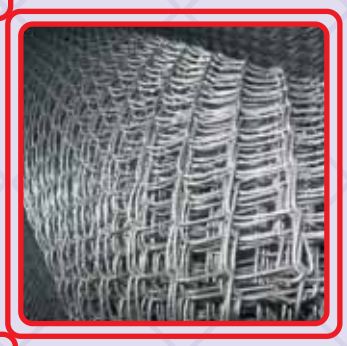
"Powering Infrastructure"

# BEDMUTHA INDUSTRIES LIMITED



ANNUAL REPORT
2011 - 2012

## 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 from, 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.

LAND POSSESION
CEREMONEY

MEGA PROJECT
SIGNING CEREMONY

BARE LAND

DEVELOPED LAND

DEVELOPED LAND

MACHINE ARRIVAL

## 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. Chandan Kshirsagar

**Registered Office**

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

**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.

**Bankers**

Punjab National Bank

Bank Of India

Andhra Bank

Bank Of Baroda

Export Import Bank Of India

**Auditors**

M/s Patil Hiran Jajoo & Co.

Chartered Accountants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# NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of Bedmutha Industries Limited will be held on Friday, 21th September 2012 at 3.00 p.m. at the Saiways Restaurant F-4, Sinnar–Shirdi Road, STICE, Sinnar, Nashik-422 103 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and the Profit and Loss Accounts for the year ended on that date together with the reports of Board of Directors and the Auditors report thereon.
2. To appoint a director in place of Mr. Kachardas R Bedmutha, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr. Balasubramanian A. who retires by rotation and being eligible offers himself for reappointment.
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.

**"RESOLVED THAT** M/s. Patil, Hiran, Jajoo & Co. Chartered Accountants,(Firm Registration No 120117W) be and are hereby appointed as a 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 the following resolution as a special resolution.

**"RESOLVED THAT** pursuant to the provisions of section 163(1) of the Companies Act 1956 (the Act) and all the applicable laws, rules and regulations the Registers and Index of Members and copies of all annual returns, certificates and documents required to be annexed to the annual returns and all other statutory registers be kept at the Corporate Office of the Company at A-70/71/71 instead of at the registered office of the Company, with immediate effect"

**"FURHTER RESOLVED THAT** all the registers, index, returns, certificates and documents mention above shall be kept open for inspection at the place specified above by the persons entitle to it and to the extent, in the manner and on payment of fees as may be applicable as per the provisions of the Act between 10.00 a.m. to 1.00 p.m. on any working day of the Company except when the registers and books are closed under the provisions of the Act or under the Listing Agreement"

**"FURTHER RESOLVED THAT** all the directors and Company Secretary be and are hereby authorized jointly and/or severally to do all such acts, deeds and things as may be deem necessary to give effect to the above resolution.

For **BEDMUTHA INDUSTRIES LIMITED**

**Chandan Kshirsagar**
Company Secretary

Date: 14/08/2012
Place: Sinnar

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMAPNY.**
2. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the meeting. A Proxy form is annexed)
3. Members/proxies should bring duly filed Attendance Slip to attend the meeting.
4. The Explanatory statement pursuant to 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 as stipulated under clause 49 of the listing agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance.
6. The Register of Director's shareholding, maintained under Section 307 of the Companies Act 1956 will be available during the meeting for inspection by the members.
7. In case the 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 18/09/2012 to 21/09/2012 (Both days inclusive) in order to comply with the requirements of the 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. Nominations forms can be obtain from the Registrar and 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 Saturday, between 10.00 a.m. to 1.00 p.m. up to the date of the Meeting.

For **BEDMUTHA INDUSTRIES LIMITED**

**Chandan Kshirsagar**
Company Secretary

**Date: 14/08/2012**
**Place: Sinnar**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956 FOR SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING:**

As per section 163 of the Companies Act 1956, Company can keep the statutory records at a place other than registered office of the Company by passing a special resolution in the general Meeting of the shareholders.

At present Company's registered office is at A-35, STICE, Musalgaon, Sinner, District Nashik. Company having its corporate office at A-70/71/72 which is at walkable distance approximately half a kilometer away from the registered office of the Company. Corporate office of the Company is newly constructed with the all amenities and facilities necessary for administrative and Business purposes. Considering the infrastructure facilities and all the arrangements available management of the company have decided to keep all the statutory records at the corporate office of the Company

None of the Directors of the Company have any pecuniary interest in the resolution. Your directors recommended this resolution to be passed as a special resolution.

For **BEDMUTHA INDUSTRIES LIMITED**

**Chandan Kshirsagar**
Company Secretary

**Date: 14/08/2012**
**Place: Sinnar**

# DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Board of Directors are pleased to present their 22nd Annual Report of your Company on the business and the operation along with the standalone and consolidated financial statement for the year ended 31st March 2012.

The year that has gone by was a tough year, full of turbulence and volatility. It was a testing time to navigate the Company through all odds like ups and downs in foreign exchange, high inflation forcing the Reserve Bank of India to increase the interest rates through repeated, through necessary policy and regulatory prescriptions. Mining issues had resulted in huge fluctuation in raw material prices. These external circumstances led to Industrial slow down, which was evident from the Index of industrial production numbers for the year 2011 -2012, which resulted into curtailed the demand for the products, steep fall in spending on the infrastructure projects by the Governments, slackness in automobile segment. The global scenario was no less discouraging and the gloom thereof cast its shadow on the domestic industry. In view of all the odds the Company could not achieve positive bottom line.

The silver lining during the period, had been the initiation of Business Process Reengineering (BPR) activity in the company, which helped the Company to restrict the loss for the year which otherwise could have been more than the reported loss. The BPR imitative has made it possible for the Company to reorganize itself in meeting the Business Objectives in a more scientific manner. The whole team in the company is working hard with zeal to counter the adverse market volatilities by reducing cost of production, segmenting the product to niche market and exploring new market by expanding its geographical reach.

**Financial Results:**

The financial results of the Company for the year ended on 31st March, 2012 as compared with the previous year are as under:

(₹ in Lacs)

| Particulars | Stand alone | | Consolidated | |
|---|---|---|---|---|
| | **2011-2012** | *2010-2011* | **2011-2012** | *2010-2011* |
| Income from Operations | 20,874.62 | *19,002.55* | 23,785.38 | *21,477.02* |
| Operating Profit | 1,039.53 | *1,592.42* | 1,495.64 | *2,292.29* |
| *Add :* Other Income | 284.31 | *247.59* | 237.60 | *166.01* |
| Profit before Interest, Depreciation and Taxes | 1,323.84 | *1,840.01* | 1,733.24 | *2,458.30* |
| *Less :* Finance Cost | 928.69 | *847.75* | 1,152.76 | *1,033.73* |
| Profit before Depreciation and Taxes | 395.15 | *992.26* | 580.48 | *1424.57* |
| *Less :* Depreciation | 511.27 | *504.58* | 513.34 | *508.22* |
| Profit Before Taxes | (116.12) | *487.68* | 67.14 | *916.35* |
| *Less :* Provision for Current Taxation | - | *185.00* | 61.40 | *327.00* |
| *Less:* Provision for Deferred Taxation | (51.20) | *37.37* | (51.10) | *38.68* |
| Less: Taxes in respect of earlier years | (30.88) | - | (16.29) | - |
| Profit/ Loss after Taxes | (34.04) | *265.31* | 73.13 | *550.67* |

**Dividend:**

In view of the loss for the year, the Board does not recommend any dividend for the financial year 2011-12.

**Management Discussion and Analysis:**

The management discussion and analysis on the operations and financial position of the Company is provided in a separate section forming part of the annual report.

**Project Implementation:**

Pursuant to the provisions of Section 61 of the Companies Act,1956 and other applicable rules, regulations, guidelines and other statutory provisions which were then in force, the members of the Company, in the 21st Annual General Meeting held on 12th August 2011, have accorded their consent 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 change in location, changes in amount and / or schedule of deployment for the projects and/or also for general corporate purposes, as the case may be.

It was stated in the said Annual General Meeting that the Company has acquired lands at Rashegaon in Tehsil Dindori, Dist. Nashik and Nardana, M.I.D.C. , Dist. Dhulia and 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. Accordingly, the directors took a decision to implement the Project at Nardana MIDC.

**Greenfield Project at Nardana:**

During last year we had embarked upon the expansion program and came out with maiden IPO which was well received by investors and oversubscribed by more than 7 times. Our company has received the Mega Project status from Government of Maharashtra and in response to the same, we had dovetailed the Project envisaged in IPO along with the Mega Project. As explained Due to change in Government Policy we had to reshift our Project from Rasegaon in District Nashik to Nardana MIDC in District Dhulia. The total Project cost is now Rs. 311 cr. and we are pleased to inform that a consortium of Banks have sanctioned a Term Loan of ₹ 200 crs for this Green Field Project. Thus the Financial Closure is achieved.

The Company has already acquired 50.26 acre land in MIDC Nardana, and has taken the possession in November 2011. The work of site development activity was commenced in January 2012 and the same got completed in May 2012. Now the work of construction of factory premises is in full swing. Your company is hopeful, that, barring unforeseen circumstances phase-1 of the project, i.e. High speed Galvanizing Line for manufacture of wire products will be operational early next year and the total project would be completed by the third quarter of the next calendar year.

**Milestones achieved till July 2012.**

I. Land Acquired and Possession taken

II. Land development activity completed.

III. Boundary wall construction in progress.

IV. Important statutory approvals obtained.

V. Renowned consultants appointed.

VI. Building construction work started.

VII. Majority Plant and Machinery identified order placed.

VIII. Market development activities initiated.

To closely monitor the implementation of project and to provide onside guidance, a Project Monitoring Committee (PMC) of all directors has been formed and PMC is meeting every month at the site. The top management executives are visiting the site every week to closely monitor the project. The Directors are pleased to inform that the project is moving as per the scheduled plan.

Your Company has adopted the best of the technologies and process in the new expansion, which will help the Company to be cost effective and deliver a product of world class quality and packaging. Once the expansion of the Company fully implemented at the Naradana MIDC then your company will be able to provide employment to more than 300 People in the region.

Further, in order to manage the activities at different locations and to process huge information flow effectively and efficiently, we have decided to implement ERP across all the locations and functions of the Company and have taken steps to identify the right ERP software and have placed the order for the same. Your Management is confident with various steps taken, the Company is geared up to meet the challenges of the future in the best interest of the stake holders.

**Subsidiary Company:**

In accordance with the Direction issued under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India, the balance sheet as on and Profit And Loss Account of the Subsidiary Company, M/s. Kamalasha Infrastructure and Engineering Private Limited for the year ended on 31st March 2012 have not been

attached to this report. However, the financial information of subsidiary company is disclosed in the attached Annual Report in compliance with the said circular. The consolidated financial statements presented by the Company include the financial result of its subsidiary company

The turnover of the Kamalasha Infrastructure and Engineering private Limited, increased by 18% to ₹ 2957.98 lacs as compared to ₹ 2513.05 lacs in the previous year. The Company achieved the operating profit (PBIT) of ₹ 470.99 as compared to ₹ 714.74 in the previous year.

**Utilization of Funds from IPO**

Your Company had the following objects of IPO as stated in the Prospect

| **Particulars** | **₹ 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** |

Note: The Shareholder have approved deferment of 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.

During the year under review, your company utilized the proceeds of IPO as under

| Particulars of fund utilization | Utilisation as per Prospectus | Actual Utilisation up to the 31st March 2012 |
|---|---|---|
| Expansion Project | 8494.00 | 3798.92 |
| General Corporate Purpose | 175.00 | - |
| Share Issue Expenses | 542.00 | 394.90 |
| Total | 9211.40 | 4193.82 |

As on 31st March 2012,unutilized amount in the Company amounting to ₹ 4990.47lacs have been temporarily invested in Company's Cash credit Account and Advance given against project and FDR against Foreign Letter of Credit (FLC

| **Unutilised fund as on 31st March 2012 is as follows** | **₹ in Lacs** |
|---|---|
| Advance against Project | 1989.27 |
| Available in Current Assets | 313.92 |
| Loans (Interest bearing) Jenil's ICDs | 775.00 |
| Available in cash credit | 365.78 |
| Expansion at Sinnar Unit | 1546.5 |
| **Total** | **4990.47** |

**Particulars of Employees:**

There were no employees during the year drawing remuneration more than the limits specified under the provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended.

**Corporate Governance:**

Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirement set out by SEBI. The Board is driven by a philosophy of implementing best corporate governance practices.

A report on the Corporate Governance as stipulated under clause 49 of the listing agreement forms part of the Annual Report.

The requisite certificate from auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid clause 49 is attached to this report.

**Directors:**

Shri Balasubramanian A. and Shri. Kachardas Ratanchand Bedmutha retires by rotation at the ensuing Annual General Meeting and being eligible, offer them for re-appointment.