

Bemco Hydraulics Limited

Report  junction.com

40

Annual Report & Accounts
1997 - 98



BEMCO HYDRAULICS LIMITED

॥ श्री ॥

DIRECTORS

M. M. MOHTA, *Chairman & Managing Director*

URMILA DEVI MOHTA

R. M. SHAH

ANIRUDH MOHTA, *Wholetime Director*

N. K. DAGA

Report Junction.com

BANKERS

BANK OF MAHARASHTRA

STATE BANK OF INDIA

AUDITORS

M/s P. G. BHAGWAT

Chartered Accountants

BELGAUM – 590 006

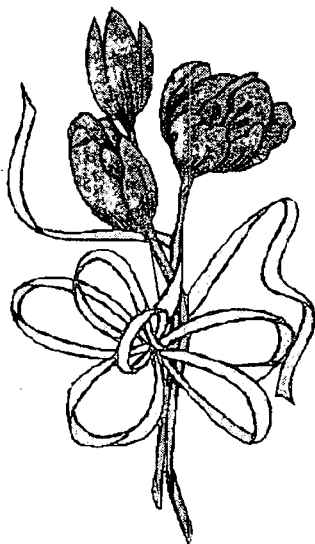
REGISTERED OFFICE

Khanapur Road

Udyambag

BELGAUM – 590 008

(Karnataka)



BEMCO HYDRAULICS LIMITED**NOTICE**

NOTICE is hereby given that the 40th Annual General Meeting of BEMCO HYDRAULICS LIMITED, Belgaum will be held on at 29th September, 1998 (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, 1998 and the Audited Profit and Loss Accounts, for the year ended as on that date and the Reports of the Directors and of the Auditors thereon.
2. To declare dividend to the Preference Shareholders at the rate of 14% (Payment of arrears for the period 1-4-1991 to 31-3-1997) subject to dividend tax at 10%.
3. To appoint a Director in place of Smt. Urmila Devi Mohta who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Sri N. K. Daga who retires by rotation and being eligible offer himself for re-appointment.
5. 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 Registered of Members and Share Transfer Books of the Company will remain closed from 17th September, 1998 to 28th September, 1998 both days inclusive.
4. Members are requested to intimate the Company about the Change of Address, if any.
5. Members are requested to intimate the Company about their bank account number with full address along with Income Tax Permanent number.

NOTES FORMING PART OF A.G.M. NOTICE**Item No. 6 Ordinary Resolution :**

Part Payment of Arrears Liability of Dividend of Cumulative Preference Shares :

Out of total arrears on 14% Cumulative Pref-Shares dividend amount of Rs. 14,43,736/- as on 31-3-1998, a sum of Rs. 12,37,488/- has been recommended by the Board, out of distributable profit, being the dividend for the period 1-4-1991 to 31-3-1997, subject to dividend tax 10% to be paid by the Company.

SPECIAL NOTICE - Item No. 4 :

Mr. N. K. Daga has been appointed as additional Director at the Board Meeting of the Company held on 17th April, 1998 and whose terms expires at the Annual General Meeting of the Company Schedule to be held on 29th September, 1998 and for his re-appointment under Section 257 of the Companies Act and the Company has received a notice from the member of the Company informing as under:

- a) as a candidature for the office of the Director, and whose appointment of the office will be liable to determination of the retirement by rotation.



DIRECTORS' REPORT

To

The Shareholders,

Your Directors submit their FORTIETH Annual Report together with the Accounts for the year ended 31st March, 1998.

Financial Results :

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

	<u>1997 - 98</u>	<u>1996 - 97</u>
	Rs.	Rs.
1. Gross Profit for the year after meeting all operating expenses but before interest and depreciation amounts to :	1,01,08,730	1,24,38,742
2. Deduction therefrom : Interest	54,01,491	55,00,106
3. Profit before depreciation	47,07,239	67,38,636
4. Depreciation for the year	12,36,714	12,24,987
5. Investment Allowance relating to previous year written back	1,11,000	-
6. Payment of Gratuity to LIC and Provision	13,68,021	9,76,398
7. Profit Amounts to	22,13,504	45,37,251
8. Provision for Taxation	8,51,000	4,53,000
9. Profit brought forward	41,357	-
10. Arrears of Cumulative Pre. Shares Dividend	12,37,488	43,510
11. Dividend Tax @ 10 %	1,23,749	4,351
12. Profit to be set off against brought debit balance	-	(39,95,033)
13. Balance Profit carried forward	42,624	41,357

BEMCO HYDRAULICS LIMITED

Review of Operation :

The year ended 31-03-1998 is with a continuous slow down of Industries, due to symptom of recession relevant for the companies' business with automobile and auto ancillaries and other Industries. This resulted in a decrease in the turnover of Rs. 904.63 lacs as against Rs. 1,012.66 lacs in 1997, and profit after depreciation and Gratuity payment before tax is at Rs. 22.13 lacs (inclusive of Investment allowance written back) as against Rs. 45.37 lacs in 1997.

Part payment of Arrears Liability of Dividend of Cumulative Preference Shares :

Out of total arrears on 14% cumulative Pre-Shares dividend amount of Rs. 14,43,736 as on 31-03-1998, a sum of Rs. 12,37,488 has been recommended by the Board, out of distributable profit, being the dividend for the period 01-04-1991 to 31-03-1997, subject to dividend tax 10% to be paid by the Company.

Dividend Equity Capital :

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

Future Prospects :

General Market Situation :

The economic environment has been sluggish throughout the year 1997-98. The South Asian Financial Crisis has partially affected the export front and exchange rate. The Reserve Bank of India has taken various measures to strengthen our currency including an increase of 2% in the prime interest rates from 9% to 11%. Most corporate sectors have liquidity problems and have consequently started liquidating their inventories thus pushing down the sale price and margins.

The performance for 1998-99 is likely to be at the same level of 1997-98, barring unforeseen circumstances.

Modernization and Technology Upgradation and Re-organisation :

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

The Company is in the process of re-structuring the total operations, by way of cost cutting methods and re-organisation.

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

There is no F.D. liability as on 31-03-1998 and further Company has not accepted any fixed deposit.

Personnel :

The industrial relations during the year remained extremely harmonious. The Directors wish to place on record their appreciation for the hard work and continuing efforts and valuable support rendered by the employees at all levels under review.

**Directors :**

Smt. Urmila Devi Mohta and Sri N. K. Daga retire from the Board by rotation and are eligible for reappointment.

Sri H. K. Mohta has resigned from the Board, the Company would like to place on record of the valuable services rendered to the Company, by him, during his tenure.

Auditors' Report :

Auditors report is self explanatory.

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. 12 of the Notes forming part of Accounts for the year ended 31st March, 1998.

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

Smt. Urmila Devi Mohta

Anirudh Mohta

Directors

R. M. Shah

N. K. Daga

Directors

Place : Belgaum

Date : 31st July, 1998

BEMCO HYDRAULICS LIMITED

AUDITORS' REPORT

To

The Members,

We have audited the attached Balance Sheet of BEMCO HYDRAULICS LIMITED as at 31st March, 1998 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 and to the best of our information and according to the explanations given to us, the accounts read 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, 1998 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 : 31st July, 1998

M. K. Shevade
Partner



ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date on accounts for the year ended 31st March, 1998 of BEMCO HYDRAULICS LIMITED :

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of its Fixed Assets. The Fixed Assets have been physically verified by the Management at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. Stock of Finished Goods, Stores and Spares, Raw Materials and Components have been physically verified during the year by the Management at reasonable intervals.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies between physical stocks and book records which were not material have been properly dealt with in the books of account.
6. In our opinion, the valuation of aforesaid stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken loans from companies, firms or other parties listed in the register maintained under Section 301 and from companies under the same management as defined in Section 370(1-B) of the Companies Act, 1956. In our opinion, the terms and conditions on which these loans were taken are prima facie not prejudicial to the interest of the Company.
8. The Company has granted loans to companies, firms or other parties listed in the register maintained under Section 301 and to Companies under the same management as defined in Section 370(1-B) of the Companies Act, 1956. In our opinion the terms and conditions on which these loans were given are prima facie not prejudicial to the interest of the Company.
9. The Company has given loans or advances in the nature of loans only to some employees who in general are repaying the amounts as stipulated. Reasonable steps have been taken by the Company for recovery of the same. No interest has been charged on such advances.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of Stores, Raw Materials including Components, Plant and Machinery, Equipments and Other assets and for sale of goods.
11. According to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of the contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, wherever applicable, have been made at prices which are reasonable having regard to prevailing market prices for such goods materials or services or the prices at which transactions for similar goods or services have been made with other parties.