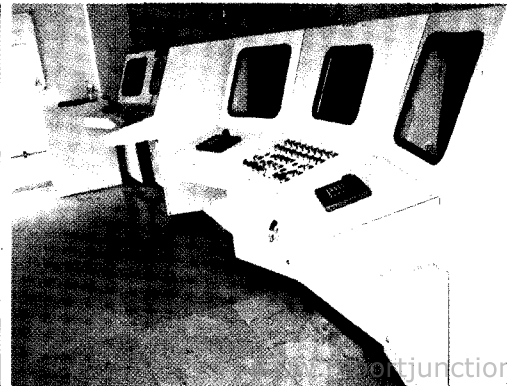
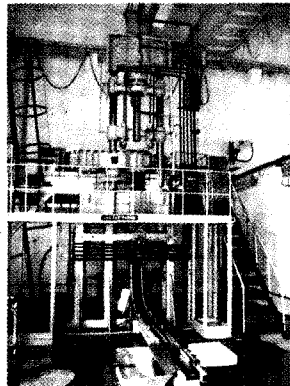
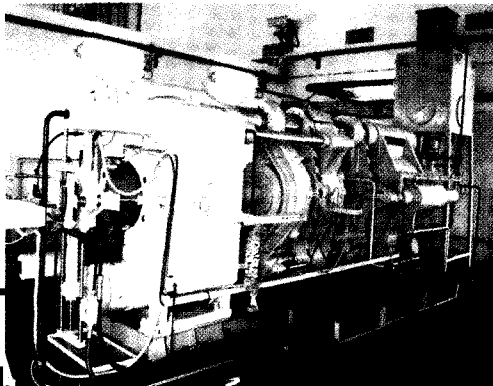


BEMICO HYDRAULICS LIMITED

51

ANNUAL REPORT & ACCOUNTS 2008-2009



BEMCO HYDRAULICS LIMITED

*** SHRI ***

DIRECTORS :

M.M. MOHTA	- Chairman and Managing Director
ANIRUDH MOHTA	- Joint Managing Director
URMILA DEVI MOHTA	- Director
R.M. SHAH	- Director
N.K. DAGA	- Director
DILIP CHANDAK	- Director

BANKERS :

BANK OF MAHARASHTRA, Main Branch, Kirloskar Road, BELGAUM
STATE BANK OF INDIA, Commercial Branch, BELGAUM

AUDITORS :

M/S A.C. BHUTERIA & CO.
Chartered Accountants
2, India Exchange Place,
KOLKATA - 700 001

REGISTERED OFFICE :

Khanapur Road, Udyambag,
BELGAUM - 590 008 (Karnataka)
Phone : 0831-4219000, 2441980
Fax : 0831-2441263

COMPLIANCE OFFICER :

R.B. PATIL - General Manager Finance



BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum – 590 008

NOTICE

Notice is hereby given that, 51st Annual General Meeting of the Company will be held on **FRIDAY, August 28, 2009** at the registered office of the Company at 3.30 PM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009, the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. **DECLARATION OF DIVIDEND ON PREFERENCE SHARES**
To consider and if thought fit to pass with or without modification, the following as an ordinary resolution:
"RESOLVED THAT, the Members of the Company, as recommended by the Board of Directors of the Company, hereby declare dividend on 52,732 preference shares of Rs. 100 each @ 11 per cent amounting to Rs.5,80,052/- (Rupees Five Lakhs Eighty Thousand Fifty Two Only) due for the year ended on 31st March 2009, in accordance with the terms of the allotment
RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to distribute such dividend to the Preference Share Holders and to remit the taxes thereon."
3. To appoint a Director in place of Shri R. M. Shah who retires by rotation and being eligible offers himself for re- election.
4. To appoint a Director in place of Shri Dilip Chandak who retires by rotation and being eligible offers himself for re- election.
5. To re-appoint Auditors and fix their remuneration

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following as a special resolution.
"RESOLVED THAT pursuant to section 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the members of the Company in this 51st Annual General Meeting through this special resolution do hereby approve and confirm the re-appointment of Mr. M. M. Mohta as Chairman and Managing Director with effect from 1st April 2009, for five year tenure upon the terms and conditions set out in the Agreement executed on 1st April 2009 whose salient features were mailed to the individual members pursuant to section 303(2) of the Companies Act, 1956 which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and or/ agreement, in such manner as may be agreed to between the Board of Directors and Mr. M. M. Mohta."
7. To consider and if thought fit to pass with or without modification, the following as a special resolution.
"RESOLVED THAT pursuant to section 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the members of the Company in this 51st Annual General Meeting through this special resolution do hereby approve and confirm the re-appointment of Mr. Anirudh Mohta as Joint Managing Director with effect from 1st April 2009, for five year tenure upon the terms and conditions set out in the Agreement executed on 1st April 2009 whose salient features were mailed to the individual members pursuant to section 303(2) of the Companies Act, 1956 which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and or/ agreement, in such manner as may be agreed to between the Board of Directors and Mr. Anirudh Mohta"



8. TO RE-APPOINT PRACTICING COMPANY SECRETARY

To consider and if thought fit to pass with or without modification, the following as an ordinary resolution:

"RESOLVED that Mr. S. R. Deshpande, Practicing Company Secretary be and is hereby re-appointed to carry out certification of compliance for the financial year 2009-10."

Place: Belgaum
Date: 27.06.2009

for **BEMCO HYDRAULICS LTD**

M. M. MOHTA
Chairman and Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act 1956 in respect of special business is annexed hereto.
3. 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 48 hours before the commencement of the Meeting.
4. Members are requested to intimate the Company about the change of Address, if any.
5. The Register of Members and Share Transfer Books shall remain closed from August 14, 2009 to August 28, 2009 (both the days inclusive).
6. Members interested in seeking any clarification on the annual accounts are requested to address their queries to Mr. R.B. Patil, General Manager-Finance and Compliance Officer, Bemco Hydraulics Ltd. Udyambag, Belgaum at least one week before the date of the meeting to enable the compilation of data.

AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956 IN RESPECT OF SPECIAL BUSINESS:

Refer Agenda No. 6 regarding re-appointment of Mr. M. M. Mohta as Chairman and Managing Director.

Shri M. M. Mohta was appointed as Chairman and Managing Director of the Company with effect from 01.04.2004 to 31.03.2009 pursuant to the provisions of Sec. 269, 198 309 and other applicable provisions, if any of the Companies Act, 1956 by share holders at the 46th Annual General Meeting of the Company held on 30th September 2004 on the terms and conditions approved in the said 46th Annual General Meeting. Subsequently the remuneration of Mr. M. M. Mohta was revised from Rs. 50,000/- per month to Rs. 70,000/- per month, by the shareholders in the 49th AGM held on 26th September 2007.

Pursuant to the provisions of sec 269(2) read with Schedule XIII, the Board has re-appointed Mr. M. M. Mohta as Chairman and Managing Directors of the Company in its meeting held on 30th March 2009 for the period from 1st April 2009 to 31st March 2014, i.e. for a period of next 5 years on the terms and conditions approved in the said Board meeting, subject to further approval by the Remuneration Committee and by the Share Holders in the forth coming 51st Annual General Meeting. The Remuneration committee consisting of three Independent Directors has approved the payment of remuneration in its meeting, held on 30th March 2009 and an Agreement has also been executed on 1st April 2009, between Mr. M. M. Mohta and the Company.

The abstract of agreement with Mr. M. M. Mohta in respect of his appointment and the terms and conditions thereof were circulated amongst all Shareholders on 11th April 2009 under certificate of posting. The terms of re-appointment and remuneration of Mr. M. M. Mohta inter alia contain the following principal terms and conditions:



ABSTRACT OF THE AGREEMENT WITH CHAIRMAN & MANAGING DIRECTOR

Parties	Bemco Hydraulics Limited and Mr. Madan Mohan Mohta
Principal terms of the agreement	That Mr. Madan Mohan Mohta is reappointed as Chairman & Managing Director of the Company and he shall hold office as such for a period of five years commencing from 1 st day of April 2009.
Duties and responsibilities	The Chairman & Managing Director shall, subject to the superintendence, control and directions of the Board, carry out such duties and functions and exercise all such powers for the purpose of Management and Administration of the Company as may be assigned and vested in him by the Board of Directors of the Company.
Consideration /Salary	SALARY Rs 75,000/- per month w. e. f. 1 st April 2009
Commission	No commission on profits
PERQUISITES:	<p>As detailed hereinafter, restricted to an amount equal to 25% of the Annual Salary i. e. Rs. 2,25,000/- (Rupee Two Lakhs Twenty Five Thousand Only) per annum, Unless the context otherwise requires, the perquisites are classified in three categories 'A' 'B' and 'C' as follows:</p> <p>CATEGORY - A</p> <p>HOUSING - The expenditure incurred by the company on providing furnished residential accommodation for the Managing Director shall be Subject to a ceiling of 10%(Ten Percent) of the Chairman & Managing Director's Salary. In case the company provides no accommodation, the appointee shall be entitled to House Rent Allowance, Subject to ceiling of 10%(Ten Percent) of the Salary payable to the Chairman and Managing Director.</p> <p>GAS, ELECTRICITY, WATER AND FURNISHING:</p> <p>Explanation: -The expenditure incurred by the company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules 1962, This shall however, be subject to ceiling of ten percent of the Salary of the appointee.</p> <p>Medical Reimbursement: Expenses incurred for the appointee and family subject to ceiling of one-month salary in a year or three month salary over a period of five years.</p> <p>Leave Travel Concession: For the appointee and his family once in a year incurred in accordance with any rules specified by the company.</p> <p>Encashment of Leave at the end of the Tenure:-In accordance with the rules and regulations applicable to senior executives of the company from time to time, the monetary equivalent of such encashment of leave shall not be included in computation of the ceiling in perquisites referred in category 'C'.</p> <p>Club Fees: -Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.</p> <p>Personal accident Insurance: - Premium not to exceed Rs. 4,000/- per annum.</p> <p>CATEGORY - B</p> <p>Company's contribution to Provident Fund Superannuation Fund or Annuity Fund, there will be in accordance with the schemes applicable to Senior Executives of the Company from time to time and will not be included in the computation of the ceiling on perquisites mentioned above to the extent they either singly or taken together, are not taxable under the Income tax Act 1961, as amended from time to time.</p> <p>Gratuity: In accordance with the rules and regulations applicable to Senior Executive of the company from time to time but not exceeding half months salary for each completed year of his service.</p>

**CATEGORY - C**

Provision of a car for use on companies business and telephone at residence both these facilities will not be considered as perquisites personal long distance calls on telephone and use of car for private purpose shall be billed by the company to him.

Minimum Remuneration:

That in the event of any loss, or inadequacy of profit in any financial year of the company during the Chairman and Managing Directors tenure of office the above remuneration shall nevertheless be paid and allowed as the minimum remuneration for such year.

The total remuneration would however be subject to the overall ceiling laid down under the provision of Schedule XIII of the companies' act 1956.

Tenure	Five years from 1st April 2009 to 31st March 2014
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The confirmation of the members to the Re-appointment of Mr. M. M. Mohta as chairman and Managing Director is sought through a special Resolution as the appointee attains the age of 70 on 5th September 2009.

MEMORANDUM OF INTEREST

None of the Directors of the Company except Mr. Madan Mohan Mohta, being the appointee and Mr. Anirudh Mohta and Mrs. Urmila Devi Mohta, being the relatives of the Appointee are concerned or interested in the above appointment.

Refer Agenda No. 7 regarding re-appointment of Mr. Anirudh Mohta as Joint Managing Director.

Shri Anirudh Mohta was appointed as Joint Managing Director of the Company with effect from 01.04.2004 to 31.03.2009 pursuant to the provisions of Sec. 269, 198 309 and other applicable provisions, if any of the Companies Act 1956 by share holders at the 46th Annual General Meeting of the Company held on 30th September 2004 on the terms and conditions approved in the said 46th Annual General Meeting. Subsequently the remuneration of Mr. Anirudh Mohta was revised from Rs. 30,000/- per month to Rs. 45,000/- per month, by the shareholders in the 49th AGM held on 26th September 2007.

Pursuant to the provisions of sec 269(2) read with Schedule XIII, the Board has re-appointed Mr. Anirudh Mohta as Joint Managing Directors of the Company in its meeting held on 30th March 2009 for the period from 1st April 2009 to 31st March 2014, i.e. for a period of next 5 years on the terms and conditions approved in the said Board meeting, subject to further approval by the Remuneration Committee and by the Share Holders in the forth coming 51st Annual General Meeting. The Remuneration committee consisting of three independent Directors has approved the payment of remuneration in its' meeting, held on 30th March 2009 and an Agreement has also been executed on 1st April 2009, between Mr. Anirudh Mohta and the Company.

The abstract of agreement with Mr. Anirudh Mohta in respect of his appointment and the terms and conditions thereof were circulated amongst all Shareholders on 11th April 2009 under certificate of posting. The terms of re-appointment and remuneration of Mr. Anirudh Mohta inter alia contain the following principal terms and conditions:

ABSTRACT OF THE AGREEMENT WITH JOINT MANAGING DIRECTOR

Parties	Bemco Hydraulics Limited and Mr. Anirudh Mohta
Principal terms of the agreement	That Mr. Anirudh Mohta is re-appointed as the Joint Managing Director of the Company and he shall hold office as such for a period of five years commencing from 1 st day of April 2009.
Duties and responsibilities	The Joint Managing Director shall, subject to the superintendence, control and directions of the Board, carry out such duties and functions and exercise all such powers for the purpose of Management and Administration of the Company as may be assigned and vested in him by the Board of Directors of the Company.
Consideration /Salary	SALARY Rs 50,000/- per month w. e. f. 1 st April 2009



Commission	No commission on profits
PERQUISITES:	<p>As detailed hereinafter, restricted to an amount Equal to the 25% Annual Salary i.e. Rs. 1,50,000/- (Rupee. One Lakh Fifty Thousand Only) per annum. Unless the context otherwise requires, the perquisites are classified in three categories 'A' 'B' and 'C' as follows:</p> <p>CATEGORY – A</p> <p>HOUSING – The expenditure incurred by the company on providing furnished residential accommodation for the Managing Director shall be Subject to a ceiling of 10%(Ten Percent) of the Joint Managing Director's Salary. In case the company provides no accommodation, the appointee shall be entitled to House Rent Allowance, Subject to ceiling of 10% (Ten Percent) of the Salary payable to the Joint Managing Director.</p> <p>GAS, ELECTRICITY, WATER AND FURNISHING:</p> <p>Explanation: -The expenditure incurred by the company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules 1962. This shall however, be subject to ceiling of ten percent of the Salary of the appointee.</p> <p>Medical Reimbursement: Expenses incurred for the appointee and family subject to ceiling of one-month salary in a year or three month salary over a period of three years.</p> <p>Leave Travel Concession: For the appointee and his family once in a year incurred in accordance with any rules specified by the company.</p> <p>Encashment of Leave at the end of the Tenure:-In accordance with the rules and regulations applicable to senior executives of the company from time to time, the monetary equivalent of such encashment of leave shall not be included in computation of the ceiling in perquisites referred in category 'C'.</p> <p>Club Fees: -Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.</p> <p>Personal accident Insurance: - Premium not to exceed Rs. 4,000/- per annum.</p> <p>CATEGORY – B</p> <p>Company's contribution to Provident Fund Superannuation Fund or Annuity Fund, there will be in accordance with the schemes applicable to Senior Executives of the Company from time to time and will not be included in the computation of the ceiling on perquisites mentioned above to the extent they either singly or taken together, are not taxable under the Income tax Act 1961, as amended from time to time.</p> <p>Gratuity: In accordance with the rules and regulations applicable to Senior Executives of the company from time to time but not exceeding half months salary for each completed year of his service.</p> <p>CATEGORY – C</p> <p>Provision of a car for use on company's business and telephone at residence both these facilities will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to him.</p> <p>Minimum Remuneration:</p> <p>That in the event of any loss, or inadequacy of profit in any financial year of the company during the Joint Managing Directors tenure of office the above remuneration shall nevertheless be paid and allowed as the minimum remuneration for such year.</p> <p>The total remuneration would however be subject to the overall ceiling laid down under the provision of Schedule XIII of the companies' act 1956.</p>
Tenure	Five years from 1st April 2009 to 31st March 2014

**MEMORANDUM OF INTEREST**

None of the Directors of the Company except Mr. Anirudh Mohta, being the appointee and Mr. Madan Mohan Mohta and Mrs. Urmila Devi Mohta, being the relatives of the Appointee are concerned or interested in the above appointment.

Refer Agenda No. 8 regarding re-appointment of Mr. S. R. Deshpande - Practicing Company Secretary

Company Secretary appointed in the last Annual General Meeting for certification of compliance pursuant to the proviso to section 383A(1) of the Companies Act, 1956 retires at the conclusion of the forthcoming Annual General Meeting. The Board has decided to re-appoint him for the financial year 2009-10. Hence, the Board commends the re-appointment.

The Re-appointment of practicing company secretary for certification of compliance not being an item of ordinary business as defined in section 173 (1)(a) of the Companies Act, 1956, the same is being transacted as a special business and this explanation is offered.

MEMORANDUM OF INTEREST

None of the Directors of the Company is interested in appointment of practicing Company Secretary.

Place: Belgaum

for **BEMCO HYDRAULICS LTD**

Date: 27.06.2009

M. M. MOHTA
Chairman and Managing Director

Report  Junction.com



BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum - 590 008

DIRECTORS' REPORT

To

Dear Shareholders,

Your Directors have pleasure in presenting the FIFTY FIRST ANNUAL REPORT together with the Audited Accounts of the Company for the year-ended 31ST MARCH 2009.

FINANCIAL RESULTS:

The Financial results for the year under review in comparison with the previous year are given below:

	2008-2009 Rs.	2007-2008 Rs.
1 Gross Profit for the year after meeting all operating expenses but before interest and depreciation amounts to:	26,023,904	238,81,544
2 Deduction there from: Interest	10,852,043	77,53,750
3 Profit before depreciation	15,171,861	161,27,793
4 Depreciation for the year	9,023,883	104,04,352
5 Profit After Depreciation - (PBIT)	6,147,978	57,23,441
6 Provision for Taxation	(2,709,500)	(27,76,000)
7 Provision for FBT	(729,500)	(6,31,600)
8 Deferred Tax	90,000	2,88,000
9 Profit / (Loss) - (PAT)	2,798,978	26,03,841
10 Income tax Earlier Years	523,484	-
11 Transitional Provision for employees benefit	-	(7,53,236)
12 Net Profit/Loss	3,322,462	18,50,605
13 Surplus brought forward	3,504,682	33,32,709
14 Total Profit Available for Appropriation	6,827,144	51,83,314
15 Transferred to general Reserve	1,000,000	10,00,000
16 Provision of Dividend on Preference Shares	580,052	5,80,052
17 Provision for Income Tax on Dividend	98,580	98,580
18 Total Profit / (Loss) Carried forward	5,148,512	35,04,682

DIVIDEND:

On Equity:

Taking in to account the huge fund requirement for the large number of orders on hand, and to conserve the resources, the Directors do not recommend any dividend on Equity Shares.

**On Preference Shares:**

Company proposes to pay dividend on Preference Shares @11% for the year-end 31ST MARCH 2009.

The total cash outflow because of Dividend and Tax thereon amounts to Rs.6.79 Lacs

REVIEW OF OPERATION:

Although the year 2008-09 has witnessed un-expected global economic slow down for most of Engineering industry & other Auto Component industries, your company could able to maintain its sales turnover on par with previous year (2007-08).

However your company could able to maintain the more or less equal sales turn over for the year under report and this was possible because of the long term vision that the management had, since last economic recession that was experienced during the year 1999-2000.

The company's status in this respect is as under:

- + The net Revenue Income during year under review decreased by 0.18 %
- + Gross profit during the year under review is Rs. 260.23 Lakhs as against the Gross profit of Rs. 238.82 lakhs during the previous year which is 8.97% higher than the previous year
- + Profit after tax (PAT) reduced by 7.49% from Rs. 26.04 Lakhs in 2007-2008 to Rs. 27.99 Lakhs in 2008-2009.
- + Company could discharge the liability of Dividend on Preference shares & tax thereon to the tune of Rs. 6.79 Lacs for the year under report i.e. for the year ended on 31ST MARCH 2009.

FUTURE PROSPECTS:

The year under report 2008-09, though was not good year for your company as compared with 2007-08. However, due to the actions initiated, during past few years, by the management of your Company, for change over of product-mix by using the advanced technology & adding some critical components in the product list of the company, the Company has withstood the financial meltdown that was seen by other industries.

At present your Company has already executed orders worth Rs.442.91 Lacs till date and the orders worth Rs. 2,431.47 Lacs are in hand to execute in the current year. In addition to this, orders worth Rs. 2279.50 lacs are in pipelines, which are to be executed in the year 2010-11. Further healthy enquiries are being received regularly, and the management feels that most of them will be converted into orders.

To sum up, the outlook for the next few years looks bright.

ALTERATION IN AUTHORISED CAPITAL STRUCTURE:

During the year under Report, there is no change in Authorised Capital Structure of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures from the same.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March 2009.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared annual accounts of the Company on a 'Going Concern' basis.