53,86,400
		34,16,52,044	42,23,97,803
EXPENDITURE			
Materials	12	17,26,46,024	16,94,10,755
Excise Duty		1,17,54,850	1,97,95,603
Expenses	13	16,35,88,197	20,62,69,153
Expenses for closure of Mysore Factory		48,15,105	—
Interest	14	3,75,84,808	3,85,85,991
Provision & write offs	15	3,29,93,253	53,83,433
Depreciation		2,27,36,014	
Less : Transfer from Capital Reserve		89,42,557	
		1,37,93,457	1,46,63,719
		43,71,75,694	45,41,08,654
PROFIT/(LOSS) BEFORE TAX AND PRIOR PERIOD ADJUSTMENTS			
Adjustments in respect of prior periods (net)		(9,55,23,650)	(3,17,10,851)
		—	(2,29,254)
		(9,55,23,650)	(3,19,40,105)
Provision for tax		—	—
PROFIT / (LOSS) AFTER TAX		(9,55,23,650)	(3,19,40,105)
Profit / (Loss) brought forward from the previous year		(10,82,85,276)	(7,63,45,171)
Transfer from General Reserve		—	—
Amount available for Appropriation		(20,38,08,926)	(10,82,85,276)
Balance carried forward		(20,38,08,926)	(10,82,85,276)
Accounting Policies and Notes on Accounts			
	16		

In terms of our report of even date
For LODHA & CO.
Chartered Accountants

For and on behalf of the Board
ANOOP HOON
Executive Director

Kolkata
28th November, 2001

P. L. VADERA
Partner

S. D. MOOKERJEA
Executive Director