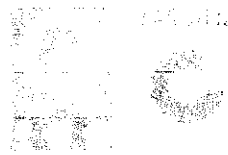




BEMCO HYDRAULICS LIMITED

52



**AN ISO 9001 : 2008
Certified Company
Reg. No.: RQ91/6325**

Annual Report & Accounts

2009-2010

FIFTY SECOND ANNUAL REPORT 2009-2010

BEMCO

BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum – 590 008

NOTICE

Notice is hereby given that, 52nd Annual General Meeting of the Company will be held on **FRIDAY, August 27, 2010** 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 2010, 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 2010, 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 Smt. Urmila Devi Mohta who retires by rotation and being eligible offers herself for re- election.
4. To appoint a Director in place of Shri N. K. Daga 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 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 2010-11."

Place: Belgaum
Date: 26.05.2010

for **BEMCO HYDRAULICS LTD**

M. M. MOHTA
Chairman and Managing Director

FIFTY SECOND ANNUAL REPORT 2009-2010**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 **Saturday, August 14, 2010 to Friday, August 27, 2010 (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. 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 2010-11. 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
Date: 26.05.2010



for **BEMCO HYDRAULICS LTD**


M. M. MOHTA
Chairman and Managing Director

FIFTY SECOND ANNUAL REPORT 2009-2010**BEMCO HYDRAULICS LIMITED**

Udyambag, Belgaum – 590 008

DIRECTORS' REPORT

To

Dear Shareholders,

Your Directors have pleasure in presenting the **52ND ANNUAL REPORT** together with the Audited Accounts of the Company for the year-ended 31ST MARCH 2010.

FINANCIAL RESULTS:

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

	2009-2010	2008-2009
	Rs.	Rs.
1 Gross Profit for the year after meeting all operating expenses but before interest and depreciation amounts to:	28,472,316	26,023,904
2 Deduction there from: Interest	11,829,469	10,852,043
3 Profit before depreciation	16,642,847	15,171,861
4 Depreciation for the year	9,503,299	9,023,883
5 Profit before Taxation - (PBT)	7,139,548	6,147,978
6 Provision for Taxation	(2,835,500)	(2,709,500)
7 Provision for FBT	-	(729,500)
8 Deferred Tax	1,564,000	90,000
9 Profit after Taxation - (PAT)	5,868,048	2,798,978
10 Income tax Earlier Years	(25,514)	523,484
11 Net Profit	5,842,534	3,322,462
12 Surplus brought forward	5,148,512	3,504,682
13 Profit Available for Appropriation	10,991,046	6,827,144
14 Transferred to general Reserve	1,000,000	10,00,000
15 Provision of Dividend on Preference Shares	580,052	5,80,052
16 Provision for Income Tax on Dividend	96,340	98,580
17 Balance carried to Balance Sheet	9,314,654	5,148,512

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-ending on 31st March 2010.

The total cash outflow because of Dividend and Tax thereon amounts to Rs. 6.76 Lakhs.

REVIEW OF OPERATION:

The year 2009-10 has witnessed recovery from the global economic slowdown during 2008-09 for most of the Engineering & other Auto Component industries. As a result your company was able to maintain its gross performance at par with previous the year (2008-09).

FIFTY SECOND ANNUAL REPORT 2009-2010

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

- The net Revenue Income during year under review decreased by 0.84 %
- Gross profit during the year under review is **Rs. 284.72 Lakhs** as against the Gross profit of **Rs. 260.23 Lakhs** during the previous year which is **9.41%** higher than the previous year
- Profit after tax (PAT) increased by **109.65 %** from **Rs. 27.99 Lakhs** in 2008-2009 to **Rs. 58.68 Lakhs** in 2009-2010.
- Company could discharge the liability of Dividend on Preference shares & tax thereon to the tune of **Rs. 6.76 Lakhs** for the year under report i.e. for the year ending on 31st March 2010.
- During the year under report your Company has got **ISO 9001:2008** Certificate from International Certification Services Pvt. Ltd. Mumbai.

FUTURE PROSPECTS:

The year under report 2009-10, was good year for your company as compared with 2008-09. Further your company is in continual process of changing 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 in the economy.

At present your Company has already executed orders worth **Rs.75.47 Lakhs** till date and the orders worth **Rs. 2537.89 Lakhs** are in hand to execute in the current year. In addition to this, orders worth **Rs. 2495.38 Lakhs** are in pipelines, which are to be executed in the year 2011-12. Further healthy enquiries are being received regularly, and the management feels that most of them will be converted into firm orders.

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

ALTERATION IN CAPITAL STRUCTURE:

During the year under Report, there is no change in Authorised, Issued & Subscribed and paid Capital Structure of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors'd 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 2010.
- (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

FIFTY SECOND ANNUAL REPORT 2009-2010

- (iv) The Directors have prepared annual accounts of the Company on a 'Going Concern' basis.

SECRETARIAL REPORT:

Pursuant to Section 383A (1) of the Companies Act, 1956 secretarial compliance Certificate from a practicing Company Secretary is attached hereto.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions 217 (2A) of the Companies Act 1956, read with the Companies (Particular of the Employees Rules) 1975 as amended, regarding particulars of employees is not applicable as none of the employees of the Company is given remuneration in the scale specified by that section

PUBLIC DEPOSITS: U/S 58A of the Companies Act, 1956:

There is no Fixed Deposit liability as on 31st March 2010, further, the Board declares that during the financial year 2009-10, the Company has not accepted any public deposits or unsecured loans falling within the purview of section 58A of the Companies Act, 1956.

RETIRING DIRECTORS BY ROTATION:

Smt. Urmila Devi Mohta and Shri N. K. Daga retire by rotation and are eligible for re-appointment.

AUDITOR & AUDIT REPORT:

M/S A. C. Bhuteria & Co., Chartered Accountants, Kolkata statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

The Auditors Report is attached which is self explanatory.

PERSONNEL:

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

HEALTH AND SAFETY OF THE EMPLOYEE:

Health and safety of the employee has always been prime concern of the company and company has a medical officer to have routine checkup on the health of the employees.

FIFTY SECOND ANNUAL REPORT 2009-2010**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:****A. CONSERVATION OF ENERGY:**

a.	Energy conservation measures taken	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.
b.	Additional investments and proposals, if any, being implemented for reduction of consumption of energy;	NIL
c.	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	NIL
d.	Total energy consumption and energy consumption per unit of production as per Form A.	No statement in Form A pursuant to Companies (Disclosure of Particulars in the Report of the Board) 1988 is annexed as the company is not engaged in the activity specified in the schedule A to the said Rules.

B. Technology absorption:

e.	Efforts made in technology absorption.	As per Form B given below
----	--	---------------------------

Form B**Research and development (R & D)**

1.	Specific areas in which R & D carried out by the company	NIL
2.	Benefits derived as a result of the above R & D	NIL
3.	Future plan of action	NIL
4.	Expenditure on R & D	
	a. Capital	NIL
	b. Recurring	NIL
	c. Total	NIL
	d. Total R & D expenditure as per percentage of total turnover	NIL

Technology absorption, adaptation and innovation

1.	Efforts, in brief, made towards technology adsorption,, adaptation and innovation	Nil
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	Nil.
3.	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:	Nil

FIFTY SECOND ANNUAL REPORT 2009-2010

	a. Technology imported. b. Year of import. c. Has technology been fully absorbed? d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	Not Applicable
--	---	----------------

C. Foreign exchange earning and outgo:

f.	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;	The Company is exploring the possibilities / avenues for increasing Export earnings in foreign currency. Company has its own website www.bemcohydraulics.net for global marketing.
g.	Total foreign exchange used and earned.	As per the table below

C.I.F. VALUE OF IMPORTS, EXPENDITURE AND EARNING IN FOREIGN CURRENCY

Particulars	2009-2010 Rs.	2008-2009 Rs.
i). Out flow C.I.F. Value of Imports: Raw Materials And Components	NIL	89,49,774
ii). Expenditure in Foreign Currency: Travelling Technical Know How Paid/Payable	28,653 NIL	4,99,411 Nil
iii). Earning in Foreign Exchange: FOB value of Exports	NIL	NIL

CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the Listing Agreement with the Stock Exchanges.

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

The company believes in good corporate practices to enable the Board to direct and control the affairs of the company in an efficient manner and to achieve its ultimate goal of maximizing shareholder value. Realizing this, the company has adopted many practices over the last few years, even when there are no mandatory requirements in this regard. As a result, a number of provisions regarding Corporate Governances prescribed by the Listing Agreements have already been complied with and steps are being taken to comply with the balance provisions. A separate note on Corporate Governance is enclosed herewith.

APPOINTMENT OF COMMON AGENCY FOR SHARE REGISTRY WORK

The Company has appointed M/S Adroit Corporate Services Private Limited, Mumbai to handle all the work related to Share Registry in terms of both Physical and Electronic mode, w. e. f. 1st February 2003, in pursuance with the Circular No. 15 dated December 27, 2002 issued by the Securities and Exchange Board of India.

DISCLOSURE AS PER LISTING AGREEMENT


The equity share of the company is listed on **The Bombay Stock Exchange**, and the company has paid the listing fees for the year 2010-2011. During the year there was no suspension in trading of the securities of the Company.

FIFTY SECOND ANNUAL REPORT 2009-2010**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation of the services rendered by the employees during the year.

Your Directors also place on record their sincere appreciation for the assistance and co-operation received from Financial Institutions, Bankers and other Institutions, Government Authorities, vendors, customers and members during the year under review. Your Directors wish to place on record their appreciation for the committed services of the executives, staff and workers of the Company.

For and on behalf of the Board of Directors

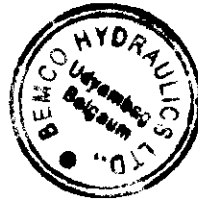


Place: BELGAUM
Date: 26.05.2010

M. M. MOHTA
Chairman & Managing Director



ANIRUDH MOHTA
Joint Managing Director



REPORT ON CORPORATE GOVERNANCE

OVERVIEW

The Company's philosophy on corporate governance envisages striving towards the highest level of transparency, accountability and equity in all facets of its operation and its interactions with all stakeholders including shareholders, employees, clients, suppliers etc. The philosophy on corporate governance is driven by the agenda for the welfare of all the stakeholders. Bemco Hydraulics Limited believes that sound corporate governance is critical to enhance and retain stakeholders' trust. Bemco has always been committed to the principles of good Corporate Governance to promote the effective functioning of the Board and its Committees. The Board of Directors of the Company is committed in its responsibility for all constituents including investors, regulatory authorities and employees. The Company believes that the essence of Corporate Governance is transparency, accountability, investor protection, better compliance with statutory laws and regulations, value creation for shareholders/stakeholders. The Company further believes that all its operations and actions must serve the goal of enhancing overall shareholder's value over a sustained period of time and at the same time protect the interest of stakeholders. BEMCO is compliant with the provisions of Clause 49 of the Listing Agreement as amended from time to time. Company's goal is to maintain the shareholder's trust, faith and has been trying to enhance the value of their investments.

The Company believes that the constant effort to improve operational performance, guided by our values, forms the basis for good Corporate Governance. Corporate Governance is strongly driven by the Companies' values such as quality, commitment, customer orientation and integrity.

1. Board of Directors and Composition of Board

The Company is managed and controlled through a professional Board of Directors comprising of a combination of requisite executive and non-executive independent directors. The composition of the Board of Director of the Company is in conformity with the provisions of clause 49 of the listing agreement with the stock exchange. The present strength of the Board is six (6) members out of which three (3) members are non-executive independent directors, which constitutes 50 percent of the total strength of the Board. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any other material pecuniary relationship or transaction with the Company, its promoters, its management or its subsidiaries, which may effect the independence or judgment of the directors.

Board Composition

The composition of Board along with the numbers of directorship and chairmanship/membership of committees held by them is given here-under:

Name	Designation	Category	No of Directorships held in all companies #
Shri Madan Mohan Mohta (DIN : 00068884)	Chairman & Managing Director	Promoter & Executive	10
Shri Anirudh Mohta (DIN : 00065302)	Joint Managing Director	Promoter & Executive	6
Smt. Urmila Devi Mohta (DIN: 00068906)	Director	Promoter & Non-Executive	6