



“Powering Infrastructure”

BEDMUTHA INDUSTRIES LIMITED

ANNUAL REPORT
2010-11

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice/documents including annual report can be sent by e-mail to its members. We fully support the Ministry's green initiative.

Accordingly, the members, who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, **in respect of electronic holdings with the Depository through their concerned Depository Participant.**

Members, who hold shares in physical form, are requested to register their e-mail addresses by sending E-mail to bedmutha@unisec.com or ipo@bedmutha.com of the Company so as to reach the Company at the earliest.

BEDMUTHA INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Kachardas Ratanchand Bedmutha	Chairman
Mr. Vijay Kachardas Vedmutha	Managing Director
Mr. Ajay Kachardas Vedmutha	Joint Managing Director
Mr. Balasubramanian Achutharaman	Independent Director
Mr. Narayan Kadu	Independent Director
Mr. Shital Nahar	Independent Director

Company Secretary

Mr. **Nilesh Amrutkar**

Registered Office

**A 31-35 & 57,
Sinnar Taluka Industrial Co-operative Estate (STICE)
Musalgaon, Sinnar, Nashik, Maharashtra 422 103**

Bankers

**Punjab National Bank
Bank Of India
Andhra Bank**

Registrar and Transfer Agent

UNIVERSAL CAPITAL SECURITIES PRIVATE LIMITED
(Formerly known as Mondkar Computers Pvt. Ltd.)
21, SHAKIL NIWAS, OPP SATYA SAIBABA TEMPLE,
MAHAKALI CAVES ROAD. MUMBAI - 400 093.

Auditors

M/s Patil Hiran Jajoo & Co.
Chartered Accountants

Particulars	Page Nos.
Notice	1
Directors' Report	7
Corporate Governance Report	11
Auditors' Certificate on Corporate Governance	18
Management Discussion & Analysis Report	19
Auditors' Report on Standalone Account	20
Standalone Balance Sheet, Profit & Loss Account, Cash Flow Statement Schedules & Notes thereof	23
Balance Sheet Abstract	42
Auditors' Report on Consolidated Account	45
Consolidated Balance Sheet, Profit & Loss Account, Cash Flow Statement , Schedules & Notes thereof	49



NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of '**Bedmutha Industries Limited**' will be held at the Registered Office at A-32, STICE, Sinnar, Nashik – 422 103, on Friday the 12th August, 2011, at 4.00 p.m., to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Vijay K. Vedmutha, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. Narayan Kadu, who retires by rotation and is eligible for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution, as an *Ordinary Resolution* thereof :-

"RESOLVED THAT M/s. Patil, Hiran, Jajoo & Co., Chartered Accountants, Nashik (Firm Registration No. 120117W) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Statutory Auditors of the Company."

Special Business:

5. To consider and if thought fit, to pass, with or without modification(s) the following resolutions as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable rules, regulations, guidelines and other statutory provisions for the time being in force, approval of the members of the Company be and is hereby accorded and the Board of Directors (hereinafter called 'the **Board**' which term shall be deemed to include any committee authorised by the Board to exercise its powers including the powers conferred by this resolution), to vary the terms referred to in the Prospectus of the Company dated 05th October, 2010, filed with the Registrar of Companies, Maharashtra, Mumbai (the **prospectus**) including to vary and / or revise the utilization of the proceeds of the Initial Public Offering (**IPO**) of the Equity Shares allotted in pursuance of the said prospectus and to utilise the proceeds from the IPO including, but not limited to, change in allocation intended for implementation of identified projects and towards any other project(s) considered beneficial to the Company including changes in amount and / or schedule of deployment for the projects and/or also for general corporate purposes, as the case may be."

"RESOLVED FURTHER THAT the actions taken and the money utilised / invested by the Board so far since the collection of the proceeds of the IPO of the Company, whether towards implementation of those projects partly or fully, as mentioned in the said Prospectus and /or towards other project(s), which have risen, subsequent to the issue of the said Prospectus and considered beneficial to or in the best interest of the Company be and are hereby approved and ratified."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, and deal with such matters, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable, or expedient and to settle any question that may arise in this regard and incidental thereto, without being required to seek the any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

For BEDMUTHA INDUSTRIES LIMITED

Date: 05th June, 2011

**Registered Office:
A-32, STICE, Sinnar
Nashik – 422 103**

**K. R. Bedmutha
Chairman**

BEDMUTHA INDUSTRIES LIMITED

NOTES:

1. **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.**
2. **Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the meeting. (proxy form annexed).**
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Explanatory Statement pursuant Section 173 (2) of the Companies Act, 1956, for Item No. 5 is attached and forms part of this notice.
5. Brief resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the "Annexure A" to the Notice.
6. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote
8. The Register of Members and Transfer Books of the Company will remain closed from 03rd August, 2011 to 10th August, 2011 (both days inclusive), in order to comply with the requirements of Clause 16 of the Listing Agreement.
9. Members/Proxy holders are requested to bring their copies of the Annual Report with them to the Annual General Meeting.
10. Members are requested to send to the Company their queries, if any, on accounts and operations of the Company at least 10 days before the meeting to enable the Company to provide the required information
11. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the Shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agent of the Company, Universal Capital Securities Private Limited.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
13. There are no shares lying in the Suspense Account, as the Shares allotted under IPO, have been fully credited to the respective applicants' account.
14. There are no amounts, which are unclaimed / unpaid Dividend or as Refund of the Share Application money as on 31st March, 2011, which would be required to be transferred to the 'Investor Education and Protection Fund' under Section 205C the Companies Act, 1956, and the Rules made thereunder.

For BEDMUTHA INDUSTRIES LIMITED

Date: 05th June, 2011

**Registered Office:
A-32, STICE, Sinnar
Nashik – 422 103**

**K. R. Bedmutha
Chairman**



ANNEXURE A:

Details of the Directors seeking Appointment or re-appointment at the Annual General Meeting:

Particulars	Mr. Narayan M. Kadu	Mr. Vijay K. Vedmutha
Date of Appointment	14 th November, 2009	14 th November, 2009
Date of Birth	28 th April, 1949	5 th August, 1964
Expertise in specific functional areas :	Mr. N. M. Kadu is M Sc. CAIIB by qualification. He has worked with Punjab National Bank for around 32 years. He joined the bank in 1977 as Technical Officer and rose to the post of Assistant General Manager and in various capacities with the Bank.	Mr. Vijay K. Vedmutha , aged 45 yrs is Industrial & Production Engineer and MBA with specialization in Finance. He has over 25yrs experience Technical Consultancy, Accounting and finance etc. He is one of the promoter of the company and is looking after the company since Inception, currently looks after overall Management and administration of the company.
List of other Companies in which Directorship is held as on 31.03.2011	NIL	1. Bedmutha Sons Realty Ventures Private Limited 2. KRBTA Unison Pvt. Ltd.
Shareholding in the Company	NIL	31,88,059 shares
Chairman / Member of the *Committees of other Companies on which he is Director as on 31.03.2011	NIL	NIL

BEDMUTHA INDUSTRIES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SEC 173 (2) OF COMPANIES ACT, 1956:

ITEM NO. : 5

The members at the Extraordinary General Meeting of the Company held on 19th November, 2009, had approved the Initial Public Offering (IPO/ issue) of the equity shares of the Company for raising funds towards meeting the expenses of the various projects. Accordingly, the Company had made an IPO through 100% book building route and raised Rs.9184.00 Lakhs (Gross proceeds) by issuing 90,04,211 Equity Shares of Rs.10/- each of the Company for cash at a price of Rs. 102/- per equity share (including security premium of Rs. 92/- per equity share). The Net Issue Proceeds i.e., Gross proceeds less issue expenses (NIP) were planned with certain objects (identified objects) as more particularly stated and described under section titled, 'Objects of the Issue' on page 54 of the prospectus, as were considered appropriate and necessary by the management at that point of time and as detailed hereunder :-

Particulars	Amount (Rs. in Lacs)
Setting up of new plant at Sinnar, Nashik for manufacturing of new product LRPC wire and Spring Steel Wire	8494.40
General Corporate Purpose	175.00
Issue Expenses	542.00
Total	9211.40

The NIP were scheduled to be utilised towards the objects of the issue in the following manner and the same has been stated on page 61 of the prospectus :

Sr.No	Activities	Commencement	Completion
Setting up of new plant at Sinnar, Nashik for manufacturing of new product LRPC Wire and Spring Steel Wire			
1	Land - Gut No 931/1 Musalgaon - Gut No 27(274) 8/1 and 2 Sinnar	Commenced (MOU Entered)	Completed October 2010
2	Site Development, Civil work & Building Construction	October 2010	April 2011
3	Machineries selection, order Placing & Delivery & other Ancillaries	May 2010	March 2011
4	Furniture & Fixtures	March 2011	May 2011
5	Electrical Installation	December 2010	April 2011
6	Erection, Commissioning & Installation	April 2011	June 2011
7	Trial Production	July 2011	August 2011
8	Commercial Production	September 2011	

Board seeks your Approval for variations of the terms contained in the object of the issue as per details given herein below:

Change in Location

Your Company has been sanctioned a Mega Project by Government of Maharashtra and accordingly have entered into MOU with the Government for setting up of a Plant to produce Galvanized wire, LRPC wire, aluminum conductors and other wire products. The Same had been disclosed in page no. 6, 83 & 244 of the prospectus.

Mega Project Status provides for incentives to the extent of capital investment in the form of refund of VAT paid, stamp duty exemption, Electricity duty and certain other benefits from the Government of Maharashtra. In view of the above benefits to



the Company, your Company has proposed to dovetail the project being financed through IPO, into the Mega Project to avail locational synergies and the advantages of incentives provided under the Mega Project as stated above. However, the total project requires larger piece of land. The Industrial Policy of the State Government also provides different level / quantum of incentives for projects set up in different identified locations / regions so as to encourage industrial development. Accordingly, your Company has identified Rashegaon in Tehsil Dindori, Dist. Nashik or Nardana, Dist. Dhulia. In order not to lose time and an opportunity in getting a good piece of land, the Company went ahead and purchased land at Rashegaon, Dist. Nashik in the month of October 2010. In the meantime, M.I.D.C has also allotted land at Nardana, Dist. Dhulia. Your Company will decide one of these locations or any other location where such benefit is available and the Company proposes to utilise such land for the Mega Project. **The location is thus proposed to be changed from the land at Musalgaon, Sinnar**, (acquired during the period of IPO out of the Company's internal accruals for setting up of LRPC and spring steel wire project) to one of the aforesaid locations, for an effective implementation of the project in an expanded manner at a Competitive cost.

Utilisation of NIP for manufacture of other products under Mega Project

In the prospectus, we had proposed to manufacture LRPC wire and spring steel wire. As of now, the Company is proceeding to carry out manufacture of spring steel wire and defer the manufacture of LRPC wire in the future, in view of the changes in market conditions due to recent developments in the economy and industry. However, if market conditions & demand turn around, your Directors will immediately start the manufacture of LRPC wire. The Company proposes to utilise the NIP for putting up a high speed galvanizing line, wire drawing lines and machinery for manufacture of various wire products (including related machinery and balancing equipments) envisaged under Mega Project. The balance fund requirement will be met through term loans from banks and institutions. The Mega Project will be completed within period of 15-18 months from the date of disbursements of the term loans, in view of the change in products / product-mix and resultant changes in machinery as also change in location.

Due to dynamic economic scenario and the market conditions, the Company therefore will be utilising the IPO proceeds for setting up facilities for manufacture of aforementioned products and product-group and needs to take quick decisions on various matters relating to the Mega Project. Considering change in the location, deferment of the manufacture of LRPC wire products and the inter-change in the allocation of funds towards land and other related expenses, as mentioned in the Prospectus, your Directors seek the approval of the members to meet with the demanding phase of the Industry in addition to the leverage the cost-benefit factor in the given inflationary conditions and the resulting beneficial interest to the Company in the near future. The Company utilised a portion of the IPO funds for this purpose as part of Mega Project to manufacture various wires and wire products as discussed above.

The details of the proposed major deviations in the utilisation of IPO proceeds i.e., of Rs.9184.30 Lacs is as follows :

(Rs. in Lacs)

Sr. No.	Particulars of Fund Utilisation	Actual utilisation proposed	Amount proposed in the prospectus
1.	Land (see Note. 1)	1780.00	656.60
2.	LRPC Line (see Note 2)	Nil	1459.00
	High speed Galvanizing Line – one kind of machinery for manufacture of wire products under the Mega Project as mentioned in Prospectus (see Note 2)	2207.00	NIL

NOTES:

- 1) As explained above, we have purchased 52 acres land for Rs. 1676.00 lacs and 40 acres of land is being purchased amounting to Rs.104 lacs in place of 15.32 acres of land of Rs.656.00 lacs, as mentioned in the prospectus for an expanded manufacturing of spring steel & galvanized wire on account of its high demanded in the market.
- 2) LRPC line of Rs.1459 lacs proposed in the prospectus is being deferred to be put up in future in place of that we are putting up high speed galvanizing line of Rs.2207 lacs.

BEDMUTHA INDUSTRIES LIMITED

The status of utilisation of IPO funds so far as on 31st March 2011, is as under:

Particulars of Fund Utilization for	Actual Utilization	Amount to be utilized as per prospectus
Expansion Project	1986.87	8494.4
General Corporate Purpose	—	175
Share Issue Expenses	394.9	542
Total	2381.77	9211.4

The cost of land purchased at Rasegaon and related development expenses at site necessitated due to the need to change the location as explained above, is in the best interest of the Company. The unutilized funds have been temporarily kept parked in Company's working capital, interest bearing inter-corporate deposits and given as advances for purchase of capital goods for manufacture of new products. Since, speedy decisions were to be taken in the context of market environment and developments so as not to lose opportunities for the benefit of the Company, approval is sought for ratification of aforesaid decisions and expenditure from the members. Approval is also sought to empower the Board and/or its committees to take decisions on the project and for utilisation of unutilised NIP towards deployment in projects outside identified objects. While the management would endeavour as far as possible to fund growth opportunities not specifically identified in the objects of issue, however generally as the Mega Project for manufacture of wire products other than those discussed above from such means of finance as are available to the Company and at the discretion of the management, however, the management would like to have flexibility to use the unutilised portion of NIP.

Section 61 of Companies Act, 1956, provides that the Company shall not vary the terms referred to in the prospectus except subject to the approval of, or except on the authority given by, the Company in a General Meeting. Accordingly, approval of members is sought for confirmation and ratification of the actions taken so far by the management/Board so far in this regard to confer authority in favour of the Board for utilisation of the NIP for purposes other than those specifically stated in the prospectus.

The management would like to assure the members that any variation in the utilisation of the NIP is / will be done in the best interests of the Company and its members. Your Directors, therefore, recommend the resolution proposed at item No.5 to be passed as a special resolution. None of the Directors is, in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company.



DIRECTORS' REPORT

To

The Shareholders

Bedmutha Industries Limited

Your Directors take pleasure in presenting the 21st Annual Report together with Audited Financial Statements for the year ended 31st March, 2011.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Sales	20911.00	16770.84	23623.54	18343.05
Profit before Interest, depreciation, and tax	1796.91	2617.50	2414.37	3075.75
Profit Before Interest and Tax	1336.24	2253.10	1950.07	2709.09
Less : Provision for Tax	185.00	435.00	327.00	544.00
Less: Deferred Tax liabilities / (Assets)	37.37	95.55	38.69	96.62
Profit After Tax	265.32	1001.39	550.65	1223.87
Dividend	Nil	70.80	Nil	70.80
EPS (Rs.)	1.64	8.33	3.41	8.33

SHARE CAPITAL :

During the Year under review, the Company has successfully raised Rs.91.84 Crore through its Initial Public Offer (IPO) of 90,04,211 Equity Shares of Rs.10/- each at an Issue price of Rs.102/- per Equity Share. The present Share Capital of the Company, consequently, comprises of 2,10,31,611 fully paid-up Equity Shares of Rs.10/- each. The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) with effect from 14th October, 2010.

DIVIDEND :

Considering the requirement of funds for the expansion and also the lower profitability achieved for the year, your Directors do not recommend any Dividend for the financial year 2010-11.

OPERATIONS :

The Company's standalone income for the Financial Year under review, which comprises of income from the operations and other income, increased by 26.96% to Rs.190.21 Crore as compared to Rs.149.81 Crore for the previous year. The consolidated income increased by 30.64% i.e., Rs.214.96 Crore for the year, as compared to Rs.164.54.Crore of the previous year. The Overall Capacity utilization was 88%. Your Company has consciously been following a policy of steady growth in production over the years.

However , on account of the increased cost of raw materials and other inputs , the Company could achieve Operating Profit (PBIDT) of Rs. 9.49 crore (4.54% of the sales) as compared to Rs.18.95 crore (11.30% of the sales) in the previous year.

EXPANSION :

Your Company has been sanctioned a Mega Project in Maharashtra for manufacture of value added Wires and Wire products. As per the 2007 Industrial policy of Govt of Maharashtra, Mega Projects are entitled to non-refundable incentive to the extent of capital costs by way of refund of various State taxes. In order to avail of the benefits of Mega Project for LRPC and spring steel projects also (i.e., projects envisaged in RHP at the time of IPO), your Company now proposes to dovetail these projects into Mega Project. Even though it may involve delay in commissioning of these projects by a few months, yet it will be in the overall interest of the Company and the shareholders considering the benefits that will accrue. The Company is negotiating with the Government on the issues of location of the project & better terms and conditions for availing the incentives.

SUBSIDIARY :

The requisite particulars of the subsidiary Company 'Kamalasha Infrastructure and Engineering Private Limited', as per Section 212 of the Companies Act 1956, are appended herewith.