



BEMCO HYDRAULICS LIMITED

Annual Report and Accounts 2010-2011



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



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)*

COMPLIANCE OFFICER:

R. B. PATIL – General Manager Finance

BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum – 590 008

NOTICE

Notice is hereby given that, 53rd Annual General Meeting of the Company will be held on **FRIDAY, July 29, 2011** 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 2011, 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 2011, 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:

- a) Pursuant to section 94, 16 and 31 and other applicable provisions, if any of the Companies Act, 1956 the consent of the Company in this 53rd Annual General Meeting vide this special resolution be and is hereby accorded to increase in authorized capital from Rs. 4,00,00,000/- (Rupees Four Crores only) divided into 34,00,000 (Thirty Four Lakhs) equity shares of Rs. 10/- (Rupees Ten) each and 60,000 (Sixty Thousand) preference shares of Rs. 100/- (Rupees Hundred) each to Rs. 8,00,00,000/- (Rupees Eight Crores only) divided into 40,00,000 (Forty Lakhs Only) equity shares of Rs. 10/- (Rupees Ten) each and 4,00,000 (Four Lakhs Only) preference shares of Rs. 100/- (Rupees Hundred) by creating 6,00,000 (Six Lakhs) of equity Shares off ` 10/- each and 3,40,000 (Three Lakhs Forty Thousand Only) Preference Shares of ` 100/- each.
- b) Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

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The Authorized share capital of the Company is Rs. 8,00,00,000/- (Rupees Eight Crores only) divided into 40,00,000 (Forty Lakhs only) equity shares of Rs. 10/- (Rupees Ten) each and 4,00,000 (Four Lakhs Only) preference shares of Rs. 100 (Rupees Hundred) each.

- c) The Board of directors be and is hereby authorized to do and perform all such other acts, deeds and things as may be necessary or desirable to give effect to this special resolution.
7. To consider and if thought fit to pass with or without modification, the following as a special resolution:

"RESOLVED that pursuant to the provisions of section 81(1A) of the Companies Act, 1956 and other applicable provisions if any, of the said Act and in accordance with the Memorandum and Articles of Association of the Company and also subject to such terms and conditions as may be determined by the Board of Directors of the Company or any committee thereof and also further subject to such approvals, consents, permissions or sanctions of appropriate authorities and also of the financial institutions, Banks with whom the company has borrowing arrangements and under which such approvals, consents, permissions, sanctions may be necessary, the consent of the company through this special resolution passed in this 53rd Annual General Meeting be and is hereby accorded to the Board of Directors offering, issuing and allotting on private placement basis from out of the authorised capital of the company, an appropriate number of Cumulative Redeemable Non-Convertible Preference shares of an aggregate face value not exceeding Rs. 3,00,00,000/- (Rupees Three crores Only) consisting of 3,00,000/- (Three lakhs Only) Cumulative Redeemable Non-Convertible Preference Shares of Rs. 100/- each for cash at par exclusively to promoters or such other person(s)/ companies as the Board of Directors may deem it fit on the following terms and conditions:

1. The said shares rank for dividend in priority to the equity shares for the time being of the Company,
2. The said shares are not convertible in to equity,
3. The said shares rank *pari passu* with the existing 11% 14,732, 11% 18,000 and 11% 20,000 Cumulative Redeemable Preference Shares of Rs. 100 each issued in March 2003, September 2004 and October 2005, respectively, except premium i.e. at face value of Rs. 100/- each,
4. The said shares shall in winding up be entitled to rank as regards repayment of capital and arrears of dividend whether declared or not up to the commencement of the winding up, in priority to equity shares but shall not be entitled to any further participation in profit or current assets.
5. The voting rights of the persons holding the said shares shall be in accordance with the provisions of section 87 of the Companies Act, 1956."

"RESOLVED FURTHER that the Board of Directors or a Committee thereof be and is hereby authorised to approve, agree and accept such modification to the terms and conditions of the Cumulative Redeemable Preference shares proposed to be issued as may be suggested by the financial Institutions, banks and to do all such acts, deeds, matters and things and to take all such steps as may be necessary and expedient and to settle any matter that may arise in connection therewith."

"RESOLVED FURTHER that the Company shall not create and or issue in future preference shares ranking in priority to the said shares and in the event of the company creating and or issuing cumulative redeemable preference shares in future ranking *pari passu* with the

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existing cumulative preference shares, it would do so only with the consent in writing of the holders of not less than three fourth of the said shares then outstanding or with the sanction of the special resolution passed at a separate meeting of the holders of the said shares then outstanding."

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 2011-12."

Place: Belgaum
Date: 27.05.2011

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 **Saturday, July 16, 2011 to Friday, July 29, 2011 (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 increase in authorised share capital

The company intends to enhance its various limits currently having with Bank of Maharashtra.

Also the Company intends to augment its long term capital base, as required by the present bankers, so as to enable them to extend the increased Financial Assistance, on account of upward trend of business.

And, also the company intends to build and expand its work Shop as well as existing Office premises on available open land, for which it needs to invest in forthcoming years.

The Board has, therefore decided to increase the Authorised Share Capital to ` 800/- Lakhs , which requires the consent of the members of the company.

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None of the Directors, except Mr. M. M. Mohta, Mrs. Urmila Devi Mohta, Mr. Anirudh Mohta and Mr. R. M. Shah to the extent of their shareholding, are concerned or interested in the resolution.

The Board of Directors of the Company recommend the above resolution to pass as a special resolution.

Refer Agenda No. 7 regarding issue of 11% 3,00,000 Redeemable Preference Shares

For the reasons mentioned above, Company intends to raise the Capital, by issuing 3,00,000 Redeemable Preference Shares of ` 100/- each, exclusively to promoters or such other person(s)/ companies.

Bankers of the Company also asked to increase the Capital immediately in the last Consortium Meeting held, on 22nd March 2011, so as to extend their facilities, those are estimated on account of increasing business.

As required under Section 81/81(1A) of the Companies Act, 1956, the approval of members is required for issue of further share capital, because the issue of Preference Shares is being made on a Preferential Basis to the Promoters and Promoter Group Companies.

The Board feels that, in the present scenario, going for the rights issue is not advisable for a Company of our size and nature, as it requires appointment of a merchant Banker, who are reluctant to handle any issue below ` 100/- Crores. Further the cost of such issue is the privative.

None of the Directors, except Mr. M. M. Mohta, Mrs. Urmila Devi Mohta, Mr. Anirudh Mohta and Mr. R. M. Shah to the extent of their shareholding, are concerned or interested in the resolution.

The Board of Directors of the Company recommends the above resolution to pass as a special resolution.

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 2011-12. 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: 27.05.2011

for **BEMCO HYDRAULICS LTD**


M. M. MOHTA
Chairman and Managing Director

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BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum – 590 008

DIRECTORS' REPORT

To

Dear Shareholders,

Your Directors have pleasure in presenting the **53rd ANNUAL REPORT** together with the Audited Accounts of the Company for the year-ended 31ST MARCH 2011.

FINANCIAL RESULTS:

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

	2010-2011	2009-2010
	Rs.	Rs.
1 Gross Profit for the year after meeting all operating expenses but before interest and depreciation amounts to:	31,303,404	28,472,316
2 Deduction there from: Interest	13,445,219	11,829,469
3 Profit before depreciation	17,858,186	16,642,847
4 Depreciation for the year	10,028,070	9,503,299
5 Profit before Taxation - (PBT)	7,830,116	7,139,548
6 Provision for Taxation	(4,012,000)	(2,835,500)
7 Deferred Tax	929,000	1,564,000
8 Profit after Taxation - (PAT)	4,747,116	5,868,048
9 Income tax Earlier Years	(554,294)	(25,514)
10 Net Profit	4,192,822	5,842,534
11 Surplus brought forward	9,314,654	5,148,512
12 Profit Available for Appropriation	13,507,476	10,991,046
13 Transferred to general Reserve	1,000,000	1,000,000
14 Provision of Dividend on Preference Shares	580,052	580,052
15 Provision for Income Tax on Dividend	94,099	96,340
16 Balance carried to Balance Sheet	11,833,325	9,314,654

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 2011.

The total cash outflow because of Dividend and Tax thereon amounts to Rs. 6.74 Lakhs.

REVIEW OF OPERATION:

Since recent past few years, the Company is on upward trend of business and the same has been maintained during year under report.

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

- The net Revenue Income during year under review increased by 19.43%

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- Gross profit during the year under review is **Rs. 313.03 Lakhs** as against the Gross profit of **Rs. 284.72 Lakhs** during the previous year which is 9.94% higher than the previous year
- Profit after tax (PAT) decreased by **19.10 %** from **Rs. 58.68 Lakhs** in 2009-2010 to **Rs. 47.47 Lakhs** in 2010-2011.
- Company could discharge the liability of Dividend on Preference shares & tax thereon to the tune of **Rs. 6.74 Lakhs** for the year under report i.e. for the year ending on 31st March 2011.
- 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 2010-11, was good year for your company as compared with 2009-10. 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.150.07 Lakhs** till date and the orders worth **Rs. 3346.84 Lakhs** are in hand to execute in the current year. In addition to this, orders worth **Rs. 1273.47 Lakhs** are in pipelines. 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 couple of 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' 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 2011.
- (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.

SECRETARIAL REPORT:

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

FIFTY THIRD ANNUAL REPORT 2010-2011**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 2011, 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:

Shri R. M. Shah and Shri Dilip Chandak 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.

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	No statement in Form A pursuant to Companies (Disclosure of Particulars in the

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	per Form A.	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.
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B. Technology absorption:

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