



Bemco Hydraulics Limited

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41

Annual Report & Accounts
1998 - 99



BEMCO HYDRAULICS LIMITED

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DIRECTORS

M. M. MOHTA, *Chairman & Managing Director*
URMILA DEVI MOHTA
R. M. SHAH
ANIRUDH MOHTA, *Joint Managing Director*
N. K. DAGA

BANKERS

BANK OF MAHARASHTRA
STATE BANK OF INDIA .

AUDITORS

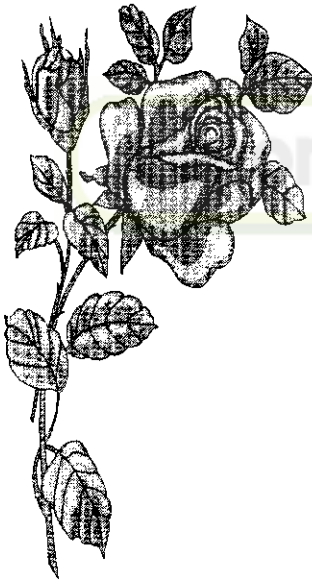
M/s P. G. BHAGWAT
Chartered Accountants
BELGAUM – 590 006

REGISTERED OFFICE

Khanapur Road
Udyambag
BELGAUM – 590 008
(Karnataka)

COMPLIANCE OFFICER (SEBI)

V. ARUNACHALAM
Corporate Controller (Finance)
S. RAMESH
Company Secretary
Khanapur Road, Udyambag
BELGAUM – 590 008
Phone: 0831- 441980, 440270, 440173
Fax: 0831- 441263



BEMCO HYDRAULICS LIMITED

NOTICE

NOTICE is hereby given that the 41st Annual General Meeting of BEMCO HYDRAULICS LIMITED, Belgaum will be held on 28th September, 1999 (Tuesday), 11.30 a.m. at the Registered Office of the Company, at Udyambag, Belgaum – 590 008 to transact the

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Audited Profit & Loss Accounts, for the year ended as on that date and the Reports of the Directors and of the Auditors thereon.
2. To appoint a Director in place of Shri R. M. Shah retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Shri N. K. Daga who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration M/s P. G. Bhagwat, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective should be stamped, completed and signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 16th September, 1999 to 27th September, 1999 (Monday) both days inclusive.
4. Members are requested to intimate the Company about the change of Address, if any.

For BEMCO HYDRAULICS LTD.

Place: Belgaum
Date : 31-07-1999

M. M. Mohta
Chairman & Managing Director



DIRECTORS' REPORT

To

The Shareholders

Your Directors' submit their Fortyfirst Annual Report together with the Accounts for the year ended 31st March, 1999.

Financial Results:

The financial results for the year under review in comparison with the previous year is given below:

	<u>1998-99</u>	<u>1997-98</u>
	Rs.	Rs.
1) Gross Profit for the year after meeting all operating expenses but before interest, gratuity provision and depreciation amounts to:	83,02,705	87,02,136
2) Deduction therefrom: Interest	59,70,671	54,01,491
3) Profit before Depreciation	23,32,034	33,00,645
4) Depreciation for the Year	13,01,768	12,36,714
5) Provision for Taxation	1,00,000	8,51,000
6) Investment Allowance relating to previous year written back	80,000	1,11,000
7) Profit Amounts to	10,10,266	13,23,931
8) Prior Period Adjustments Net	(8,43,867)	38,573
9) Net Profit	1,66,399	13,62,504
10) Surplus brought Forward	42,624	41,357
11) Total Profit available for Appropriation	2,09,023	14,03,861

Review of Operation:

The year under review witnessed macro-economic shifts as a result of number of global factors. The South East Asian region is beginning to stabilize but the political situation in India continues to be uncertain, impacting the industrial growth.

BEMCO HYDRAULICS LIMITED

For the third successive year, near recessionary conditions prevailed in the total Indian Engineering Industry. The volume of growth of your Company has decreased by 4.94% comparing to last year on account of this recessionary trend and net profit after tax and after prior period adjustment dripped to Rs. 1,66,399 comparing the last year figure of Rs. 13,62,504.

The Company has been implementing a series of VRS scheme downsizing employees strength and during the financial year ended 31-03-1999 Company has already spent Rs. 14.00 lacs and bringing the total employees strength to 345 Nos. from the level of 456 Nos. and thus reduced 24.34% percentage in the total manpower strength and further pronening exercise has been done during May/June, 1999 as a part of cost cutting exercise.

Dividend Equity Capital:

Your Directors express their inability to recommend any dividend, due to inadequacy of profits.

Future Prospects:

The management of the Company has formulated and put into several strengthen measures to contain costs, several important and significant reduction in the manpower cost have been achieved which in turn will give better net realisation in the coming years.

Although growth rates in the white goods sector in the market economy, has been lackluster and the auto industry is facing a unprecedented slump in demand, it is expected that both these sectors will revive and get substantial pick up, when the Indian economy revives.

It is clear that engineering industry in India will undergo tremendous change, both from the opening of the domestic market to imports and through the development of local assembly by international manufactures. To meet the need of these changing times and to safeguard Bemco's leadership position, the Company must address itself to the challenges that lie ahead. The Company will require to further reduce cost, improve its productivity, increase its market orientation and be successful in creating a high level of customers satisfaction and loyalty.

During the first quarter of current financial year, there is some sign of market revival. Several Industrial sectors are showing increase in demand. The performance for 1999 – 2000 is likely to be better than of last year, baring unforeseen circumstances.

Status of Year 2000 (Y2K) Preparedness:

A comprehensive plan is in place to achieve year 2000 (Y2K) readiness for all business critical Information Technology systems in the Company by the year December, 1999.

Y2K compliance of key suppliers, utilities, service providers and key customers is also being monitored.

Details regarding Y2K compliance in accordance with Clause 32 of the listing agreement with the Stock Exchanges shall be read with this report.

Modernization and Technology Upgradation:

Company's first phase of modernisation programme has been implemented with financial assistance from Karnataka State Financial Corporation, during 1995.


Fixed Deposits : U/S 58 A of the Companies Act, 1956:

There is no F.D. liability as on 31-03-1999 and further Company has not accepted any fixed deposit.

Personnel:

Company has entered into an agreement for wage settlement for a period 3 year 9 months; commencing from 1st October, 1998 onwards. The industrial relations during the year remained extremely harmonious. The Directors wish to place on record their appreciation for the hardwork and continuing efforts and valuable support rendered by the employees at all levels under review.

Directors:

Shri R. M. Shah and Sri N. K. Daga retire from the Board by rotation and are eligible for re-appointment.

Auditors Report:

Auditors report is self explanatory & read with Notes on accounts.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:
Conservation of Energy:

The present manufacturing process employed is not energy intensive and hence, there is limited scope for conservation of energy. However, efforts are being made to keep the consumption of power and fuel at minimum.

Expenditure in Foreign Currency and Foreign Exchange:

The required information in respect of foreign exchange earnings and outgo has been given in Note No. 15 of the Notes Forming Part of Accounts for the year ended 31st March, 1999.

Acknowledgement:

Your Directors wish to place on record their appreciation for the support of the employees during the year.

Your Directors also wish to place on record their sincere appreciation for the support by Financial Institutions, Bankers and other Institutions and customers.

For and on behalf of the Board of Directors

M. M. Mohta

Chairman & Managing Director

Anirudh Mohta

Joint Managing Director

Smt. Urmila Devi Mohta

Director

N. K. Daga

Director

Place: Belgaum

Date : 31-07-1999

BEMCO HYDRAULICS LIMITED**AUDITORS' REPORT**

To

The Members,

We have audited the attached Balance Sheet of BEMCO HYDRAULICS LIMITED as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet, of the State of Affairs of the Company as on 31st March, 1999 and
 - ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date.

For **M/s P. G. Bhagwat**
Chartered Accountants

Place: Belgaum
Date : 31-07-1999

M. K. Shevade
Partner