



# BEMCO HYDRAULICS LIMITED



ANNUAL REPORT & ACCOUNTS 2011-2012

54



# BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum – 590 008

## NOTICE

Notice is hereby given that, 54th Annual General Meeting of the Company will be held on **Monday, July 30, 2012** 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 2012, Statement of Profit and Loss 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 3, 52, 732 preference shares of Rs. 100 each @ 11 per cent amounting to Rs.27, 80,052/- (Rupees Twenty Seven Lakhs Eighty Thousand Fifty Two Only) due for the year ended on 31st March 2012, 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 Mrs. Urmila Devi Mohta, who retires by rotation and being eligible, offers her for re- election<sup>1</sup>.
4. To appoint a Director in place of Shri N. K. Daga, who retires by rotation and being eligible, offers him for re- election<sup>2</sup>.
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 ordinary resolution:**  
"RESOLVED THAT, the consent is hereby accorded pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 to the board of directors of the Company to borrow money by way of loans or otherwise from time to time for purposes of the Company even though the moneys to be borrowed by them on behalf of the Company together with the moneys already borrowed will exceed the aggregate of the paid up capital of the Company and its free reserves not set apart for any specific purpose provided the amount at any time remaining un discharged or the moneys borrowed or raised by the board of directors for the purpose of the Company shall not exceed the sum of Rs. 15,00,00,000/- (Rupees Fifteen Crores Only).  
FURTHER RESOLVED THAT, the Company doth hereby approve, confirm and ratify all borrowings made by the board of directors of the Company up to date for the purpose of the Company".
7. **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 2012-13."

Place: Belgaum  
Date: 28.05.2012for **BEMCO HYDRAULICS LTD****M. M. MOHTA**  
Chairman and Managing Director

<sup>1</sup>Details of the Appointees' provided in the Corporate governance report under clause No 49 of the Listing Agreement  
<sup>2</sup>Details of the Appointees' provided in the Corporate governance report under clause No 49 of the Listing Agreement

**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 **Monday, July 16, 2012 to Monday, July 30, 2012 (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 the borrowing power of the board of directors of the Company.**

In view of the incremental Sales Turn over of the Company, the requirement of working capital has also increased and there is need to expand the existing Factory Shed . So it is necessary to increase the borrowing power of the board of directors from Rs. 8,00,00,000/- (Rupees Eighty Crores Only) (for which the members accorded their consent in the Annual General Meeting held on 30th September 2005) to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only).

The Board commends the special resolution for consideration by the members.

**MEMORANDUM OF INTEREST**

None of the Directors of the Company is interested in this ordinary resolution.

**Refer Agenda No. 7 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 2012-13. 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: 28.05.2012

for **BEMCO HYDRAULICS LTD**

**M. M. MOHTA**  
Chairman and Managing Director

## BEMCO HYDRAULICS LIMITED

Udyambag, Belgaum – 590 008

### DIRECTORS' REPORT

To  
Dear Shareholders,

Your Directors have pleasure in presenting the 54<sup>th</sup> ANNUAL REPORT together with the Audited Accounts of the Company for the year-ended 31<sup>st</sup> MARCH 2012.

### FINANCIAL RESULTS:

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

|   | 2011-2012<br>Rs.  | 2010-2011<br>Rs.  |
|---|-------------------|-------------------|
| 1 Gross Profit for the year after meeting all operating expenses but before interest and depreciation amounts to: | <b>35,238,568</b> | <b>35,142,342</b> |
| 2 Deduction there from: Interest  | 19,523,729        | 17,284,157        |
| <b>3 Profit before depreciation</b>   | <b>15,714,839</b> | <b>17,858,186</b> |
| 4 Depreciation for the year   | 8,838,333         | 10,028,070        |
| <b>5 Profit before Taxation - (PBT)</b>   | <b>6,876,506</b>  | <b>7,830,116</b>  |
| 6 Provision for Taxation  | (4,118,400)       | (4,012,000)       |
| 7 Deferred Tax  | 1,494,000         | 929,000           |
| <b>8 Profit after Taxation - (PAT)</b>  | <b>4,252,106</b>  | <b>4,747,116</b>  |
| 9 Income tax Earlier Years  | (188,402)         | (554,294)         |
| <b>10 Net Profit</b>  | <b>4,063,704</b>  | <b>4,192,822</b>  |
| 11 Surplus brought forward  | 11,833,325        | 9,314,654         |
| <b>12 Profit Available for Appropriation</b>  | <b>15,897,029</b> | <b>13,507,476</b> |
| 13 Transferred to general Reserve   | 1,000,000         | 1,000,000         |
| 14 Transferred to Capital redemption Reserve  | 1,473,200         | -                 |
| 15 Provision of Dividend on Preference Shares   | 2,780,052         | 580,052           |
| 16 Provision for Income Tax on Dividend   | 450,994           | 94,099            |
| <b>17 Balance carried to Balance Sheet</b>  | <b>10,192,783</b> | <b>11,833,325</b> |

### 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 Preference Shares:

Company proposes to pay dividend on Preference Shares @11% for the year-ending on 31st March 2012, the dividend on 3, 00,000 redeemable preference shares allotted on 05.08.2011 is on pro rate basis.

The total cash outflow because of Dividend and Tax thereon amounts to Rs. 32.31 Lakhs.

### REVIEW OF OPERATION:

Since recent past few years, the Company has seen 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 2.70%
- Gross profit during the year under review is **Rs. 352.39 Lakhs** as against the Gross profit of **Rs. 315.42 Lakhs** during the previous year which is 0.27 % higher than the previous year
- Profit after tax (PAT) decreased by **10.43 %** from **Rs. 47.47 Lakhs** in 2010-2011 to **Rs. 42.52 Lakhs** in 2011-2012.
- Company could discharge the liability of Dividend on Preference shares & tax thereon to the tune of **Rs. 32.31 Lakhs** for the year under report i.e. for the year ending on 31st March 2012.

- During the year under report 3,00,000 11% redeemable preference shares of Rs. 100/- each were issued on preferential basis, to a Company in promoter group.
- During the year under report 14,732 Preference shares of Rs.100/- each have been redeemed on 31st March 2012, in terms of conditions of the issue of the said preference shares. On account of this redemption the total cash outflow works out to Rs.23,57,120/-, however the dividend amounting to Rs. 1,62,052/- on these redeemed shares will be paid along with dividend on other preference shares, after approval in the forthcoming 54th AGM.

**FUTURE PROSPECTS:**

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.

At present your Company has already executed a record breaking orders worth **Rs.683.04 Lakhs** till date and the orders worth **Rs. 3829.77 Lakhs** are in hand to execute in the current year. In addition to this, orders worth **Rs. 1724. 75 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 year looks bright.

**ALTERATION IN CAPITAL STRUCTURE:**

During the year under Report, company has increased its authorized share capital from Rs. 400/- lakhs to Rs. 800/- Lakhs comprising of 40 lakhs equity shares of Rs. 10/- each and 40,000 Preference shares of Rs. 100/- each.

Company has issued 3 lakhs of Preference shares of Rs. 100/- each on preferential basis.

Also the company has redeemed 14,372 preference shares of Rs. 100/- each, in terms of the issue.

**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 2012.
- (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.

**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 2012, further, the Board declares that during the financial year 2011-12, 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:**

Mrs. 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, Auditors have at clause XI in annexure to their report pointed out two defaults in repayment of dues to bank and financial institution, the board would like to stress the fact that on account of non recovery of timely dues from the company's

customers, small delay occurred in repayment of bank dues this is temporally aberration and the accounts are now regular

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 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            |
|    | 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 <a href="http://www.bemcohydraulics.net">www.bemcohydraulics.net</a> 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  | 2011-2012<br>Rs. | 2010-2011<br>Rs. |
|--|------------------|------------------|
| i). C.I.F. Value of Imports:<br>Raw Materials And Components | 1,02,70,897      | 13,57,472        |
| ii). Expenditure in Foreign Currency: (paid/payable)         |                  |                  |
| Traveling  | 5,71,016         | 3,17,948         |
| Exhibition Expenses<br>(InnoTrans Berlin Germany)            | -                | 4,24,444         |
| Technical Know How (incl. exchange Fluctuation)              | 23,75,538        | -                |
| Agency Commission  | 23,03,320        | 2,06,436         |
| iii). Earnings in Foreign Exchange:<br>FOB value of Exports  | 1,68,08,693      | 56,02,500        |

**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. BEMCO is compliant with the provisions of Clause 49 of the Listing Agreement even when the clause was not mandatory to it

However, the Company could not comply with the following requirements of clause 49 since that clause became applicable to the Company for the first time and the Management had no clarity about the applicability of clause 49.

- i) Non constitution of Audit Committee during the financial year.
- ii) Non constitution of Investors' Grievance Committee.
- iii) Non furnishing of quarterly compliance reports on corporate governance in terms of sub clause VI (ii) of clause 49 to Stock Exchanges for the quarters ended 30th September 2011, 31st December 2011 and 31st March 2012,
- iv) Non forming of code of conduct for senior employees in the financial year.

The Management has taken necessary steps to fully comply clause 49 during current financial year, in the letter and spirit.

**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 2012-2013. During the year there was no suspension in trading of the securities of the Company.

**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: 28.05.2012

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

**ANIRUDH MOHTA**  
Joint Managing Director

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

### 1. The Company's Philosophy on Code of Corporate Governance.

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 even when the clause was not mandatory to it.

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 Company's values such as quality, commitment, customer orientation and integrity.

However, when the Paid up capital of the company was increased from Rs. 1,98,06,700/- to Rs. 4,83,33,500/- on 5th August 2011, by issuance of 11% Non-Convertible Redeemable Preference Shares of Rs. 300/- lakhs, the management was under impression that the clause 49 in its strict sense applicable to those companies, whose listed capital exceeds Rs. 300/- lakhs. Hence, certain reporting requirements and formation of committees escaped attention.

However after realizing the same, the board has taken immediate remedial action to comply with the law in its letter and spirit.

### 2. Board of Directors

#### a. Composition of the Board

As on 31st March 2012, the strength of the Board was six Directors, comprising of two Executive Directors and four Non-Executive Directors. Three out of six Directors were Independent Directors, which duly complied with the requirement of clause 49 of the Listing Agreement especially as the Chairman of the Board happens to be an executive chairman.

| Name                   | Designation                  | Status                             | Date of Appointment   |
|------------------------|------------------------------|------------------------------------|---|
| Shri Madan Mohan Mohta | Chairman & Managing Director | Executive Chairman                 | 23.03.1991 as Managing Director (Prior to that he was President of the Company) |
| Shri Anirudh Mohta     | Joint Managing Director      | Executive Director                 | 18.08.1994 as Technical Director (from 01.04.1999 as a Joint Managing Director) |
| Smt. Urmila Devi Mohta | Director                     | Non Executive Director             | 30.05.1992  |
| Shri R. M. Shah        | Director                     | Independent Non Executive Director | 05.01.1988  |
| Shri N. K. Daga        | Director                     | Independent Non Executive Director | 17.04.1998  |
| Shri Dilip Chandak     | Director                     | Independent Non Executive Director | 29.01.2004  |

#### b. Number of Board Meetings

During the financial year under review, 5(Five) Board Meetings were held on 27th May 2011, 5th August 2011, 13th October 2011, 14th November 2011 and 10th February 2012.

#### c. Director's attendance record and directorship held.

Attendance of each Director at Board Meetings held during the financial year 2011-12 and the Annual General meeting (AGM) held on 29th July 2011, directorship and committee positions in other public companies of which Director is a member/ Chairman and the shareholding of Non-Executive Directors is as follows:



| Sr. No | Name of Director                               | No of Shares held by Non-executive Directors | No. of Directors hips in other Companies # | No. of Committee positions held in other Companies |        | Attendance at the Meetings |         |
|--------|--|--|--|--|--------|----------------------------|---------|
|        |  |  |  | Chairman   | Member | Board                      | AGM     |
|        | <b>Executive Director</b>                      |  |  |  |        |                            |         |
| 1.     | Mr. Madan Mohan Mohta                          | N.A.   | 10   | Nil  | Nil    | 5                          | Present |
| 2.     | Mr. Anirudh Mohta                              | N.A.   | 6  | Nil  | Nil    | 5                          | Present |
|        | <b>Non-Executive Director</b>                  |  |  |  |        |                            |         |
| 3.     | Smt. Urmila Devi Mohta                         | N.A.   | 6  | Nil  | Nil    | 5                          | Present |
|        | <b>Independent and Non-Executive Directors</b> |  |  |  |        |                            |         |
| 4.     | Mr. R .M. Shah                                 | 5680   | 2  | Nil  | Nil    | 4                          | Present |
| 5.     | Mr. Dilip Chandak                              | -  | 5  | Nil  | Nil    | 5                          | Present |
| 6.     | Mr. N. K. Daga                                 | -  | 1  | Nil  | Nil    | 4                          | Present |

**Notes:**

# including Bemco Hydraulics Ltd, private limited companies, Firms, Trust & HUFs.

1. As on 31st March 2012, Mr. Anirudh Mohta and Smt. Urmila Devi Mohta are related to Mr. Madam Mohan Mohta as Son & Wife within the meaning of Section 6 of the Companies Act, 1956.

**d. Information supplied to the Board.**

During the year 2011-12, information as mentioned in Annexure 1A to clause 49 of the Listing Agreement has been placed before the Board for its consideration.

The aforesaid information is generally provided as a part of the agenda of the Board Meeting or is placed at the table during the course of the Meeting. The senior management staffs are also invited to the Board Meeting to present reports on the Company's operations and internal control systems. The detailed agenda is sent to the Directors a week before the Board Meeting. In special and exceptional circumstances, additional or supplementary items(s) on the agenda are permitted to be taken up as 'any other item' with the permission of the Chairman. The Board also periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

**3. Audit Committee:**
**a. Composition, Meetings and Attendance of the Committee.**

As the paid up capital of the company was less than Rs. 300/- lakhs and net worth is also less than Rs. 2,500/- Lakhs, neither section 292A of the Companies Act 1956, nor Clause 49 of the listing agreement was applicable to this company for major part of the financial year, the company had not constituted audit committee.

However, Audit Committee consisting of following members is constituted on 28th May 2012

|   |                    |                           |   |   |
|---|--------------------|---------------------------|---|---|
| 1 | Shri R. M. Shah    | Independent Director      | - | Chairman of Audit Committee             |
| 2 | Shri Anirudh Mohta | Joint Managing Director   | - | Member of Audit Committee               |
| 3 | Shri Dilip Chandak | Independent Director      | - | Member of Audit Committee               |
| 4 | Shri R. B. Patil   | General Manager - Finance | - | As Ex-Officio Member of Audit Committee |

**b. Terms of Reference**

The terms of reference of the Audit Committee of Directors are to see the effectiveness of operations of the audit function of the Company, review the systems and procedures of internal control, oversee the Company's financial reporting process, review the periodical and annual financial statements before submission to the Board with the management and ensure compliance with the regulatory guidelines. The Committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring adequate follow up action by the management. The committee also proposes the appointment of Statutory Auditors and fixation of their fee.

**4. Remuneration of Directors**
**a. Terms of Reference**

The Board of Directors had formed a Remuneration Committee of Directors with a mandate for policy on HR matters including compensation, career management and succession planning. The Committee also looks after the compensation structure at the Board level. The Committee consists of 3 Non-Executive-Independent Directors. During the year, under review there was no appointment/increase in managerial remuneration no meetings were conducted.

- b. The following are the details of the remuneration paid to the managerial personnel during the financial year 2011-12.

**Executive Directors**

| Name              | Salary   | Perquisites | Retirement Benefits | Total     |
|-------------------|----------|-------------|---------------------|-----------|
| Madan Mohan Mohta | 9,90,000 | 1,04,516    | 1,62,000            | 12,56,516 |
| Anirudh Mohta     | 6,60,000 | 29,738      | 1,08,000            | 7,97,738  |

**Non-Executive Directors**

The Company does not pay any remuneration to its Non-Executive Directors except sitting fee for attending the meeting of the board and Committee thereof. The Company pays sitting fees to its director's @ Rs.1,000/- per meeting

The details of sitting fee paid during the year 2011-12 are as follows :

| S. No. | Name of Director       | Board Meeting | Sitting fee per meeting | REM. COMM. | Total |
|--------|------------------------|---------------|-------------------------|------------|-------|
| 1      | Smt. Urmila Devi Mohta | 5             | 1,000                   | -          | 5,000 |
| 2.     | Shri R. M. Shah        | 4             | 1,000                   | -          | 4,000 |
| 3.     | Shri N. K. Daga        | 4             | 1,000                   | -          | 4,000 |
| 4.     | Shri Dilip Chandak     | 5             | 1,000                   | -          | 5,000 |

**5. Investor's Grievance Committee.**

As this is the first year of applicability of corporate governance, no such committee was formed earlier.

However, Investors Grievances Committee consisting of following members is constituted on 28th May 2012

|   |                       |                              |  |
|---|-----------------------|------------------------------|--|
| 1 | Shri Dilip Chandak    | Independent Director         | - Chairman of Investors Grievances Committee             |
| 2 | Shri M. M. Mohta      | Chairman & Managing Director | - Member of Investors Grievances Committee               |
| 3 | Shri R. B. Patil      | General Manager Finance      | - As Ex-Officio Member of Investors Grievances Committee |
| 4 | Shri V. B. Sambarekar | Manager Accounts             | - As Ex-Officio Member of Investors Grievances Committee |

With a mandate to oversee all Investors' Grievances suggest remedial action to the Board of Directors Mr. R. B. Patil, General Manager- Finance is the Compliance Officer and Mr. V. B. Sambarekar can be contacted at:

**BEMCO HYDRAULICS LIMITED**

Khanapur Road, Udyambag

BELGAUM - 590 008

Tel. (0831) 4219000; Fax. (0831) 2441263

Email: [finance@bemcohydraulics.net](mailto:finance@bemcohydraulics.net); [isc@bemcohydraulics.net](mailto:isc@bemcohydraulics.net)

With reference to clause 47(f) of the Listing Agreement, the Company has designated exclusive e-mail id for the investors as [isc@bemcohydraulics.net](mailto:isc@bemcohydraulics.net) to register their grievances, if any. This has been initiated by the company to resolve such investor's grievances immediately. The Company has also displayed the said e-mail id on its website for the use of investors.

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31st March 2012, were 2 and there were no complaints outstanding as on 31st March 2012.

**6. General Body Meeting.**

A. Location and time of last three Annual General Meetings held:

| Sl.No. | AGM Date   | Location   | Time    |
|--------|------------|--|---------|
| 1.     | 29.07.2011 | Registered office of the Company at Khanapur Road, Udyambag, BELGAUM – 590 008 | 3.30 pm |
| 2.     | 27.08.2010 | Registered office of the Company at Khanapur Road, Udyambag, BELGAUM – 590 008 | 3.30 pm |
| 3.     | 28.08.2009 | Registered office of the Company at Khanapur Road, Udyambag, BELGAUM – 590 008 | 3.30 pm |

## B. Details of special resolutions passed in the previous three Annual General Meetings.

| AGM Date   | As per Companies Act, 1956 U/s  | Particulars of Special Resolutions   |
|------------|---------------------------------|--|
| 29.07.2011 | 94,16,31                        | Increase in Authorised Share Capital of the Company from Rs.4.00 Crores to Rs.8.00 Crores.                                     |
| 29.07.2011 | 81(1A)                          | Allotment of 3,00,000 11% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100/- each on private placement basis. |
| 27.08.2010 |                                 | No Special Resolution passed as there were no such items.  |
| 28.08.2009 | 198,269,309,311 & Schedule XIII | Re-appointment of Chairman & Managing Director.  |
| 28.08.2009 | 198,269,309,311 & Schedule XIII | Re-appointment of Joint Managing Director.   |

C. No special resolution for the equity shareholders was put through Postal Ballot in last year, as there were no such items, which required passing through Postal Ballot.

**7. DISCLOSURES:**

## a. Related party Transactions

Related party transactions during the year have been disclosed in the Notes to Accounts in the Annual Report as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. The transactions with the Companies, where the Directors of the Company were interested, were in the normal course of business and there were no related party transactions that had potential conflict with the interest of the Company at large.

## b. Disclosure of accounting treatment.

In preparation of the Financial Statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies have been set out in the notes to accounts.

## c. Risk Management.

Business Risk Evaluation and Management is an ongoing process within the Company. Company has realized this 10-12 years back (i.e. during the heavy recession in Indian Industries, particularly in Automobile Sector), as the company was 80% dependant on the Automobile sector then. So the management has under taken the process of change over of product mix, for which there won't be any threat from others, at least for next decade.

Management is very keen on avoidance/minimizing the business threats those may be from outside as well as from internal.

Having said this company cannot be wholly insulated from market conditions.

Management perceives the market conditions as the prime risk factor.

## d. Management Discussion and Analysis Report.

Management discussion and Analysis forms part of the Director's Report and is given separately in the Annual Report.

## e. Information pursuant to Clause 49IV(G) of the Listing Agreement.

A brief resume and name of the Companies in which Director, who are being appointed/re-appointed, hold Directorship/Committee Membership are given in the notice of the 54th Annual General Meeting of the Company under heading " Information about Directors seeking appointment/ re-appointment as required under the Corporate Governance Clause of the Listing Agreement."

| Name of the retiring Director | Date of Birth                | Qualification | Experience   | Name of Other Companies in which she/he are Director   | Share Holding in this Company                                   |
|-------------------------------|------------------------------|---------------|--|--|---|
| Mrs. Urmila Devi Mohta        | 1 <sup>st</sup> October 1945 | Matriculation | Since 30 <sup>th</sup> May 1992 Director in this Company   | 1. Mohta Capital Pvt Ltd<br>2. Shree Ramchandra Enterprises Pvt Ltd<br>3. U. D. Finnvest Pvt Ltd | 1,93,668 of Equity Shares (i.e. 13.39% of Total Equity Capital) |
| Shri N. K. Daga               | 21 <sup>st</sup> March 1941  | B. Com.       | Since 17 <sup>th</sup> April 1998 Director in this company | Nil – Not Applicable   | Nil   |

- f. Details of non-compliance with regard to Capital Market.  
There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.  
However, the company has not filed the quarterly compliance Report in Annexure 1B in terms of clause No. 49VI(ii) of the Listing Agreement for the Quarters ended on 30th September 2011, 31st December 2011 and 31st March 2012. The reason being newness of the provisions which applied to this Company from 5th August 2011. However these are being complied during current financial year.
- g. Details of Compliance with mandatory requirements.  
The Company has fully complied with all the mandatory requirements of the Listing Agreement of the Stock Exchanges except in relation to clause 49 of the listing Agreement.
- h. Subsidiary Companies  
The company does not have any subsidiary.
- i. CEO/CFO Certificate  
The company has complied with provisions under Clause 49(v) of listing agreement as to certification by CEO and CFO to the Board Directors.
- j. Details of adoption of non-mandatory requirements.  
The Company has complied with and adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:
1. Remuneration Committee.  
Remuneration Committee is already in place and complying with related non-mandatory requirements.
  2. Shareholder's Rights.  
Since the Company publishes its quarterly results in newspapers (English and Kannada) having wide circulation, and since the results are also displayed on the website of the Company and that of Stock Exchange, the Company does not send any declaration of half yearly performance to the shareholders.
  3. Whistle Blower Policy  
The company has not yet formed any whistle Blower Policy, but inter alia, provides a mechanism for the employees of the Company and other persons dealing with the Company to report to the Executive Directors; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of Conduct. It also provides for adequate safeguard against victimization of such employees. Further, the existence of the mechanism has been appropriately communicated within the Organization.

#### **8. Means of Communication**

The Company has been disclosing financial performance i.e. quarterly, half-yearly and annual audited financial results well within the stipulated period to the Stock Exchange after being approved by the Board. The results are normally published in the main editions of one national and vernacular daily such as Indian Express and Kannada Prabha. Very recently, the Company has established its own website as [www.bemcohydraulics.net](http://www.bemcohydraulics.net) and started displaying these results on Company web site.

#### **9. General Shareholders Information**

##### **i. Annual General Meeting:**

Venue : Registered Office at Khanapur Road, Udyambag, BELGAUM-590 008  
Time : 3.30 PM  
Day & Date : Monday 30th July 2012

##### **ii. Financial Year**

1st April 2011 to 31st March 2012  
During the year the financial results were announced as under:  
First Quarter : 05th August 2011  
Second Quarter : 14th November 2011  
Third Quarter : 10th February 2012  
Annual : 25th May 2012

##### **iii. Date of Book Closure:**

Monday, July 16, 2012 to Monday, July 30, 2012 (both the days inclusive).

**iv. Listing on Stock Exchange:**

| Sr.No. | Name of the Stock Exchange    | Stock Code |
|--------|-------------------------------|------------|
| 1.     | Bombay Stock Exchange, Mumbai | 522650     |

**v. Market Price Data**

Details of Monthly high/ Low during the year 2011-12 on the BSE

| Stock Exchange | Bombay Stock Exchange<br>(SCRIP Code – 522650) |           |
|----------------|--|-----------|
|                | High (Rs.)                                     | Low (Rs.) |
| Apr-11         | 63.50  | 41.70     |
| May-11         | 56.50  | 41.55     |
| Jun-11         | -  | -         |
| Jul-11         | 58.60  | 47.95     |
| Aug-11         | -  | -         |
| Sep-11         | 49.20  | 49.20     |
| Oct-11         | -  | -         |
| Nov-11         | -  | -         |
| Dec-11         | 46.75  | 44.45     |
| Jan-12         | 44.15  | 38.15     |
| Feb-12         | 49.60  | 41.85     |
| Mar-12         | 49.45  | 42.80     |

**vi. Distribution of Shareholding:**

The distribution of shareholding as on March 31, 2012

| Sr. No. | No. Of Equity Shares held | No. Of Share holders | Percentage Of total Share-holders | No of Shares held | Percentage Of total Shares |
|---------|---------------------------|----------------------|-----------------------------------|-------------------|----------------------------|
| 1.      | Up to – 100               | 1756                 | 82.44                             | 173833            | 12.02                      |
| 2.      | 101-500                   | 306                  | 14.37                             | 79565             | 5.50                       |
| 3.      | 501-1000                  | 35                   | 1.64                              | 26968             | 1.86                       |
| 4.      | 1001-2000                 | 14                   | 0.66                              | 19386             | 1.34                       |
| 5.      | 2001-3000                 | 2                    | 0.09                              | 5032              | 0.35                       |
| 6.      | 3001-4000                 | 2                    | 0.09                              | 7466              | 0.52                       |
| 7.      | 4001-5000                 | -                    | -                                 | -                 | -                          |
| 8.      | 5001-10000                | 3                    | 0.14                              | 16480             | 1.14                       |
| 9.      | 10001-20000               | 4                    | 0.19                              | 75456             | 5.22                       |
| 10.     | 20001-50000               | -                    | -                                 | -                 | -                          |
| 11.     | 50001 & Above             | 8                    | 0.38                              | 1042514           | 72.06                      |
|         | <b>Total</b>              | <b>2130</b>          | <b>100.00</b>                     | <b>1446700</b>    | <b>100.00</b>              |

**vii. Shareholding Pattern as on 31st March 2012. (Equity listed Capital)**

| S.No. | Category                                       | No of Shares held | (%) Shareholding |
|-------|--|-------------------|------------------|
| 1     | Promoters/ persons acting in concert           | 10,78,270         | 74.53            |
| 2     | Financial Institutions, Banks and Mutual Funds | 93                | 0.01             |
| 3     | NRIs, Foreign Nationals, OCBs and FIIs         | 1,000             | 0.07             |
| 4     | Private Corporate Bodies                       | 26,732            | 1.85             |
| 5     | Indian Public                                  | 3,40,605          | 23.54            |
|       | <b>Total</b>                                   | <b>14,46,700</b>  | <b>100.00</b>    |

**viii. Shareholding Pattern as on 31st March 2012. (Redeemable Non Convertible Preference Non Listed Capital)**

| S. No. | Category                             | No of Shares held | (%) Shareholding |
|--------|--------------------------------------|-------------------|------------------|
| 1      | Promoters/ persons acting in concert | 3,38,000          | 100              |

**ix. Registrar and Share Transfer Agent ( R & T Agent)**

The Company has appointed M/S. Adroit Corporate Services Pvt. Ltd as its Share Transfer Agents for both Physical and Demat. Shares Transfer in Physical form and other communication regarding shares, change of address etc., may be addressed to:

M/s. Adroit Corporate Services Pvt. Ltd  
 19, Jaferbhoy Industrial Estate, Makawana Road,  
 Marol Naka, Andheri (E), Mumbai - 400 059  
 Phone No.022-2859 0942, 2859 4060, 2859 6060 Fax No. : 022-2850 3748  
 Email: adroits@vsnl.net

**Share Transfer System.**

- a. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent in Physical form are processed within 30 days of receipt of valid and complete documents in all respects. After such processing, the Registrar and Share transfer agent will issue share certificate to the respective shareholders within 30 days of receipt of certificate for transfer. Shares under objection are returned within a week's time. The transfer applications are approved periodically by the Senior Management of the Company.
- b. Pursuant to Listing Agreement, a certificate on half yearly basis is obtained from the Practicing Company Secretary for compliance with share transfer formalities by the Company.

**Dematerialization of shares and liquidity.**

As on 31st March 2012, 12,27,870 equity shares being 14,46,700 of the total equity share capital of the Company, were held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification (ISIN) allotted to the Company's equity shares is INE142E01014

**x. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.**

Not applicable

**xi. Plant Location & Address for Correspondence:**

The Investors can personally contact or send their correspondence either to Share Transfer Agent or at the Company's following address:

**Bemco Hydraulics Ltd**  
Khanapur Road, Udyambag  
Belgaum - 590 008  
Tel: 0831-4219000, 2441980, 2440173, 2440270,  
Fax: 0831-2441263  
Email: isc@bemcohydraulics.net  
finance@bemcohydraulics.net

**Declaration of Compliance with the Code of Conduct as provided in Clause 49 of the Listing Agreement with the Stock Exchanges.**

The company has not yet formed any Code of Conduct for employees, this being a non- mandatory requirement.

However, the ethical standards set/established by the Company over the last fifty years, provides an ideal standard to be emulated by employees and staff.

Mechanism for the employees of the Company and other persons dealing with the Company to report to the Executive Directors; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of Conduct. It also provides for adequate safeguard against victimization of such employees. Further, the existence of the mechanism has been appropriately communicated within the Organization.

For **BEMCO HYDRAULICS LIMITED**

Place: Belgaum  
Date: 28th May 2012

**M. M. Mohta**  
Chairman & Managing Director

**CERTIFICATE IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT**

In terms of Clause 49 of the Listing Agreement, it is certified as under that:

- a. The financial statements and the cash flow statement for the year have been reviewed and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company.
- c. We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
  - i. Significant changes in internal control during the year;
  - ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Belgaum  
Date: 28.05.2012

**M. M. Mohta**  
Chairman & Managing Director

**Anirudh Mohta**  
Joint Managing Director

**CERTIFICATE OF CORPORATE GOVERNANCE**

TO

THE MEMBERS  
BEMCO HYDRAULICS LIMITED  
KHANAPUR ROAD, UDYAMBGA,  
BELGAUM - 590 008

We have examined all relevant records of BEMCO HYDRAULICS LIMITED, for the purpose of certifying compliance of the conditions of corporate governance under Clause 49 of the Listing Agreement with the Bombay Stock Exchange for the financial year ended 31st March 2012. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of corporate governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanations and information furnished, in my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that subject to:

- i) <sup>3</sup>Non constitution of Audit Committee during the financial year.
- ii) Non constitution of Investors' Grievance Committee.
- iii) Non furnishing of quarterly compliance reports on corporate governance in terms of sub clause VI (ii) of clause 49 to Stock Exchanges for the quarters ended 30th September 2011, 31st December 2011 and 31st March 2012,
- iv) Non forming of code of conduct for senior employees in the Financial year.

I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

Place: Belgaum  
Date: 28.05.2012

**S. R .DESHPANDE**  
Company Secretary  
C.P. No. 1865

<sup>3</sup>Section 292A of the Companies Act, 1956 is not applicable as the paid up capital of the company is less than Rs. 5 crores.

**S. R. DESHPANDE**  
COMPANY SECRETARY

150, BUDHWAR PETH  
TILAKWADI, BELGAUM  
Phone: 0831- 2467378  
Cell : +91 9845058386  
deshpandecs@gmail.com

CIN: L51101KA1957PLC001283  
Authorised Capital: Rs.8 00,00,000/-

To  
The Members,  
**BEMCO HYDRAULICS LIMITED**  
Regd. Office: Udyambag, Khanapur Road,  
**BELGAUM 590008**

## COMPLIANCE CERTIFICATE

I have examined the registers, records, books and papers of **BEMCO HYDRAULICS LIMITED**, (the company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers, I certify that in respect of the aforesaid financial year:

1. Subject to the notes in the Annexure **A**, the Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries there in have been recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this Certificate with the **Registrar of Companies, Karnataka, Bangalore** through the portal [www.mca.gov.in](http://www.mca.gov.in) provided by the Ministry of Corporate Affairs, New Delhi within the time prescribed under the Act and the Rules made there under.  
However, the Company was not required to file any form or return with the Central Government, Company Law Board, Regional Director or other authorities under the Act.
3. The Company being public company, the restrictive conditions in section 3(1)(iii) of the Act are not relevant.
4. The Board of Directors duly met **5(five)** times respectively on **27th May 2011, 5th August 2011, 13th October 2011, 14th November 2011 and 10th February 2012** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The Company had closed its register of members from **16th July 2011 to 29th July 2011** (both the days inclusive) and necessary compliance of section 154 has been made.
6. The annual general meeting for the financial year ended on 31.03.2011 was held on **29th July 2011** after giving due notice to the members of the Company and others concerned and the resolutions passed thereat were duly recorded in Minutes book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or firms or companies referred to under section 295 of the Act during the financial year.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under section 301 of the Act in respect of arrangements with companies under the same management and Directors for acceptance of unsecured loans and payment of interest to them.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members or Central Government.
12. The Board of Directors has approved the issue of duplicate share certificates.
13.
  - i)
    - (a) The Company has delivered all certificates upon allotment of 3,00,000 **non convertible** redeemable preference shares of Rs. 100/- each in accordance with the applicable provisions of the Act..
    - (b) On the aspect of delivery of share certificates upon lodgment for transfer/ transmission, attention is invited to the fact that pursuant to the SEBI directive on appointment of common agency for shares in demats and physical mode, the Company has appointed M/s Adroit Corporate Services Pvt. Ltd. Mumbai (RTA) as its common Agents for both modes of shares. Relevant records in this regard are not available with the Company at its registered office. Nonetheless, the company has obtained certificates under clause 47C of the listing agreement on half yearly basis from Company Secretaries, Mumbai to the effect that it has delivered all certificates duly endorsed albeit with marginal delay as per the listing agreement.



- ii) The Company has not deposited the amount of dividend on preference shares in a separate Bank Account within five days from the date of declaration in Annual General Meeting held on 29th July 2011,
- iii) However, the Company paid dividend to its **preference share** holders immediately after conclusion of its last Annual General Meeting held on **29th July 2011** and there are no unclaimed dividend accounts,
- iv) The Company was not required to transfer any amount to Investor Education and Protection Fund as the company has no accounts in respect of unclaimed dividends, share application money due for refund, matured deposits, matured debentures and interest accrued thereon.
- v) The Company has duly complied with provisions of section 217 of the Act.
14. The Board of Directors is duly constituted. There was no appointment of additional Director, alternate Directors and Directors to fill casual vacancy during the financial year.
15. There was no appointment of Managing Director/Whole time Director during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has obtained following orders under section 141 of the Act from the Hon'ble **Company Law Board**, Southern Region Bench, Chennai

| Sr. No. | Particulars of the order   | Petition No (C P No) | Date of the order | Outcome of the order      |
|---------|--|----------------------|-------------------|---------------------------|
| 1.      | 15 days delay in filing form 17 to report full satisfaction of car loan of Rs. 3.27 lakhs of ICICI BANK LTD. | No.529/141/CB/2011   | 25/04/2011        | Delay of 15 days condoned |
| 2.      | 10 days delay in filing form 17 to report full satisfaction of charge of State bank of India                 | No.199/141/CB/2012   | 21/02/2012        | Delay of 10 days condoned |

- Subject to the foregoing, the Company was not required to obtain any approvals of the Central Government, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued and allotted 3,00,000 (three lakhs) 11% redeemable non convertible preference shares of Rs. 100 each aggregating to a sum of Rs.3,00,00,000/- (three crores only) and complied with the applicable provisions of the Act. The allotment of non convertible **redeemable preference** shares on preferential basis was made to a single Company in which the promoters are interested and the issue and allotment was approved by the Company through a special resolution passed u/s 81(1A) of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has redeemed 14,732 (fourteen thousand seven hundred thirty two) redeemable preference shares of Rs. 100 each aggregating to a sum of Rs. 14,73,200/- (fourteen lakhs seventy three thousand two hundred only) at a premium of Rs.60/- per share on 31st March 2012, on the last day of the financial year and has filed Form No.5 on 28.04.2012 within 30 days from the event.
22. There were no transactions necessitating the company to keep in abeyance the right to dividend, right shares and bonus shares, pending registration of transfer of shares.
23. The Company has not invited /accepted any public deposits or unsecured loans falling within the purview of section 58A of the Act during the financial year.
24. The amount borrowed by the company from directors, members, financial institution, banks and others during the financial year ending 31st March 2012 is within the borrowing limits of the Company u/s 293(1)(d) of the Act namely Rs. 800 lakhs as specified by the resolution passed in the 47th Annual General Meeting held on 30th September 2005.
25. The Company has not made loans and advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries are made during the year in the register to be kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the object of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny and complied with the applicable provisions of the Act. The alteration related to the increase in authorized share capital of the Company to Rs. 8,00,00,000/- (eight crores only) by creating 6,00,000 (six lakhs) equity shares of Rs. 10 each and 3,40,000 (three lakhs forty thousand) redeemable preference shares of Rs. 100 each through a consolidated special resolution passed in the last

- annual general meeting held on 29th July 2011.
30. The Company has not altered its Articles of Association during the financial year. Attention is invited to the fact that clause No. 6 of Articles of Association says the authorized share capital of the Company shall be as specified in memorandum of association as a result; there was no occasion for the Company to alter its Articles on the point of capital.
  31. There was no prosecution initiated against or show cause notices received by the company or fines or penalties imposed on the company during the financial year for the offences under the Act.
  32. The Company has not received any money as security from its employees during the year.
  33. The Company has not constituted a separate provident fund trust for its employees or class of employees as contemplated under section 418 of the Act.

Lastly, it is stated that the compliance of all applicable provisions of the Companies Act, 1956 is the responsibility of the company, my examination, on test basis, was limited to the procedures followed by the company for ensuring the compliance with the said provisions. I state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the company has conducted its affairs. I further state that this is neither an audit nor an expression of opinion on the financial activities/statements of the company.

Place: Belgaum  
Date: 28th May 2012

S. R. Deshpande  
C. P. No. 1865

#### ANNEXURE - A

REGISTERS AS MAINTAINED BY BEMCO HYDRAULICS LIMITED

#### STATUTORY REGISTERS

1. The Register of Members' u/s 150.  
Attention is invited to the fact that the equity shares of the Company are listed on the Stock Exchange. The Company explains that pursuant to the SEBI directive dated 31st December 2002, bearing no. D &CC/ FITTC/CIR-16/2002 on appointment of common agency for shares in the demat and physical mode, it has appointed Adroit Corporate Services Pvt. Ltd. 19, Jaferboy Industrial Estate, 1st Floor, Makwana Road, Moral Naka, Mumbai 400059 (RTA) as its common Agency for shares in both the aforesaid modes. The Register of members, Register of Transfers and related correspondence is maintained by the RTA in Mumbai i.e. at a place outside the city limits of Belgaum where the registered office of the Company is situate. The other place is not approved by a special resolution of the members of the company and the company states that it has been advised that formality of special resolution under the proviso to section 163(1) of the Act is not effective as the place where these registers are maintained is outside the city limits of the Belgaum, where the Company's registered office is situate.  
The Company is 54 years old with large number of shareholders and therefore, verification of changes during the year is made and not all entries therein.
2. Register of Preference shareholders
3. Register of Directors / Managing Director u/s 303 entitled particulars of Directors, Managers and Secretaries
4. Register of Directors' shareholding
5. Register of Investments (sic)
6. Register of Charges u/s 143
7. Register of interest of Directors (sic)
8. Register of contracts u/s 301
9. Minutes Book of proceedings of the meetings of Board of directors.
10. Minutes Book of the proceedings of the general meetings.
11. Register of Renewed and duplicate share certificates under Rule 7 of Companies (issue of Share Certificates) Rules, 1960
12. Register of Destruction of Records / Document.

#### OTHER REGISTERS

1. Register of Shareholders' attendance
2. Register of Directors' attendance

***The Company has not maintained the following registers as it was informed that there were no entries / transaction to be recorded therein. Reliance is placed on the certificate issued by the management in this regard.***

1. Register of Securities bought back u/s 77A
2. Register of Debenture holders
3. Register of Investments or loans made u/s 372A

Place: Belgaum  
Date: 28th May 2012

S. R. Deshpande  
C. P. No. 1865

**ANNEXURE B**

Forms and Returns as filed by BEMCO HYDRAULICS LIMITED with the Registrar of Companies, Karnataka, Bangalore during the financial year ended 31.03.2012

| Sl. No. | Form/Return                   | Filed U/S             | For   | Date of Filing with service request number (SRN) | Whether Filed Within Prescribed Time Yes/No | If delay in Filing, Whether requisite Additional fee paid, Yes/No | Track transaction status on web site |
|---------|-------------------------------|-----------------------|---|--|---|---|--------------------------------------|
| 1       | Form 8                        | 125                   | Creation of ICICI charge of Rs. 30 Lakhs on 7 <sup>th</sup> March 2011  | 28 <sup>th</sup> April 2011<br>B11044781         | No  | Yes   | Approved                             |
| 2       | Form 21                       | 141 (2)               | Filing of CLB order under section 141 in CP No.529/141/CB/2011  | 29 <sup>th</sup> April 2011<br>B11154101         | Yes   | Not Applicable  | Approved                             |
| 3       | Form 17                       | 138                   | Satisfaction of SBI charge on 9 <sup>th</sup> May 2011  | 17 <sup>th</sup> June 2011<br>B14434989          | No  | Refer to point ii of paragraph 17                                 | Pending for form 21                  |
| 4       | Form 17                       | 138                   | Satisfaction of Bank of Maharashtra charge on 30 <sup>th</sup> June 2011                                      | 20 <sup>th</sup> July 2011<br>B16477622          | Yes   | Not Applicable  | Approved                             |
| 5       | Form 61                       | CLB regulation no. 14 | Service of copy of petition u/s 141 on ROC as the respondent  | 29 <sup>th</sup> July 2011<br>B17124330          | Not Applicable                              | Not Applicable  | Approved                             |
| 6       | Form 66                       | 383A                  | Compliance Certificate for the financial year ended 31 <sup>st</sup> March 2011                               | 5 <sup>th</sup> August 2011<br>P69011492         | Yes   | Not Applicable  | Approved                             |
| 7       | Form 23                       | 192 (4)(a)            | Special resolution to increase authorized capital to Rs. 8 crores and 81(1A) resolution                       | 13 <sup>th</sup> August 2011<br>B18202085        | Yes   | Not Applicable  | Approved                             |
| 8       | Form 5                        | 94                    | Increase in authorized share capital from Rs. 4cr. to Rs. 8cr. on 29 <sup>th</sup> July 2011                  | 13 <sup>th</sup> August 2011<br>B18204867        | Yes   | Not Applicable  | Approved                             |
| 9       | Form 2                        | 75 (1)                | Allotment of preference shares of Rs. 3 lakhs on 5 <sup>th</sup> August 2011                                  | 27 <sup>th</sup> August 2011<br>S05762273        | Yes   | Not Applicable  | Approved                             |
| 10      | Form 20B                      | 159                   | Annual Return up to AGM held on 29 <sup>th</sup> July 2011  | 19 <sup>th</sup> September 2011<br>P70603014     | Yes   | Not Applicable  | Approved                             |
| 11      | Form 17                       | 138                   | Satisfaction of Bank of Maharashtra charge on 12 <sup>th</sup> September 2011                                 | 21 <sup>st</sup> September 2011<br>B20841094     | Yes   | Not Applicable  | Approved                             |
| 12      | Form 8                        | 127                   | Modification of Bank of Maharashtra (lead bank) & SBI charge of Rs. 22.50cr. on 13 <sup>th</sup> October 2011 | 8 <sup>th</sup> November 2011<br>B24347585       | Yes   | Not Applicable  | Approved                             |
| 13      | Form 23ACXBRL & Form 23ACXBRL | 220                   | Balance Sheet and Profit & Loss Account for the year ended 31 <sup>st</sup> March 2011                        | 18 <sup>th</sup> November 2011<br>P79520797      | Yes   | Not Applicable  | Approved                             |
| 14      | Form 8                        | 125                   | Creation of ICICI Bank charge of Rs. 4.04 lakhs on 30 <sup>th</sup> November 2011                             | 28 <sup>th</sup> December 2011<br>B28341915      | Yes   | Not Applicable  | Approved                             |
| 15      | Form 17                       | 138                   | Satisfaction of ICICI Bank charge on 21 <sup>st</sup> January 2012  | 16 <sup>th</sup> February 2012<br>B32129272      | Yes   | Not Applicable  | Approved                             |
| 16      | Form 21                       | 141                   | Filing of CLB order under section 141 in CP No. 199/141/CB/2012   | 29 <sup>th</sup> February 2012<br>B33178203      | Yes   | Not Applicable  | Approved                             |

Place: Belgaum  
 Date: 28th May 2012

S. R. Deshpande  
 C. P. No. 1865

**A. C. BHUTERIA & CO.**

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS OF

BEMCO HYDRAULICS LTD

1. We have audited the attached Balance Sheet of BEMCO HYDRAULICS LTD as at 31st March, 2012 and also the annexed Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of books and records we considered necessary and according to the information and explanations given to us, we give below our comments on the matters specified in paragraph 4 & 5 of the said Order as far as applicable:
  - i. 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 during the year. In our opinion, the frequency of verification is reasonable. Discrepancies were noticed on such verification as compared to book records, which were not material, have been adequately dealt with in the books of accounts. There was no substantial disposal of fixed assets during the year.
  - ii.
    - a) The management has conducted physical verification of inventory at reasonable intervals during the year.
    - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
    - c) The Company is maintaining proper records of inventory. Discrepancies between book balance and physical records, which were not material, have been adequately dealt with in the books of accounts.
  - iii.
    - a) As informed, the company has not granted any loan, secured or unsecured, to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956
    - b) The Company has taken unsecured loan from five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.64, 127, 286 and year - end balance of such loan taken was Rs. 24, 624, 391.
    - c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from companies and parties covered in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
    - d) The Company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
  - iv. In our opinion and according to the information & explanation given to us, there is an adequate internal control system commensurate with the size of the Company & nature of its business, for the purchases of inventory and fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
  - v.
    - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
    - b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.

- vi. In our opinion & according to the information & explanations given to us, the Company has not accepted any deposit from public during the year.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by Central Government for the maintenance of cost records under Sec.209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate and complete.
- ix.
  - a) The Company is regular in depositing undisputed statutory dues with appropriate authorities. There were no undisputed statutory dues as at the last day of the financial year outstanding for a period of more than six months from the date they became payable.
  - b) As informed, there are no disputed dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty or cess as at the year-end except the dues as given below:

| Nature of Statute                   | Nature of dues | Amount (Rs)                               | Period  | Forum where dispute is pending                                    |
|-------------------------------------|----------------|---|---------|---|
| Karnataka Value Added Tax Act, 2003 | Sales Tax      | 17,17,545/-<br>(incl. interest & penalty) | 2007-08 | Joint Commissioner of Commercial Taxes, Belgaum Division, Belgaum |
| Karnataka Value Added Tax Act, 2003 | Sales Tax      | 70,832/-                                  | 2003-04 | High Court, Karnataka   |
| Karnataka Value Added Tax Act, 2003 | Sales Tax      | 75,062/-                                  | 2004-05 | High Court, Karnataka   |

- x. The Company does not have accumulated losses at the end of the financial year. It has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi.
  - (a) As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution/ banks except for the following
 

| Period                         | Amount(Rs)  |
|--------------------------------|-------------|
| Less than 30 days              | 3,718,499/- |
| More than 30 days upto 60 days | 5,281,883/- |
  - (b) The Company has not issued any debentures.
- xii. As informed and explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund nidhi/ mutual benefit fund/societies.
- xiv. In respect of Investment in Shares, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares are held in the name of the company or in demat form.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion, the Term Loan were applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used to finance long-term investments.
- xviii. The Company has made any preferential allotment of 300,000 preference shares to a company covered in the register maintained under section 301 of the Companies Act, 1956 during the year. In our opinion, the prices at which the preference shares have been allotted are not *prima facie* prejudicial to the interests of the Company.
- xix. During the period covered by our audit report, the Company has not issued any debentures.
- xx. The Company has not raised any money from public issue during the year.

- xxi. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**Further to above-**

4. 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.
  5. In our opinion, proper books of accounts as required by law have, been kept by the Company so far as appears from our examination of the books.
  6. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
  7. In our opinion, the Profit and Loss Account, Balance Sheet and Cash Flow Statement, comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  8. On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  9. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
    - b. In the case of Statement of Profit and Loss, of the Profit for the year ended on that date.
- AND**
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **A.C.BHUTERIA & CO.**  
Chartered Accountants  
Firm Registration No. 303105E

**(MOHIT BHUTERIA)**  
Partner  
Membership no. 56832

Place: Kolkata  
Dated: 28.05.2012

BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2012

|  | Note Ref.        | 31-Mar-12<br>Rs       | 31-Mar-11<br>Rs       |
|--|------------------|-----------------------|-----------------------|
| <b>I EQUITY AND LIABILITIES</b>  |                  |                       |                       |
| <b>(a) Shareholders Funds</b>  |                  |                       |                       |
| Share Capital  | 2.1              | 48,333,500.00         | 19,806,700.00         |
| Reserves & Surplus   | 2.2              | 45,115,227.52         | 45,704,207.80         |
|  |                  | <b>93,448,727.52</b>  | <b>65,510,907.80</b>  |
| <b>(b) Non-Current Liabilities</b>                                       |                  |                       |                       |
| Long Term Borrowings   | 2.3              | 4,869,494.89          | 6,830,446.18          |
| Other Long Term Liabilities  | 2.4              | 30,026,333.00         | 27,858,912.00         |
|  |                  | <b>34,895,827.89</b>  | <b>34,689,358.18</b>  |
| <b>(c) Current Liabilities</b>   |                  |                       |                       |
| Short Term Borrowings  | 2.5              | 128,930,693.56        | 93,763,399.06         |
| Trade Payables   | 2.6              | 84,212,763.44         | 73,356,498.91         |
| Other Current Liabilities  | 2.7              | 105,711,460.36        | 77,948,196.16         |
| Short Term provisions  | 2.8              | 9,673,891.28          | 8,854,404.00          |
|  |                  | <b>328,528,808.64</b> | <b>253,922,498.13</b> |
| <b>TOTAL</b>   |                  | <b>456,873,364.05</b> | <b>354,122,764.11</b> |
| <b>II ASSETS</b>   |                  |                       |                       |
| <b>(a) Non-Current Assets</b>  |                  |                       |                       |
| Fixed Assets   | 2.9              |                       |                       |
| (i) Tangible Assets  |                  | 44,963,043.00         | 47,316,700.00         |
| (ii) Intangible Assets   |                  | -                     | 5,926,184.00          |
|  |                  | <b>44,963,043.00</b>  | <b>53,242,884.00</b>  |
| Non-Current Investments  | 2.10             | 51,760.00             | 51,860.00             |
| Deferred Tax Assets  | 2.11             | 3,925,000.00          | 2,431,000.00          |
| Other Non-Current Assets   | 2.12             | 11,344,131.00         | 19,051,109.00         |
|  |                  | <b>60,283,934.00</b>  | <b>74,776,853.00</b>  |
| <b>(b) Current Assets</b>  |                  |                       |                       |
| Inventories  | 2.13             | 255,352,991.00        | 196,183,038.00        |
| Trade receivables  | 2.14             | 113,807,374.02        | 73,834,740.76         |
| Cash and bank balances   |                  |                       |                       |
| (i) Cash and Cash Equivalents  | 2.15             | 2,173,316.62          | 1,878,371.77          |
| (ii) Other Bank Balances   | 2.16             | 10,931,446.00         | 995,297.00            |
| Short Term Loans and Advances  | 2.17             | 14,324,302.41         | 6,454,463.58          |
|  |                  | <b>396,589,430.05</b> | <b>279,345,911.11</b> |
| <b>TOTAL</b>   |                  | <b>456,873,364.05</b> | <b>354,122,764.11</b> |
| <b>Significant accounting policies and notes to financial statements</b> | <b>1 &amp; 2</b> | -                     | -                     |

As per our Report of even date  
for **M/S A. C. BHUTERIA & CO.**  
Chartered Accountants

For and on behalf of the Board

**Mohit Bhuteria**  
Partner

**M. M. Mohta**  
Chairman & Managing Director

**Anirudh Mohta**  
Joint Managing Director

Place : Kolkata  
Date : 28-05-2012

Place: Belgaum  
Date : 28-05-2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON**

|  | Note Ref.        | 31-Mar-12<br>Rs        | 31-Mar-11<br>Rs       |
|--|------------------|------------------------|-----------------------|
| <b>I REVENUE FROM OPERATIONS (Gross)</b>                                 | 2.18             | <b>269,066,775.96</b>  | 262,432,769.22        |
| Less: Excise duty  |                  | <b>19,888,979.90</b>   | 18,789,299.59         |
| <b>REVENUE FROM OPERATIONS (Net)</b>                                     |                  | <b>249,177,796.06</b>  | 243,643,469.63        |
| <b>II OTHER INCOME</b>   | 2.19             | <b>3,358,749.11</b>    | 2,249,057.02          |
| <b>III TOTAL REVENUE ( I + II)</b>                                       |                  | <b>252,536,545.17</b>  | 245,892,526.65        |
| <b>IV EXPENSES</b>   |                  |                        |                       |
| Cost of Material Consumed  | 2.20             | <b>177,524,113.44</b>  | 146,173,085.00        |
| Changes in inventories of finished goods and work-in-progress            | 2.21             | <b>(59,822,948.00)</b> | (24,046,701.00)       |
| Employee benefits expense  | 2.22             | <b>50,346,881.39</b>   | 43,155,691.73         |
| Finance Cost   | 2.23             | <b>19,523,729.42</b>   | 17,284,156.52         |
| Depreciation and amortization expense                                    | 2.24             | <b>8,838,333.00</b>    | 10,028,070.00         |
| Other expenses   | 2.25             | <b>49,249,930.20</b>   | 45,468,108.78         |
| <b>TOTAL EXPENSES</b>  |                  | <b>245,660,039.45</b>  | <b>238,062,411.03</b> |
| <b>V PROFIT BEFORE TAX (III-IV)</b>                                      |                  | <b>6,876,505.72</b>    | <b>7,830,115.62</b>   |
| <b>VI TAX EXPENSES</b>   |                  |                        |                       |
| Current Tax  |                  | (4,118,400.00)         | (4,012,000.00)        |
| Deferred Tax   |                  | 1,494,000.00           | 929,000.00            |
| Income tax earlier years   |                  | (188,402.00)           | (554,294.00)          |
|  |                  | <b>(2,812,802.00)</b>  | <b>(3,637,294.00)</b> |
| <b>VII PROFIT (LOSS) FOR THE PERIOD (V-VI)</b>                           |                  | <b>4,063,703.72</b>    | <b>4,192,821.62</b>   |
| <b>VIII EARNINGS PER EQUITY SHARE:</b>                                   | 2.26             |                        |                       |
| Basic  |                  | <b>0.58</b>            | <b>2.43</b>           |
| Diluted  |                  | <b>0.58</b>            | <b>2.43</b>           |
| <b>Significant accounting policies and notes to financial statements</b> | <b>1 &amp; 2</b> |                        |                       |

As per our Report of even date  
for **M/S A. C. BHUTERIA & CO.**  
Chartered Accountants

For and on behalf of the Board

**Mohit Bhuteria**  
Partner

**M. M. Mohta**  
Chairman & Managing Director

**Anirudh Mohta**  
Joint Managing Director

Place : Kolkata  
Date : 28-05-2012

Place: Belgaum  
Date : 28-05-2012



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS**

## 1 SIGNIFICANT ACCOUNTING POLICIES

a) **Accounting Convention**

The financial statements have been prepared in accordance with the applicable Accounting Standards notified under the Companies (Accounting Standards ) Rules, 2006 and under historical cost convention on accrual basis except for certain fixed assets which are carried at revalued amounts.

b) **Use of Estimates**

The preparation of the financial statements is in conformity with Generally Accepted Accounting Principles (GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of financial statement. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods

c) **Tangible Fixed Assets**(i) **Recognition**

Tangible Fixed Assets are stated at cost of acquisition or construction (net of Cenvat credits) less accumulated depreciation except in case of certain fixed assets which have been revalued are stated at revalued amount less accumulated depreciation. All costs relating to the acquisition and installation of fixed asset are capitalised and include borrowing costs directly attributable to construction or acquisition of qualifying fixed assets.

(ii) **Depreciation**

Depreciation on tangible fixed assets is charged on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on assets purchased / acquired during the year is charged from the date of addition / purchase of the asset. Similarly, depreciation on assets sold / discarded during the year is charged up on the sale / discard of the assets. Depreciation on addition on account of revaluation is recouped from Revaluation Reserve.

d) **Intangible Fixed Assets**(i) **Recognition**

Intangible fixed assets acquired separately are measured on initial recognition at cost.

(ii) **Amortization**

Intangible assets are amortized on straight line basis over the estimated useful economic life of the asset. The company presumes that the useful economic life of Technical Knowhow is five years from the year in which it is acquired and is ready to use and therefore, Technical Knowhow is amortized on straight line basis over a period of five years from the year in which it is acquired and is ready to use.

e) **Non-Current/Long Term Investment**

Non-Current/Long Term Investments are stated at cost. Provision is made for diminution in value, if the same is considered to be other than temporary in nature.

f) **Inventories**

Inventories are valued at lower of cost or net realizable value. Cost is arrived at on weighted average method. Scrap is valued at estimated realizable value. Excise duty payable on finished goods lying in the factory is provided for and included in closing stock of inventory.

**g) Employee Benefits**

## 1 Short term employee benefits :

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like Salary, wages and Performance incentives, and are recognized as expenses in the period in which the employee renders the related service.

## 2 Post- employment Benefits

a. Defined Contribution Plans

The Company has Defined Contribution Plans for Post employment benefits in the form of Superannuation Fund and Provident Fund for all employees which are administered by Life Insurance Corporation (LIC) and Regional Provident Fund Commissioner respectively. Superannuation Fund and Provident Fund are classified as a defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution plans are charged to the Profit and Loss Account as and when incurred.

b. Defined Benefit Plans

Funded Plan: The Company has a defined benefit plan for Post-employment benefit in the form of Gratuity, which is administered through Life Insurance Corporation (LIC).

Liability for the above defined benefit plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

c. Other Long-term Employee Benefit

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

## 3 Termination benefits are recognised as an expense as and when incurred.

## 4 The Actuarial gains and losses arising during the year are recognised in the Profit and Loss Account.

**h) Research and Development:**

Capital expenditure on research and development is treated in the same way as expenditure on fixed assets. The revenue expenditure on research and development is charged to Profit & Loss Account.

## i) Revenue Recognition

Sale of goods

Sales are recognized, net of returns, on transfer of significant risks and reward of ownership to the customer, which generally coincides with the delivery of the goods to the customer. Sales includes excise duty but excludes value added tax and sales tax collected.

Rendering of services

Revenue from maintenance contracts are recognized pro-rata over the period of contract.

Revenue from other service contracts are recognized when services are rendered and related costs are incurred.

Other income

Interest income is accounted for on accrual basis. Dividend income is accounted for when the right to receive is established. Other items of income are recognized on accrual basis.

**j) Borrowing Cost.**

Interest on borrowings directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets up to the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

**k) Foreign Currency Transactions.****Initial recognition**

Transactions in foreign currency are accounted for at exchange rates prevailing on the date of the transaction.

**Measurement of foreign currency monetary items at Balance Sheet date**

Foreign currency monetary items (other than derivative contracts) as at Balance Sheet date are restated at the year end rates.

**Exchange difference**

Exchange differences arising on settlement of monetary items are recognised as income or expense in the period in which they arise. Exchange difference arising on restatement of foreign currency monetary items as at the year end being difference between exchange rate prevailing on initial recognition/subsequent restatement on reporting date and as at current reporting date is adjusted in the Profit & Loss Statement for the respective year.

**l) Earnings Per Share:**

The earnings in ascertaining the Company's EPS comprises the net profit/loss after tax attributable to equity shareholders and includes the post tax effect of any extraordinary items. The number of shares used in computing Basic – EPS is the weighted average number of shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period.

**m) Taxation:**

Tax expense for the year, comprising, current tax and deferred tax are included in determining the net profit for the year. A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable incomes and accounting income at currently or substantively enacted tax rates. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**n) Provisions and Contingent Liabilities:**

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

**o) Impairment of Assets:**

Impairment is ascertained at each balance sheet date in respect of cash generating units. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

**p) Segment Reporting****Identification of a segment**

The Company identifies primary segment based on the dominant source, nature of risk and returns associated.

**Segment Accounting**

The accounting policies applicable to the reportable segment are the same as those used in the preparation of the financial statements as set out above. Segment revenue and expenses include amounts which can be directly identifiable to the segment or allocable on a reasonable basis. Segment assets include all assets directly identifiable to the segment. Segment liabilities include all liabilities directly identifiable to the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis are included under unallocated revenue, unallocated expenses, unallocated assets and unallocated liabilities

**q) Leases**

Assets leased by the company in its capacity as a lessee where substantially all the risks and rewards of ownership vest in the company are classified as the finance leases. Such leases are capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year. Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight line basis.

**(2) NOTES TO FINANCIAL STATEMENTS**
**(2.1) SHARE CAPITAL**

| (a) Authorized Share Capital        | As at 31-Mar-12 |              | As at 31-Mar-11 |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
|                                     | Quantity (Nos.) | Amount (Rs.) | Quantity (Nos.) | Amount (Rs.) |
| Equity Shares of Rs. 10/- each      | 4,000,000       | 40,000,000   | 3,400,000       | 34,000,000   |
| Preference Shares of Rs. 100/- each | 400,000         | 40,000,000   | 60,000          | 6,000,000    |
|                                     | 4,400,000       | 80,000,000   | 3,460,000       | 40,000,000   |

| (b) Issued Share Capital            | As at 31-Mar-12 |              | As at 31-Mar-11 |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
|                                     | Quantity (Nos.) | Amount (Rs.) | Quantity (Nos.) | Amount (Rs.) |
| Equity Shares of Rs. 10/- each      | 1,482,750       | 14,827,500   | 1,482,750       | 14,827,500   |
| Preference Shares of Rs. 100/- each | 345,268         | 34,526,800   | 60,000          | 6,000,000    |
|                                     | 1,482,750       | 14,827,500   | 1,542,750       | 20,827,500   |

| (c) Subscribed Share Capital        | As at 31-Mar-12 |              | As at 31-Mar-11 |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
|                                     | Quantity (Nos.) | Amount (Rs.) | Quantity (Nos.) | Amount (Rs.) |
| Equity Shares of Rs. 10/- each      | 1,460,000       | 14,600,000   | 1,460,000       | 1,460,000    |
| Preference Shares of Rs. 100/- each | 338,000         | 33,800,000   | 52,732          | 5,273,200    |
|                                     | 1,798,000       | 48,400,000   | 1,512,732       | 6,733,200    |

| (d) Paid-up Share Capital                      | As at 31-Mar-12 |              | As at 31-Mar-11 |              |
|--|-----------------|--------------|-----------------|--------------|
|  | Quantity (Nos.) | Amount (Rs.) | Quantity (Nos.) | Amount (Rs.) |
| Equity Shares of Rs. 10/- each fully paid      | 1,446,700       | 14,467,000   | 1,446,700       | 14,467,000   |
| Shares Forfeited                               | -               | 66,500       | -               | 66,500       |
|  | 1,446,700       | 14,533,500   | 1,446,700       | 14,533,500   |
| Preference Shares of Rs. 100/- each fully paid | 338,000         | 33,800,000   | 52,732          | 5,273,200    |
|  | 1,784,700       | 48,333,500   | 1,499,432       | 19,806,700   |

| (e) Reconciliation of Equity shares of Rs. 10/- each outstanding at the beginning and at the end of the reporting period. | As at 31-Mar-12 |            | As at 31-Mar-11 |            |
|---|-----------------|------------|-----------------|------------|
|   | Quantity (Nos.) | Amount Rs. | Quantity (Nos.) | Amount Rs. |
| Balance as at the beginning of the period   | 1,446,700       | 14,467,000 | 1,446,700       | 14,467,000 |
| Add/(Less): Movement during the year  | -               | -          | -               | -          |
| Balance as at the end of the period   | 1,446,700       | 14,467,000 | 1,446,700       | 14,467,000 |

| (f) Reconciliation of Preference shares of Rs. 100/- each outstanding at the beginning and at the end of the reporting period. | As at 31-Mar-12 |             | As at 31-Mar-11 |            |
|--|-----------------|-------------|-----------------|------------|
|  | Quantity (Nos.) | Amount Rs.  | Quantity (Nos.) | Amount Rs. |
| Balance as at the beginning of the period  | 52,732          | 5,273,200   | 52,732          | 5,273,200  |
| Add: Allotment during the year   | 300,000         | 30,000,000  | -               | -          |
| Less: Redemption during the year   | (14,732)        | (1,473,200) | -               | -          |
| Balance as at the end of the period  | 338,000         | 33,800,000  | 52,732          | 5,273,200  |

| (g) Shareholders holding more than 5% of Equity Share Capital. | As at   | 31-Mar-12 | As at   | 31-Mar-11 |
|--|---------|-----------|---------|-----------|
|  | (Nos.)  | (%)       | (Nos.)  | (%)       |
| 1 Mohta Capital Pvt Ltd  | 380,606 | 26.31     | 380,606 | 26.31     |
| 2 Sri Ramchandra Enterprises Pvt Ltd                           | 199,697 | 13.80     | 199,697 | 13.80     |
| 3 U D Finnvest Pvt Ltd   | 133,400 | 9.22      | 133,400 | 9.22      |
| 4 Urmila Devi Mohta  | 193,668 | 13.39     | 193,668 | 13.39     |

| (h) Shareholders holding more than 5% of Preference Share Capital. | As at   | 31-Mar-12 | As at  | 31-Mar-11 |
|--|---------|-----------|--------|-----------|
|  | (Nos.)  | %         | (Nos.) | %         |
| 1 U D Finnvest Pvt Ltd   | -       | -         | 14,192 | 26.91     |
| 2 Sri Ramchandra Enterprises Pvt Ltd                               | -       | -         | 15,000 | 28.45     |
| 3 Mohta Capital Pvt Ltd  | 315,000 | 93.20     | 23,540 | 44.64     |

**(i) Terms/rights attached to Equity Shares**

The Company has Equity Shares having par value of Rs. 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Holders of Equity Shares are entitled to dividend, in proportion to the paid up amount, proposed by Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts.

**(j) Terms/rights attached to Preference Shares**

**(1) Rights/preferences attached to Preference Shares**

The dividend on preference shares proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. Each holder of Preference Share is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the said shares. In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital but shall not be entitled to any surplus arising thereto.

**(2) Terms of redemption of preference shares.**

| Particulars  | As at           | 31-Mar-12    | As at           | 31-Mar-11    |
|--|-----------------|--------------|-----------------|--------------|
|  | Quantity (Nos.) | Amount (Rs.) | Quantity (Nos.) | Amount (Rs.) |
| (i) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at par on 31/03/2031.                             | 300,000         | 30,000,000   | 300,000         | 30,000,000   |
| (ii) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at par on 31/03/2020.                            | 20,000          | 2,000,000    | 20,000          | 2,000,000    |
| (iii) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at par on 31/03/2014.                           | 18,000          | 1,800,000    | 18,000          | 1,800,000    |
| (iv) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at a premium of Rs 60/- per share on 31/03/2012. | -               | -            | 14,732          | 1,473,200    |

**(2.2) RESERVES AND SURPLUS**

| Particulars  | As at<br>31 Mar 12<br>Rs. | As at<br>31 Mar 11<br>Rs. |
|--|---------------------------|---------------------------|
| <b>Capital Reserve</b>   |                           |                           |
| Opening Balance  | 644,876.00                | 644,876.00                |
| (A)  | 644,876.00                | 644,876.00                |
| <b>Capital Redemption Reserve</b>                                    |                           |                           |
| Opening Balance  | -                         | -                         |
| Add: Created during the year upon redemption<br>of Preference Shares | 1,473,200.00              | -                         |
| (B)  | 1,473,200.00              | -                         |
| <b>Securities Premium</b>  |                           |                           |
| Opening Balance  | 4,715,620.00              | 4,715,620.00              |
| Add: Addition during the year  | -                         | -                         |
|  | 4,715,620.00              | 4,715,620.00              |
| Less: Premium paid on redemption of<br>Preference Shares             | 883,920.00                | -                         |
| (C)  | 3,831,700.00              | 4,715,620.00              |
| <b>Revaluation Reserve:</b>  |                           |                           |
| Opening Balance  | 24,010,387.00             | 24,547,505.00             |
| Less: Deductions /adjustments made during the<br>year                | 537,718.00                | 537,118.00                |
| (D)  | 23,472,669.00             | 24,010,387.00             |
| <b>General Reserve</b>   |                           |                           |
| Opening Balance  | 4,500,000.00              | 3,500,000.00              |
| Add: Additions during the year                                       | 1,000,000.00              | 1,000,000.00              |
| (E)  | 5,500,000.00              | 4,500,000.00              |
| <b>Surplus/(deficit) in Profit &amp; Loss Statement</b>              |                           |                           |
| Opening Balance  | 11,833,324.80             | 9,314,654.18              |
| Add: Surplus/(deficit) for the period                                | 4,063,703.72              | 4,192,821.62              |
|  | 15,897,028.52             | 13,507,475.80             |
| Less: Appropriation  |                           |                           |
| Transfer to General Reserve  | (1,000,000.00)            | (1,000,000.00)            |
| Transfer to Capital Redemption Reserve                               | (1,473,200.00)            | -                         |
| Proposed Dividend on Preference Shares                               | (2,780,052.00)            | (580,052.00)              |
| Tax on Proposed Dividend   | (450,994.00)              | (94,099.00)               |
| <b>Balance carried forward</b>                                       | (F) 10,192,782.52         | 11,833,324.80             |
| <b>Total (A to F)</b>  | 45,115,227.52             | 45,704,207.80             |

**(2.3) LONG TERM BORROWINGS**

| Particulars                                       | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| <b>Secured</b>                                    |                           |                           |
| Term Loans  |                           |                           |
| - From Banks [see note (i) below]                 | -                         | -                         |
| Long term maturities of finance lease obligation  | 4,869,495                 | 6,830,446                 |
| - Motor Car loan from Banks [see note (ii) below] | 4,869,495                 | 6,830,446                 |
|   | 4,869,495                 | 6,830,446                 |

Note:

- (i) Term loan(s) are secured by charge on all Fixed assets except fixed assets otherwise exclusively charged. Amount of term loan due as on 31.03.2011 has been fully paid in the financial year 2011-2012. Interest @ BPLR of respective bank plus spread of 2% is chargeable on reducing balance method on the said term loan(s). As on 31-03-2011 seven installments are due for repayment amounting to Rs 752,626/-.
- (ii) Finance Lease obligations are with respect to various hire purchase agreements entered into by the company for acquisition of motor cars from time to time. All such agreements are secured by hypothecation of respective motor car. Obligation under such agreement(s) is repayable in equated monthly installments. Interest thereon is payable as per respective agreement on reducing balance method varying between 10% per annum to 12.5% per annum. As on 31-03-2012 488 installments (Previous Year 657 installments) are due for repayment amounting to Rs 3,595,851/- including interest (Previous Year Rs 4,780,341/-)

**(2.4) OTHER LONG TERM LIABILITIES**

| Particulars                           | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---------------------------------------|---------------------------|---------------------------|
| Liability for Intangible Fixed Assets | 27,965,250                | 25,915,950                |
| Security Deposit from employees       | 2,061,083                 | 1,942,962                 |
|                                       | 30,026,333                | 27,858,912                |

**(2.5) SHORT TERM BORROWINGS**

| Particulars  | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|--|---------------------------|---------------------------|
| <b>Secured</b>   |                           |                           |
| Loans repayable on demand                                      |                           |                           |
| - Cash credit from Banks [see note (i) below]                  | 71,388,093                | 35,853,281                |
| Raw Material Assistance Scheme from NSIC [see note (ii) below] | 9,555,094                 | 3,507,071                 |
| Packing Credit from Banks                                      | -                         | 11,640,000                |
| <b>Unsecured</b>   |                           |                           |
| Loans from Related Parties                                     | 24,624,391                | 38,710,119                |
| Loans from Bodies Corporate                                    | 23,363,116                | 4,052,928                 |
|  | 128,930,694               | 93,763,399                |

Note

- (i) Cash credit availed from banks is secured by hypothecation of inventory and receivables upto 120 days as primary security and equitable mortgage of factory land and building and personal guarantee of three directors of the Company as collateral security. Interest on cash credit is payable at floating rate being base rate of respective bank plus spread varying between 4.75% to 6.75%.
- (ii) Raw Material Assistance Scheme availed from NSIC is secured by bank guarantee amounting to Rs 10,000,000/-. Interest is payable @ 11% per annum on amount outstanding. Additional interest at the rate of 2% percent per annum is payable if payment is not made within stipulated time limit.
- (iii) Packing credit facility availed is secured by hypothecation of inventory for packing credit. Interest on packing credit is payable at floating rate being base rate of respective bank plus spread of 1.25%
- (iv) As on 31-03-2012 the Cash Credit ("CC") limit maintained with Bank of Maharashtra ("BOM") and State Bank of India ("SBI") has been overdrawn by Rs 3,718,499/- and Rs 5,281,883/- respectively. CC limit with BOM and SBI has been overdrawn since 26-03-2012 and 25-02-2012 respectively and was cleared on 05-05-2012 and 12-04-2012.

**(2.6) TRADE PAYABLES**

| Particulars   | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| Trade Payables  |                           |                           |
| - Due to Micro Enterprises & Small Enterprises            | -                         | -                         |
| - Due to Other than Micro Enterprises & Small Enterprises | 50,959,334                | 48,927,218                |
| - Acceptances   | 33,253,429                | 24,429,281                |
|   | 84,212,763                | 73,356,499                |

**(2.7) OTHER CURRENT LIABILITIES**

| Particulars                                     | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| Current maturities of long term borrowings      |                           |                           |
| - Term Loan from Banks                          | -                         | 752,626                   |
| Current maturities of finance lease obligations |                           |                           |
| - Car loan from Bank(s)                         | 2,305,935.99              | 2,054,750.08              |
| Interest accrued but not due on borrowings      | 57,448.00                 | 46,961.00                 |
| Interest accrued and due on borrowings          | 1,167,136.00              | 1,104,945.00              |
| Advance from Customers                          | 81,841,199                | 55,780,588                |
| Bill Discounted                                 | 5,526,858                 | -                         |
| Liability for Intangible Asset                  | -                         | 2,239,650                 |
| Liabilities for Statutory Dues                  | 7,925,089                 | 9,072,134                 |
| Liabilities for Expenses                        | 6,887,794                 | 6,896,542                 |
|   | 105,711,460               | 77,948,196                |

**(2.8) SHORT TERM PROVISIONS**

| Particulars                      | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|----------------------------------|---------------------------|---------------------------|
| Provision for employee benefit   |                           |                           |
| - Provision for Gratuity         | 3,372,327                 | 2,687,772                 |
| - Provision for Leave Encashment | 2,155,738                 | 1,648,332                 |
| Provision - Others               |                           |                           |
| - Provision for Income Tax (Net) | 493,795                   | 3,464,291                 |
| - Provision for Dividend         | 2,780,052                 | 580,052                   |
| - Provision for Dividend Tax     | 450,994                   | 94,099                    |
| - Provision for Product Warranty | 420,985                   | 379,858                   |
| For Liquidated Damages           | -                         | -                         |
|                                  | 9,673,891                 | 8,854,404                 |



| PARTICULARS |                           | GROSS BLOCK                 |               |                            |                     |                     |                 | DEPRECIATION  |                              |                     |                     | NET BLOCK |  |
|-------------|---------------------------|-----------------------------|---------------|----------------------------|---------------------|---------------------|-----------------|---------------|------------------------------|---------------------|---------------------|-----------|--|
|             |                           | AS AT<br>31.03.2011<br>Year | Additions     | Deductions/<br>Adjustments | AS AT<br>31.03.2012 | AS AT<br>31.03.2011 | For the<br>Year | Deductions    | TOTAL<br>As at<br>31.03.2012 | As on<br>31.03.2012 | As on<br>31.03.2011 |           |  |
|             |                           | Rs.                         | Rs.           | Rs.                        | Rs.                 | Rs.                 | Rs.             | Rs.           | Rs.                          | Rs.                 | Rs.                 |           |  |
| <b>A</b>    | <b>LEASED</b>             |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
| 1           | LEASEHOLD LAND<br>GL - 64 | 13,310,040.00               | -             | -                          | 13,310,040.00       | -                   | -               | -             | -                            | 13,310,040.00       | 13,310,040.00       |           |  |
| 2           | VEHICLES<br>GL - 69       | 6,378,208.00                | 646,980.00    | 781,351.00                 | 6,243,837.00        | 951,404.00          | 383,190.00      | 1,169,558.00  | 5,074,279.00                 | 5,426,804.00        |                     |           |  |
| 3           | <b>OWNED</b>              |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
|             | BUILDINGS                 | 18,367,602.00               | -             | -                          | 18,367,602.00       | 7,467,029.00        | -               | 7,987,529.00  | 10,380,073.00                | 10,900,573.00       |                     |           |  |
| 4           | GL - 65                   | 157,861.00                  | -             | -                          | 157,861.00          | 3,849.00            | -               | 6,422.00      | 151,439.00                   | 154,012.00          |                     |           |  |
|             | BOREWELL                  | 46,550,952.00               | 220,178.00    | -                          | 46,771,130.00       | 38,278,185.00       | -               | 39,392,133.00 | 7,378,997.00                 | 8,272,767.00        |                     |           |  |
| 5           | GL - 589                  | 737,764.00                  | 243,060.00    | -                          | 980,824.00          | 363,224.00          | -               | 394,715.00    | 586,109.00                   | 374,540.00          |                     |           |  |
|             | PLANT AND MACHINERY       | 9,139,939.00                | 69,849.00     | 212,500.00                 | 8,997,288.00        | 1,431,579.00        | -               | 2,267,021.00  | 6,730,267.00                 | 7,708,360.00        |                     |           |  |
| 6           | GL - 397                  | 3,345,367.00                | -             | -                          | 3,345,367.00        | 3,095,060.00        | -               | 3,136,402.00  | 208,965.00                   | 250,307.00          |                     |           |  |
|             | OFFICE EQUIPMENTS         | 1,837,266.00                | 117,873.00    | -                          | 1,955,139.00        | 1,532,445.00        | -               | 1,600,685.00  | 354,454.00                   | 304,821.00          |                     |           |  |
| 7           | GL - 69                   | 2,463,202.00                | 372,648.00    | -                          | 2,835,850.00        | 1,848,726.00        | -               | 2,047,430.00  | 788,420.00                   | 614,476.00          |                     |           |  |
|             | VEHICLES                  | 102,288,201.00              | 1,670,588.00  | 993,851.00                 | 102,964,938.00      | 54,971,501.00       | 419,473.00      | 58,001,895.00 | 44,963,043.00                | 47,316,700.00       |                     |           |  |
| 8           | GL - 68                   | 39,228,488.00               | -             | -                          | 39,228,488.00       | 33,302,304.00       | -               | 39,228,488.00 | -                            | 5,926,184.00        |                     |           |  |
|             | ELECTRICAL INSTALLATIONS  | 141,516,689.00              | 1,670,588.00  | 993,851.00                 | 142,199,426.00      | 88,273,805.00       | 419,473.00      | 97,230,383.00 | 44,963,043.00                | 53,242,884.00       |                     |           |  |
| 9           | GL - 67                   | 129,911,760.00              | 12,678,262.00 | 1,073,333.00               | 141,516,689.00      | 78,254,967.00       | 546,350.00      | 88,273,805.00 | 53,242,884.00                | -                   |                     |           |  |
|             | FURNITURE AND FIXTURES    |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
| 10          | COMPUTERS                 |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
|             | GL - 250                  |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
| <b>B</b>    | <b>INTANGIBLE ASSETS</b>  |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
| 9           | TECHNICAL KNOW - HOW      |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
|             | GL - 297                  |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
|             | <b>Total</b>              |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |
|             | <b>Previous Year</b>      |                             |               |                            |                     |                     |                 |               |                              |                     |                     |           |  |

**2.10) NON-CURRENT INVESTMENTS**

| Particulars  | Face value<br>(Rs.) | 31-Mar-12 |        | 31-Mar-11 |        |
|--|---------------------|-----------|--------|-----------|--------|
|  |                     | Nos       | (Rs.)  | Nos.      | (Rs.)  |
| <u>(Long Term Non-Trade at cost fully paid up unless otherwise stated)</u> |                     |           |        |           |        |
| <b>Unquoted Equity Shares</b>  |                     |           |        |           |        |
| Belgaum Coal and coke Consumer Co-op Ass. Ltd                              | 1,000               | 4         | 4,000  | 4         | 4,000  |
| Belgaum Manufacturers Co-op Industrial Estate Ltd                          | 25                  | 40        | 1,000  | 40        | 1,000  |
| WG Forge and Allied Industrial Limited                                     | 10                  | 50        | 402    | 50        | 402    |
| Sarswat Co-op Bank Ltd   | 10                  | 783       | 7,830  | 783       | 7,830  |
| <b>Quoted Equity Shares</b>  |                     |           |        |           |        |
| Alfa Laval Limited   | 10                  | -         | -      | 5         | 100    |
| Alfred Herbert (India) Limited   | 6                   | 5         | 40     | 5         | 40     |
| American Refrigerator Company Limited                                      | 10                  | 100       | 400    | 100       | 400    |
| Andhra Sinter Limited  | 10                  | 1,000     | 10,000 | 1,000     | 10,000 |
| Best and Crompton Engineering Limited                                      | 10                  | 105       | 1,782  | 105       | 1,782  |
| BF Investment Ltd (Bonus)  | 5                   | 26        | -      | 26        | -      |
| BF Utilites Ltd (Bonus)  | 5                   | 26        | -      | 26        | -      |
| Bharat Forge Company Limited   | 2                   | 130       | 1,300  | 130       | 1,300  |
| Bosch Rexroth India Ltd  | 10                  | 6         | 65     | 6         | 65     |
| Dynamic Technologies Limited   | 10                  | 40        | 272    | 40        | 272    |
| E.C.E. Industries Limited  | 10                  | 30        | 300    | 30        | 300    |
| Eaton Fluid Power Ltd (Vickers Systems International Limited)              | 10                  | 24        | 672    | 24        | 672    |
| Eicher Motors Ltd (Bonus)  | 10                  | 1         | -      | 1         | -      |
| Eicher Tractors Limited  | 10                  | 4         | 875    | 4         | 875    |
| Elecon Engineering Co. Limited (Including Bonus)                           | 2                   | 360       | 707    | 360       | 707    |
| Guest Keen Williams Limited  | 10                  | 1         | 24     | 1         | 24     |
| Jyoti Limited  | 10                  | 50        | 722    | 50        | 722    |
| Kulkarni Power Tools Limited (F.V Change)                                  | 5                   | 200       | 602    | 200       | 602    |
| Larsen and Tubro Limited   | 2                   | 256       | 3,156  | 256       | 3,156  |
| LML Limited  | 10                  | 27        | 562    | 27        | 562    |
| Mahindra and Mahindra Limited(F.C Change)                                  | 5                   | 52        | 196    | 52        | 196    |
| Manugraph Industries Limited   | 2                   | 240       | 1,120  | 240       | 1,120  |
| Nesco Ltd (New Standard Engineering Company Limited)                       | 10                  | 40        | 113    | 40        | 113    |
| Scooters India Limited   | 10                  | 50        | 230    | 50        | 230    |
| SLM Maneklal Industries Limited  | 100                 | 1         | 204    | 1         | 204    |
| Tata Construction & Projects Ltd   | 10                  | 50        | 500    | 50        | 500    |
| Tata Motors Ltd  | 10                  | 23        | 924    | 23        | 924    |
| Texmaco Ltd  | 10                  | 10        | 240    | 10        | 240    |
| U. T. Limited  | 10                  | 100       | 607    | 100       | 607    |
| Ultratech Cement (Bonus)   | 10                  | 51        | -      | 51        | -      |
| Voltas Limited   | 1                   | 150       | 165    | 150       | 165    |
| <b>Quoted Debentures</b>   |                     |           |        |           |        |
| Tata Enginnering & Locomotive Company Limited (NC)                         | 150                 | 3         | 300    | 3         | 300    |
| TATA SSL Limited (NC)  | 50                  | 45        | 2,250  | 45        | 2,250  |
| Bharat Forge Limited (NC)  | 50                  | 2         | 100    | 2         | 100    |
| <b>Un-Quoted Debentures</b>  |                     |           |        |           |        |
| Eicher Tractors Limited  | 100                 | 1         | 100    | 1         | 100    |
| Krishna Bhagya Jala Niqam Limited  | 5,000               | 2         | 10,000 | 2         | 10,000 |
|  |                     |           | 51,760 |           | 51,860 |

|   |   |         |         |
|---|---|---------|---------|
| 1 | Book Value cost of Un-Quoted Investments  | 23,332  | 23,332  |
| 2 | Book Value cost of Quoted Investments   | 28,428  | 28,528  |
| 3 | Market Value Quoted Investments   | 669,043 | 804,347 |
| 4 | Quoted Investments whose market value was not available are considered at cost to arrive at market value. |         |         |

**(2.11) DEFERRED TAX ASSETS**

| a) Particulars   | Opening          | Ch./Cr. To P/L A/C. | Closing            |
|--|------------------|---------------------|--------------------|
| Deferred Tax Assets:   |                  |                     |                    |
| Expenses charged/credited to P/L account but allowed on I.T on pay basis (U/S 43B)                             | 560,000          | 173,000             | 733,000            |
| - Provision for Product Warranty   | 129,000          | 14,000              | 143,000            |
| - Provision for doubtful debts / advances  | 978,000          | 245,000             | 1,223,000          |
| <b>(a)</b>   | <b>1,667,000</b> | <b>432,000</b>      | <b>2,099,000</b>   |
| Deferred Tax Liability:  |                  |                     |                    |
| Tax impact of difference between carrying amount of fixed assets as per books of account and as per Income Tax | (764,000)        | (1,062,000)         | (1,826,000)        |
| <b>(b)</b>   | <b>(764,000)</b> | <b>(1,062,000)</b>  | <b>(1,826,000)</b> |
| <b>(a) – (b)</b>   | <b>2,431,000</b> | <b>1,494,000</b>    | <b>3,925,000</b>   |

b) Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

**(2.12) OTHER NON-CURRENT ASSETS**

| Particulars   | As at 31-Mar-12 Rs.  | As at 31-Mar-11 Rs.  |
|---|----------------------|----------------------|
| <u>Other Bank Balances</u>  |                      |                      |
| - Non-Current portion of fixed deposits with original maturity of more than 12 months | 8,993,543.00         | 16,771,662.00        |
| <u>Advances recoverable in cash or in kind or for value to be received</u>            |                      |                      |
| Considered good   |                      |                      |
| - Advances to staff   | 2,350,588.00         | 2,279,447.00         |
|   | <b>11,344,131.00</b> | <b>19,051,109.00</b> |

**Note:**

(i) Above mentioned fixed deposits are held as margin money with banks against bank guarantees, letter of credit and other commitments and includes interest accrued thereon.

**(2.13) INVENTORIES**

| Particulars                             | As at 31-Mar-12 Rs. | As at 31-Mar-11 Rs. |
|---|---------------------|---------------------|
| (As valued and certified by a Director) |                     |                     |
| Raw Materials                           | 24,001,083          | 22,048,806          |
| Intermediate and Components             | 11,021,510          | 12,755,060          |
| Stores and Spares Parts                 | 1,338,805           | 2,210,527           |
| Work-in-Progress                        | 167,966,000         | 81,932,000          |
| Finished Goods                          | 51,009,514          | 77,080,670          |
| Scrap                                   | 16,079              | 155,975             |
|   | <b>255,352,991</b>  | <b>196,183,038</b>  |

**(2.14) TRADE RECEIVABLES**

| Particulars   | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| <u>Unsecured Considered Good</u>  |                           |                           |
| Outstanding for a period of not more than six months from Other Debts                             | 64,030,015                | 33,106,525                |
|   | 49,777,359                | 40,728,215                |
|   | 113,807,374               | 73,834,741                |
| Unsecured Considered Doubtful Provided for Outstanding for a period exceeding six months from due | 3,199,126                 | 2,333,666                 |
| Less: Provision for Doubtful Debts  | (3,199,126)               | (2,333,666)               |
|   | -                         | -                         |
|   | 113,807,374               | 73,834,741                |

**(2.15) CASH AND CASH EQUIVALENTS**

| Particulars  | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|--|---------------------------|---------------------------|
| Cash-in-hand (As certified by a director)          | 289,268                   | 572,717                   |
| Balance with Scheduled Banks in current account(s) | 1,884,048                 | 1,305,655                 |
|  | 2,173,317                 | 1,878,372                 |

**(2.16) OTHER BANK BALANCES**

| Particulars   | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| Current portion of fixed deposits with original maturity of more than 12 months | 10,931,446                | 995,297                   |
|   | 10,931,446                | 995,297                   |

**Note:**

- (i) Above mentioned fixed deposits are held as margin money with banks against bank guarantees, letter of credit and other commitments and includes interest accrued thereon.

**(2.17) SHORT TERM LOANS AND ADVANCES**

| Particulars  | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|--|---------------------------|---------------------------|
| <u>Advances recoverable in cash or in kind or for value to be received</u> |                           |                           |
| Considered good  |                           |                           |
| - Advances to staff  | 1,625,956                 | 1,478,705.05              |
| - Advances to Related parties  |                           |                           |
| - Advances to Others   | 10,957,879                | 2,878,378.53              |
| Considered doubtful provided for   | 400,000                   | 545,000.00                |
| Less: Provision for Doubtful Advances                                      | (400,000)                 | (545,000.00)              |
| Prepaid Expenses   | 1,145,644                 | 1,276,471.00              |
| Deposit with Govt., Public Bodies and Others                               | 594,824                   | 783,229                   |
| Advance Fringe Benefit Tax (Net of provision)                              | -                         | 37,680.00                 |
|  | 14,324,302                | 6,454,464                 |

**(2.18) Revenue From Operations**

| Particulars                | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|----------------------------|---------------------------|---------------------------|
| Sale of goods manufactured | 260,751,953.63            | 253,300,466.05            |
| Sale of services           | 4,865,491.50              | 3,377,509.00              |
| Other operating revenues   | 3,449,330.83              | 5,754,794.17              |
|                            | <b>269,066,775.96</b>     | <b>262,432,769.22</b>     |

**(2.19) Other Income**

| Particulars   | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| Interest Income   |                           |                           |
| i Interest from Banks                                   | 1,404,617.00              | 955,922.00                |
| ii Interest from Others                                 | -                         | -                         |
| ii Interest On Income Tax Refund                        | -                         | 92,904.00                 |
|   | <b>1,404,617.00</b>       | <b>1,048,826.00</b>       |
| Dividend from Non-Current/Long Term Investments         | 10,293.50                 | 8,728.00                  |
| Miscellaneous Receipts                                  | 32,259.64                 | 225,916.02                |
| Prior Period Adjustments                                | 350,000.00                | -                         |
| Provision for Doubtful Debts /Advances written back     | -                         | 811,393.00                |
| Sundry Creditors balances written off                   | 17,120.97                 | 133,933.00                |
| Profit on disposal of tangible Fixed Assets             | 18,769.00                 | 7,619.00                  |
| Liability no longer required written back               | 251,290.00                | 12,642.00                 |
| Profit on disposal of Non-Current/Long Term Investments | 15,900.00                 | -                         |
| Entry tax refund  | 1,258,499.00              | -                         |
|   | <b>1,954,132.11</b>       | <b>1,200,231.02</b>       |
|   | <b>3,358,749.11</b>       | <b>2,249,057.02</b>       |

**(2.20) COST OF MATERIAL CONSUMED**

| Particulars                         | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|-------------------------------------|---------------------------|---------------------------|
| <b>Raw Materials</b>                |                           |                           |
| Opening Stock                       | 22,048,806.00             | 16,665,166.00             |
| Add: Purchases                      | 106,820,108.10            | 94,775,947.00             |
| Less: Closing Stock                 | (24,001,083.00)           | (22,048,806.00)           |
| <b>(A)</b>                          | <b>104,867,831.10</b>     | <b>89,392,307.00</b>      |
| <b>Intermediates and Components</b> |                           |                           |
| Opening Stock                       | 12,755,060.00             | 13,116,342.00             |
| Add: Purchases                      | 61,068,596.94             | 48,727,673.00             |
| Less: Closing Stock                 | (11,021,510.00)           | (12,755,060.00)           |
| <b>(B)</b>                          | <b>62,802,146.94</b>      | <b>49,088,955.00</b>      |
| <b>Packing material</b>             |                           |                           |
| Opening Stock                       | -                         | 142.00                    |
| Add: Purchases                      | 1,137,266.00              | 1,088,593.00              |
| Less: Closing Stock                 | -                         | -                         |
| <b>(C)</b>                          | <b>1,137,266.00</b>       | <b>1,088,735.00</b>       |
| <b>Stores and Spares</b>            |                           |                           |
| Opening Stock                       | 2,210,527.00              | 2,474,558.00              |
| Add: Purchases                      | 7,845,147.40              | 6,339,057.00              |
| Less: Closing Stock                 | (1,338,805.00)            | (2,210,527.00)            |
| <b>(D)</b>                          | <b>8,716,869.40</b>       | <b>6,603,088.00</b>       |
| <b>Total (A+B+C+D)</b>              | <b>177,524,113.44</b>     | <b>146,173,085.00</b>     |

**(2.21) Changes in inventories of finished goods and work-in-progress**

| Particulars   | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|---|---------------------------|---------------------------|
| <b>Opening Stock</b>  |                           |                           |
| Work-in progress  | 81,932,000                | 39,841,900                |
| Finished Goods  | 77,080,670                | 94,999,816                |
| Scrap   | 155,975                   | 280,228                   |
| <b>Total of Opening Stock (A)</b>   | <b>159,168,645</b>        | <b>135,121,944</b>        |
| <b>Closing Stock</b>  |                           |                           |
| Work-in progress  | 167,966,000               | 81,932,000                |
| Finished Goods  | 51,009,514                | 77,080,670                |
| Scrap   | 16,079                    | 155,975                   |
| <b>Total of Closing Stock (B)</b>   | <b>218,991,593</b>        | <b>159,168,645</b>        |
| <b>Net changes in inventories of finished goods, work-in-progress and scrap [Total (A-B)]</b> | <b>(59,822,948)</b>       | <b>(24,046,701)</b>       |

**(2.22) Employee benefits expense**

| Particulars                                  | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|--|---------------------------|---------------------------|
| Salaries, Wages, Bonus, etc.                 | 40,878,443.88             | 34,761,059.88             |
| Contribution to Provident fund & other funds | 5,189,888.11              | 4,506,287.85              |
| Gratuity                                     | 2,817,027.00              | 2,710,129.00              |
| Staff welfare expense                        | 1,461,522.40              | 1,178,215.00              |
|  | <b>50,346,881.39</b>      | <b>43,155,691.73</b>      |

**(2.23) Finance Cost**

| Particulars          | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|----------------------|---------------------------|---------------------------|
| Interest Expense     | 14,787,188.73             | 13,378,473.52             |
| Other Borrowing cost | 4,736,540.69              | 3,905,683.00              |
|                      | <b>19,523,729.42</b>      | <b>17,284,156.52</b>      |

**(2.24) Depreciation**

| Particulars                       | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|-----------------------------------|---------------------------|---------------------------|
| Depreciation on Tangible Assets   | 2,912,149.00              | 2,182,372.00              |
| Depreciation on Intangible Assets | 5,926,184.00              | 7,845,698.00              |
|                                   | <b>8,838,333.00</b>       | <b>10,028,070.00</b>      |

**(2.25) Other expenses**

| Particulars  | As at<br>31-Mar-12<br>Rs. | As at<br>31-Mar-11<br>Rs. |
|--|---------------------------|---------------------------|
| Power & fuel                                       | 2,512,854.00              | 2,714,257.00              |
| Manufacturing Expenses                             | 12,167,161.18             | 13,895,039.80             |
| Freight & Transportation                           | 8,504,240.00              | 7,422,927.67              |
| Provision for Product Warranty                     | 41,127.00                 | 116,212.00                |
| Repairs  |                           |                           |
| Buildings  | 256,569.00                | 291,472.00                |
| Machinery  | 1,243,957.00              | 687,727.00                |
| Computers  | 245,345.00                | 99,892.00                 |
| Others   | 262,717.00                | 206,739.50                |
| Insurance  | 355,342.00                | 151,926.00                |
| Rent   | 370,440.00                | 340,985.00                |
| Rates & Taxes                                      | 168,719.00                | 493,209.00                |
| Printing and Stationery                            | 903,245.00                | 1,029,570.00              |
| Postage, Telephone & Telegram                      | 1,096,128.00              | 1,137,851.80              |
| Travelling & Conveyance Expenses                   | 9,057,888.50              | 7,911,376.31              |
| Bad Debts / Advances Written Off                   | 607,682.27                | 325,110.89                |
| Sundry Creditor's Debit Balances Written off       | 143,246.00                | -                         |
| Provision for Doubtful Debts and Advances          | 865,460.00                | -                         |
| Brokerage, Commission & Discount                   | 2,303,320.00              | 521,826.00                |
| Miscellaneous Expenses                             | 4,829,298.25              | 5,061,339.81              |
| Payment to Auditors for:                           |                           |                           |
| Audit Fees   | 120,000.00                | 120,000.00                |
| Auditor's Other Services (including certification) | 165,509.00                | 18,000.00                 |
| Reimbursement of Expenses (including service)      | 72,883.00                 | 92,481.00                 |
| Directors' Sitting Fees                            | 18,000.00                 | 10,000.00                 |
| Loss on Sale of Assets                             | 130,918.00                | 91,211.00                 |
| Loss in Foreign Currency Fluctuation (net)         | 1,205,962.00              | 1,179,200.00              |
| Liquidated Damages                                 | 1,545,159.00              | 1,524,433.00              |
| Prior Period Adjustments                           | 56,760.00                 | 25,322.00                 |
|  | <b>49,249,930.20</b>      | <b>45,468,108.78</b>      |

**(2.26) Earnings per Share**

| PARTICULARS   | Year Ended<br>31-Mar-12 | Year Ended<br>31-Mar-11 |
|---|-------------------------|-------------------------|
| Profit After tax (Rs.)  | 4,063,703.72            | 4,192,821.62            |
| Less: Dividend (including tax thereon) on Cumulative Preference Share (Excluding arrears) | (3,231,046.00)          | (674,151.00)            |
| Adjusted Net Profit attributable to Equity Share holders (Rs.)                            | 832,657.72              | 3,518,670.62            |
| Weighted average number of equity shares in issue   | 1,446,700               | 1,446,700               |
| <b>Basic Earnings per share of Rs.10/- each (in Rs.)</b>                                  | <b>0.58</b>             | <b>2.43</b>             |

**(2.27) EMPLOYEE BENEFITS**

- a) Post Retirement Benefits :  
 Defined Contribution Plans

(Figures in Rs.)

| Particulars                                      | 2011-12          | 2010-11          |
|--|------------------|------------------|
| 1 Contribution to Employees' Provident Fund      | 1,685,008        | 1,456,694        |
| 2 Contribution to Employees' Family Pension Fund | 1,227,978        | 1,158,055        |
| 3 Contribution to Employees' Superannuation Fund | 810,931          | 599,791          |
|  | <b>3,723,917</b> | <b>3,214,540</b> |

## b) Defined Benefit Plans

(Figures in Rs.)

| Changes in the Present Value of Obligation |  | 2011-12    | 2010-11     |
|--|--|------------|-------------|
| a.   | Present Value of Obligation as at opening date | 13,894,126 | 11,506,463  |
| b.   | Interest Cost                                  | 1,084,960  | 920,517     |
| c.   | Past Service Cost                              | -          | -           |
| d.   | Current Service Cost                           | 1,009,686  | 837,684     |
| e.   | Curtailment Cost/(Credit)                      | -          | -           |
| f.   | Settlement Cost/(Credit)                       | -          | -           |
| g.   | Benefits Paid                                  | (677,284)  | (1,272,822) |
| h.   | Actuarial (Gain)/Loss                          | 722,381    | 1,902,284   |
| i.   | Present Value of Obligation as at closing date | 16,033,869 | 13,894,126  |

(ii)

(Figures in Rs.)

| Changes in the Fair Value of Plan Assets |   | 2011-12     | 2010-11     |
|--|---|-------------|-------------|
| a.                                       | Present Value of Plan Assets as at opening date | 11,206,354  | 10,505,620  |
| b.                                       | Expected Return on Plan Assets                  | 1,072,645   | 934,273     |
| c.                                       | Actuarial Gain/(Loss)                           | (1,072,644) | 16,083      |
| d.                                       | Employers' Contributions                        | 2,132,472   | 1,023,200   |
| e.                                       | Employees' Contributions                        | -           | -           |
| f.                                       | Benefits Paid                                   | (677,284)   | (1,272,822) |
| g.                                       | Fair Value of Plan Assets as at closing date    | 12,661,543  | 11,206,354  |

(iii)

| Amount recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets |   | 2011-12    | 2010-11    |
|---|---|------------|------------|
| a.  | Present Value of Obligation as at Mar 31, 2012          | 16,033,869 | 13,894,126 |
| b.  | Fair Value of Plan Assets as at Mar 31, 2010            | 12,661,543 | 11,206,354 |
| c.  | Funded (Asset)/ Liability recognized in the Balance     | -          | -          |
| d.  | Present Value of unfunded Obligation as at Mar 31, 2012 | 3,372,326  | 2,687,772  |
| e.  | Unrecognized Past Service Cost                          | -          | -          |
| f.  | Unrecognized Actuarial (Gains)/Losses.                  | -          | -          |
| g.  | Unfunded Net Liability recognized in the Balance        | -          | -          |

(iv)

(Figures in Rs.)

| Expenses recognized in the Profit & Loss Account |  | 2011-12     | 2010-11   |
|--|--|-------------|-----------|
| a.   | Current Service Cost                                   | 1,009,686   | 837,684   |
| b.   | Past Service Cost                                      | -           | -         |
| c.   | Interest Cost  | 1,084,960   | 920,517   |
| d.   | Expected Return on Plan Assets                         | (1,072,645) | (934,273) |
| e.   | Curtailment Cost/(Credit)                              | -           | -         |
| f.   | Settlement Cost/(Credit)                               | -           | -         |
| g.   | Net actuarial (Gain)/Loss                              | 1,795,025   | 1,886,201 |
| h.   | Employees' Contribution                                | -           | -         |
| i.   | Total Expenses recognized in the Profit & Loss Account | 2,817,026   | 2,710,129 |



(v)

|    | Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at reporting date | 2011-12 | 2010-11 |
|----|--|---------|---------|
| a. | Government of India Securities   | -       | -       |
| b. | Corporate Bonds  | -       | -       |
| c. | Special Deposits Scheme  | -       | -       |
| d. | Equity Shares of Listed Companies  | -       | -       |
| e. | Property   | -       | -       |
| f. | Insurer Managed Funds  | 100%    | 100%    |
| g. | Others   | -       | -       |

c) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

d) The Actual Return on Plan Assets is as follows (Rs.) 1,072,645

e)

|    | Following are the Principal Actuarial Assumptions used as at the balance sheet date: | 2011-12 | 2010-11 |
|----|--|---------|---------|
| a. | Interest Rate  | 8.65%   | 8.00%   |
| b. | Discount Rate  | 8.65%   | 8.00%   |
| c. | Expected Rate of Return on Plan Assets   | 9.00%   | 9.00%   |
| d. | Salary Escalation Rate   | 6.00%   | 6.00%   |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

f) Retirement age 58 years or 70 years if extension is given

**(2.28) Related party disclosures (where transactions have taken place) .**

- i Key Management personnel:  
Shri Madan Mohan Mohta  
Shri Anirudh Moht
  - ii Relatives of Key management personnel:  
Smt. Urmila Devi Mohta
  - iii Enterprises where key management personnel have significant influence:  
U. D. Finnvest Pvt Ltd  
Mohta Capital Pvt Ltd  
Bemco Precitech Pvt Ltd  
U.D.Polyproducts Pvt Ltd
- Related party relationship in terms of AS-18 – Related party Disclosures have been certified by the management and relied upon by the Auditors. There are no related parties where control exists in terms of AS-18.
- iv In respect of above parties, there is no provision for doubtful debts as at year end and no amount has been written off or written back during the year in respect of debts due from / to them.
  - v The following related party transactions were carried out during the year.

(Figures in Rs.)

| Nature of Transaction  | Liability Preference Shares | Interest           | Expenditure  |          | Remeration       | Short term borrowings |                    | Balance as at year end (Cr) |
|--|-----------------------------|--------------------|--------------|----------|------------------|-----------------------|--------------------|-----------------------------|
|  |                             |                    | Sitting Fees | Interest |                  | Accepted              | Repaid             |                             |
| <b>Key Management Personnel</b>  |                             |                    |              |          |                  |                       |                    |                             |
| Shri Madan Mohan Mohta   | -                           | -                  | -            | -        | 1,256,516        | -                     | -                  | -                           |
| Shri Anirudh Mohta   | (-)                         | (27,816)           | -            | -        | (1,279,342)      | (35,375)              | (269,239)          | -                           |
|  | (-)                         | (145,797)          | -            | -        | (848,785)        | (1,374,715)           | (2,641,947)        | -                           |
| <b>Total</b>   |                             | <b>(173,613)</b>   |              |          | <b>2,054,254</b> | <b>(1,410,090)</b>    | <b>(2,911,186)</b> |                             |
| <b>Relatives of Key Management Personnel</b>                                 |                             |                    |              |          |                  |                       |                    |                             |
| Smt. Urmila Devi Mohta   | -                           | (9,424)            | 5,000        | (2,000)  | -                | (11,549)              | (91,209)           | -                           |
| <b>Enterprises where Key Management Personnel have Significant Influence</b> |                             |                    |              |          |                  |                       |                    |                             |
| U.D. Finnvest Pvt Ltd  | -                           | 440,338            | -            | -        | -                | 150,000               | 1,325,000          | 2,905,214                   |
|  | (-)                         | (460,710)          | -            | -        | -                | (782,011)             | (1,735,000)        | (3,686,201)                 |
| Sri Ramachandra Enterprises Pvt Ltd  | -                           | 425,077            | -            | -        | -                | 2,860,000             | 4,200,000          | 1,989,274                   |
|  | (-)                         | (517,846)          | -            | -        | -                | (750,726)             | (3,525,000)        | (2,941,578)                 |
| Mohta Capital Pvt Ltd  | 30,000,000                  | 1,832,168          | -            | -        | -                | 21,320,000            | 35,940,000         | 19,402,272                  |
|  | (-)                         | (2,947,271)        | -            | -        | -                | (19,929,498)          | (3,562,000)        | (31,787,826)                |
| Bemco Precitech Pvt Ltd  | -                           | 17,168             | -            | -        | -                | -                     | -                  | 139,445                     |
|  | (-)                         | (18,417)           | -            | -        | -                | (22,660)              | (190,000)          | (125,350)                   |
| U.D.Polyproducts Pvt Ltd   | -                           | 23,169             | -            | -        | -                | -                     | -                  | 188,186                     |
|  | (-)                         | (28,237)           | -            | -        | -                | (38,452)              | (482,500)          | (169,164)                   |
| <b>Total</b>   |                             | <b>2,737,920</b>   |              |          |                  | <b>24,350,000</b>     | <b>41,465,000</b>  | <b>24,624,391</b>           |
|  |                             | <b>(3,972,481)</b> |              |          |                  | <b>(21,523,347)</b>   | <b>(9,494,500)</b> | <b>(38,710,119)</b>         |

(Figures in bracket pertain to Previous Year)

(2.29)

- a) Land, Building, Plant and Machinery, Office equipment and major portion of other fixed assets acquired before 4th October 1999 were revalued on the basis of the valuation of these assets carried out by a firm of registered valuer. According to the Valuer's Report these fixed assets were valued on the following basis:  
Land : Market value basis  
Building : Present day cost less depreciation  
Machinery : Market value basis, present cost less depreciatio  
The surplus arising thereon as compared to net book value amounting to Rs.468.73 lacs was credited to Revaluation Reserve
- b) Total depreciation for the year is Rs. 9,376,051/- (Previous year Rs. 1,05,65,188/-), out of this the extent of depreciation charged on the write up on account of revaluation amounting to Rs.537,718/- (Previous year Rs. 5,37,118/-) has been recouped from Revaluation Reserve and the balance of Rs.8,838,333 /- (Previous year Rs. 1,00,28,070/-) is charged to the Profit and Loss Statement.

(2.30) The Company is engaged in the manufacturing and sale of hydraulic press machine and related equipments, which as per the Accounting Standard AS-17 is considered the only reportable business segment. The geographical segment is not relevant as exports are insignificant.

(2.31) In accordance with the provisions of Accounting Standard on Impairment of Assets (AS 28), the management has assessed assets in use and considering the business prospects related thereto, no provision is considered necessary on account of impairment of Assets.

(2.32) a) Disclosure of the amount due to the Micro, Small & Medium Enterprises (on the basis of the information and records available with the management)

| PARTICULARS |   | As At<br>31-Mar-12 | As At<br>31-Mar-11 |
|-------------|---|--------------------|--------------------|
| 1           | The principal amount and the Interest due thereon remaining unpaid to any Micro/Small supplier<br>- Principal amount<br>- Interest thereon  | NIL<br>NIL         | NIL<br>NIL         |
| 2           | The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each accounting year   | NIL                | NIL                |
| 3           | The amount of Interest due and payable for the period of delay in making payments which has been made beyond the appointed day (during the year) but without adding the interest specified under the Micro, Small And Medium Enterprises Act Development Act 2006 | NIL                | NIL                |
| 4           | The amount of interest accrued and remaining un paid at the end each accounting year  | NIL                | NIL                |
| 5           | The amount of further Interest remaining due and payable even in the succeeding year until such date when the interest dues as above are actually paid to the Small / Micro Enterprises   | 25,962.00          | 25,962.00          |

- b) Company has written to the suppliers asking them to confirm their status under Micro, Small & Medium Enterprises Development Act 2006, however no intimation has been received from any of the suppliers.

(2.33) Disclosure of loans / advances and investments in its own shares by the listed companies, their subsidiaries, associates etc (as certified by the management)

| Sr. No. | PARTICULARS   | Outstanding Balance As On<br>31-Mar-2012 | Outstanding Balance As On<br>31-Mar-2011 |
|---------|---|--|--|
| i       | Loans and advances in the nature of loans to subsidiaries   | -  | -  |
| ii      | Loans and advances in the nature of loan to associates  | -  | -  |
| iii     | Loans and advance on the nature of loan where there is<br>a) No repayment schedule or repayments beyond seven years                             | -  | -  |
|         | b) No interest or interest below Section 372 A of the Companies Act 1956 - Staff Advances.  | <b>1,088,911.00</b>                      | 1,083,720.00                             |
| iv      | Loans and advance in the nature of loans to firms/companies in which director are interested.   | -  | -  |
| v       | Investments by loanee in the shares of parent company and subsidiary companies when the company has made loan or advance in the nature of loan. | -  | -  |

(2.34) In the opinion of the Board, all assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amounts at which they are stated in the Balance Sheet.

(2.35) C.I.F. VALUE OF IMPORTS, EXPENDITURE (INCLUDING CAPOITAL EXPENDITURE) AND EARNINGS IN FOREIGN CURRENCY:

|   | PARTICULARS  | 2011-12                                | 2010-11                            |
|---|--|--|------------------------------------|
| 1 | C.I.F. Value of Imports:<br>Raw Materials And Components   | 10,270,897.00                          | 1,357,472                          |
| 2 | Expenditure in Foreign Currency: (paid/payable)<br>Traveling<br>Technical Know How (including exchange fluctuation)<br>Exhibition Expenses (InnoTrans berlin Germany)<br>Agency Commission | 571,016<br>2,375,538<br>-<br>2,303,320 | 317,948<br>-<br>424,444<br>206,436 |
| 3 | Earnings in Foreign Exchange:<br>FOB value of Exports  | 16,808,693                             | 5,602,500                          |

(2.36) OPENING STOCK, CLOSING STOCK AND TURNOVER OF FINISHED GOODS:

| PRODUCTS             | Opening Stock Amount       | Closing Stock Amount       | Turnover Amount              |
|----------------------|----------------------------|----------------------------|------------------------------|
| Hydraulic Presses    | 69,237,383<br>(57,684,131) | 42,877,513<br>(69,237,383) | 207,291,036<br>(162,046,773) |
| Axial Piston Pumps   | -<br>-                     | -<br>-                     | 3,975,599<br>(3,394,015)     |
| Hydraulic Equipments | 7,558,924<br>(12,022,827)  | 8,040,745<br>(7,558,924)   | 14,357,926<br>(59,139,397)   |
| Others               | 284,363<br>(25,292,858)    | 91,256<br>(284,363)        | 15,281,215<br>(9,965,096)    |
| Scrap                | 155,975<br>(280,228)       | 16,079<br>(155,975)        | 350,410<br>(341,605)         |
| Total                | 77,236,645<br>(95,280,044) | 51,025,593<br>(77,236,645) | 241,256,186<br>(234,886,886) |

Note: The sales turnover is excluding of Excise duty however the Opening & Closing Stock is inclusive of excise duty.

(2.37) RAW MATERIALS AND COMPONENTS CONSUMED:

| Particulars                                  | 2011-12 Amount | 2010-11 Amount |
|--|----------------|----------------|
| MS rounds, Squares, Flats, Plates and Angles | 86,211,365     | 84,630,674     |
| Rough Castings                               | 15,192,972     | 3,318,711      |
| Hydraulic Pumps and Valves                   | 14,719,382     | 8,426,584      |
| Steel Pipes                                  | 2,743,847      | 1,255,454      |
| Packing Material                             | 1,137,266      | 1,088,735      |
| Other  | 48,802,412     | 40,849,839     |
| Total  | 168,807,244    | 139,569,997    |

IMPORTED AND INDIGENOUS RAW MATERIALS AND COMPONENTS CONSUMED:

|              | Value Rs.          | %              | Value Rs.          | %              |
|--------------|--------------------|----------------|--------------------|----------------|
| Imported     | 10,383,259         | 6.15%          | 1,564,342          | 1.12%          |
| Indigenous   | 158,423,985        | 93.85%         | 138,005,655        | 98.88%         |
| <b>Total</b> | <b>168,807,244</b> | <b>100.00%</b> | <b>139,569,997</b> | <b>100.00%</b> |

(2.38) WORK IN PROGRESS

| Particulars              | 2011-12 Amount | 2010-11 Amount |
|--------------------------|----------------|----------------|
| 500T WHEEL FORCING PRESS | 21,110,000     | -              |
| 1000T SMC PRESS          | -              | 13,480,000     |
| Others                   | 146,856,000    | 68,452,000     |
| Total                    | 167,966,000    | 81,932,000     |

**(2.39) SERVICES RENDERED**

| Particulars       | 2011-12<br>Amount   | 2010-11<br>Amount   |
|-------------------|---------------------|---------------------|
| Job Charges       | 3,617,503           | 1,957,089           |
| Servicing charges | 1,247,989           | 1,420,420           |
| <b>Total</b>      | <b>4,865,491.50</b> | <b>3,377,509.00</b> |

**(2.40)** Stores amounting to Rs. 87,16,869/- consumed in the current year and Rs. 66,03,088/- in previous year is 100% indigenous.

**(2.41)** The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under:

| Particulars                                    | 2011-12<br>Amount<br>(Rs) | 2010-11<br>Amount<br>(Rs) |
|--|---------------------------|---------------------------|
| <b>Liabilities :</b>                           |                           |                           |
| a) Payable for Technical Know-How (in Euros)   | 405,000                   | 440,000                   |
| Payable for Technical Know-How (in INR)        | 30,026,333                | 27,858,912                |
| b) Payable on account of commission (in Euros) | 8,900                     | 44,500                    |
| Payable on account of commission (in INR)      | 614,545                   | 3,072,725                 |

**2.43) Finance Lease obligations:**

| Particulars  | Future<br>Minimum<br>Lease<br>Payments | Interest               | Present<br>Value         |
|--|--|------------------------|--------------------------|
| -Not later than one year                           | 1,206,432<br>(1,184,490)               | 290,601<br>(329,254)   | 915,831<br>(788,036)     |
| -Later than one year but not later than five years | 2,389,419<br>(3,523,131)               | 300,978<br>(3,592,865) | 2,088,441<br>(3,526,117) |
| -Later than five years                             | -<br>(72,720)                          | -<br>(2,986)           | -<br>(69,734)            |
| <b>Total</b>                                       | <b>3,595,851</b>                       | <b>591,578</b>         | <b>3,004,273</b>         |

**General Description of Lease terms :**

- a) Lease rentals are with respect to hire purchase agreements entered into by the Company for acquisition of various motor cars.
- b) Assets are taken on Lease for a maximum period of 5 years.
- 2.44)** The financial statements have been prepared as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 ('the schedule') issued by Ministry of Corporate Affairs vide Notification No. S.O. 447(E), dated 28-2-2011 [As Amended by Notification No.F.No. 2/6/2008-CL-V, dated 30-3-2011]. Previous period figures have been recast/restated to confirm to the classification required by the Revised Schedule VI.

As per our Report of even date  
for **M/S A. C. BHUTERIA & CO.**  
Chartered Accountants

**For and on behalf of the Board**

**Mohit Bhuteria**  
Partner

**M. M. Mohta**  
Chairman & Managing Director

**Anirudh Mohta**  
Joint Managing Director

Place : Kolkata  
Date : 28-05-2012

Place: Belgaum  
Date : 28-05-2012

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET**

| Particulars   | 31-Mar-12<br>(Rs. In lacs) |                     | 31-Mar-11<br>(Rs. In lacs) |                     |
|---|----------------------------|---------------------|----------------------------|---------------------|
| <b>A Cash Flow from Operating Activities:</b>   |                            |                     |                            |                     |
| Net Profit Before Tax and Extraordinary Items   |                            | 6,876,506           |                            | 7,830,116           |
| <b>Adjustments for:</b>   |                            |                     |                            |                     |
| Depreciation  | 8,838,333                  |                     | 10,028,070                 |                     |
| Foreign Exchange loss/(gain)  | 2,185,188                  |                     | 1,179,200                  |                     |
| Loss on Sale of Fixed Assets  | 130,918                    |                     | 91,211                     |                     |
| Profit on Fixed Assets  | (18,769)                   |                     | (7,619)                    |                     |
| Profit on Sale of Investment  | (15,900)                   |                     | -                          |                     |
| Interest Received   | (1,404,617)                |                     | (1,048,826)                |                     |
| Dividend Received   | (10,294)                   |                     | (8,728)                    |                     |
| Interest Paid   | 14,787,189                 | 24,492,048          | 13,445,219                 | 23,678,527          |
| <b>Operating Profit before Working Capital Changes</b>  |                            | 31,368,554          |                            | 31,508,642          |
| <b>Adjustments for:</b>   |                            |                     |                            |                     |
| Trade Receivables and loans and advances  | (47,951,293)               |                     | (39,756,954)               |                     |
| Inventories   | (59,169,953)               |                     | (28,805,756)               |                     |
| Trade Payables and other current liabilities  | 42,639,150                 | (64,482,096)        | 63,047,030                 | (5,515,679)         |
| <b>Cash Generated from Operations</b>   |                            | (33,113,542)        |                            | 25,992,963          |
| Direct Taxes paid   |                            | (7,239,618)         |                            | (2,862,683)         |
| <b>Cashflow Before Prior period &amp; Extraordinary Items</b>   |                            | (40,353,160)        |                            | 23,130,280          |
| Foreign Exchange Gain   |                            | -                   |                            | -                   |
| <b>Net Cash from Operating Activities (A)</b>   |                            | <b>(40,353,160)</b> |                            | <b>23,130,280</b>   |
| <b>B Cash Flow from Investing Activities:</b>   |                            |                     |                            |                     |
| Purchase of Fixed Assets  | (1,670,588)                |                     | (12,678,262)               |                     |
| Payment towards Technical Know How  | (2,375,538)                |                     | -                          |                     |
| Sale of Fixed Assets  | 462,229                    |                     | 443,391                    |                     |
| Sale of Investments   | 16,000                     |                     | -                          |                     |
| Interest Received   | 1,404,617                  |                     | 955,922                    |                     |
| Dividend Received   | 10,294                     |                     | 8,728                      |                     |
| <b>Net Cash Used in Investing Activities (B)</b>  |                            | <b>(2,152,986)</b>  |                            | <b>(11,270,221)</b> |
| <b>C Cash Flow from Financing Activities:</b>   |                            |                     |                            |                     |
| Dividend & Tax Payment  | (674,151)                  |                     | (676,392)                  |                     |
| Proceeds / (Repayment) of Short term borrowings/other current liabilities   | 65,167,295                 |                     | 6,813,671                  |                     |
| Proceeds / (Repayment) of other current maturities of long term borrowings  | (501,440)                  |                     | (3,747,000)                |                     |
| Proceeds / (Repayment) of long term borrowings  | (1,960,951)                |                     | 4,748,004.52               |                     |
| Redemption of Preference Shares   | (2,357,120)                |                     | -                          |                     |
| Interest paid   | (14,714,511)               |                     | (12,985,968)               |                     |
| <b>Net Cash used in Financing Activities (C)</b>  |                            | <b>44,959,121</b>   |                            | <b>(5,847,684)</b>  |
| <b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>  |                            | <b>2,452,975</b>    |                            | <b>6,012,375</b>    |
| <b>Cash &amp; Cash Equivalents at the beginning of the Year</b>   |                            | <b>19,645,331</b>   |                            | <b>13,632,956</b>   |
| <b>Cash &amp; Cash Equivalents at the End of the Year</b>   |                            | <b>22,098,306</b>   |                            | <b>19,645,331</b>   |
| (includes Fixed Deposits of Rs 100.96 Lacs (Previous year 136.70) Lacs) of which receipts are lodged with Banks for guarantees/credit facilities) |                            |                     |                            |                     |

 As per our Report of even date  
 for **M/S A. C. BHUTERIA & CO.**  
 Chartered Accountants

For and on behalf of the Board

**Mohit Bhuteria**  
 Partner

**M. M. Mohta**  
 Chairman & Managing Director

**Anirudh Mohta**  
 Joint Managing Director

 Place : Kolkata  
 Date : 28-05-2012

 Place: Belgaum  
 Date : 28-05-2012

**FIVE YEARS TREND ANALYSIS**

| S.NO | Particular                   | 31-Mar-12       | 31-Mar-11       | 31-Mar-10       | 31-Mar-09       | 31-Mar-08       |
|------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1    | Total Sales                  | 2,491.78        | 2,436.43        | 1,763.74        | 2,250.48        | 1,956.75        |
| 2    | Other Income                 | 33.59           | 22.49           | 123.23          | 92.37           | 98.24           |
| 3    | <b>Total Income</b>          | <b>2,525.37</b> | <b>2,458.93</b> | <b>1,886.97</b> | <b>2,342.85</b> | <b>2,054.99</b> |
| 4    | <b>Operating Profit</b>      | -               | <b>351.42</b>   | <b>284.72</b>   | <b>260.24</b>   | <b>238.82</b>   |
| 5    | Interest                     | 195.24          | 172.84          | 118.29          | 108.52          | 77.54           |
| 6    | Depreciation                 | 88.38           | 100.28          | 95.03           | 90.24           | 104.04          |
| 7    | Profit / (Loss) before Tax   | (283.62)        | 78.30           | 71.40           | 61.48           | 57.23           |
| 8    | Tax                          | (41.18)         | (40.12)         | (28.36)         | (27.10)         | (27.76)         |
| 9    | Deferred Tax Assets          | 14.94           | 9.29            | 15.64           | 0.90            | 2.88            |
| 10   | Fringe Benefit Tax           | -               | -               | -               | (7.30)          | (6.32)          |
| 11   | Income tax earlier years     | (1.88)          | (5.54)          | (0.26)          | 5.23            | -               |
| 12   | <b>Profit / (Loss) after</b> | <b>(311.75)</b> | <b>41.93</b>    | <b>58.42</b>    | <b>33.22</b>    | <b>26.04</b>    |
| 13   | Transitional Provision       | -               | -               | -               | -               | 7.53            |
| 14   | Transferred to general       | (10.00)         | 10.00           | 10.00           | 10.00           | 10.00           |
| 15   | Dividend & Tax-              | (32.31)         | 6.74            | 6.76            | 6.79            | 6.79            |
| 16   | <b>Net Surplus for the</b>   | <b>(269.44)</b> | <b>25.19</b>    | <b>41.66</b>    | <b>16.44</b>    | <b>1.72</b>     |
| 17   | Surplus / (Deficit) B/F      | 118.33          | 93.15           | 51.49           | 35.05           | 33.33           |
| 18   | <b>Balance Carried to</b>    | <b>(151.10)</b> | <b>118.33</b>   | <b>93.15</b>    | <b>51.49</b>    | <b>35.05</b>    |
| 19   | <b>Paid-up Equity Share</b>  | <b>144.67</b>   | <b>144.67</b>   | <b>144.67</b>   | <b>144.67</b>   | <b>144.67</b>   |
| 20   | <b>Reserve &amp; Surplus</b> | <b>451.15</b>   | <b>457.04</b>   | <b>427.23</b>   | <b>380.86</b>   | <b>359.59</b>   |
| 21   | <b>Equity Shareholders'</b>  | <b>595.82</b>   | <b>601.71</b>   | <b>571.90</b>   | <b>525.53</b>   | <b>504.26</b>   |



## BEMCO HYDRAULICS LIMITED

Registered Office: Udyambag, Khanapur Road, BELGAUM 590 008.

### PROXY FORM

Reg. Folio No .....

I/We.....

of .....

Being a member of the above named Company hereby appoint .....

.....of .....

or failing him.....of .....

as my /our proxy to vote for me/us on my/our behalf at the FIFTY FOURTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 30<sup>th</sup> July 2012 at 3.30 P.M. and at any adjournment thereof.

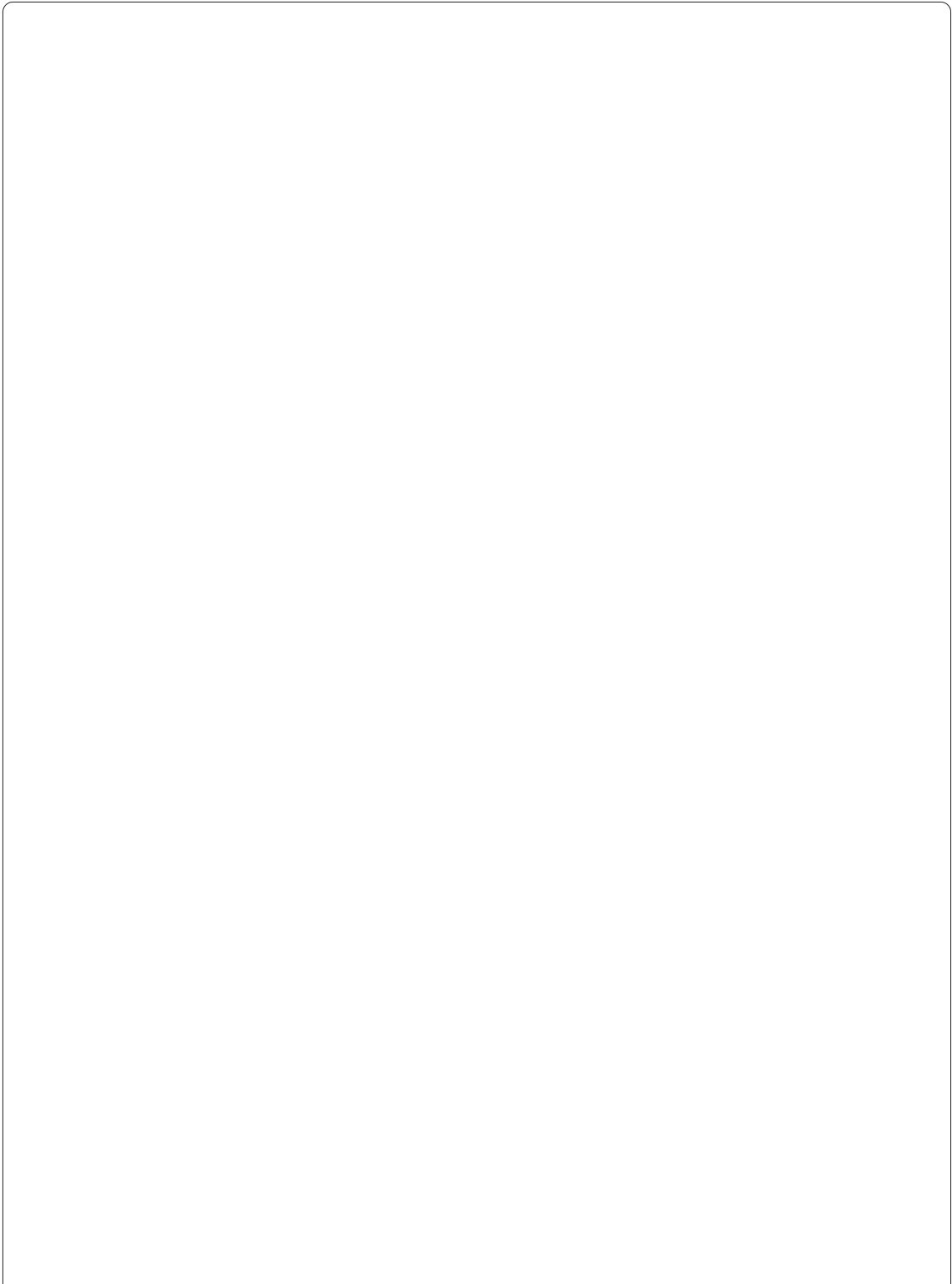
Signed this..... day of .....2012.

Signature .....

*Affix a  
1Rs.  
Revenue  
stamp*

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the Meeting





PRINTED MATTER

54<sup>th</sup> ANNUAL REPORT 2011-2012

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To

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**BEMCO HYDRAULICS LIMITED**

KHANAPUR ROAD, UDYAMBAG, BELGAUM - 590 008 (Karnataka)