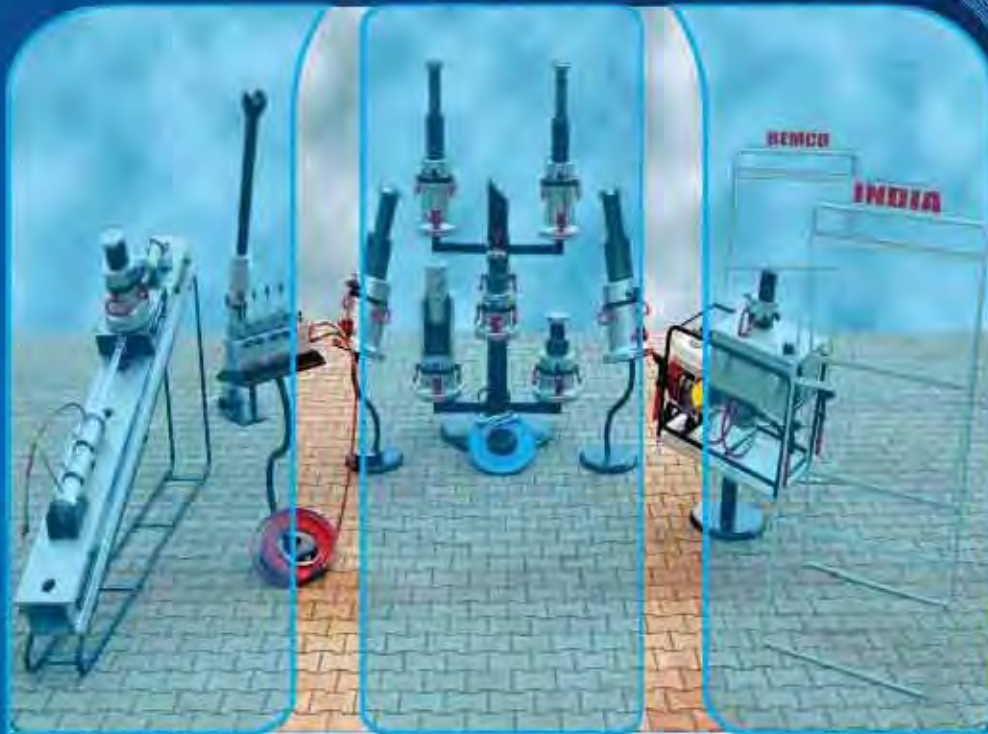




# BEMCO HYDRAULICS LIMITED



**BEMCO**

A thick horizontal bar made of green grass, serving as a decorative element below the company name.

**58**

**ANNUAL REPORT & ACCOUNTS 2015-2016**



# BEMCO HYDRAULICS LIMITED

\*\*\* SHRI \*\*\*

## DIRECTORS:

<b>M. M. MOHTA</b>	- CHAIRMAN - NON EXECUTIVE
<b>ANIRUDH MOHTA</b>	- MANAGING DIRECTOR - EXECUTIVE
<b>URMILA DEVI MOHTA</b>	- DIRECTOR - NON EXECUTIVE
<b>R. M. SHAH</b>	- DIRECTOR - INDEPENDENT NON- EXECUTIVE
<b>N. K. DAGA</b>	- DIRECTOR - INDEPENDENT NON- EXECUTIVE
<b>DILIP CHANDAK</b>	- DIRECTOR - INDEPENDENT NON- EXECUTIVE

## CHIEF FINANCIAL OFFICER:

**R.B. PATIL**  
Email: cfo@bemcohydraulics.net

## COMPANY SECRETARY

**Ms. AMRUTA A. TARALE (ACS 42288)**  
Email:cs@bemcohydraulics.net

## AUDITOR

**M/S A.C. BHUTERIA & CO.**  
Chartered Accountants  
2, India Exchange Place,  
KOLKATA - 700 001 West Bengal INDIA

## COST AUDITOR

**UMESH NARASIMHA KINI, B. COM, ACMA.**  
Cost Accountant,  
Shanti Niketan, Banvasi Road,  
SIRSI 581 401, Karnataka INDIA

## INTERNAL AUDITOR

**PRABHAKAR K. LATKAN**  
Chartered Accountants  
1083, Anantshayan Galli,  
BELGAUM - 590 002, Karnataka INDIA

## TAX AUDITOR

**ULHAS KINI & Co-Chartered Accountants**  
97, PUSHPANJALI, First floor,  
Mangalwar Peth, Tilakwadi,  
BELGAUM - 590 004, Karnataka INDIA

## SECRETARIAL AUDITOR

### SDR AND ASSOCIATES

Office Address Ground Floor,  
Anandi Residency 150, Budhwar Peth, Tilakwadi,  
BELGAUM - 590006, Karnataka INDIA

## BANKERS

**Bank of Maharashtra,**  
City Branch, Kirloskar Road,  
BELGAUM - 590 006,  
Karnataka INDIA  
(CONSORTIUM LEADER)

**State Bank Of India,**  
SME Branch, Congress Road,  
Tilakwadi, BELGAUM - 590 006,  
Karnataka INDIA  
(CONSORTIUM MEMBER BANK)



## BEMCO HYDRAULICS LIMITED

(CIN: L51101KA1957PLC001283)

Registered Office : Udyambag, Industrial Estate, BELGAUM - 590 008, Karnataka INDIA

Email: isc@bemcohydraulics.net Website: www.bemcohydraulics.net

Phone No.: +91-831-2441980, Fax No.+91-831-2441263

# CONTENTS

## ANNUAL REPORT: 2015-2016

PARTICULARS	PAGE NO.
Notice of the Annual General Meeting.	3
Directors' Report along with supporting Annexures related thereto.	7
Secretarial Audit Report	35
Independent Auditor's Report along with Annexure related thereto.	37
Balance Sheet as on 31st March, 2016.	40
Statement of Profit & Loss Account for the year ended 31st March, 2016.	41
Cash Flow Statement for the year ended 31st March, 2016.	42
Auditors Report on Consolidated Financial Statement as on 31st March, 2016.	64
Consolidated Balance Sheet as on 31st March, 2016.	66
Consolidated Statement of Profit and Loss as on 31st March, 2016.	67
Consolidated Cash Flow Statement as on 31st March, 2016.	68

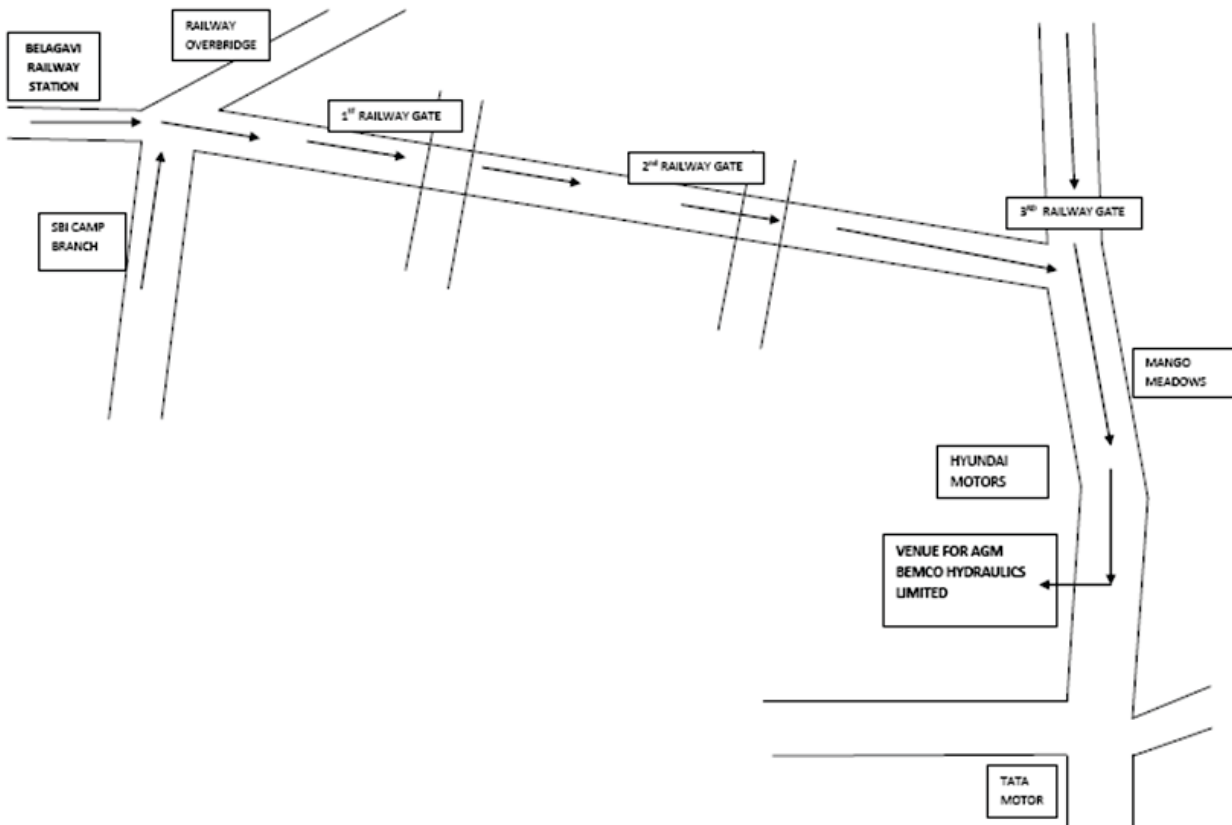
## Annual General Meeting

Venue : Registered Office,Udyambag,  
Industries Estate, Belgaum - 590 008  
Date : 9th September, 2016  
Time : 3.30 pm

### ROUTE MAP

### LANDMARK :

HYUNDAI MOTORS  
KHANAPUR ROAD,  
UDYAMBAG  
BELGAUM- 590008



# BEMCO HYDRAULICS LIMITED

(CIN: L51101KA1957PLC001283)

Registered Office : Udyambag, Industrial Estate, BELGAUM - 590 008

Email: isc@bemcohydraulics.net Website: www.bemcohydraulics.net

Phone No.: 0831-2441980, Fax No.0831-2441263

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF BEMCO HYDRAULICS LIMITED WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT UDYAMBAG, INDUSTRIAL ESTATE, BELGAUM- 590008 ON FRIDAY THE 9TH SEPTEMBER 2016 AT 3.30 P M TO TRANSACT THE FOLLOWING BUSINESSES:

### AS ORDINARY BUSINESS

1. To consider and adopt the audited financial statement (Including Consolidated Financial statement) of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri M.M. Mohta (DIN 00068884), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-election.
3. To appoint a Director in place of Smt. Urmila Devi Mohta (DIN 00068906), who retires by rotation at this Annual General Meeting and being eligible offers herself for re-election.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT**, M/s A C Bhuteria and Co, Chartered Accountants (Registration No. 303105E), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company in consultation with the Auditors and that such remuneration may be paid on a progressive billing basis to be agreed upon between the auditors and the Board of Directors.

### AS SPECIAL BUSINESS

5. To appoint a Practising Company Secretary for carrying out the Secretarial Audit and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT**, M/s SDR & Associates a firm of Practising Company Secretaries, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company in consultation with the Secretarial Auditors and that such remuneration may be paid on a progressive billing basis to be agreed upon between the auditors and the Board of Directors." fixed by the Board of Directors of the Company in consultation with the Secretarial Auditors and that such remuneration may be paid on a progressive billing basis to be agreed upon between the auditors and the Board of Directors."

Place : Belgaum  
Date : 19-07-2016

By Order of the Board of Directors  
For **BEMCO HYDRAULICS LIMITED**

**Registered Office:**  
Udyambag, Industrial Estate  
BELGAUM-590008 (Karnataka)  
**CIN: L51101KA1957PLC001283**  
E-mail: isc@bemcohydraulics.net

**AMRUTA A. TARALE**  
**Company Secretary**  
**ACS- 42288**  
Address: 684, "SAVALI", Saraswati Nagar,  
Ganeshpur Road, BELGAUM- 591 108 ( Karnataka)

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

### The instructions for filing, stamping, signing and or depositing Proxy:

No instrument of Proxy shall be valid unless it is signed by the members/s or by his /her attorney duly authorised in writing or in the case of body corporate, it is executed under its common seal, if any, or signed by its attorney duly authorised in writing, provided that an instrument of Proxy shall be sufficiently signed by any member who for any reason is unable to write his/her name, if his/her thumb impression is affixed thereto and attested by a Judge, Magistrate, Registrar or Sub-Registrar of assurances or Govt. Gazetted officers or any officer of nationalised bank.

Person appointed as the Proxy shall prove his/her identity at the time of attending the meeting and for the purpose such person shall carry proof of his/her identity via PAN Card, Voters ID or Adhar Card, Driving Licence or Passport

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Listing Regulations with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
8. Pursuant to Section 91(1) of The Companies Act 2013, the Company has notified closure of Register of Members and Share Transfer Books from Wednesday, 31st August 2016 to Friday, 9th September 2016 (both days inclusive) for determining the names of members eligible for the purposes of Annual General Meeting.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Registrar.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website [www.bemcohydraulics.net](http://www.bemcohydraulics.net) under the section 72 of the Companies Act, 2013
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, for consolidation into a single folio.
13. Non-Resident Indian Members are requested to inform Registrar, immediately of:
  - (a) Change in their residential status on return to India for permanent settlement.
  - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
15. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 58th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

**The instructions for shareholders voting electronically are as under:**

- I. The voting period begins on Tuesday, 6th September 2016 (10.00 am) and ends on Thursday, 8th September 2016 (5.00 pm). The e-voting module shall be disabled by CDSL for voting thereafter. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 2nd September 2016, may cast their vote electronically.
- II. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- III. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- IV. Click on "Shareholders" tab.
- V. Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- VI. Next enter the Image Verification as displayed and Click on Login.
- VII. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company then your existing password is to be used.



VIII. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha -numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 than enter RA00000001 in the PAN field.</li> </ul>
Dividend	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format)
Bank Details OR Date of Birth (DOB)	As recorded in your demat account or in the Company records in orders to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank Details field as mentioned in instruction (v)</li> </ul>

- IX. After entering these details appropriately, click on "SUBMIT" tab.
- X. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- XI. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- XII. Click on the EVSN for the relevant BEMCO HYDRAULICS LIMITED on which you choose to vote.
- XIII. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- XIV. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details,
- XV. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- XVI. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- XVII. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- XVIII. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- XIX. Note for Non – Individual Shareholders and Custodians.
- Non – Individual Shareholders ( i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- XX. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- XXI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XXII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XXIII. Mr. S. R. Deshpande, Practicing Company Secretary (CP No. 01865) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XXIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XXV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.bemcohydraulics.net](http://www.bemcohydraulics.net) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**M-voting**

Central Depository Services (India) Limited is pleased to announce the launch of m-voting a mobile app for m voting. This m-voting app enables Android based smart phone users to cast their vote on company resolutions even while they are on the move. M-voting can also be used for voting at the AGM/EGM venue. The m-voting app can be downloaded from Google play store for android based phones, while the users of iphone and windows based phones can download the app from the app store and windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

CDSL is also pleased to introduce a single sign on facility for e-voting which enables clients of registered proxy advisory firms, depository participants and stock broker to vote directly from their registered login. Both facilities m-voting and single sign on, are currently been offered free of cost to the investors.

CDSL's internet based e-Voting Platform enables shareholders to vote online at a place and time of their convenience. The e-Voting Platform can be used to conduct voting at AGMs / EGMs (including Venue Voting), Postal Ballots and other meetings thus obviating the need for shareholders to be physically present at the venue of the meeting to participate in the decision making process of companies. To know more about e-Voting, visit [www.evotingindia.com](http://www.evotingindia.com).

**Go Green Initiative launched by the Ministry of Corporate affairs**

Members are requested to support the "Green Initiatives" by registering their Email address with the company, if not already done.

Those members who have changed their Email id are requested to register their new Email ID with the Company in case of the shares are held in physical form and with the depository participant where shares are held in demat mode.

Members holding in physical mode are also requested to register their email address with our Registrar and Transfer Agent Adroit Corporate Services Pvt Ltd, 19/20, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai-400059 or Email: [info@adroitcorporate.com](mailto:info@adroitcorporate.com) such registration of email address may also be made with the Company at its registered office as per the address mentioned above or at the email id [isc@bemcohydraulics.net](mailto:isc@bemcohydraulics.net)

An Explanatory Statement under Section 102 of the Companies Act 2013

**ITEM NO:5**

Re-appointment of Secretarial Auditor for the FY 2016-17 is referred to the members through an ordinary resolution but as a Special Business, because Section 102(2) defines any business other than (a) adoption of accounts, (b) declaration of Dividend (c) re-appointment of rotational Directors and (d) re-appointment of statutory auditors, as special business and demand an explanatory business.

M/S SDR Associates, who have furnished Secretarial audit report for the year 2015-16 are proposed to be re-appointed, since their report is addressed to the members, let the appointment shall be made by the members themselves.

Place : Belgaum  
Date : 19-07-2016

By Order of the Board of Directors  
For **BEMCO HYDRAULICS LIMITED**

**Registered Office:**  
Udyambag, Industrial Estate  
BELGAUM-590008 (Karnataka)  
**CIN: L51101KA1957PLC001283**  
E-mail: [isc@bemcohydraulics.net](mailto:isc@bemcohydraulics.net)

**AMRUTAA. TARALE**  
**Company Secretary**  
**ACS- 42288**  
Address: 684, "SAVALI", Saraswati Nagar,  
Ganeshpur Road, BELGAUM- 591 108 ( Karnataka)

**Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting**

Name of the Director	Shri Madan Mohan Mohta	Smt. Urmila Devi Mohta
Date of Birth	05.09.1939	01.10.1945
Date of Appointment	23.03.1991	30.05.1992
DIN	00068884	00068906
Nationality	Indian	Indian
Expertise in specific functional areas	Wide experience Management, he was managing director 31.03.2014	Vast Management experience and a Woman Director.
Qualifications	B.com	Matriculate
List of Public/ Private Companies in which outside Directorship held as on 31 <sup>st</sup> March 2015	<ul style="list-style-type: none"> <li>- Mohta Capital Pvt Ltd</li> <li>- Sri Ramachandra Enterprises Pvt Ltd</li> <li>- U.D.Finnvest Pvt Ltd</li> <li>- Bemco Precitech Pvt Ltd</li> <li>- U.D.Polyproducts Pvt Ltd</li> </ul>	<ul style="list-style-type: none"> <li>- Mohta Capital Pvt Ltd</li> <li>- Sri Ramachandra Enterprises Pvt Ltd</li> <li>- U.D.Finnvest Pvt Ltd</li> <li>- Bemco Precitech Pvt Ltd</li> <li>- U.D.Polyproducts Pvt Ltd</li> <li>- Bemco Fluidtechnik Pvt Ltd</li> </ul>
Chairman/member of the Committees of the Public Companies on which he is a Director as on 31 <sup>st</sup> March 2016	NIL	NIL
No of Shares held	67183	208668
Relationship with any Director of the Company	Father of Mr. Anirudh Mohta, Managing Director & Husband of Smt. Urmila Devi Mohta, Director	Wife of Mr. Madan Mohan Mohta & Mother of Mr. Anirudh Mohta, Managing Director



**BEMCO HYDRAULICS LIMITED**

(CIN: L51101KA1957PLC001283)

Registered Office: Udyambag, Industries Estate, BELGAUM – 590 008

Email: isc@bemcohydraulics.net \* Website: www.bemcohydraulics.net

Phone No 0831- 2441980, Fax No.0831-2441263

**BOARD'S REPORT**

To the Members,

The Directors have pleasure in presenting their 58<sup>th</sup> Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2016 incorporating therein the consolidated financial statement covering the activities of its subsidiary BEMCO FLUIDTECHNIK PRIVATE LIMITED incorporated on 13<sup>th</sup> February, 2015.

**1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:**  
[Read with Section 134 of the Companies Act 2013 and Rule 5 (i) of Cos (Accounts) Rules, 2014]

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Gross Income	2,182.98	3,861.47	2,167.02	Bemco Fluidtechnik Private limited a subsidiary of Bemco Hydraulics Limited was incorporated on 13/02/2015 and hence this been first year of consolidation of accounts previous year figures not applicable
Profit Before Interest and Depreciation	83.69	608.91	58.33	
Finance Charges	266.37	329.40	268.32	
Gross Profit	(182.68)	279.51	(209.99)	
Provision for Depreciation	124.55	131.37	125.55	
Net Profit Before Tax	(307.23)	148.14	(335.54)	
Provision for Tax	(0.60)	(237.00)	(0.60)	
Net Profit After Tax	(307.83)	(88.86)	(336.14)	
Balance of Profit brought forward	(460.99)	(372.13)	(461.00)	
Balance available for appropriation	(768.82)	(460.99)	(797.14)	
Share of minority Interest	-	-	(0.35)	
deficit carried to Balance Sheet	(768.82)	(460.99)	(796.79)	

**Standalone**

Capital Goods Industry had to face set back during the year under report. The performance of the Company was affected by the overall recessionary trend in the Industry. Therefore, your company was short of targeted turnover by Rs. 2,182.98 Lakhs as against Rs. 3,861.47 Lakhs for the previous year. The loss for the year works out to Rs. 307.23 Lakhs as against the profit before tax of Rs. 148.14 Lakhs of the previous year.

**Consolidated**

This being the first year of consolidation, the consolidated statement of Bemco hydraulics Limited with Bemco Fluidtechnik Private Limited, the new subsidiary is reproduced in brief. The consolidated turnover was Rs.2167.02 Lakhs. The consolidated loss for the year is of Rs. 335.54 Lakhs, the deficit carried forward to Balance sheet is Rs. (796.79) Lakhs.

**2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:**

Subsequent to the date of Financial Statements (i.e. after 31<sup>st</sup> March 2016) no significant event has occurred.

**3. CHANGE IN THE NATURE OF BUSINESS:**

During the year under operation there was no change in the nature of business.

**4. DIVIDEND:**

**Equity Shares:**

On account of loss incurred by the company during the year, the Board regrets its inability to recommend any dividend on equity shares.

**Preference Shares:**

Considering losses incurred by the company for the year under report, the Company is unable to pay dividend for the year including arrears thereof for the year ended on 31<sup>st</sup> March 2016 as under:

F. Y. ended on	No. of Preference Shares	Amount of Dividend IN Rs.
31 <sup>st</sup> March 2014	3,38,000	37,18,000
31 <sup>st</sup> March 2015	3,20,000	35,20,000
31 <sup>st</sup> March 2016	3,20,000	35,20,000

These preference shares are held by the promoters themselves as borne by the list of preference share holders as under:

1. MOHTA CAPITAL PRIVATE LIMITED
2. U D FINNVEST PRIVATE LIMITED
3. SRI RAMACHANDRA ENTERPRISES PRIVATE LIMITED

In view of the above, Company is carrying the above amount as Contingent Liability towards Dividend on Preference Shares

As, no Dividend is paid on preference shares for F. Y. 2013-14, 2014-15 and also for FY 2015-16, the Preference Share holders would get voting rights on par with equity share holders, in terms of the provisions of Section 47 of the Companies Act 2013 on and after the forthcoming AGM.

**5. DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

There is no change in the composition of Board of Directors of the Company during the year under report:

**DIRECTORS**

- |                          |   |
|--------------------------|---|
| 1. Mr. M. M. MOHTA       | - Chairman – Non Executive              |
| 2. Mr. ANIRUDH MOHTA     | - Managing Director – Executive         |
| 3. Mrs. URMILADEVI MOHTA | - Director – Non Executive              |
| 4. Mr. R. M. SHAH        | - Director – Independent Non- Executive |
| 5. Mr. N. K. DAGA        | - Director – Independent Non- Executive |
| 6. Mr. DILIP CHANDAK     | - Director – Independent Non- Executive |

**KEY MANAGERIAL PERSONNEL – KMP**

- |                          |                         |
|--------------------------|-------------------------|
| 1. MR. ANIRUDH MOHTA     | – Managing Director     |
| 2. MR. R. B. PATIL       | – Chief Finance Officer |
| 3. MS. AMRUTA. A. TARALE | – Company Secretary     |

**6. COMPOSITION OF COMMITTEES:**

**a. AUDIT COMMITTEE**

- |                |  |
|----------------|--|
| Chairman:      | Mr. Dilip Chandak- Independent Director  |
| Other Members: | Mr. R. M. Shah – Independent Director<br>Mr. N. K. Daga- Independent Director<br>Mr. Anirudh Mohta – Managing Director |

**b. NOMINATION AND REMUNERATION COMMITTEE**

- |                |   |
|----------------|---|
| Chairman:      | Mr. R. M. Shah – Independent Director   |
| Other Members: | Mr. Dilip Chandak – Independent Director<br>Mrs. Urmila Devi Mohta – Non Executive Director |

**c. STAKE HOLDERS RELATIONSHIP COMMITTEE**

- |                |  |
|----------------|--|
| Chairman:      | Mr. Dilip Chandak – Independent Director   |
| Other Members: | Mr. Anirudh Mohta – Managing Director<br>Mrs. Urmila Devi Mohta – Non Executive Director |

**d. COMMITTEE FOR PREVENTION OF SEXUAL HARRSMENT OF WOMAN AT WORKPLACE**

- |                |   |
|----------------|---|
| Chairman:      | Miss Kirti Ramchandra Devale – Company Employee                                 |
| Other Members: | Mrs. Madhuri Kulkarni- Company Employee<br>Miss. Archana Mane- Company Employee |

**7. Statutory disclosure under Companies Act, 2013 (Pursuant to section 134(3) of the Companies Act, 2013 read with Companies (Accounts) rules 2014)**

	ANNEXURE	PAGE NO
a. Extract of annual return- Form MGT-9	ANNEXURE-I	10
b. Number of meetings of the board	ANNEXURE-II	15
c. a. Directors responsibility Statement b. details in respect of fraud reported by auditors under sub section (12) of section 143 other than those which are reportable to the central government	ANNEXURE-II	15
d. A statement on declaration given by independent directors under sub- section (6) of section 149.	ANNEXURE-III	16
e. Companies policy on directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of directors and other matters provided under sub - section (3) of section 178 Ratio of remuneration to each directors	ANNEXURE-III	16
f. Qualification and remarks	ANNEXURE-IV	18
g. Particulars of loan, guarantees or investment under section 186.	ANNEXURE-IV	18
h. Particulars of Subsidiary Company AOC-1	ANNEXURE-V	20
i. Particulars of contracts or arrangement with related parties referred to in Sub-section 1 of section 188- AOC-2	ANNEXURE-VI	21
j. The conservation of energy technology absorption, foreign exchange earnings and outgo.	ANNEXURE-VII	22
k. A statement indicating development and implementation of a risk management Policy for the company including identification therein of elements of risk, if any which in the opinion of the board may threaten the existence of the company.	ANNEXURE-VIII	23
l. The details of the policy developed and implemented by the company on corporate social responsibilities taken during the year.	ANNEXURE-VIII	23
m. A statement indicating the manner in which formal annual evaluation has been made by the board of its own performance and that of its committees and individual directors.	ANNEXURE-VIII	23
n. The state of the companies affairs Material changes and commitments if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relates and the date of the Company.	MANAGEMENT DISCUSSION & ANALYSIS REPORT	24

**8. DISCLOSURE PURSUANT TO SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013 requires every employer to comply with its provision and make a disclosure of the number of cases occurring under the Act. Accordingly this report.

Sl. No.	No. of cases filed under the Act before the internal committee.	No. of disposal under the Act
	NIL	NIL

**9. AUDITORS**

The Auditors, M/s A. C. Bhuteria & Company, Chartered Accountants, (Firm Registration No. 303105E) retire at the conclusion of ensuing Annual General Meeting and, being eligible; offer themselves for reappointment for a period of one year from the conclusion of this Annual General Meeting [AGM] till the conclusion of 59<sup>th</sup> AGM.

Present Auditors were appointed in the 43rd AGM held on 29th September 2001 and since then they are carrying out the audit of the Company and are eligible for re-appointment for the FY 2016-17, in terms of Second Proviso to Section 139(2) of the Companies Act 2013. The audit report is self explanatory.

**10. SECRETARIAL AUDIT:**

M/s SDR & ASSOCIATES, a Firm of Practising Company Secretaries was appointed to conduct secretarial audit of the company for the financial year 2015-16 as required under section 204 of companies Act 2013. Secretarial audit is attached to this Report.

**11. INTERNAL AUDIT:**

CA Prabhakar Latkan (Chartered Accountant) was appointed to conduct internal audit of the company for the financial year 2015-16 as required under section 138 read with rule 13 of companies (Accounts) Rules, 2014, the internal audit report is given quarterly by the internal auditor to the Board of Directors.

The Board has reappointed Mr. CA Prabhakar Latkan (Chartered Accountant) as internal auditor for the financial year 2016-17.

**12. DISCLOSURE ABOUT COST AUDIT**

In pursuance to Section 148 of Companies Act 2013 read with Rule 5(1) of Companies (Cost Record and Audit) Amendment Rules 2014 under, the Cost Audit is not Applicable to our Company. However Company is maintaining Cost Records on routine basis and the Company obtains Cost Compliance report from a practicing Cost Accountant as a matter of good corporate practice and to instill cost consciousnesses at all level of operations.

**13. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:**

As per regulation 15 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 Corporate governance is not applicable to our company as it does not fall under in the criteria laid down in the said regulation i.e. our companies paid up equity share capital is not exceeding Rupees ten crore and net worth is not exceeding Rupees twenty five crores as on the last date of previous financial year, but as a good ethical practice BEMCO continues to follow corporate Governance practices and a report on corporate governance forms part of this Board's report.

**14. VIGIL MECHANISM:**

The Vigil Mechanism acts as an additional internal element of the Company's compliance and integrity policies. All employees, directors, vendors, suppliers, dealers and consultants, including auditors and advocates who are associated with BEMCO can raise concerns regarding malpractices and events which may negatively impact the company. Vigil Mechanism has been established under the supervision of the Chief financial Officer of the Company. The Audit Committee, the CFO and the company secretary reviews the working of the Vigil Mechanism from time to time and make suggestions, if needed. The Vigil protects the whistleblower against victimization for the disclosures made by him/her and ensures complete confidentiality of the whistleblower's identity and the information provided by him/her. The investigation is conducted honestly, neutrally and in an unbiased manner. The subject or other involved persons in relation with the protected disclosure are also given an opportunity to be heard. Strict disciplinary actions are taken against anyone who conceals or destroys evidences related to protected disclosures made under this mechanism. The Vigil Mechanism policy also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

**15. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:**

No regulatory authority has passed any orders having material impact on the Company.

**16. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

There are sound internal controls commensurate with nature and size of the Company that have been incorporated in the Policy to detect the financial discrepancies well in time. Key policies are defined, understood and enforced. Operating procedures are clearly defined; detailed and harmonized procedures are available across the organization. Several controls are preventive in nature and automated. All stakeholders are aware of their roles and responsibilities with respect to processes and controls. The culture of compliance with laid down guidelines and procedures is evident through the actions and behavior of individuals and teams. The Management Information System ensures that adequate and accurate information is available for reporting and decision making. The Audit committee also evaluates the operating effectiveness of Internal Financial Control systems.

Moreover:

- Internal Audit is carried out at regular intervals by an Independent Chartered Accountant, who submits his report to the Audit Committee and Board
- Statutory Auditors carry out the verification of Books on every Quarter before submitting their Limited Review Report

Board is prompt in maintaining the adequacy of Internal Financial Controls with reference to the Financial Statements

**17. LISTING WITH STOCK EXCHANGE:**

The Securities exchange board of India on September 2, 2015 issued SEBI (Listing obligations and disclosure Requirements) Regulations, 2015 with an aim to consolidate and streamline the provisions of listing agreement for different segments of capital market to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly all listed entities were required to enter into fresh listing agreement within six months from the effective date. The company has executed fresh listing agreement with BSE in pursuant to new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has paid the Annual Listing Fees for the year 2016-2017 to Bombay Stock Exchange where the Company's Shares are listed.

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANNEXURE-I**
**FORM NO. MGT 9  
 EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:	
i) CIN	L51101KA1957PLC001283
ii) Registration Date	14/03/1957
iii) Name of the Company	<b>BEMCO HYDRAULICS LIMITED</b>
iv) Category / Sub category of the Company	Public Company/ Limited by Shares
v) Address of the Registered Office and contact details	
Address	Udyambag, Industrial Estate
Town/City	BELGAUM
State	KARNATAKA
Pine Code:	590008
Country Name:	INDIA
Country Code	091
Telephone (With STD Area Code Number)	0831-2441980
Fax Number	2441263
Email Address	finance@bemcohydraulics.net
Website	www.bemcohydraulics.net
vi) Whether shares listed on recognized Stock Exchanges(s)	YES
vi) Name, Address & contact details of Registrar & Transfer Agent, if Registrar & Transfer Agents (RTA):-	
	<b>ADROIT CORPORATE SERVICES PVT LTD</b>
Address	17-20, Jaferbhoy Industrial Estate, Makawana Road, Marol Naka, Andheri(E)
Town/City	MUMBAI
State	MAHARASHTRA
Pine Code:	400059
Telephone (With STD Area Code Number)	022-42270400
Fax Number	022-28503748
Email Address	info@adroitcorporate.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Hydraulics Press	8462	50%
2	Hydraulic Equipments	8425	40%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	BEMCO FULIDTECHNIK PVT LTD	U29248KA2015PTC078838	Subsidiary	65.00%	2(87)

**VI. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>	-	-	-	-	-	-	-	-	-
(1) <b>Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	12,18,703	-	12,18,703	55.73%	12,18,703	-	12,18,703	55.73%	0.00%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f-i) Directors Relatives	35,456	-	35,456	1.62%	35,456	-	35,456	1.62%	- 0.00%
f-ii) Directors	3,79,111	-	3,79,111	17.34%	3,79,111	-	3,79,111	17.34%	- 0.00%
<b>Sub Total (A) (1)</b>	<b>16,33,270</b>	-	<b>16,33,270</b>	<b>74.69%</b>	<b>16,33,270</b>	-	<b>16,33,270</b>	<b>74.69%</b>	- 0.00%
(2) <b>Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	<b>16,33,270</b>	-	<b>16,33,270</b>	<b>74.69%</b>	<b>16,33,270</b>	-	<b>16,33,270</b>	<b>74.69%</b>	- 0.00%



<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	93	-	93	0.01%	93	-	93	0.01%	0.00%
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>0.01%</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>0.01%</b>	<b>0.00%</b>
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	1,88,602	1,500	1,90,102	8.69%	1,87,041	1,500	1,88,541	8.62%	-0.07%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	77,066	1,98,700	2,75,766	12.61%	77,916	1,95,250	2,73,166	12.48%	-0.12%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	80,873	-	80,873	3.70%	85,550	-	85,550	3.91%	0.21%
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	916	-	916	0.04%	400	-	400	0.01%	0.02%
Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Directors	-	5,680	5,680	0.26%	-	5,680	5,680	0.26%	0.00%
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>3,47,457</b>	<b>2,05,880</b>	<b>5,53,337</b>	<b>25.30%</b>	<b>3,50,907</b>	<b>85,096</b>	<b>5,53,337</b>	<b>25.30%</b>	<b>0.00%</b>
<b>Total Public (B)</b>	<b>3,47,550</b>	<b>2,05,880</b>	<b>5,53,430</b>	<b>25.31%</b>	<b>4,68,334</b>	<b>85,096</b>	<b>5,53,430</b>	<b>25.31%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>21,86,700</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>21,86,700</b>	<b>100.00%</b>	<b>0.00%</b>

**ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	ANANYA ANIRUDH MOHTA	16,728	0.76%	-	16,728	0.76%	-	0.00%
2	ANIRUDH MOHTA	1,03,260	4.27%	-	1,03,260	4.27%	-	0.00%
3	MADAN MOHAN MOHTA	18,728	0.86%	-	18,728	0.86%	-	0.00%
4	MADAN MOHAN PREM RATAN MOHTA	67,183	3.07%	-	67,183	3.07%	-	0.00%
5	MOHTA CAPITAL PVT LTD	6,65,606	30.44%	-	6,65,606	30.44%	-	0.00%
6	SRI RAMCHANDRA ENTERPRISES (P) LTD	3,34,697	15.31%	-	3,34,697	15.31%	-	0.00%
7	U D FINNVEST PVT LTD	2,18,400	9.99%	-	2,18,400	9.99%	-	0.00%
8	URMILA DEVI MOHTA	2,08,668	9.54%	-	2,08,668	9.54%	-	0.00%

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Shareholder's Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No of Shares	% of total Shares of the Company
	NIL	-	-	-	-	-	-	-

**iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Shareholder's Name	Shareholding		Date(*)	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
		No of Shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No of Shares	% of total Shares of the Company
1	Sungrace Finvest Pvt Ltd	1,85,000	8.46%	06.11.2015	(500)	SELL	1,84,500	
		1,84,000	8.41%	13.11.2015	(500)		1,84,000	8.41%
2	Hitesh Ramji Javeri	39,808	1.82%	13.06.2015	607	BUY	40,415	
		40,415		20.06.2015	1338	BUY	41,753	
		41,753		03.07.2015	247	BUY	42,000	
		42,000		29.08.2015	450	BUY	42,450	
		42,450		05.09.2015	700	BUY	43,150	1.97
3	Harsha Ramji Javeri	41,065	1.87%	13.06.2015	235	BUY	41,300	
		41,300		19.06.2015	300	BUY	41,600	
		41,600		22.08.2015	400	BUY	42,000	
		42,000		29.08.2015	200	BUY	42,200	
		42,200		05.09.2015	200	BUY	42,400	1.93
4	Ramesh Shah	5,680	0.26%		0	NIL	5,680	0.26%
5	G C Jha	3,466	0.16%	01.04.2014		NIL		
		3,466		31.03.2015			3,466	0.16
6	Mitali Hitesh Javari	61	0	04.07.2015	49	BUY	110	
		110		29.08.2015	500	BUY	610	
		610		07.11.2015	500	BUY	1,110	
		1,110		16.01.2016	750	BUY	1,860	
		1,860		30.01.2016	689	BUY	2,549	
		2,549		20.02.2016	225	BUY	2,774	0.00
7	Basant Kumar Mohota	2,500	0.11%		0	NIL movement during the year	2,500	0.11%
8	Deepa Hitesh Shah	2,453	0.11%	18.04.2015	1	BUY	2,454	
		2,454		09.01.2016	1	BUY	2,455	0.00
9	Piyush rajnikant Shah	2,202	0.10%	18.04.2015	3	BUY	2,205	0.10%
10	Rajesh Garg	3,000	0.14%	18.04.2015	825	SELL	2,175	0.09%

\* Date of transfer has been considered as the date on which the beneficiary position was provided by the Depository of the Company

**v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding		Cumulative Shareholding during the year	
		No of Shares at the beginning (01.04.2014)/ end of the year (31.03.2015)	% of total Shares of the Company	No of Shares at end of the year	% of total Shares of the Company
1	Madan Mohan Mohta	18,728	0.86		
		18,728	0.86	18,728	0.86
2	Anirudh Mohta	1,03,260	4.72		
		1,03,260	4.72	1,03,260	4.72
3	Urmila Devi Mohta	2,08,668	9.54		
		2,08,668	9.54	2,08,668	9.54
4	R M Shah	5,680	0.26		
		5,680	0.26	5,680	0.26
5	Dilip Chandak	-	-	-	0.00
6	N K Daga	-	-	-	0.00
7	R.B.Patil	35	0.00		
		35	0.00	35	0.00
8	Amruta Ashok Tarale	-	-	-	0.00

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	7,59,80,482	9,30,53,085	-	16,90,33,567
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>7,59,80,482</b>	<b>9,30,53,085</b>	<b>-</b>	<b>16,90,33,567</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	2,22,07,331	18,68,200	-	2,40,75,531
* Reduction	-	-	-	-
<b>Net Change</b>	<b>2,22,07,331</b>	<b>18,68,200</b>	<b>-</b>	<b>2,40,75,531</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	9,81,87,813	9,49,21,285	-	19,31,09,098
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9,81,87,813.00</b>	<b>9,49,21,285</b>	<b>-</b>	<b>19,31,09,098</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		<b>Anirudh Mohta</b>	(₹)
		<b>Managing Director</b>	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19,80,000	19,80,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,22,006	1,22,006
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option		-
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others, please specify - Retirement Benefits		-
	<b>Total (A)</b>	21,02,006	21,02,006
	<b>Ceiling as per the Act</b>	<b>30,00,000</b>	<b>30,00,000</b>

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Madan Mohan Mohta	Urmila Devi Mohta	Ramesh Shah	M Dilip Chandak	P Naval K Daga	(₹)
1	Independent Directors						
	Fee for attending board committee meetings	-	-	6,000	6,000	3,000	15,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	<b>6,000</b>	<b>6,000</b>	<b>3,000</b>	<b>15,000</b>
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	6,000	6,000	-	-	-	12,000
	Commission *	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	<b>Total (2)</b>	<b>6,000</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000</b>
	<b>Total (B)=(1+2)</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>3,000</b>	<b>27,000</b>
	<b>Total Managerial Remuneration</b>	-	-	-	-	-	-
	<b>Overall Ceiling as per the Act</b>	-	-	-	-	-	<b>N.A.</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (₹ )
		Name		
	Designation	Rajagonda B Patil CFO	Amruta Ashok Tarale CS	
1	Gross salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,62,000	2,40,000	7,02,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,76,256	82,000	2,58,256
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>6,38,256</b>	<b>3,22,000</b>	<b>9,60,256</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					

**NIL**

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.



## ANNEXURE-II

(Annexure to director's report- statutory Disclosures)

### NUMBER OF MEETINGS OF THE BOARD

During the financial year under review, 6(Six) Board Meetings were held & the details of Board Meetings are given below:

Sr.No	Date of Meeting	Board Strength	No. of Directors Present
1	29/05/2015	6	6
2	07/08/2015	6	6
3	10/11/2015	6	6
4	22/12/2015	6	5
5	12/02/2016	6	5
6	29/03/2016	6	5

### DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANNEXURE-III**

(Annexure to director's report- statutory Disclosures)

**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received necessary declaration from each Independent Director of the Company confirming that, they meet the criteria of Independence as prescribed both under Section 149(6) of the Companies Act 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

**POLICY FOR SELECTION AND APPOINTMENT OF NON EXECUTIVE DIRECTORS AND THEIR REMUNERATION**

**Criteria of Selection of Non Executive Directors**

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation law, governance and general management.

The A&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under section 164 of the Companies Act, 2013

The A&R Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as Director.

- i). Qualification, expertise and experience of the Directors in their respective fields
- ii). Personal, Professional or business standing
- iii). Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level

**REMUNERATION**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board Meetings.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**Remuneration Policy for the Directors, Senior Management, and Employees**

In determining the remuneration of the Senior Management Employees (i.e KMPs NA Executive Committee Members) and A&R Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein- above, whilst recommending the annual increment and performance incentive to the A & R Committee for its review and approval.

**Ratio of Remuneration**

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Only Mr. Anirudh Mohta – MD is remunerated and Ratio of his Remuneration to that of the median remuneration of the employees of the Company works out to 1.94						
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Name</b>	<b>Designation</b>	<b>2015-16</b>	<b>2014-15</b>	<b>Incr. %</b>		
	Anirudh Mohta	MD	21,02,006/-	17,25,368	42.96		
	R B Patil	CFO	6,38,256/-	5,99,400	6.48		
(iii) the percentage increase in the median remuneration of employees in the financial year;	Amruta Tarale	CS	3,22,000/-	-	-		
			2014-15	2015-16	Incr. %		
(iv) the number of permanent employees on the rolls of company;			1,09,934	1,13,352	4.96		
(v) the explanation on the relationship between average increase in remuneration and company performance;	Though during the financial year 2015-16, the Company sustained loss still then, keeping in view larger interest of the Company, an average hike of 5% was considered reasonable for all employees.						
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The present managerial remuneration paid is as the minimum remuneration which is well within the limits laid down in schedule V, hence bears no relationship with financial performance of the Company.						
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<b>2014-15</b>			<b>2015-16</b>			
		Rate	No of Shares	Market Cap	Rate	No of Shares	Market Cap
	Opening Rate	62.00	1786700	110775400	91.55	2186700	200192385
	Closing Rate	87.20	2186700	190680240	72.55	2186700	158645085
	EPS	(6.91)			(16.01)		
PE Ratio	(12.62)			(4.53)			
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<ol style="list-style-type: none"> <li>1. Average Percentile Increase already made in the salaries of employees other than managerial in the last Financial year = 5%</li> <li>2. percentile increase in the managerial remuneration = -10.64%</li> </ol>						

(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<b>Name &amp; Designation of KMP</b>	<b>Remuneration (Rs. In Lakhs)</b>	<b>% of remuneration to</b>	
			<b>Revenue</b>	<b>Loss for the year/LBT</b>
	Anirudh Mohta – MD	21,02,006/-	0.96	(6.84)
	R. B. Patil - CFO	6,38,256/-	0.29	(2.07)
	Amruta Tarale	3,22,000/-	0.14	(1.04)
During the year the average increase in the Remuneration of KMP was 65.96% as against 16.53% growth in the total revenue of the operation.				
(x) the key parameters for any variable component of remuneration availed by the directors;	Not Applicable			
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not Applicable			
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid to all Employees is in accordance with the Remuneration Policy			

**STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY:**

(i) designation of the employee;	None of the Employee of the Company including Managing Director is in receipt of Remuneration exceeding Rs. 60/- Lakhs per annum or at the said rate for any part of the year.
(ii) remuneration received;	
(iii) nature of employment, whether contractual or otherwise;	
(iv) qualifications and experience of the employee;	
(v) date of commencement of employment;	
(vi) the age of such employee;	
(vii) the last employment held by such employee before joining the company;	
(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	
(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	
The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	
The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	
The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

## ANNEXURE-IV

(Annexure to director's report- statutory Disclosures)

### QUALIFICATIONS IN AUDIT REPORTS

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

(a) by the statutory auditor in his report:

Nil

and

(b) by the Secretarial Auditor in their Secretarial Audit report.

The secretarial auditors have observed that.

a) route map for the venue of the last Annual General meeting was not provided in the notice convening the 57th Annual General Meeting and

b) The Disclosures under Regulation 30(1) (2) and(3) were filed with Stock Exchange but not within seven working days from the end of financial year.

The Board desires to stress the fact that the requirement of route map was through Secretarial Standards prescribed for the first time, effective from 1st July 2015, though route map was not given it did not cause any inconvenience to any members because the BEMCO premises is in itself a land mark in Belgaum city, so far as the delay in disclosure, the same was too small and insignificant.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The investments in shares and other securities held by the Company were made much prior to notification of section 186 of the Companies Act, 2013 and after notification of section 186 of the Companies Act, 2013 the company has not made any investment in shares and securities.

SECURED LOANS: Company has not provided any Secured Loan to anybody during the year

UNSECURED LOANS: Company has not provided any Loan except to its Employees as Salary Advance

#### CURRENT/NON-CURRENT INVESTMENTS:

- Company has not made any investments neither in Share Capital (accept its subsidiary company) nor in any other Form.

#### GUARANTEES:

- In normal course of business; Company does issue Bank Guarantees & Indemnity Bonds for Getting Advances from Customers / to collect the retention Money from Customers during warranty period of supply of Goods.

#### SECURITIES EXTENDED

- In normal course of business Company needs to provide the Warranty certificates for the goods supplied. And no other security is extended during the year.

### INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV

#### (1) Subsidiary Company:

A subsidiary company namely BEMCO FLUIDTECHNIK PRIVATE LIMITED - (CIN U29248KA2015PTC078838) incorporated on 13th February 2015.

During the financial year 2015-16 the company diluted its 5% shares to Urmila Devi Mohta and 10% shares to Naveen Padamnoor and the resultant ratio is 65:35 ie (i.e. 75 % Shares of Bemco Hydraulics Limited and 20% of Mr. Jagdish Narasinha Joshi, 10% shares of Mr. Naveen Padamnoor and 5% shares to Mrs. Urmila Devi Mohta ).

Authorized Share Capital of this Company is Rs. 25,00,000/-.

Issued, subscribed and Paid up Share Capital of this Company is Rs. 1,00,000/-.

- Bemco Fluidtechnik Private Limited (FLUIDIKTM) was formed with a focus to develop products for high pressure hydraulic applications across industry. The recent market has been demanding compact and light weight products with better controllability and there has been a sustained interest in high pressure hydraulics to achieve the same. Currently, the Indian market is dependent on imported components predominantly from companies based in Europe and USA to meet this fast growing segment of market.
- Hence the focus of FLUIDIK was on import substitution and develop products under "Make in India" for a segment where no Indian manufacturer is currently operating. Once developed, the segment offers sufficiently large opportunities in markets of Europe, Americas and Middle-East Asia.
- The company has spent substantial amount of time in the past year in understanding the applications and developing products suitable for handling high pressures up to 750kgf/cm<sup>2</sup>. Along the way, the company had to dwell deep into areas like metallurgy and hardening processes to achieve high performance, efficiency and reliability.
- Once the proto-development phase was completed, the products were taken for functional testing at factory and then endurance testing in controlled environments. Based on the results, further improvements were taken-up and the process of factory validation and endurance were repeated until satisfactory performance and efficiency were achieved.
- After factory validation, the products were taken to customer sites for real-world testing at sites in Jamnagar, (Gujarat) Hosur, Tamil Nadu but near Bangalore etc. where the products were put through testing by end users of these components and systems and the performance was tested and feedback from end users also taken into consideration.
- Subsequent to the above, decision was taken to productionize the components in a phased manner through outsourcing/subcontracting most components. The company will focus on assembly and testing in-house. This was done to reduce the investment in capital equipment and also reduce time in developing manufacturing processes in-house. The company has put considerable efforts in identifying "manufacturing partners" in Belgaum, Bangalore, Kolhapur, Ichalkaranji and others in identifying, developing and out-sourcing component manufacturing partners. Currently the company works with 6 approved manufacturing partners and thus believes that the business approach will help in reducing capital out-flow in the time to come.



- The company had to spend resources in some critical areas where it had to develop expertise in products which are not available in India viz. Oil Immersed Electric Motor. Identification of vendor followed by product development and trials took considerable amount of effort, but the company has been successful in developing supplier for oil immersed electric motor from 0.5 to 1.5kW and in the coming year, the plan is to extend it to up to 3kW with additional options of 110V supply and 60Hz to cater to requirements in some focus markets.
- Additionally, the company decided to develop castings wherever required to improve the aesthetics of the final product and also reduce the processing cycle time. Nearly 15 castings in Aluminum and SG Iron have already been completed.
- Over the last year, the company has developed over 20 component families which are available in various sizes and 3 different hydraulic systems and are ready for market launch. The focus currently is to build an inventory of products to meet the market demands and the same should be completed by mid-July 2016. The products developed have market in hydraulic press applications and are complementary to the products currently used and sourced from market by Bemco Hydraulics Limited.
- Business enablers like company website, marketing brochures and datasheets and ERP systems have also been developed in the year 2015-16 and will be deployed in the year 2016-17.

**Manifold Block Business**

- Parallel to the high pressure range, the company has defined a 2nd line of business which will focus on custom hydraulic manifolds. The business segment will focus on manufacturing manifold blocks as per customer specifications and an internal structure has been created to manage this segment. The company has successfully converted an enquiry to serial supply for a wind power customer and expect the business to grow substantially in the coming year and is working towards adding more customers and developing manufacturing and auxiliary processes for lean and efficient manufacturing.

**(2) Associate Companies:**

In terms of sub Section (6) of Section 2 of the Companies Act 2013, the company has no Associate Company.

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANNEXURE-V**

(Annexure to directors report- statutory Disclosures)

**FORM NO. AOC.1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/ associate companies/ Joint ventures.

**PART "A": Subsidiaries**

(Information in respect of each subsidiary to be presented in amount in Rs.)

1.	Name of subsidiary:	BEMCO FLUIDTECHNIK PRIVATE LIMITED
2.	Reporting Period:	2015-16
3.	Reporting currency and exchange rate in case of foreign subsidiaries :	NA
4.	Share capital :	Rs.1,00,000/-
	reserves and surplus :	Rs. (27,92,386)/-
5.	Total Assets :	Rs.16,56,718/-
6.	Total Liabilities:	Rs.80,00,628/-
7.	Investment:	-
8.	Turnover:	Rs.3,83,738/-
9.	Profit before taxation :	Rs. (27,92,386)/-
10.	Provision for taxation :	-
11.	Profit after taxation :	Rs. (27,92,386)/-
12.	Proposed dividend :	-
13.	% of share holding	65%

Note: The following information shall be furnished at the end of the statement

1. Name of subsidiaries which are yet to commence operations.-NIL
2. Name of subsidiaries which have been liquidated or sold during the year.-NIL

**PART "B": Associate and Joint Ventures**

Statement pursuant to section 129 (3) of the companies Act, 2013 related to associated companies and Joint venture.

Name of Associate/ Joint Venture	Name 1	Name 2	Name 3
1. Latest audited Balance sheet Date			
2. Shares of Associate/ Joint venture held by the Company on the Year end. No. Amount of investment in Associate/ Joint Venture Extent of Holding			
3. Description on how there is significant influence.			
4. Reason why the Associate/ Joint venture is not consolidated.			
5. Net worth attributable to shareholding as per latest audited Balance Sheet.			
6. Profit / Loss for the year i. Considered in consolidation ii. Not Considered in consolidation			

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANNEXURE-VI**

(Annexure to directors report- statutory Disclosures)

**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**1. Details of contracts or arrangements or transactions not at arm's length basis**

(a)	Name(s) of the related party and nature of relationship	No such Transactions have taken place during the year.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

**2. Details of material contracts or arrangement or transactions at arm's length basis**

(a)	Name(s) of the related party and nature of	Bemco Fluidtechnik Private Limited CIN:U29248KA2015PTC078838 BEMCO PREMISES KHANAPUR ROAD UDYAMBAG BELGAUM - 590008. Son Mr. Anirudh Mohta and Mother Mrs. Urmila Devi Mohta are directors of the Company.	L & G Steel And Commodities (P) Ltd - CIN:U51900KA2009PTC049969 PLOT NO.3, DEFENCE COLONY, R. C. NAGAR, II STAGE, BELGAUM-590008 Daughter & Grandson of Mr. M. M. Mohta & Mr. Urmila Devi Mohta are Director of this Company
(b)	Nature of contracts/arrangements/transactions	Purchase of goods, of goods and Renting of Immovable property	Purchase of steel and sale of scrap
(c)	Duration of the contracts / arrangements / transactions	For F Y 2015-16	For F Y 2015-16
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	1) Purchase of goods worth Rs. 2,82,050/- 2) Sale of Materials Rs. 20,57,767/- 3) Lease rent Rs. 1,00,000/-	1) Purchase of Steel worth Rs. 1,92,51,244/- 2) Sale of Scrap worth Rs. 39,744/-
(e)	Date(s) of approval by the Board, if any:	Transactions being at an arm's length and in ordinary course of business, board approval not necessary. However, pursuant to listing agreement, these transactions are approved by Audit committee	Transactions being at an arm's length and in ordinary course of business, board approval not necessary. However, pursuant to listing agreement, these transactions are approved by Audit committee
(f)	Amount paid as advances, if any:	Nil	Nil

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANNEXURE-VII**

(Annexure to director's report- statutory Disclosures)

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

**A. CONSERVATION OF ENERGY:**

Steps taken / impact on conservation of energy, with special reference to the following:	Operations of the Company are not energy intensive however, conscious efforts are made at all levels of operations to conserve energy and minimize its use. Over the year s, the factory lay out is modified to allow maximum use of sun light in factory premises, power capacitors are used and automatic power shut down devices are installed when the machines are in idling mode.
Steps taken by the company for utilizing alternate sources of energy including waste generated	As above
Capital investment on energy conservation equipment	NIL

**B. Technology absorption:**

1	Efforts, in brief, made towards technology absorption.	Company's Designing & Engineering team continuously keep track and keep updating new technology in field of operation.
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Products manufactured are technically superior to Conventional Products
3	In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: (a) Details of technology imported. (b) Year of import. (c) Whether the technology been fully absorbed (d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore.	Not Applicable. Company has not Imported any Technology during the last 3 years.
4.	The expenditure incurred on research and development.	NIL

**C. Foreign exchange earnings and Outgo**

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

Particulars	2015-2016 Rs.	2014-2015 Rs.
i). C.I.F. Value of Imports: Raw Materials And Components	1,19,41,045	42,69,618
ii). Expenditure in Foreign Currency:(paid/payable)		
Traveling	2,71,171	61,618
Technical Know How (Paid/Payable)	NIL	33,66,778
Technical Assistance	1,27,139	NIL
Exhibition Expenses	52,902	NIL
iii). Earnings in Foreign Exchange: FOB value of Exports	30,54,140	4,91,61,415

**18. DETAILS RELATING TO DEPOSITS, COVERING THE FOLLOWING:**

(a) Accepted during the year;	NIL
(b) Remained unpaid or unclaimed as at the end of the year;	N. A.
(c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved: i. at the beginning of the year ii. maximum during the year iii. at the end of the year	N. A. N. A. N. A.
(d) Details of deposits which are not in compliance with the requirements of Chapter V of the Act	N. A.

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

## Annexure-VIII

(Annexure to director's report- statutory Disclosures)

**RISK MANAGEMENT POLICY :**

- The RISK MANAGEMENT POLICY is in compliance with Section 134 (3) (n) of the Companies Act 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.
- The Board ensures that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management. The Company enables compliance with all appropriate laws and regulations, wherever applicable, through the adoption of best practices.
- The Board of Directors of the Company and the Audit Committee periodically reviews and evaluates the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments are responsible for implementation of the risk management system as may be applicable to their respective areas of functioning, and they report to the Board and Audit Committee when circumstances require.
- Company is working at the Norms laid down in the ISO 9001-2008 & ISO 14001-2004 and strictly follow all the norms and procedures to overcome the various risk factors.

**CORPORATE SOCIAL RESPONSIBILITY POLICY:**

As the company does not fall within the criteria laid down in section 135 of the Companies Act, 2013, nothing under this head is applicable statutorily but the Boards' commitment to social cause remains.

**FORMAL ANNUAL EVALUATION:**

The Board consisting of Mr. Anirudh Mohta as the Managing Director, Mr. M. M. Mohta as Non Executive Chairman and Mrs. Urmiladevi Mohta as Women Director all from promoter group and Mr. Ramesh Shah, Mr. Dilip Chandak and Mr. N. K. Daga as independent non executive Directors have a system of self evaluation in the form of firstly, the independent Directors carrying out evaluation of Executive Director Mr. Anirudh Mohta through separate meeting of independent Directors where, the promoter Directors are not present. In the process of evaluation, the independent Directors have made many suggestions to the Managing Director for better performance. Similarly, the promoter Directors have through their own separate meetings, which are not attended by independent Directors, evaluated the performance of independent Directors and have raised many questions about role of independent directors and on the whole the promoter directors and Executive Director have appreciated the performance of independent Directors especially the contribution made in the deliberations of the Board of Directors by Chairman of the Audit Committee Mr. Dilip Chindak . In addition, the performance evaluation of Mr. M. M. Mohta, the Chairman of the Board of Directors and Mrs. Urmiladevi Mohta a women director is made by rest of Directors and here too lot of suggestions are made for overall qualitative change in the deliberations of the Board.

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Industry structure & development:-**

We are a Hydraulic engineering company & we bring out information in brief that is relevant to our current business interest and our strategy to grow in this segment. By & large, Indian hydraulic industry business is to the tune of about Rs. 1000 to 1200 Crore per annum with Indian component of 700 to 800 Cr & import of Rs. 300 to 400 crores.

Main mother Industry from whom we are mainly depended on are, heavy engineering works, Aeronautics, defense, Railways, Automobile, forging, Sheet metal & Disaster management equipment. Apart from these are many global companies expanding their manufacturing facilities. There is upward trend in the business year by year although not significant.

India is a growing country and every business house can grow in its own field provided of they add value to the investments of the buyers program. There is a business opportunity for all segments of business because country has not reached to the saturation point unlike European and American countries.

In Bemco, we have given major focus on Rail Industry not only for business in home country but also in the neighboring countries. We have been successful in securing business as anticipated & much is expected in the years to come.

We assume we are better placed in this segment of industry & are well secured.

### **Opportunities & Threats:**

#### **Opportunities -**

We have different product verticals catering to the above segments therefore there are ample of opportunities to explore the business prospects from different segments of Industry.

1. In the western countries, forging and foundry industry are banned as a result Indian Industry is doing better in this segment with export business opportunities. We cater to this segment and we are recognized in this segment of business so much so that, we get substantial business from this segment.
2. Automobile: Every Indian vehicle manufacturer has Bemco machines & we are recognized in this segment of business. Apart from supplying conventional machines, we also supply customized machines to these companies.
3. Railways: Indian Railways is perhaps second largest in the globe & has many workshops spread across length & breadth of the country. We supply Hydraulic wheel presses, spring testing machines and an Import Substitute equipment by name – Hydraulic Re-railing equipment which Railways buy in good numbers.
4. Aviation and Defense: Bemco has developed few import substitutes wherein the business is steady and secured although the size of business is not significant. But we value this business as it is a feather in our cap and add brand value to the company. We are being seen as one among the reputed & reliable within industry.

#### **Threats:**

1. We are a Hydraulic Engineering Industry who design & develop custom built, application specific Hydraulic machines from concept level to commissioning. Our responsibility ends after putting the machine into production & then we get paid. Time frame for returns on the investment is to the tune of 6 to 8 months for each machine. Our investment on the work in progress is for a longer period of time as a result we carry a huge inventory at a huge interest cost.
2. We need to retain our entire workforce in good and bad times because all are specialized brains trained for our business module. Unlike software industry, we cannot adopt hire and fire policy. We need to carry our work force at all times.
3. If government reduces import duty to promote imports, the domestic hydraulic industry would suffer competitiveness. This is highly unpredictable.
4. We largely depend on government orders. The decisions are normally taken after 180 days. Earnest money deposited is blocked for unknown period at a huge cost.
5. In case of disputes & arbitration, the decisions are delayed for unknown period of time & it is beyond our control. Our inventory gets blocked until dispute is resolved. Security deposits submitted as a surety remain with the government body for an extended period of time.
6. Bank interests are much higher when compared to the developed countries. Since realization on our investment is spread over 8 – 10 months, we lose major chunk of earnings in bank interest & government levies. At times, when dispute is crop up, we end up paying interest and government levies & lose heavily.
7. We are better placed in selling large size machines because of our infrastructure & past track record than selling smaller capacity machines. It is often seen that, small entrepreneurs opens a new business account with our existing buyers with smaller machines & expand their business tentacles to secure larger business. We really need to strike balance in between although, business coming from smaller machines does not add much to the turnover. The only way to sustain in this segment is to make the machines more efficient than before & make it incomparable with other products technologically. There is a need for constant innovation, developments & meet expenses without anticipating quicker returns.
8. With the increased globalization, the buyer and the user are more knowledgeable than any single manufacturer. There is need to infuse latest technology and produce energy efficient intelligent machines. It is the time for change over to next generation technology to grow in this business. We need to either develop technology in-house or have technical collaboration with the experts of this field.
9. At times, private entrepreneurs do not take delivery after the machine is ready due many reasons not concerned to us. In this period, we would be carrying huge inventory of capital goods which otherwise cannot be sold to anyone else than the one who placed order.

### **Segment wise and Product wise performance:**

We are doing well in each of the above segment namely railways and automobiles & therefore honored with repeat orders. We have experts of each & every field who are responsible to give their best. The business is growing by word of mouth from one industry to another. We conceive new engineering concepts, develop, produce, test, prove said capabilities of the machine & then sell the first machine. The first machine speaks by itself and sells many more.

Bemco is always dedicated to its work responsibilities & enjoys crossing new mile stones of success in its under takings. Every employee gives his best to his part of responsibility and it is in the culture of this organization thereby we convert every individual of the organization into an asset of the company. This is the secret behind our success.

### **Out look**

We are confident and looking forward to a bright future & growth. We have planned for larger investments on the infrastructure development & induction of new technology.

### **Risk and Concerns:**

In true sense, we have lesser risk factors in our business. We are into manufacture of custom built products & our investment begins only after securing the business & after contracts are supported with sufficient advance payment.

We are aiming for 50% of the business from Government sector wherein we get paid upon delivery & returns on our investment are well secured. We are successful in reaching to these bench marks.

As a result dead inventory is not created which would otherwise compel us for distress selling or depleting stocks. This is one of the key factor for our 60 years of presence in this field of business in all circumstances of situation of industry prevailing in the country.

Our business is hardly affected by product or the technology becoming obsolete overnight unlike electronic and automobile industry. This process is very slow and as a requirement of industry, we are already having European technology partner to keep pace with time & technology in the relevant field.

**Concerns:**

Our major concern is on the bank interest on capital goods, security deposits for a longer period of time for government contracts, late decisions of government mechanism & huge inventory costs while work in progress. There is much things expected from the government in this regard.

**Performance Highlights:**

The estimated Gross revenue, during year under report has been hit by not only by Indian recessionary trend but also by downward trend in Global Economy.

- During past couple of years our Government announcing now and then various policies for revival of the Indian Economy but the practical implementation of these polices could not take place as originally those were scheduled.

- Therefore, no new projects have come up during the first part of FY 2015-16.

- However, at the end of first half of the FY 2015-16 the changes are taking place and we observe that certain factors have inspired the Revival of the Indian Economy.

- As a result of which we could bag the orders worth Rs. 40/- Crores in the second half of the FY 2015-16

- On the basis of the Government's various Policies, the Company did project the sales turnover of Rs. 2856/- lakhs during the FY 2015-16.

- The analysis is as under:

Due the market recession particularly in the first half of the FY 2015-16

(1) Company Could achieve the Sales Turn Over of Rs. 2192.98 lakhs as against the estimated Sales Turnover of Rs 2826.58 Lakhs

(2) Company could not achieve the PBT and PAT as estimated of Rs. 30.42 lakhs

- However, from October 2015 onwards we observed the improvement in Indian Economy.

- The major Policy and move of our Government towards the Indigenization in all the government sectors like, Defence, Aviation Indian Railways etc. has given boost and courage of the Indian Entrepreneur to plan and implement new projects.

- Now we feel the revival is taking place and we are happy to share the following to the members of the Company:

- various polices during past couple of years our Government announcing now and then various policies for revival of the Indian Economy but the practical implementation of these polices could not take place as originally those were scheduled.

**ESTIMATES FOR THE F.Y. 2016-17 AND F. Y. 2017-18**

Estimates for the current and following F.Y. are based on the corrections taken place in the overall market and taking into account the inflow of new Orders and Enquiries.

Looking at the revival in economy your company has set the sales turnover double of the target set in the previous year

Company is studying the possibilities of adding the line of Mechanical Presses in its product mix which may help to grow its sales turnover.

To sum up, the outlook for the next year looks bright.

**Internal Controls and their adequacy:**

Bemco has put in place adequate internal financial control with reference to the financial statement, some of which are outlined below:

Your Company has adopted accounting policies which are in line with the Accounting Standard prescribed in the Companies (Accounting Standards) Rules, 2006 that continues to apply u/s 133 and other applicable provisions of the companies Act, 2013 read with rule 7 of the companies (Accounts) Rules, 2014. These are in accordance with generally accepted accounting principles in India. Changes in policies if any are approved in the audit committee in consultation with the auditors.

The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of your company. The accounts of the subsidiary companies are audited and certified by their respective auditors for consolidation.

The company has proper and adequate system of internal audit and control which ensures that all the assets are safeguarded against loss from unauthorized use and that all transactions are authorized recorded and reported correctly.

The company continuously improves upon existing practices for each of its major functional areas with a view to strengthen the internal control system.

The Company has assigned internal audit function to a firm of Chartered accountant. Regular internal audit and checks are carried out to ensure that the responsibilities are discharged effectively. All major findings and suggestions arising out of internal audit are reported and reviewed by the Audit Committee. The management ensures implementation of these suggestions and reviews them periodically.

**Human Resources:**

Your company believes that human talent is its fundamental strength. The Company nurtures competencies and skills through learning and development programmes and recognizes talent, and rewards it through performance management system. During 2015-16, the focus from an organization development perspective was to implement strong processes and controls to continuously improve efficiencies and improve organization capabilities.

The process of realigning the organization along functional lines in various areas of business like business acquisition, business execution and technology adoption continued through 2015-16. On the operational side of business, management changes were undertaken to create more focus and greater accountability.

Your company has enjoyed cordial relations with its employees; worker and staff employees are paid in accordance with the wage agreement established with trade unions.

The Employee strength of the company as on 31<sup>st</sup> March, 2016 was 245.

**For and on behalf of the Board of Directors**

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
DIN-00068884  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

## Compliance Certificate From CEO & CFO

*Pursuant to regulation 17(8) of (Listing Obligation and Disclosure Requirements) Regulations, 2015.*

- A. We have reviewed financial statement and cash flow statement for the year and that to the best of our knowledge and belief:
1. These statement do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
  2. These statement together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transaction entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control system of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiency in design and operations of such internal controls, if any, of which we are aware and the steps we have taken or have propose to take rectify these deficiencies.
- D. We have indicated to the auditors and the audit committee
1. Significant changes in the internal control over financial reporting during the year.
  2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having the significant role in the listed entity's internal control system over financial reporting.

Place : Belgaum  
Date : 19-07-2016

**ANIRUDH MOHTA**  
Managing Director  
DIN-00065302  
2, Mohanam, 10<sup>th</sup> Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**R. B. PATIL**  
CFO  
PAN-AANPP9374M  
Plot no.4 Niwara, Samarth Co-op.  
Housing Soc Ltd., Laxminagar,  
Hindalga, Belgaum 591108.

## REPORT ON CORPORATE GOVERNANCE

### Report on Corporate Governance

In terms of Regulations 15 of the (Listing Obligation and Disclosure Requirements) Regulations, 2015 a report on corporate governance is not mandatory for our Company as its paid up capital is less than Rs. 10 crores and net worth of the Company is less than Rs. 25 crores. Nonetheless, as a matter of board's commitment to better corporate governance and transparency in management this report on corporate governance is furnished sans certification from outside professionals.

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

**General Information about the Company, the Board's perception of future of the company considering market competition, production constraints, government policies etc., Major events concerning the company are to be highlighted.**

Bemco Hydraulics Limited was incorporated in the year 1957.

BEMCO, originally an Engineering Craftsman's shop in the late thirties has risen to be a premier producer of Hydraulic Presses equipments. It is located in Belgaum, Karnataka, a southwestern state in India. The company now has a well planned and adequately equipped manufacturing set up where every infrastructure is available to design, develop and produce a mega range of Hydraulic presses and equipments.

The company by collaborating with Vogel of Germany and Towler Brothers of U.K manufactured the first ever indigenously produced Hydraulics press. The company has lived the reputation of their collaborators in producing Hydraulics presses and equipments conforming to the international standards. The company with its classic range of Hydraulic Presses caters to the needs of industries involved in metal working, plastics, wood, rubber, electronics and electricals in India and abroad.

The company backed by the expertise of its highly qualified technocrats and professional and dynamic leadership has etched its name as producer of high quality, reliable and easily maintainable Hydraulic presses and equipments.

The principles of transparency, accountability, trusteeship and integrity are at the core of the Company's basic character. The Company firmly believes in the right of its stakeholders to information regarding the Company's business and financial performance.

The Company continues to commit itself to maintain the standards of integrity, transparency, accountability and equity in all facets of its operations and all its interactions with its stakeholders including the shareholders, employees and government. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholders value, keeping in view the needs and interest of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

#### 2. Board of Directors

##### a. Composition of the Board & Category of Directors

During the financial 2015-16, the strength of your Company's Board was six directors comprising of one executive director and five non-executive directors including one woman director as required under Regulation 17 of (LODR) Regulations, 2015. Three out of six Directors were Independent Directors, which duly complied with the requirement of Regulation 17 of (LODR) Regulations, 2015.

Name of the Director	DIN	Designation	Category of Directorship
Shri Madan Mohan Mohta	00068884	Chairman	Promoter Non Executive Chairman
Shri Anirudh Mohta	00065302	Managing Director	Promoter Executive Director
Smt. Urmila Devi Mohta	00068906	Director	Promoter Non Executive Director
Shri Ramesh Manickchand Shah	00068653	Director	Non Executive Director Independent
Shri Nawal Kishore Daga	00142170	Director	Non Executive Director Independent
Shri Dilip Premraj Chandak	00644673	Director	Non Executive Director Independent

Mr. Anirudh Mohta and Smt. Urmila Devi Mohta are related to Mr. Madan Mohan Mohta as Son and Wife. Save this none of the other Directors are in any way related to each other.

##### b. Selection of Independent Directors.

Considering the requirement of Companies Act, 2013, company has appointed Independent Directors considering their expertise and number of Directorship and Membership held in various committees of other companies.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

##### c. Meetings of Independent Directors

The company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or managerial personnel. Such meetings are conducted informally to enable independent Directors to discuss matters pertaining to the company's affairs and put forth their views to the Chairman and Managing Director.

One meeting of Independent Directors was held during the year.

##### d. Code of Conduct

The Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

A copy of the code has been put on the Company's website ([www.bemcohydraulics.com](http://www.bemcohydraulics.com)). The Code has been circulated to Directors and Management Personal, and its compliance is affirmed by them annually.

A declaration signed by the Company's Managing Director is published in this Report.

##### e. Board Meetings, Board Committee Meetings and Procedures

The Board has constituted four committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Committee for Prevention of Sexual Harassment of Woman at Workplace. The Board is authorized to constitute additional functional Committees, from time to time depending on business needs.

Minimum four pre-scheduled board meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the company's specific needs.

The meetings are usually held at the registered office of the company at Udyambag, Industrial Estate, Belgaum – 590 008.

The items/matters required to be please before the Board, inter alia, include:

1. Annual operating plans and budgets and any updates.
2. Capital budget, purchase and disposal of plant, machinery and equipment.
3. Quarterly, half yearly and annual results of the company and its operating divisions or business segments.
4. Minutes of the meeting of the audit committee and other committees of the board of Directors.
5. Information on recruitment and remuneration of senior officers just below the level of board of Directors including appointment and removal of chief financial officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non- payments for goods sold by the Company.
9. Any issue which involves possible public or product liability/claims of substantial nature, including any judgment or order which may have passed strictures on the Conduct of Company or taken an adverse view regarding another enterprise that may have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions involve substantial payment towards goodwill, brand equity or intellectual property.
12. Significant labour problems and their proposed solution. Any significant development in human resources/industrial relations front like signing of lease agreement, implementation of voluntary retirement scheme etc.
13. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements, and shareholders' service, such as non-payment of dividend, share transfer etc.
16. Appointment, remuneration and resignation of Directors
17. Formation/reconstitution of Board Committees
18. Terms of reference of Board Committees
19. Declaration of Independent Directors at the time of appointment/annually
20. Disclosure of Directors' interest and their shareholding
21. Appointment or removal of the Key Managerial Personnel
22. Appointment of Internal Auditors and Secretarial Auditors
23. Annual Secretarial Audit Report submitted by Secretarial Auditor
24. Significant changes in accounting policies and internal controls
25. Statement of significant transactions, related party transactions and arrangements entered by private limited companies.
26. Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee
27. Internal Audit findings and External Audit Reports.
28. Status of business risk exposures, its management and related action plans
29. Borrowing of monies, giving guarantees or providing security in respect of loans.
30. Brief on statutory development, changes in government policies, among other with impact thereof, Directors' responsibilities arising out of any such developments.
31. Compliance certificate certifying compliance with all laws as applicable to the Company.
32. Reconciliation of Share Capital Audit Report.

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. After notification of the secretarial standards, the Company has made it a practice to follow those standards on and from 1st July 2015. 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.

**f. Number of Board Meetings**

During the financial year under review, 6(Six) Board Meetings were held & the details of Board Meetings are given below:

Sr.No	Date of Meeting	Board Strength	No of Directors Present
1	29/05/2015	6	6
2	07/08/2015	6	6
3	10/11/2015	6	6
4	22/12/2015	6	5
5	12/02/2016	6	5
6	29/03/2016	6	5

**g. Director's attendance record and directorship held.**

Attendance of Directors at Board Meetings, Last Annual General Meeting (AGM) and Number of other Directorships and Chairmanships/Memberships of Committees of each Director in various Companies:

Sr. No	Name of Director	Attendance at Meetings During 2015-16		No. of other Directorships other as on 31.03.2016 (#)	No. of Committee positions held in other Companies	
		Board	AGM		Chairman	Member
1.	Anirudh Mohta	6	Present	5	Nil	Nil
2.	Madan Mohan Mohta	6	Present	5	Nil	Nil
3.	Urmila Devi Mohta	6	Present	6	Nil	Nil
4.	Ramesh Manickchand Shah	6	Present	2	Nil	Nil
5.	Dilip Premraj Chandak	6	Present	5	Nil	Nil
6.	Nawal Kishore Daga	4	Present	-	Nil	Nil



**Notes:**

# The Directorships held by Directors as mentioned above, do not include Firms, Trusts & HUFs.

**Board Committees**

The Company has constituted Board level Committees to delegate particular matters that require greater and more focused attention in the affairs of the Company. All the decisions pertaining to the constitution of Committees are taken by the Board of Directors of the Company.

As on 31<sup>st</sup> March, 2016 the Company has four (4) Board level Committees namely the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Prevention of Sexual Harrassment of women at workplace.

**a. AUDIT COMMITTEE**

Chairman: Mr. Dilip Chandak- Independent Director  
 (Appointed as Chairman on 29th March 2016)  
 Other Members:

Mr. R. M. Shah – Independent Director  
 Mr. N. K. Daga- Independent Director  
 Mr. Anirudh Mohta – Executive Director

**b. NOMINATION AND REMUNERATION COMMITTEE**

Remuneration Policy and other details are furnished in the Corporate Governance.

Chairman: Mr. R. M. Shah – Independent Director  
 Other Members: Mr. Dilip Chandak – Independent Director  
 Mrs. Urmila Devi Mohta – Non Executive Director

**c. STAKE HOLDERS RELATIONSHIP COMMITTEE**

Chairman: Mr. Dilip Chandak – Independent Director  
 Other Members: Mr. Anirudh Mohta – Executive Director  
 Mrs. Urmila Devi Mohta – Non Executive Director

**d. COMMITTEE FOR PREVENTION OF SEXUAL HARRASSMENT OF WOMAN AT WORKPLACE**

Chairman: Miss Kirti Ramchandra Devala – Company Employee  
 Other Members: Miss. Archana Mane- Company Employee  
 Mrs. Madhuri Kulkarni- Company Employee

**3. AUDIT COMMITTEE:**

As per section 177 of the Companies Act, 2013 & Regulation 18 of (LODR) Regulations 2015, company has constituted Audit Committee.

The Committee comprises of three Independent Directors & one Executive Director viz Shri Dilip Chandak– Chairman, (Appointed on 29th March 2016) Shri R. M. Shah- Member, Shri N. K.Daga- Member, Shri Anirudh Mohta- Managing Director. All Members of the Audit Committee possess accounting and financial management knowledge.

The Audit Committee met five times during the year on 29th May 2015, 07th August 2015, 10th November 2015, 12th February 2016 & 29th March, 2016. The maximum time gap between any two consecutive meetings did not exceed four months. The minutes of the meetings of the Audit Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings are given below:

Name of the Member	Category of Directorship	Position	No of Meetings attended
Shri Dilip Chandak	Independent Director	Chairman	1
Shri R. M. Shah	Independent Director	Member	5
Shri N. K. Daga	Independent Director	Member	3
Shri Anirudh Mohta	Executive Director	Member	5

The then Chairman of the Audit Committee Shri R.M Shah was present at the Annual General Meeting of the Company held on 25th September 2015 to answer shareholder queries.

Further the Audit Committee has been granted powers as prescribed regulation 18(3) of LODR Regulations, 2015

**The terms of reference of the Audit Committee includes the following:**

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the Appointment remuneration and terms of appointment of statutory auditor, internal auditor and practicing company secretary and the fixation of their fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the Management, the annual financial statement and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required as part of the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (C) of Sub-Section (3) of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by the management.

Significant adjustments made in the financial statements arising out of audit findings.

- d. Compliance with listing and other legal requirements relating to financial statements.
- e. Disclosure of any related party transactions.
- f. Modified opinion (s) draft audit report.
5. Reviewing with the Management, quarterly and half-yearly financial statements before submission to the Board for Approval.
6. Reviewing with the Management, the statement of uses/ application of funds raised through and issue (Public issue, rights issue, preferential issue, etc.) Statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public of rights issue, and making appropriate recommendation to the board to take up steps in this matter.
7. Reviewing and monitoring the auditors independence and performance, and effectiveness of audit process.
8. Approval or subsequent modification of transactions of the listed entity with Related party.
9. Scrutiny of inter corporate loans and investments.
10. Valuation of undertaking or assets of the listed entity wherever it is necessary.

11. Evaluation of internal financial control and risk management systems.
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems
13. Reviewing of adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with the internal auditors of any significant findings and follow-up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussions with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post audit discussion to ascertain any areas of concern.
17. To look into the reasons for substantial default in payment to the depositors, debenture holder (in case of non-payment of declared dividend) and creditors.
18. To review the functioning of whistle blower mechanism.
19. Approval of appointment of chief financial officer and accessing the qualifications, experience and background etc. of the candidate.
20. Carrying out any other functions as specified in the terms of reference, as amended from time to time.

The powers of the Audit Committee, pursuant to its terms of reference, include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if considered necessary;

Further, the Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee) submitted by Management.
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief Internal Auditors;

**4. NOMINATION & REMUNERATION COMMITTEE AND POLICY**

As per Section 178 of the Companies Act, 2013 and Regulation 19 of (LODR) Regulations 2015, the board has constituted Nomination and Remuneration Committee. The Committee also looks after the compensation structure at the Board level.

Composition of the Committee.

Chairman	: Mr. R. M. Shah	– Independent Director
Other Members	: Mr. Dilip Chandak	– Independent Director
	Mrs. Urmila Devi Mohta	– Non Executive Director

**Terms of Reference of the Committee, *inter alia*, includes the following:**

- a. Formulation of the criteria for determining qualification, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of directors, key managerial personnel and other employees;
- b. Formulation for criteria for evaluation of performance of independent directors and the board of directors.
- c. Devising a policy on diversity of board of directors.
- d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommended to the board of directors their appointment and removal.
- e. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

**Meeting Details:**

The Nomination & Remuneration Committee met two times during the year on 22<sup>nd</sup> December, 2015 and 12<sup>th</sup> February, 2016. The minutes of the meetings of the Nomination & Remuneration Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings are given below:

Name of the Member	Category of Directorship	Position	No of Meetings attended
Shri R. M. Shah	Independent Director	Chairman	2
Shri Dilip Chandak	Independent Director	Member	2
Smt. Urmila Devi Mohta	Non -Executive Director	Member	2

**5. Remuneration Policy.**

The Remuneration to Director, Key Management personnel and senior management is determined by the Board of Directors taking in to account the parameters laid down in schedule V to the Companies Act, 2013. So far the Company has remunerated its managerial personnel well within the limits laid down in schedule V and shareholders' approval is obtained in the Annual General Meeting in case of directors. Remuneration of Whole-time/Managing/Executive Directors largely consists of base remuneration, perquisites, gratuity, bonus and other allowances. The Non- Executive Directors are entitled to sitting fee for attending the meetings of the Board.

The details of Remuneration paid/payable during the year to Directors & Key Management Personnel are as under:-

Amount (Rs)

Name of the Director	Basic Salary & Allowances	Perquisites	Retirement Benefits	PF	Sitting Fees	Total
Shri Anirudh Mohta	19,80,000	1,22,006	84,000	2,37,600	-	24,23,606
Shri Madan Mohan Mohta	-	-	-	-	6,000	6,000
Smt. Urmila Devi Mohta	-	-	-	-	6,000	6,000
Shri R.M.Shah	-	-	-	-	6,000	6,000
Shri N.K.Daga	-	-	-	-	3,000	3,000
Shri Dilip Chandak	-	-	-	-	6,000	6,000

**POLICY FOR SELECTION AND APPOINTMENT OF NON EXECUTIVE DIRECTORS AND THEIR REMUNERATION**

**Criteria of Selection of Non Executive Directors**

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation law, governance and general management.

The A&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under section 164 of the Companies Act, 2013

The A&R Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as Director.

- i). Qualification, expertise and experience of the Directors in their respective fields
- ii). Personal, Professional or business standing
- iii). Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level

**REMUNERATION**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board Meetings.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration Policy for the Directors, Senior Management, and Employees.

In determining the remuneration of the Senior Management Employees (i.e KMPs NA Executive Committee Members) and A&R Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein- above, whilst recommending the annual increment and performance incentive to the A & R Committee for its review and approval.

**6. STAKE HOLDERS RELATIONSHIP COMMITTEE**

Regulation 20 of (LODR) Regulations 2015 and Companies Act, 2013 Stake Holders Relationship Committee has constituted by the Board.

Composition of the Committee:

- Chairman : Mr. Dilip Chandak – Independent Director
- Other Members : Mr. Anirudh Mohta – Executive Director
- Mrs. Urmila Devi Mohta – Non Executive Director

**Terms of reference**

The committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non- receipt of declared dividend.

**Meeting Details**

The Committee met six times during the year on 3rd July, 2015, 14th August, 2015, 24th December, 2015, 5th February 2016, 19th February, 2016 and 23rd March, 2016. The attendance of members was as follows:

Name of the Member	Category of Directorship	Position	No of Meetings attended
Dilip Chandak	Independent Director	Chairman	6
Anirudh Mohta	Executive Director	Member	6
Urmila Devi Mohta	Non Executive Director	Member	6

**Prohibition of Insider Trading**

With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

**Investors Grievance Redressal**

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Sr. No.	Types of Complaints	Number of Complaints
1	NIL	NIL

**a. COMMITTEE FOR PREVENTION OF SEXUAL HARRSSMENT OF WOMAN AT WORKPLACE**

- Chairman : Miss Kirti Ramchandra Devale – Company Employee
- Other Members : Miss. Archana Mane – Company Employee
- Mrs. Madhuri Kulkarni – Company Employee

**Meeting Details**

The Committee met three times during the year on 29th May, 2015, 5th October, 2015 and 12th February, 2016. The attendance of members was as follows:

Name of the Member	Category of Directorship	Position	No of Meetings attended
Kirti Ramchandra Devale	Company Employee	Chairman	3
Archana Mane	Company Employee	Member	3
Madhuri Kulkarni	Company Employee	Member	3

**7. General Body Meeting**

**Annual General Meetings**

During the preceding three years, the Company's Annual General Meetings were held at Registered Office of the Company at Udyambag, Khanapur Road, Belgaum – 590008 Karnataka State.

The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat, are as follows:

Year	Date	Time	Special Resolutions Passed
2014-15	25.09.2015	3:30pm	• NIL
2013-14	12.09.2014	3.30pm	<ul style="list-style-type: none"> <li>To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013</li> <li>To keep the Register of Members consisting of equity shares in both mode at Company's Registrar and Transfer Agents ( RTA ) at Mumbai.</li> <li>Borrowing Power by way of loans to the Board of Directors shall not exceed the sum of Rs. 50,00,00,000/- (Rupees Fifty Crores Only) u/s 180(1)(c) of the Companies Act, 2013 passed through postal ballot</li> <li>Authority to create charges on assets and properties of the Company u/s 180(1)(a) of the Companies Act, 2013 through postal ballot</li> </ul>
2012-13	29.07.2013	3.30pm	<ul style="list-style-type: none"> <li>Borrowing Power, by way of loans to the Board of Directors shall not exceed the sum of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only)</li> </ul>

**8. Means of Communication**

**Quarterly results:** The Company's quarterly results are published in Indian Express & Kannada Prabha and are displayed on its website [www.bemcohydraulics.net](http://www.bemcohydraulics.net).

**Website:** The Company's website [www.bemcohydraulics.net](http://www.bemcohydraulics.net) contains a separate dedicated section 'Investor Information' where shareholder's information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on complaint and its current status.

**Designated Exclusive email-id:** The Company has designated the following email-id exclusively for investor servicing:

For all queries: [isc@bemcohydraulics.net](mailto:isc@bemcohydraulics.net)

**9. General Shareholders Information.**

**Company Registration Details**

The Company is registered in the State of Karnataka, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L51101KA1957PLC001283.

**Annual General Meeting:**

Venue : Registered Office at Khanapur Road, Udyambag, BELGAUM-590 008  
Time : 3.30 PM  
Day & Date : Friday, 9th September, 2016

**Financial Year**

1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016

**Financial Calendar**

During the year the financial results were announced as under:

First Quarter : 11<sup>th</sup> August 2015  
Second Quarter : 10<sup>th</sup> November 2015  
Third Quarter : 12<sup>th</sup> February 2016  
Annual : 17<sup>th</sup> May, 2016

**Date of Book Closure:**

Wednesday, 31<sup>st</sup> August, 2016 to Friday, 9<sup>th</sup> September, 2016 (both the days inclusive)

**Dividend Payment Date:**

No dividend has been declared by the Company on equity shares for the financial year 2015-16.

**Listing on Stock Exchange:**

**Equity Shares**

**BSE LIMITED (BSE)**

Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001  
Script Code : 522650  
ISIN : INE142E01014

**Stock Market Price Data**

Details of Monthly high/ Low during the year 2015-16 on the BSE

Month	Bombay Stock Exchange			
	High Price (₹)	Low Price (₹)	Closing Price (₹)	Volume(No)
Apr-15	129.00	86.65	116.85	687
May-15	111.10	111.10	111.10	5
Jun-15	109.90	82.00	82.00	3,382
Jul-15	103.95	82.10	103.90	4,061
Aug-15	108.00	94.70	99.60	1,776
Sep-15	106.00	91.20	91.20	11,584
Oct-15	105.00	91.00	105.00	714
Nov-15	110.00	94.90	110.00	2,102
Dec-15	126.60	110.20	119.00	432
Jan-16	114.00	90.20	94.70	1,476
Feb-16	94.50	69.70	69.70	1,359
Mar-16	80.45	65.85	72.55	810

**Distribution of Shareholding:**

Shares Slab	Shareholders	% age	Total Shares	Amount (₹)	% age
Up to - 100	1697	83.64	161068	1610680	7.37
101 - 500	275	13.55	67830	678300	3.10
501 -1000	22	1.08	16887	168870	0.77
1001 -2000	12	0.59	17140	171400	0.78
2001 -3000	5	0.25	12109	121090	0.55
3001 -4000	1	0.05	3466	34660	0.16
4001 -5000	0	0	0	0	0
5001 -10000	1	0.05	5680	56800	0.26
10001-20000	3	0.15	50456	504560	2.31
20001-50000	3	0.15	120550	1205500	5.51
50001-& above	10	0.49	1731514	17315140	79.18
<b>Total</b>	<b>2029</b>	<b>100</b>	<b>2186700</b>	<b>21867000</b>	<b>100</b>

**Shareholding Pattern as on 31st March 2016. (Equity listed Capital)**

Category Code	Category of shareholder	Number of shareholders	Total Number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	8	1633270	74.69
(2)	Foreign	0	0	0.00
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>8</b>	<b>1633270</b>	<b>74.69</b>
(B)	Public Shareholding			
(1)	Institutions	1	93	0.01
(2)	Non-institutions	2014	553337	25.30
	<b>Total Public Shareholding</b>	<b>2029</b>	<b>553430</b>	<b>25.31</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	0	0	0.00
(2)	Public	0	0	0.00
	<b>Total (A) +(B)+(C)</b>	<b>2061</b>	<b>2186700</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2016.  
(Unlisted Redeemable Non Convertible Preference)**

Category Code	Category of shareholder	Number of shareholders	Total Number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	3	320000	100.00
(2)	Foreign	0	0	0.00
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>3</b>	<b>320000</b>	<b>100.00</b>
(B)	Public Shareholding			
(1)	Institutions	0	0	0.00
(2)	Non-institutions	0	0	0.00
	<b>Total Public Shareholding</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	0	0	0.00
(2)	Public	0	0	0.00
	<b>Total (A) +(B)+(C)</b>	<b>3</b>	<b>320000</b>	<b>100.00</b>

**Payment of Listing Fees**

Annual listing fee for the year 2016-17 has been paid by the Company to BSE.



**Payment of Depository Fees**

Annual Custody fee for the year 2016-17 has been paid by the Company to NSDL and CDSL.

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

**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.**

Share Transfer are processed and share certificates duly endorsed are delivered within a period of seven day from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc of the Company's securities to the Managing Director. A summary of transfer/transmission of securities of the company so approved by the Managing Director is placed at every Board meeting/ Stakeholders' Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities are required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.

**Dematerialization of shares and liquidity.**

Mode of Holding	% age
NSDL	52.44
CDSL	38.30
Physical	09.26
<b>TOTAL</b>	<b>100.00</b>

As on 31<sup>st</sup> March 2016, 19,84,270 equity shares out of 21,86,700 of the total equity share capital being 90.74 % of the Company, were held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). ISIN allotted to the Company's equity shares is INE142E01014

**Secretarial Reconciliation of Share Capital**

Mr. S.R. Despande, a qualified practicing Company Secretary carried out reconciliation of share capital pursuant to SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued/paid-up listed equity capital of the Company.

The Secretarial reconciliation report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the dematerialisation form.

**10. Disclosure on materially significant related party transactions:**

During the period under review, the Company had not entered into any material transaction with any of its related parties.

None of the transaction with any of related parties was in conflict with the Company's interest. The Company's major related party transactions are generally with its sister concern, at arm length and at ordinary course of business.

**Subsidiary Company**

First subsidiary company namely BEMCO FLUIDTECHNIK PRIVATE LIMITED - (CIN U29248KA2015PTC078838) has been incorporated on 13<sup>th</sup> February 2015. The company does not have any material unlisted subsidiary and hence, is not required to nominate any Independent Director of the Company on the Board of subsidiary.

**Whistle Blower Policy**

The company has framed a whistle Blower Policy which has been approved by the Board of Directors in its Meeting held on 12<sup>th</sup> February, 2016.

Bemco Hydraulics Limited ("Bemco" ) is committed to complying with the domestic laws that apply to them, satisfying the Company's Code of Conduct and Ethics, and particularly to assuring that business is conducted with integrity and that the Company's financial information is accurate. If potential violations of Company policies or applicable laws are not recognized and addressed promptly, both the Company and those working for or with the Company could face governmental investigation, prosecution, fines, and other penalties. That can be costly. Consequentially, and to promote the highest ethical standards, the Company will maintain a workplace that facilitates the reporting of potential violations of Company policies and applicable laws. Employees must be able to raise concerns regarding such potential violations easily and free of any fear of retaliation.

**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: 0831-2441980, 2440173, 2440270, Fax: 0831-2441263  
Email: isc@bemcohydraulics.net / finance@bemcohydraulics.net

**CEO AND CFO CERTIFICATION**

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of regulation 17(8) of (Listing Obligation and Disclosure Requirements) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

**Certificate on Compliance with Code of Conduct**

I Anirudh Mohta hereby confirm that the Company has obtained from all the members of the Board and Management Personal, affirmation that they have complied with the Code of Conduct for the financial year 2015-16.

\_\_\_\_\_  
Anirudh Mohta

For **BEMCO HYDRAULICS LIMITED**

Place : Belgaum  
Date : 19-07-2016

**M.M. MOHTA**  
Chairman  
**DIN-00068884**  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

**ANIRUDH MOHTA**  
Managing Director  
**DIN-00065302**  
2, Mohanam, 10th Cross, Bhagya Nagar,  
Belgaum, 590006, Karnataka.

## Annexure VIII

### SDR AND ASSOCIATES PRACTICING COMPANY SECRETARIES

**OFFICE ADDRESS :**  
GROUND FLOOR, ANANDI RESIDENCY 150,  
BUDHWAR PETH, TILAKWADI,  
BELGAUM - 590006.

#### FORM MR 3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2016  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration) Rules, 2014]

To,  
The Members,  
BEMCO HYDRAULICS LIMITED,  
Belgaum.

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEMCO HYDRAULICS LIMITED (herein after called 'the company') Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, (subject to the audit observations given at appropriate places in the report), the Company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made herein after.
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31<sup>st</sup> March 2016, according to the provisions of:
  - I. The Companies Act, 2013(the Act) and the Rules made there under;
  - ii. The Securities Contracts( Regulation) Act, 1956 (SCRA) and the Rules made there under,
  - iii. The Depositors Act, 1996 and the Regulations and Bye laws framed there under;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **Not Applicable during the financial year**
  - v. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992, (SEBI Act)
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011,
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992,
    - c. The Securities and Exchange Board of India (Issue of capital and Disclosure of requirements) Regulations, 2009 - **Not Applicable during the financial year**,
    - d. The Securities and exchange Board of India( Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not Applicable during the financial year**
    - e. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations 2008 - **Not Applicable during the financial year**,
    - f. The Securities and exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client,
    - g. The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009 - **Not Applicable during the financial year** and
    - h. The Securities and Exchange Board of India (Buy back of securities) Regulations, 1998 - **Not Applicable during the financial year**

**vi. INDUSTRY SPECIFIC ACTS**

The Company being engaged in the manufacture of hydraulic equipment and as an engineering goods manufacturer, the Company is covered by all major Acts and legislations which apply to any industrial company; thus, there is no industry specific law applicable to it.

We have also examined compliance with the applicable clauses of the following –

- a. Secretarial Standards issued by the Institute of Company Secretaries of India,
- b. The Listing agreement entered in to by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above subject to the following observations:

**COMPANIES ACT, 2013**

The Company has not provided in Notice convening 57th Annual General Meeting, Route Map and prominent land mark as required under Clause 1.2.4 of Secretarial Standard on General Meeting.

**SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011**

Disclosures under Regulation 30(1)(2) and (3) were filed with Stock Exchange but not within seven working days from the end of financial year.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and independent Directors. There are no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and none of the members have expressed their dissent. Further on the verification of the minutes book for the year under review there were no instances of any Director having expressed a dissenting view.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards referred to above.

**For SDR & Associates  
Practicing Company Secretaries**

<b>NAME</b>	<b>ROSHAN R RAIKAR</b>
<b>DESIGNATION</b>	<b>PARTNER</b>
<b>M.NO/CP. NO</b>	<b>32941, 12146</b>
<b>ADDRESS</b>	<b>190/11, KHANAPUR CROSS ROAD, NEAR RPD COLLEGE GROUND, TILAKWADI, BELGAUM - 590006</b>

Place : Belgaum  
Date : 10-07-2016

**Annexure – A to Secretarial Audit Report dated 10<sup>th</sup> July, 2016**

To,  
The Members,  
BEMCO HYDRAULICS LIMITED,  
Belgaum.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as it is a part of financial audit.
4. We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc., wherever required.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For SDR & Associates  
Practicing Company Secretaries**

<b>NAME</b>	<b>ROSHAN R RAIKAR</b>
<b>DESIGNATION</b>	<b>PARTNER</b>
<b>M.NO/CP.NO</b>	<b>32941, 12146</b>
<b>ADDRESS</b>	<b>190/11, KHANAPUR CROSS ROAD, NEAR RPD COLLEGE GROUND, TILAKWADI, BELGAUM - 590006</b>

Place : Belgaum  
Date : 10-07-2016

**A.C.BHUTERIA & CO.  
CHARTERED ACCOUNTANTS**

2, India Exchange Place 2<sup>nd</sup> Floor Room No: 10 Kolkata- 700 001  
Phone: 2230 6990,  
E-mail: m\_bhuteria@yahoo.co.in  
Website: www.acbhuteria.com

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BEMCO HYDRAULICS LIMITED****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **BEMCO HYDRAULICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016, and its loss and cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - iii. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - iv. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - v. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - vi. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.45 to the financial statements;
    - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **A.C. Bhuteria & Co.**  
Chartered Accountants  
Firm's Registration No. 303105E

Place : Camp Belgaum  
Date : 17-05-2016

**Ashish Choudhary**  
Partner  
Membership No. 308886

**Annexure 'A' to Independent Auditor's Report referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.**

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventories has been conducted at reasonable intervals by the management. No material discrepancies were noticed on physical verification as compared to book record.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (the Act'). Accordingly, paragraphs 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan/guarantee/security to or on behalf of any party referred to in Section 185 of the Companies Act 2013. The Company has complied with Section 186 in respect of loans and investments made. The Company has not given any guarantee or provided any security in connection with a loan to any body corporate or any other person.
- (v) On the basis of our examination of books and records of the Company, in our opinion and according to the information and explanations given to us, the company has not accepted deposits during the year and therefore the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)
  - a. According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues with the appropriate authorities.  
 According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
  - b. According to the information & explanation give to us, there are no dues of Income tax, Sales tax, Service Tax, Custom duty, or Excise duty which have not been deposited on account of any dispute except as stated as below:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Karnataka Tax on Entry of Goods, 1979	Entry Tax	75,755/-	2006-07	Joint Commissioner of Commercial Taxes (Appeals)
Karnataka Tax on Entry of Goods, 1979	Entry Tax	28,666/-	2007-08	Joint Commissioner of Commercial Taxes (Appeals)
Karnataka Tax on Entry of Goods, 1979	Entry Tax	34,580/-	2008-09	Joint Commissioner of Commercial Taxes (Appeals)
Karnataka Tax on Entry of Goods, 1979	Entry Tax	70,632/-	2009-10	Joint Commissioner of Commercial Taxes (Appeals)

Out of the total amount of Rs. 2,09,633/-, 30% of the amount i.e. Rs. 62,890/- has been deposited.

- (viii) Based on our examination of books and records and according to the information & explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial Institution or Banks or Government. The Company has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) On the basis of our examination of books and records of the Company and according to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore paragraph 3(xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non cash transaction with directors or persons connected with him and therefore paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **A.C. Bhuteria & Co.**  
 Chartered Accountants  
 Firm's Registration No. 303105E

**Ashish Choudhary**  
 Partner  
 Membership No. 308886

Place : Camp Belgaum  
 Date : 17-05-2016



## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **BEMCO HYDRAULICS LIMITED** ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **A.C. Bhuteria & Co.**  
Chartered Accountants  
Firm's Registration No. 303105E

Place : Camp Belgaum  
Date : 17-05-2016

**Ashish Choudhary**  
Partner  
Membership No. 308886

**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2016**

	Note Ref.	31-Mar-16 Rs P	31-Mar-15 Rs P
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders Funds</b>			
(a) Share Capital	2.01	5,39,33,500.00	5,39,33,500.00
(b) Reserves & Surplus	2.02	(87,26,668.98)	2,20,56,276.36
		<b>4,52,06,831.02</b>	<b>7,59,89,776.36</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	2.03	4,81,82,916.92	5,71,72,170.46
(b) Deferred Tax Liability (Net)		-	-
(c) Other Long Term Liabilities	2.04	34,03,284.00	37,54,701.00
(d) Long Term Provisions	2.05	6,21,611.00	-
		<b>5,22,07,811.92</b>	<b>6,09,26,871.46</b>
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	2.06	14,49,26,181.08	11,18,61,397.55
(b) Trade Payables	2.07	9,52,08,593.98	7,54,67,887.78
(c) Other Current Liabilities	2.08	8,95,39,763.36	4,31,04,983.57
(d) Short Term Provisions	2.09	37,39,432.00	43,12,556.00
		<b>33,34,13,970.42</b>	<b>23,47,46,824.90</b>
<b>TOTAL</b>		<b>43,08,28,613.36</b>	<b>37,16,63,472.72</b>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	2.10		
(i) Tangible Assets		6,97,52,416.00	7,35,78,463.00
(ii) Intangible Assets		1,23,41,966.00	1,94,23,498.00
		<b>8,20,94,382.00</b>	<b>9,30,01,961.00</b>
(b) Non-Current Investments	2.11	1,09,695.00	44,760.00
(c) Deferred Tax Assets (Net)	2.12	-	-
(d) Long Term Loans and Advances	2.13	11,94,363.00	11,96,277.00
(e) Other Non-Current Assets	2.14	88,01,202.00	64,07,156.00
		<b>9,21,99,642.00</b>	<b>10,06,50,154.00</b>
<b>(2) Current Assets</b>			
(a) Inventories	2.15	22,22,68,601.00	17,87,81,319.00
(b) Trade receivables	2.16	9,42,88,633.29	7,00,62,555.22
(c) Cash and Bank Balances			
(i) Cash and Cash Equivalents	2.17	17,01,407.11	6,25,479.34
(ii) Other Bank Balances	2.18	1,12,55,821.00	1,16,99,989.00
(d) Short Term Loans and Advances	2.19	90,18,674.96	97,48,142.16
(e) Other Current Assets	2.20	95,834.00	95,834.00
		<b>33,86,28,971.36</b>	<b>27,10,13,318.72</b>
<b>TOTAL</b>		<b>43,08,28,613.36</b>	<b>37,16,63,472.72</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to Financial Statements</b>	<b>2</b>		

As Per our Report of Even Date  
For M/s A.C. BHUTERIA & CO.  
Chartered Accountants  
Firm Regn No.:303105E

Ashish Choudhary  
Partner  
Membership No.:308886

Amruta Tarale  
Company Secretary  
ACS - 42288

R B Patil  
CFO  
PAN:AANPP9374M

Anirudh Mohta  
Managing Director  
DIN:00065302

Dilip P Chandak  
Director  
DIN:00644673

Place: Camp Belgaum  
Date: 17-05-2016

Place: Belgaum  
Date: 17-05-2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2016

	Note Ref.	31-Mar-16 Rs P	31-Mar-15 Rs P
<b>I REVENUE FROM OPERATIONS (Gross)</b>	2.21	<b>23,83,17,000.06</b>	40,00,22,028.10
Less: Excise duty		<b>2,36,67,477.00</b>	3,33,90,643.00
<b>REVENUE FROM OPERATIONS (Net)</b>		<b>21,46,49,523.06</b>	36,66,31,385.10
<b>II OTHER INCOME</b>	2.22	<b>36,48,463.38</b>	1,95,15,900.02
<b>III TOTAL REVENUE ( I + II)</b>		<b>21,82,97,986.44</b>	38,61,47,285.12
<b>IV EXPENSES</b>			
Cost of Material Consumed	2.23	<b>12,08,02,008.51</b>	18,04,67,833.38
Changes in inventories of finished goods and work-in-progress	2.24	<b>(2,95,79,007.00)</b>	1,89,74,527.00
Employee benefits expense	2.25	<b>6,17,01,223.75</b>	6,60,24,144.00
Finance Cost	2.26	<b>2,66,37,247.61</b>	3,29,40,461.15
Depreciation and amortization expense	2.27	<b>1,24,54,745.00</b>	1,31,37,187.00
Other expenses	2.28	<b>5,70,04,409.91</b>	5,97,90,261.87
<b>TOTAL EXPENSES</b>		<b>24,90,20,627.78</b>	<b>37,13,34,414.40</b>
<b>V PROFIT BEFORE TAX (III-IV)</b>		<b>(3,07,22,641.34)</b>	<b>1,48,12,870.72</b>
<b>VI TAX EXPENSES</b>			
(1) Current Tax		-	(20,000.00)
(2) Deferred Tax		-	(2,38,86,000.00)
(3) Income tax earlier years		47,390.00	2,05,869.00
(4) Wealth Tax of previous year		(1,07,694.00)	-
		<b>(60,304.00)</b>	<b>(2,37,00,131.00)</b>
<b>VII PROFIT/ (LOSS) FOR THE PERIOD (V - VI)</b>		<b>(3,07,82,945.34)</b>	<b>(88,87,260.28)</b>
<b>VIII EARNINGS PER EQUITY SHARE:</b>	2.29		
(1) Basic		<b>(16.01)</b>	<b>(6.91)</b>
(2) Diluted		<b>(16.01)</b>	<b>(6.91)</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to Financial Statements</b>	<b>2</b>		

As Per our Report of Even Date  
For M/s A.C. BHUTERIA & CO.  
Chartered Accountants  
Firm Regn No.:303105E

Ashish Choudhary  
Partner  
Membership No.:308886

Amruta Tarale  
Company Secretary  
ACS - 42288

R B Patil  
CFO  
PAN:AANPP9374M

Anirudh Mohta  
Managing Director  
DIN:00065302

Dilip P Chandak  
Director  
DIN:00644673

Place: Camp Belgaum  
Date: 17-05-2016

Place: Belgaum  
Date: 17-05-2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

(Amount in Rs. P.)

Particulars		31-Mar-16	31-Mar-15
<b>A</b>	<b>Cash Flow from Operating Activities:</b>		
	Net Profit Before Tax and Extraordinary Items	(3,07,22,641.34)	1,48,12,870.72
	<b>Adjustments for:</b>		
	Loss on Sale of Fixed Assets	104.00	8,75,453.00
	Provision for doubtful debts and advances	1,37,500.00	(39,21,513.00)
	Bad Debt and advances written off	5,96,067.64	10,76,303.19
	Finance Cost	2,66,37,247.61	3,29,40,461.15
	Depreciation and Amortization expense	1,24,54,745.00	1,31,37,187.00
	Unrealised Foreign Exchange (Gain) / Loss (net)	55,20,450.00	(1,20,19,109.00)
	Fluctuation in Foreign Currency	-	-
	Equity share issue expenses	-	5,75,105.00
	Provision for warranty written back	(3,89,404.00)	-
	Profit on Disposal of Fixed Assets	(1,41,118.00)	(78,558.00)
	Profit on Sale of Non-Current Investments	(4,706.74)	-
	Liability no longer required written back	-	(12,909.00)
	Dividend from Non-Current Investments	(11,285.50)	(9,678.50)
	Interest Income	(14,87,454.00)	(14,47,449.00)
	Sundry Creditor's Credit Balances Written back	(90,174.00)	(12,85,423.00)
	Lease/ Rental Income from Subsidiary	(1,00,000.00)	-
	Excess & Short Provision	1,35,626.00	(4,46,089.00)
		4,32,57,598.01	2,93,83,780.84
	<b>Operating Profit before Working Capital Changes</b>	1,25,34,956.67	4,41,96,651.56
	<b>Movements in Working Capital</b>		
	Decrease/ (Increase) in Inventories	(4,34,87,282.00)	3,73,69,370.00
	Decrease/ (Increase) in Trade and Other Receivables	(2,40,86,358.21)	6,09,65,048.45
	Increase/ (Decrease) in Trade and Other Payables	5,99,96,301.77	(3,11,24,399.04)
	<b>Cash Generated from Operations</b>	49,57,618.23	11,14,06,670.97
	Direct Taxes paid	45,436.70	(4,23,578.74)
	<b>Net Cash from/used in Operating Activities (A)</b>	50,03,054.93	11,09,83,092.23
<b>B</b>	<b>Cash Flow from Investing Activities:</b>		
	Purchase of Tangible/Intangible Fixed Assets (incl Cap WIP)	(23,68,002.00)	(1,55,81,252.00)
	Sale of Tangible Fixed Assets	9,61,850.00	32,10,310.00
	Sale of Non- Current / Long Term Investments	4,771.74	-
	Purchase of Equity Shares of Subsidiary Company	(80,000.00)	-
	Sale of Equity Shares of Subsidiary Company	15,000.00	-
	Purchase of Non- Current/ Long Term Investments	-	(3,000.00)
	Investment in Fixed Deposits	(20,90,101.00)	(7,50,416.00)
	Dividend Received	11,285.50	9,678.50
	Interest Received	13,91,154.00	11,36,394.00
	Lease/ Rental Income from Subsidiary	1,00,000.00	-
	<b>Net Cash Used in Investing Activities (B)</b>	(20,54,041.76)	(1,19,78,285.50)
<b>C</b>	<b>Cash Flow from Financing Activities:</b>		
	Proceeds from Long term Borrowings	4,25,117.00	50,23,237.00
	Repayment of Long term Borrowings	(82,67,212.32)	(78,17,531.35)
	Proceeds/ (Repayment) of Short term Borrowings(net)	3,30,64,783.53	(9,12,24,462.39)
	Proceeds from issue of Equity Shares	-	2,80,00,000.00
	Share Issue Expenses	-	(5,75,105.00)
	Redemption of Preference Shares	-	-
	Dividend Paid	-	-
	Tax on Dividend paid	-	-
	Interest Paid	(2,70,95,773.61)	(3,46,82,670.15)
	<b>Net Cash from/used in Financing Activities (C)</b>	(18,73,085.40)	(10,12,76,531.89)
	<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	10,75,927.77	(22,71,725.16)
	<b>Cash &amp; Cash Equivalents at the beginning of the Year</b>	6,25,479.34	28,97,204.50
	<b>Cash &amp; Cash Equivalents at the End of the Year*</b>	17,01,407.11	6,25,479.34

\* Represents Cash and Cash Equivalents as indicated in Note 2.17 to the financial statements.

**Note:**

Cash Flow Statement has been prepared using the indirect method in accordance with Accounting Standard (AS) 3-"Cash Flow Statement" notified under Section 133 of the Companies Act, 2013.

 As Per our Report of Even Date  
**For M/s A.C. BHUTERIA & CO.**  
 Chartered Accountants  
 Firm Regn No.:303105E

**Ashish Choudhary**  
 Partner  
 Membership No.:308886

**Amruta Tarale**  
 Company Secretary  
 ACS - 42288

**R B Patil**  
 CFO  
 PAN:AANPP9374M

**Anirudh Mohta**  
 Managing Director  
 DIN:00065302

**Dilip P Chandak**  
 Director  
 DIN:00644673

 Place: Camp Belgaum  
 Date: 17-05-2016

 Place: Belgaum  
 Date: 17-05-2016

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain fixed assets which are stated at revalued amounts. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the Assets and Liabilities have been classified as Current and Non-Current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities, the Company has ascertained its operating cycle as 12 months for the purpose of Current and Non Current classification of Assets and Liabilities.

#### b) Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

The estimates and assumptions used in the accompanying 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 and Capital Work in Progress

##### (i) Recognition

Tangible assets are stated at their original cost net of recoverable taxes, duties, trade discounts and rebates less accumulated depreciation and impairment, if any except in case of certain fixed assets which have been revalued and stated at revalued amounts less accumulated depreciation. The cost of fixed asset comprises its purchase price, borrowing costs and any directly attributable cost of bringing the asset to its working condition for its intended use.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use as at the reporting date.

##### (ii) Depreciation

Depreciation on tangible fixed assets is charged on straight line method over the useful life/remaining useful life of the asset as per Schedule II of the Companies Act 2013. 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.

Where depreciable assets are disposed of, discarded, demolished or destroyed, the net surplus or deficiency, if material, is disclosed separately.

#### d) Intangible Fixed Assets

##### (i) Recognition

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible Assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

##### (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 and Computer Software is five years from the year in which it is acquired and is ready to use and therefore, Technical Knowhow and Computer Software 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. The amortisation charge for each period is recognised as an expense.

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

Non- Current/ Long-term investments are stated at cost. Provision is made for diminution in the value of investments, if the same is considered to be other than temporary in nature. The carrying amount of long-term investments is determined on an individual investment basis.

#### f) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories comprises of costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made as to the amount the inventories are expected to realise. The cost of inventories are arrived at by applying the weighted average cost formula.

Scrap is valued at net realizable value. Excise duty payable on finished goods lying in the factory is provided for and included in closing stock of finished goods.

#### g) Employee Benefits

##### 1. Short term employee benefits :

Short-term employee benefits are employee benefits (other than termination benefits) such as salary, wages and performance incentive which fall due wholly within twelve months after the end of the period in which the employees render the related service and are recognised as expense in the period in which the related service is rendered.

##### 2. Post-employment Benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

a. **Defined Contribution Plans**

The Company has Defined Contribution Plans for Post employment benefits in the form of Superannuation Fund and Provident & Pension 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 defined contribution plans as the Company pays fixed contributions into a separate entity (a fund) and has no further obligation beyond making contributions. The Company's contributions to Defined Contribution plans are charged to the Statement of Profit and Loss 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 Statement of Profit and Loss.

h) **Research and Development:**

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Revenue expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Development costs of products are charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised.

i) **Revenue Recognition**

Sale of goods

Sales are recognised net of returns, trade discounts and rebates when the seller has transferred the property in the goods to the buyer for a consideration. The transfer of property in goods, in most cases, results in or coincides with the transfer of significant risks and rewards of ownership to the buyer. However, there may be situations where transfer of property in goods does not coincide with the transfer of significant risks and rewards of ownership. Revenue in such situations is recognised at the time of transfer of significant risks and rewards of ownership to the buyer.

Sales include excise duty but excludes value added tax and central 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 accrues on the time basis determined by the amount outstanding and the rate applicable.

Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Other items of income are recognized on accrual basis.

j) **Borrowing Cost.**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset up to the date the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

k) **Foreign Currency Transactions.**

**Initial recognition**

A foreign currency transaction is recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

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

Foreign currency monetary items are reported using the closing rate. However, in certain circumstances, where the closing rate may not reflect with reasonable accuracy the amount in reporting currency that is likely to be realised or where the closing rate is unrealistic and it is not possible to effect an exchange of currencies at that rate at the balance sheet date, the relevant monetary item is reported in the reporting currency at the amount which is likely to be realised from, or required to disburse, such item at the balance sheet date.

**Exchange difference**

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise (except Net Investment in a Non-integral Foreign Operation.)

l) **Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The net profit or loss for the period attributable to equity shareholders is the net profit or loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period, adjusted by the number of equity shares bought back or issued during the period multiplied by the time-weighting factor.



For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which would be issued on the conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed to have been converted into equity shares at the beginning of the period or, if issued later, the date of the issue of the potential equity shares. Potential equity shares are treated as dilutive when, and only when, their conversion to equity shares would decrease net profit per share from continuing ordinary operations.

**m) Taxation:**

Tax expense for the period, comprising current tax and deferred tax, is included in the determination of the net profit or loss for the period. Provision is made for current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Provision is made for deferred tax for all the timing differences arising between taxable income and accounting income at currently or substantively enacted tax rates, subject to the consideration of prudence in respect of deferred tax assets. Whenever there exists any unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet Date.

**n) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the enterprise; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of the obligation cannot be made. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent Assets are neither recognised nor disclosed in the Financial Statements.

**o) Impairment of Assets:**

Impairment is ascertained at each Balance Sheet date in respect of cash generating units. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**p) Leases**

Where the Company is a Lessor

Leases which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item are classified as 'Finance Lease'. Assets acquired on Finance Lease which substantially transfer all the risks and rewards of ownership to the Company are capitalized as assets by the Company 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. Amortization of capitalized Leased asset is computed on Straight Line Method over the useful life of the asset. Lease rentals payable is apportioned between the liability and finance charge 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.

Where the Company is a Lessee

Initial Direct Costs in respect of operating lease is recognised in the Statement of Profit and Loss in the period in which they are incurred. Lease income in respect of Operating Lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

**q) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

**r) Cash Flow Statement**

The cash flow statement reports cash flows during the period classified by operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

**s) Post-sales client support and warranties**

The Company provides its clients with a fixed-period warranty for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in statement of profit and loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

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

(a) Authorized Share Capital	As at 31-Mar-16		As at 31-Mar-15	
	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each	40,00,000	4,00,00,000	40,00,000	4,00,00,000
Preference Shares of Rs. 100/- each	4,00,000	4,00,00,000	4,00,000	4,00,00,000
	44,00,000	8,00,00,000	44,00,000	80,00,00,000
(b) Issued Share Capital	As at 31-Mar-16		As at 31-Mar-15	
	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each	22,22,750	2,22,27,500	22,22,750	2,22,27,500
Preference Shares of Rs. 100/- each	3,27,268	3,27,26,800	3,27,268	3,27,26,800
	25,50,018	5,49,54,300	25,50,018	5,49,54,300
(c) Subscribed Share Capital	As at 31-Mar-16		As at 31-Mar-15	
	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each	22,00,000	2,20,00,000	22,00,000	2,20,00,000
Preference Shares of Rs. 100/- each	3,20,000	3,20,00,000	3,20,000	3,20,00,000
	25,20,000	5,40,00,000	25,20,000	5,40,00,000
(d) Fully Paid-up Share Capital	As at 31-Mar-16		As at 31-Mar-15	
	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each fully paid	21,86,700	2,18,67,000	21,86,700	2,18,67,000
Shares Forfeited	-	66,500	-	66,500
	21,86,700	2,19,33,500	21,86,700	21,933,500
Preference Shares of Rs. 100/- each fully paid	3,20,000	3,20,00,000	3,20,000	32,000,000
	25,06,700	5,39,33,500	25,06,700	53,933,500
(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-16		As at 31-Mar-15	
	Quantity (Nos.)	Amount Rs.	Quantity (Nos.)	Amount Rs.
Balance as at the beginning of the period	21,86,700	2,19,33,500	17,86,700	1,79,33,500
Add/(Less): Equity Shares of Rs. 10/- each issued during the year on Preferential basis	-	-	4,00,000	40,00,000
Balance as at the end of the period	21,86,700	2,19,33,500	21,86,700	2,19,33,500
(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-16		As at 31-Mar-15	
	Quantity (Nos.)	Amount Rs.	Quantity (Nos.)	Amount Rs.
Balance as at the beginning of the period	3,20,000	3,20,00,000	3,20,000	3,20,00,000
Add: Allotment during the year	-	-	-	-
Less: Redemption during the year	-	-	-	-
Balance as at the end of the period	3,20,000	3,20,00,000	3,20,000	3,20,00,000
(g) Shareholders holding more than 5% of Equity Share Capital.	As at 31-Mar-16		As at 31-Mar-15	
	(Nos.)	(%)	(Nos.)	(%)
1 Mohta Capital Pvt Ltd	6,65,606	30.44	6,65,606	30.44
2 Sri Ramchandra Enterprises Pvt Ltd	3,34,697	15.31	3,34,697	15.31
3 U D Finnvest Pvt Ltd	2,18,400	9.99	2,18,400	9.99
4 Urmila Devi Mohta	2,08,668	9.54	2,08,668	9.54
5 Sungrace Finvest Pvt Ltd	1,84,000	8.41	1,85,000	8.46

**(h) Rights/preferences 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.

**(i) Rights, Preferences and Restrictions attached to Preference Shares of Rs. 100/- each**

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.

However, the company has defaulted in payment of dividends to Preference Shareholders for the financial years 2013-14 and 2014-15 and therefore, as per the provisions of the Section 47 of the Companies Act 2013, the Preference Shareholders has got voting rights on par with Equity Shareholders on conclusion of the 57th Annual General Meeting held on 25-09-2015.

**(j) Terms of redemption of Preference Shares**

Particulars	As at	31-Mar-16	As at	31-Mar-15
	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.	3,00,000	3,00,00,000	3,00,000	3,00,00,000
(ii) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at par on 31/03/2020.	20,000	20,00,000	20,000	20,00,000

(k) Shareholders holding more than 5% of Preference Share Capital.	As at	31-Mar-16	As at	31-Mar-15
	(Nos.)	%	(Nos.)	%
1 Mohta Capital Pvt Ltd	1,90,000	59.38	1,90,000	59.38
2 U D Finnvest Pvt Ltd	65,000	20.31	65,000	20.31
3 Sri Ramchandra Enterprises Pvt Ltd	65,000	20.31	65,000	20.31

**(2.02) RESERVES AND SURPLUS**

Particulars		As at 31 Mar 16 Rs. P.	As at 31 Mar 15 Rs. P.
<b>Capital Reserve</b>			
Opening/Closing Balance	(A)	6,44,876.00	6,44,876.00
<b>Capital Redemption Reserve</b>			
Opening/Closing Balance	(B)	14,73,200.00	14,73,200.00
<b>Securities Premium Account</b>			
Opening Balance		4,48,31,700.00	2,08,31,700.00
Add: Addition during the year		-	2,40,00,000.00
Closing Balance	(C)	4,48,31,700.00	4,48,31,700.00
<b>Revaluation Reserve</b>			
Opening Balance		1,44,35,480.00	2,24,10,905.00
Less: Adjustment on account of Transitional Provisions		-	(77,04,265.00)
Less: Transferred to General Reserve on account of depreciation for the year on revalued amounts.		(2,52,993.00)	(2,71,160.00)
[Refer Note No. 2.10 (C)]	(D)	1,41,82,487.00	1,44,35,480.00
<b>General Reserve</b>			
Opening Balance		67,71,160.00	65,00,000.00
Add: Transferred from Revaluation Reserve		2,52,993.00	2,71,160.00
[Refer Note No. 2.10 (C)]	(E)	70,24,153.00	67,71,160.00
<b>Surplus/(Deficit) in the Statement of Profit &amp; Loss</b>			
Opening Balance		(4,61,00,139.64)	(3,72,12,879.36)
Add: Surplus/(deficit) for the year		(3,07,82,945.34)	(88,87,260.28)
<b>Balance carried forward</b>	(F)	(7,68,83,084.98)	(4,61,00,139.64)
		-	-
<b>Total (A to F)</b>		<b>(87,26,668.98)</b>	<b>2,20,56,276.36</b>

**(2.03) LONG TERM BORROWINGS**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
<b>Secured</b>		
Term Loans		
- From Banks [see note (i) & (ii) below]	12,40,400.00	53,99,192.00
- Motor Car loan from Banks [see note (iii) below]	37,47,916.92	59,31,578.46
<b>Unsecured</b>		
Deferred Payment Liabilities	4,31,94,600.00	4,58,41,400.00
	<b>4,81,82,916.92</b>	<b>5,71,72,170.46</b>

**Note:**

- (i) Term Loan from Bank of Maharashtra is secured by equitable mortgage of Land & Building and 1st charge on the Fixed Assets of the company on pari-passu basis with State Bank of India and personal guarantee of three directors of the company. Interest payable thereon is at base rate + 4.75% repayable in 53 monthly installments of Rs. 1,86,000/- each and last installment of Rs. 1,42,000/- (or less to balance the outstanding) after a moratorium period of 6 months. Interest shall be serviced as and when applied. As on 31-03-2016, 19 installments (Previous year 31 installments) are due for repayment amounting to Rs. 34,72,400/- excluding interest ( Previous Year Rs. 57,18,500/- ) (including the amount of Current Maturities of Term Loans as disclosed under Other Current Liabilities).
- (ii) Term Loan from State Bank of India is secured by equitable mortgage of Land & Building and 1st charge on the Fixed Assets of the company on pari-passu basis with Bank of Maharashtra and personal guarantee of three directors of the company. Interest payable thereon is at base rate + 4.60% repayable in 40 monthly installments after a moratorium period of 8 month. Of the 40 installments, first 20 installments would be of Rs 2,00,000/- each and the balance 20 installments would be of Rs. 3,00,000/- each. As on 31-03-2016, 7 installments (Previous year, 19 installments) are due for repayment amounting to Rs. 21,00,000/- excluding interest ( P.Y. Rs. 55,12,692/- ) (including the amount of Current Maturities of Term Loans as disclosed under Other Current Liabilities).
- (iii) Motor Car Loans from banks are secured by hypothecation of respective motor car acquired under the loan agreement, repayable in equated monthly installments carrying interest on reducing balance method varying between 10% per annum to 12.5% per annum. As on 31-03-2016, 530 installments (Previous Year 788 installments) are due for repayment amounting to Rs. 62,00,131/- excluding interest (Previous Year Rs. 83,83,435/-) (including the amount of Current Maturities of Motor Car Loans as disclosed under Other Current Liabilities).

**(2.04) OTHER LONG TERM LIABILITIES**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Other Payables- Deposits	34,03,284.00	37,54,701.00
	<b>34,03,284.00</b>	<b>37,54,701.00</b>

**(2.05) LONG TERM PROVISIONS**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
<b>Provision for employee benefits</b>		
- Provision for Leave Encashment	6,21,611.00	-
	<b>6,21,611.00</b>	<b>-</b>

**(2.06) SHORT TERM BORROWINGS**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
<b>Secured</b>		
Loans repayable on demand		
- Cash credit/ Packing Credit from Banks [see note (i) & (ii) below]	8,37,14,236.86	5,57,32,502.33
Raw Material Assistance Scheme from NSIC [see note (iii) below]	94,85,259.22	89,17,210.22
<b>Unsecured</b>		
Loans repayable on demand		
- Loans from Related Parties (Refer Note 2.31)	4,19,26,685.00	3,52,11,685.00
- Loans from other parties	98,00,000.00	1,20,00,000.00
	<b>14,49,26,181.08</b>	<b>11,18,61,397.55</b>

**Note**

- (i) Cash credit availed from Bank of Maharashtra 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. Interest on cash credit is payable at floating rate being base rate of bank plus 4.60% at monthly rests.
- (ii) Cash credit availed from State Bank of India is secured by hypothecation of inventory and receivables upto 150 days as primary security and equitable mortgage of factory land and building and personal guarantee of three directors of the Company. Interest on cash credit is payable at floating rate being base rate of bank plus 4.50% at monthly rests. Stand by Line of Credit availed from State Bank of India on Demand basis for a maximum period of 90 days and extendable upto another 90 days and is secured by hypothecation of inventory and receivables as primary security and equitable mortgage of factory land and building and personal guarantee of three directors of the Company. Interest on cash credit is payable at floating rate being base rate of bank plus 6.00% at monthly rests.
- (iii) Raw Material Assistance Scheme availed from NSIC is secured by bank guarantee amounting to Rs 10,000,000/-. Interest is payable @ 12.50% per annum on amount outstanding. Additional interest at the rate of 0.45% percent per annum is payable if payment is not made within stipulated time limit.

**(2.07) TRADE PAYABLES**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
<b>For Goods and Services received in the ordinary course of business</b>		
- Due to Micro Enterprises & Small Enterprises	-	-
- Due to Other than Micro Enterprises & Small Enterprises	7,35,82,403.98	5,85,91,763.78
- Acceptances	2,16,26,190.00	1,68,76,124.00
	<b>9,52,08,593.98</b>	<b>7,54,67,887.78</b>

**(2.08) OTHER CURRENT LIABILITIES**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Current maturities of long term debts		
- Term Loan from Banks	43,32,000.00	58,32,000.00
- Motor Car loan from Banks	24,52,214.54	24,51,856.32
- Current portion of deferred liability for Intangible Assets	1,51,56,000.00	68,42,000.00
Interest accrued but not due on borrowings car Loans	33,514.00	49,498.00
Interest accrued and due on borrowings	6,25,364.00	10,67,906.00
Other Payables		
- Gratuity Payable to LIC	50,86,181.00	24,82,111.00
- Advance from Customers	5,16,74,159.36	1,62,40,301.79
- Other deposits	3,61,671.00	7,95,499.00
- Liabilities for Statutory Dues	46,96,079.30	29,39,934.30
- Liabilities for Expenses	51,22,580.16	44,03,877.16
	<b>8,95,39,763.36</b>	<b>4,31,04,983.57</b>

**(2.09) SHORT TERM PROVISIONS**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
<b>Provision for employee benefits</b>		
- Provision for Leave Encashment	33,15,026.00	34,98,746.00
<b>Provision - Others</b>		
- Provision for Income Tax (Net)	-	-
- Provision for Product Warranty	4,24,406.00	8,13,810.00
	<b>37,39,432.00</b>	<b>43,12,556.00</b>

**FIXED ASSETS**  
**NOTE NO. - 2.10**

Sl. NO	PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		AS AT 1-Apr-15 Year	Additions	Deductions/ Adjustments	AS AT 31-Mar-16	UP TO 1-Apr-15	For the Year	Deductions	Adjustments	TOTAL As at 31-Mar-16	As on 31-Mar-16
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>A</b>	<b>TANGIBLE ASSETS</b>										
1	LEASED LEASEHOLD LAND	1,33,10,040	-	-	1,33,10,040	-	-	-	-	-	1,33,10,040
2	OWNED BUILDINGS	4,62,27,050	-	-	4,62,27,050	1,87,58,657	11,37,997	-	-	1,98,96,654	2,74,68,393
3	BOREWELL	1,57,861	-	-	1,57,861	1,49,968	-	-	-	1,49,968	7,893
4	PLANT AND MACHINERY	5,22,42,556	20,28,556	-	5,42,71,112	3,78,45,654	11,91,734	-	-	3,90,37,388	1,43,96,902
5	OFFICE EQUIPMENTS	12,95,022	50,648	-	13,45,670	9,10,835	1,66,697	-	-	10,77,532	3,84,187
6	VEHICLES	2,00,70,245	51,587	17,85,615	1,83,36,217	37,26,814	24,51,319	9,72,764	-	52,05,369	1,63,43,431
7	GOODS TRANSPORT	8,99,250	-	-	8,99,250	3,01,109	77,698	-	-	3,76,807	5,98,141
8	ELECTRICAL INSTALLATIONS	37,34,292	-	-	37,34,292	33,33,118	50,551	-	-	33,83,669	4,01,174
9	FURNITURE AND FIXTURES	20,32,249	1,19,594	13,53,461	7,96,382	17,77,941	47,401	13,45,476	-	4,79,866	2,54,308
10	COMPUTERS	36,49,636	1,17,617	-	37,67,253	32,35,642	2,49,816	-	-	34,85,458	4,13,994
	<b>TOTAL (A)</b>	<b>14,36,18,201</b>	<b>23,68,002</b>	<b>31,39,076</b>	<b>14,28,47,127</b>	<b>7,00,39,738</b>	<b>53,73,213</b>	<b>23,18,240</b>	<b>-</b>	<b>7,30,94,711</b>	<b>7,35,78,463</b>
<b>B</b>	<b>INTANGIBLE ASSETS</b>										
	Other than Internally Generated										
11	COMPUTER SOFTWARE	6,20,308	-	-	6,20,308	191,120	1,29,615	-	-	3,20,735	4,29,188
12	TECHNICAL KNOW - HOW	7,53,48,488	-	-	7,53,48,488	5,63,54,178	69,51,917	-	-	6,33,06,095	1,89,94,310
	<b>TOTAL (B)</b>	<b>7,59,68,796</b>	<b>-</b>	<b>-</b>	<b>7,59,68,796</b>	<b>5,65,45,298</b>	<b>70,81,532</b>	<b>-</b>	<b>-</b>	<b>6,36,26,830</b>	<b>1,94,23,498</b>
	<b>TOTAL (A + B)</b>	<b>21,95,86,997</b>	<b>23,68,002</b>	<b>31,39,076</b>	<b>21,88,15,923</b>	<b>12,65,85,036</b>	<b>1,24,54,745</b>	<b>23,18,240</b>	<b>-</b>	<b>13,67,21,541</b>	<b>9,30,01,961</b>
	Previous Year	21,80,60,491	1,22,63,300	1,07,36,794	21,95,86,997	11,24,73,173	1,26,51,956	67,29,589	81,89,496	12,65,85,036	9,30,01,961

**C** Pursuant to Schedule II of Companies Act 2013 effective 1.04.2014, the Company had made reassessment of the useful life of the Fixed Assets in terms of that prescribed in the said Schedule. The carrying amount of existing Fixed Assets as on 1.04.2014 had been depreciated over the remaining useful life of the assets and those acquired after 1.04.2014 based on the useful life of the assets as specified in the said Schedule. The change in revision of useful life did not have any material impact on financial statements. Further, in view of Schedule II, depreciation on account of revaluation of assets amounting to Rs. 2,52,993/- (Previous Year Rs. 2,71,160) which was hitherto transferred from Revaluation Reserve has been charged to the Statement of Profit & Loss. Consequently, an equivalent amount has been transferred from Revaluation Reserve to General Reserve.

In case of assets where the remaining useful life in terms of Schedule II was NIL, the carrying amount of the asset after retaining residual value to the extent of Rs. NIL/- (Previous Year Rs. 4,85,231/-) representing historical cost was charged to the Statement of Profit & Loss and Rs. Nil (Previous Year Rs. 77,04,265/-) representing revaluation was charged to Revaluation Reserve. The impact of change on the profits of the year is not material.



<b>(2.11) NON-CURRENT INVESTMENTS</b>					
Particulars	Face value (Rs.)	31-Mar-16		31-Mar-15	
		Nos	(Rs.)	Nos.	(Rs.)
(Long Term Non-Trade at cost fully paid up unless otherwise stated)					
<b>Un-Quoted Equity Shares in Subsidiary</b>					
Bemco Fluidtechnik Private Limited	10	6,500	65,000	-	-
<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	100	40	4,000	40	4,000
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>					
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	5	26	-	26	-
Bharat Forge Company Limited	2	130	1,300	130	1,300
Bosch Rexroth India Ltd	10	-	-	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
Larsen and Tubro Limited Bonus	2	128	-	128	-
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	2	115	924	115	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
			<b>1,09,695</b>		<b>44,760</b>
1. Book Value cost of Un-Quoted Investments			81,332		16,332
2. Book Value cost of Quoted Investments			28,363		28,428
3. Market Value Quoted Investments			11,26,616		12,81,086
4. Aggregate Provision for Dimunition in Value of Investments			-		-
5. Quoted Investments whose market value was not available are considered at cost to arrive at market value.					

**(2.12) DEFERRED TAX ASSETS (NET)**

a) Particulars	Opening	Ch./Cr. To P/L A/C.	Closing
Expenses charged/credited to P/L account but allowed on Income Tax on payable basis	10,81,000	66,000	11,47,000
Provision for Product Warranty	2,51,000	(1,04,000)	1,47,000
Provision for doubtful debts / advances	11,67,000	1,87,000	13,54,000
Tax impact of difference between carrying amount of fixed assets as per books of account and as per Income Tax	(13,56,000)	(3,54,000)	(17,10,000)
Unabsorbed Business Loss/ Depreciation	12,43,000	-	12,43,000
Foreign Currency Fluctuations charged to revenue, allowable in future, on capitalisation to intangible asset/ payment thereof	(3,55,000)	(18,26,000)	(21,81,000)
	<b>20,31,000</b>	<b>(20,31,000)</b>	-

- b) Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.  
 c) Deferred tax assets are recognised only to the extent of deferred tax liabilities.

**(2.13) LONG TERM LOANS AND ADVANCES**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
<b>Unsecured, Considered Good</b>		
Advance Tax / TDS (net of provision)	2,49,773.00	3,49,397.00
Deposit with Govt., Public Bodies and Others	9,44,590.00	8,46,880.00
	<b>11,94,363.00</b>	<b>11,96,277.00</b>

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

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Other Bank Balances		
- Non-Current portion of fixed deposits with original maturity of more than 12 months	71,17,884.00	45,33,275.00
Advances recoverable in cash or in kind or for value to be received		
Considered good		
- Advances to staff	16,83,318.00	18,73,881.00
	<b>88,01,202.00</b>	<b>64,07,156.00</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.

**(2.15) INVENTORIES (At lower of cost or net realisable value, unless otherwise stated)**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Raw Materials	1,77,36,991.00	1,42,98,592.00
Intermediate and Components	2,51,73,446.00	1,54,77,555.00
Stores and Spares Parts	35,25,365.00	27,51,380.00
Work-in-Progress	16,77,77,000.00	14,62,20,000.00
Work-in-Progress - Export	41,53,000.00	-
Finished Goods	38,95,891.00	33,792.00
Scrap (At estimated realisable value)	6,908.00	-
	<b>22,22,68,601.00</b>	<b>17,87,81,319.00</b>

**(2.16) TRADE RECEIVABLES**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Unsecured Considered Good Outstanding for a period exceeding six months from due date of payment.	2,90,31,342.56	3,04,08,192.35
Other Debts	6,52,57,290.73	3,96,54,362.87
	<b>9,42,88,633.29</b>	<b>7,00,62,555.22</b>
Unsecured Considered Doubtful Provided for Outstanding for a period exceeding six months from due date of payment	35,12,807.00	33,75,307.00
Less: Provision for Doubtful Debts & Liq.Damages	(35,12,807.00)	(33,75,307.00)
	-	-
	<b>9,42,88,633.29</b>	<b>7,00,62,555.22</b>

**(2.17) CASH AND CASH EQUIVALENTS**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Balance with Banks in current account(s)	2,32,371.28	5,70,419.61
Cash-on-hand (As certified by a director)	14,69,035.83	55,059.73
	<b>17,01,407.11</b>	<b>6,25,479.34</b>

**(2.18) OTHER BANK BALANCES**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Fixed deposits with original maturity of more than 12 months	1,12,55,821.00	1,16,99,989.00
	<b>1,12,55,821.00</b>	<b>1,16,99,989.00</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.

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

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Advances recoverable in cash or in kind or for value to be received		
Considered good		
- Advances to staff	14,53,237.05	25,11,102.36
- Advances to Others	33,41,233.10	33,49,091.10
Advance Tax / TDS (net of provision)	10,08,207.00	9,68,363.70
Prepaid Expenses	24,21,962.00	21,41,085.00
Balance with Excise authorities	7,94,035.81	7,78,500.00
Considered doubtful provided for	4,00,000.00	4,00,000.00
Less:Provision for Doubtful Advances	(4,00,000.00)	(4,00,000.00)
	<b>90,18,674.96</b>	<b>97,48,142.16</b>

**(2.20) OTHER CURRENT ASSETS**

Particulars	As at 31-Mar-16 Rs. P.	As at 31-Mar-15 Rs. P.
Income tax refund receivable	95,834.00	95,834.00
	<b>95,834.00</b>	<b>95,834.00</b>

**(2.21) Revenue From Operations**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
Sale of goods manufactured	23,00,58,022.16	38,87,74,473.18
Sale of services	37,19,511.50	54,50,061.12
Other operating revenues	45,39,466.40	57,97,493.80
	<b>23,83,17,000.06</b>	<b>40,00,22,028.10</b>

**(2.22) Other Income**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
Interest Income		
i Interest from Banks	13,91,581.00	14,05,371.00
ii Interest from Others	45,960.00	42,078.00
iii Interest on Security Deposit with Hubli Electricity	49,913.00	-
	<b>14,87,454.00</b>	<b>14,47,449.00</b>
Dividend from Non-Current/Long Term Investments	11,285.50	9,678.50
Miscellaneous Receipts	15,54,357.14	55,326.52
Prior Period Adjustments	3,94,994.00	2,39,845.00
Liability no longer required written back	-	12,909.00
Fluctuation in Foreign Currency	-	1,20,19,109.00
Sundry Creditor's Credit Balances Written back	90,174.00	12,85,423.00
Provision for Doubtful Debts and Advances written back	-	39,21,513.00
Profit on Sale of Non-Current Investments	4,706.74	-
Profit on disposal of tangible Fixed Assets	1,41,118.00	78,558.00
Excess & Short Provision	(1,35,626.00)	4,46,089.00
Lease/ Rental Income from Subsidiary	1,00,000.00	-
	<b>36,48,463.38</b>	<b>1,95,15,900.02</b>

**(2.23) COST OF MATERIAL CONSUMED**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
<b>Raw Materials</b>		
Opening Stock	1,42,98,592.00	3,19,01,372.00
Add: Purchases	7,30,65,473.00	8,22,22,119.08
Less: Closing Stock	(1,77,36,991.00)	(1,42,98,592.00)
	<b>6,96,27,074.00</b>	<b>9,98,24,899.08</b>
<b>Intermediates and Components (A)</b>		
Opening Stock	1,54,77,555.00	1,73,36,353.00
Add: Purchases	5,41,41,920.51	6,97,17,347.30
Less: Closing Stock	(2,51,73,446.00)	(1,54,77,555.00)
	<b>4,44,46,029.51</b>	<b>7,15,76,145.30</b>
<b>Packing material (B)</b>		
Opening Stock	-	-
Add: Purchases	7,71,151.00	16,64,574.00
Less: Closing Stock	-	-
	<b>7,71,151.00</b>	<b>16,64,574.00</b>
<b>Stores and Spares (C)</b>		
Opening Stock	27,51,380.00	16,84,645.00
Add: Purchases	87,85,439.00	89,57,260.00
Less: Closing Stock	(35,25,365.00)	(27,51,380.00)
	<b>80,11,454.00</b>	<b>78,90,525.00</b>
<b>Total (A+B+C+D)</b>	<b>12,28,55,708.51</b>	<b>18,09,56,143.38</b>
Less: Materials consumed on account of warranties	(20,53,700.00)	(4,88,310.00)
<b>Total</b>	<b>12,08,02,008.51</b>	<b>18,04,67,833.38</b>

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

Particulars	Current Year Rs. P.	Previous Year Rs. P.
<b>Opening Stock</b>		
Work-in progress	14,62,20,000.00	12,03,02,000.00
Work-in progress-Export	-	-
Finished Goods	33,792.00	4,49,26,319.00
Scrap	-	-
<b>Total of Opening Stock (A)</b>	<b>14,62,53,792.00</b>	<b>16,52,28,319.00</b>
<b>Closing Stock</b>		
Work-in progress	16,77,77,000.00	14,62,20,000.00
Work-in progress-Export	41,53,000.00	-
Finished Goods	38,95,891.00	33,792.00
Scrap	6,908.00	-
<b>Total of Closing Stock (B)</b>	<b>17,58,32,799.00</b>	<b>14,62,53,792.00</b>
<b>Net changes in inventories of finished goods, work-in-progress [Total (A-B)]</b>	<b>(2,95,79,007.00)</b>	<b>1,89,74,527.00</b>

**(2.25) Employee benefits expense**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
Salaries, Wages, Bonus, etc.	5,14,82,005.00	5,44,24,765.00
Contribution to Provident fund & other funds	73,99,094.00	83,34,476.00
Staff welfare expense	28,20,124.75	32,64,903.00
	<b>6,17,01,223.75</b>	<b>6,60,24,144.00</b>

**(2.26) Finance Cost**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
Interest Expense	2,16,08,070.68	2,68,95,416.65
Other Borrowing cost	50,29,176.93	60,45,044.50
	<b>2,66,37,247.61</b>	<b>3,29,40,461.15</b>

**(2.27) Depreciation**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
Depreciation on Tangible Assets	53,73,213.00	56,15,099.00
Depreciation on Intangible Assets	70,81,532.00	70,36,857.00
	<b>1,24,54,745.00</b>	<b>1,26,51,956.00</b>
Add: Depreciation under Transitional Provisions	-	4,85,231.00
	<b>1,24,54,745.00</b>	<b>1,31,37,187.00</b>

**(2.28) Other expenses**

Particulars	Current Year Rs. P.	Previous Year Rs. P.
Power & fuel	29,48,021.00	28,64,450.00
Manufacturing Expenses	1,26,52,850.20	1,69,89,766.64
Freight & Transportation	51,85,225.00	62,83,136.85
Product Warranty Expenses	16,64,296.00	5,86,203.00
Repairs		
Buildings	18,44,152.00	10,48,381.00
Machinery	16,49,931.00	14,90,724.00
Computers	1,42,588.00	2,17,791.00
Others	2,90,951.00	4,21,129.00
Insurance	4,81,857.00	4,94,437.00
Rent	4,77,868.00	4,26,396.00
Rates & Taxes	4,59,363.00	8,32,150.00
Printing and Stationery	7,86,412.00	10,51,150.00
Postage, Telephone & Telegram	7,66,866.96	11,21,158.93
Travelling & Conveyance Expenses	81,14,126.56	1,17,94,835.46
Bad Debts / Advances Written Off	5,96,067.64	10,76,303.19
Provision for Doubtful Debts and Advances	-	-
Miscellaneous Expenses	50,81,848.55	52,52,091.80
Payment to Auditors for:		
Audit Fees	3,00,000.00	2,00,000.00
Limited Review Certification charges	60,000.00	50,000.00
Other Certification & Services	1,25,000.00	17,100.00
Reimbursement of Expenses (including ST)	74,890.00	77,266.00
Directors' Sitting Fees	27,000.00	40,000.00
Loss on Sale of Assets	104.00	8,75,453.00
Loss in Foreign Currency Fluctuation (net)	55,20,450.00	-
Liquidated Damages	72,51,791.00	1,10,84,913.00
Prior Period Adjustments	52,902.00	88,609.00
Excise duty on opening & closing stock (net)	4,49,849.00	(51,68,288.00)
Preferential Equity Shares Issue Expenses	-	5,75,105.00
	<b>5,70,04,409.91</b>	<b>5,97,90,261.87</b>

**(2.29) Earnings per Share**

PARTICULARS	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Profit/ (Loss) After tax (Rs.)	(3,07,82,945.34)	(88,87,260.28)
Less: Dividend (including tax thereon) on Cumulative Preference Share (Excluding arrears)	(42,36,588.00)	(42,36,588.00)
Adjusted Net Profit attributable to Equity Share holders (Rs.)	(3,50,19,533.34)	(1,31,23,848.28)
Weighted average number of equity shares in issue (Nos.)	21,86,700	18,99,577
Basic Earnings per Equity Share of Rs. 10/- each (in Rs.)	<b>(16.01)</b>	<b>(6.91)</b>
Diluted Earnings per Equity Share of Rs. 10/- each (in Rs.)	<b>(16.01)</b>	<b>(6.91)</b>

Note: (i) The company does not have any potentially diluted equity shares and consequently, basic and diluted equity share remains the same



**(2.30) EMPLOYEE BENEFITS**

 a) Post Retirement Benefits :  
 Defined Contribution Plans

(Figures in Rs.)

Particulars	2015-16	2014-15
1 Contribution to Employees' Provident Fund	19,59,710	20,21,029
2 Contribution to Employees' Family Pension Fund	20,96,719	17,37,245
3 Contribution to Employees' Superannuation Fund	7,01,122	10,94,116
	<b>47,57,551</b>	<b>48,52,390</b>

## b) Defined Benefit Plans

## (i)

(Figures in Rs.)

Changes in the Present Value of Obligation	2015-16	2014-15
	Gratuity Funded	Gratuity Funded
a. Present Value of Obligation as at opening date	1,76,20,272	1,58,22,470
b. Interest Cost	13,10,855	12,91,474
c. Past Service Cost	-	-
d. Current Service Cost	12,86,391	11,92,207
e. Curtailment Cost/(Credit)	-	-
f. Settlement Cost/(Credit)	-	-
g. Actual Benefit Payments	(20,54,343)	(30,10,363)
h. Actuarial (Gain)/Loss	13,37,799	23,24,484
i. Present Value of Obligation as at closing date	<b>1,95,00,974</b>	<b>1,76,20,272</b>

## (ii)

(Figures in Rs.)

Changes in the Fair Value of Plan Assets	2015-16	2014-15
	Gratuity Funded	Gratuity Funded
a. Present Value of Plan Assets as at opening date	1,51,38,163	1,66,52,446
b. Expected Return on Plan Assets	12,01,027	13,73,657
c. Actuarial Gain/(Loss)	92,475	(47,577)
d. Employers' Contributions	37,472	1,70,000
e. Employees' Contributions	-	-
f. Benefits Paid	(20,54,343)	(30,10,363)
g. Fair Value of Plan Assets as at closing date	<b>1,44,14,794</b>	<b>1,51,38,163</b>

## (iii)

Amount recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets	2015-16	2014-15
	Gratuity Funded	Gratuity Funded
a. Present Value of Obligation as at the end of the period	1,95,00,974	1,76,20,272
b. Fair Value of Plan Assets	1,44,14,794	1,51,38,163
c. Funded (Asset)/ Liability recognized in the Balance Sheet	50,86,180	24,82,109
d. Present Value of unfunded Obligation as at Mar 31, 2013	-	-
e. Unrecognized Past Service Cost	-	-
f. Unrecognized Actuarial (Gains)/Losses.	-	-
g. Unfunded Net Liability recognized in the Balance Sheet	-	-

## (iv)

(Figures in Rs.)

Expenses recognized in the Profit & Loss Account	2015-16	2014-15
	Gratuity Funded	Gratuity Funded
a. Current Service Cost	12,86,391	11,92,207
b. Past Service Cost	-	-
c. Interest Cost	13,10,855	12,91,474
d. Expected Return on Plan Assets	(12,01,027)	(13,73,657)
e. Curtailment Cost/(Credit)	-	-
f. Settlement Cost/(Credit)	-	-
g. Net actuarial (Gain)/Loss	12,45,324	23,72,061
h. Employees' Contribution	-	-
i. Total Expenses recognized in the Profit & Loss Account	<b>26,41,543</b>	<b>34,82,085</b>

(v)

	Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at reporting date	Assets 2015-16	2014-15
		Gratuity Funded	Gratuity Funded
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.)

1,293,502  
(1,326,080)

e)

	Following are the Principal Actuarial Assumptions used as at the balance sheet date:	2015-16	2014-15
a.	Interest Rate	8.00%	7.90%
b.	Discount Rate	8.00%	7.90%
c.	Expected Rate of Return on Plan Assets	8.50%	9.00%
d.	Salary Escalation Rate	6.00%	6.00%
e.	Expected Average Remaining Working Lifves of Employees	11.64 years	-

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

**(2.31) Related party disclosures (where transactions have taken place)**

- i Subsidiary Company  
 Bemco Fluidtechnik Private Limited (Incorporated on 13-02-2015)
- ii Key Management personnel:  
 Shri Madan Mohan Mohita  
 Shri Anirudh Mohita
- iii Relatives of Key management personnel:  
 Smt. Urmila Devi Mohita
- iv Enterprises where key management personnel have significant influence:  
 U. D. Finnvest Pvt Ltd  
 Mohita Capital Pvt Ltd  
 Bemco Precltech Pvt Ltd  
 U.D.Polyproducts Pvt Ltd  
 Sree Ramachandra Enterprises Private Limited

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.

- v 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.
- vi The following related party transactions were carried out during the year.

Nature of Transaction	Equity Shares		Preference Shares		Non-Current Investments/ Long Term		Trade Receivables		Expenditure					Income			Short term borrowings		
	Issued on preferential basis	Preference Shares as at the year end	Purchase/ Subscription	Sale of Non-Current Investments	Balance at the year end (Dr.)	Balance at the year end (Dr.)	Trade Receivables Balance at the year end (Dr.)	Interest	Sitting Fees	Remuneration (incl. Perks)	Purchase of Materials	Sale of Materials	Lease/ Rental Income	Accepted	Repaid	Balance as at year end (Cr) (incl. interest)			
<b>Subsidiary Company</b>																			
Bemco Fluidtechnik Private Limited	(-)	(-)	80,000	(-)	65,000	18,94,452	-	(-)	(-)	2,82,050	20,57,767	1,00,000	(-)	(-)	-	(-)			
<b>Key Management Personnel</b>																			
Shri Madan Mohan Mohita	(-)	(-)	(-)	(-)	(-)	(-)	(-)	6,000	(5,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)			
Shri Anirudh Mohita	(24,50,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	21,02,006	(17,25,368)	(-)	(-)	(-)	(-)	(-)	(-)			
<b>Total</b>	(24,50,000)	(-)	(-)	(-)	(-)	(-)	(-)	6,000	21,02,006	(17,25,368)	(-)	(-)	(-)	(-)	(-)	(-)			
<b>Relatives of Key Management Personnel</b>																			
Smt. Urmila Devi Mohita	(10,50,000)	(-)	(-)	5,000	(-)	(-)	(-)	6,000	(8,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)			
<b>Enterprises where Key Management Personnel have Significant Influence</b>																			
U.D. Finnvest Pvt Ltd	(-)	(65,00,000)	(-)	(-)	(-)	(-)	58,369	(1,92,776)	(-)	(-)	(-)	(-)	(15,00,000)	(41,89,016)	1,55,000	3,38,285			
Sri Ramachandra Enterprises Pvt Ltd	(35,00,000)	(65,00,000)	(-)	(-)	(-)	(-)	27,720	(4,93,784)	(-)	(-)	(-)	(-)	(3,00,000)	(87,02,376)	1,30,000	1,03,732			
Mohita Capital Pvt Ltd	(1,40,00,000)	(1,90,00,000)	(-)	(-)	(-)	(-)	39,63,077	(57,88,094)	(-)	(-)	(-)	(-)	1,32,00,000	62,00,000	1,32,00,000	4,14,28,483			
Bemco Precltech Pvt Ltd	(-)	(-)	(-)	(-)	(-)	(-)	17,388	(18,500)	(-)	(-)	(-)	(-)	(1,99,40,000)	(4,03,18,621)	(3,50,37,829)	1,45,781			
U.D.Polyproducts Pvt Ltd	(-)	(-)	(-)	(-)	(-)	(-)	25,710	(26,536)	(-)	(-)	(-)	(-)	(-)	(22,075)	(-)	2,15,231			
<b>Total</b>	(1,75,00,000)	(3,20,00,000)	(-)	(-)	(-)	(-)	40,92,274	(65,19,680)	(-)	(-)	(-)	(-)	1,32,00,000	64,85,000	1,32,00,000	4,22,31,522			

(Figures in bracket pertain to Previous Year)

(2.32) 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 & Other Assets : Market value basis, present cost less depreciation

The surplus arising thereon as compared to net book value amounting to Rs.468.73 lacs was credited to Revaluation Reserve.

(2.33) 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.

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

(2.35) 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 31-Mar-16	As At 31-Mar-15
1	The principal amount and the Interest due thereon remaining unpaid to any Micro/Small supplier - Principal amount - Interest thereon	NIL NIL	NIL 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 unpaid 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.	NIL	NIL

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.

(2.36) Disclosures on Loans/ Advances/ Investments pursuant to Part A (2) of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements), 2015 (as certified by the management)

Sr. No.	PARTICULARS	2015-2016		2014-2015	
		Out-standing Balance as at year end (Rs.)	Maximum amount outstanding during the year (Rs.)	Out-standing Balance as at year end (Rs.)	Maximum amount outstanding during the year (Rs.)
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 in the nature of loans to firms/companies in which director are interested.	-	-	-	-
iv	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.	-	-	-	-

**(2.37) C.I.F. VALUE OF IMPORTS, EXPENDITURE (INCLUDING CAPITAL EXPENDITURE) AND EARNINGS IN FOREIGN CURRENCY:**

	PARTICULARS	2015-16	2014-15
1	C.I.F. Value of Imports:		
	Raw Materials And Components	1,19,41,045	42,69,718
2	Expenditure in Foreign Currency:(paid/payable)		
	- Travelling	2,71,171	61,818
	- Technical Know How (including exchange fluctuation)	-	33,66,778
	- Technical Consultancy Services	1,27,139	-
	- Exhibition Expenses	52,902	-
3	Earnings in Foreign Exchange:		
	FOB value of Exports	30,54,140	4,91,61,415

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

PRODUCTS	Opening Stock Amount (Rs.)	Closing Stock Amount (Rs.)	Turnover Amount (Rs.)
Hydraulic Presses	- (34,507,867)	7,82,224 -	10,38,23,250 (15,72,08,894)
Axial Piston Pumps	- -	- -	18,44,610 -
Hydraulic Equipments	33,792 (10,418,452)	31,13,667 (33,792)	8,39,30,756 (18,46,60,500)
Others	- -	- -	1,67,91,929 (99,85,480)
Scrap	- -	6,908 -	32,980 (40,940)
<b>Total</b>	<b>33,792</b> (44,926,319)	<b>39,02,799</b> (33,792)	<b>20,64,23,525</b> (35,18,95,814)

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

**(2.39) RAW MATERIALS AND COMPONENTS CONSUMED:**

Particulars	2015-16 Amount (Rs.)	2014-15 Amount (Rs.)
MS rounds, Squares, Flats, Plates and Angles	3,93,67,201	6,99,19,072
Rough Castings	2,65,17,158	2,78,67,460
Hydraulic Pumps and Valves	1,56,79,703	1,34,87,218
Steel Pipes	30,12,949	19,90,701
Packing Material	7,71,151	16,64,574
Components and Others	3,75,07,547	6,60,27,118
Materials consumed on account of warranties	(20,53,700)	(4,88,310)
<b>Total</b>	<b>12,08,02,009</b>	<b>18,04,67,833</b>

**IMPORTED AND INDIGENOUS RAW MATERIALS AND COMPONENTS CONSUMED:**

	2015-16 Value Rs.	%	2014-15 Value Rs.	%
Imported	1,18,41,188	9.80%	42,66,689	2.36%
Indigenous	11,10,14,521	91.90%	17,66,89,454	97.91%
Warranties	(20,53,700)	-1.70%	(4,88,310)	-0.27%
<b>Total</b>	<b>12,08,02,009</b>	<b>100.00%</b>	<b>18,04,67,833</b>	<b>100.00%</b>

**(2.40) WORK IN PROGRESS**

Particulars	2015-16 Amount (Rs.)	2014-15 Amount (Rs.)
160T CLOSED FRAME DOWNSTROKING PRESS	12,53,023	-
1000T CLOSED FRAME PRESS	3,64,30,000	-
1500T CLOSED FRAME PRESS	-	1,67,40,000
Others	13,42,46,977	12,94,80,000
<b>Total</b>	<b>17,19,30,000</b>	<b>14,62,20,000</b>

**(2.41) SERVICES RENDERED**

Particulars	2015-16 Amount (Rs.)	2014-15 Amount (Rs.)
Job Charges	18,66,908	40,36,347
Servicing Charges	18,52,604	14,13,714
<b>Total</b>	<b>37,19,512</b>	<b>54,50,061</b>

(2.42) Stores consumed in the current year and previous year is 100% indigenous.

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

Particulars	2015-16 Amount (Rs)	2014-15 Amount (Rs)
Deferred payment Liabilities :		
a) Payable for Technical Know-How (in Euros)	7,70,000	7,70,000
Payable for Technical Know-How (in INR)	5,83,50,600	5,26,83,400

(2.44) Warranty expenses on rectification work are accounted for on natural heads as and when incurred & charged to provision on year end. Warranty expenses include Rs. 20,53,700/- (P.Y. Rs. 4,88,310/-) on account of free supplies of materials under warranty period.

(2.45) (a) Disclosures pursuant to Accounting Standards AS - 29 "Provisions, Contingent Liabilities and Contingent Assets"

(Figures in Rs.)

Particulars	Balance as at the opening	Additions during the year	Amount paid/ reversed/ used during the year	Balance as at year end
<b>Provisions</b>				
Provision for Warranty Claims	8,13,810	-	(3,89,404)	4,24,406

(b) Arrears of Preference Dividend 1,29,48,072  
(87,11,484)

(c) Contingent Liability:

Particulars	Amount (Rs.)
(i) Entry Tax Demand disputed in Appeal* (net of amount paid)	1,46,742 (1,46,742)

\* The Company has been advised that the demand is likely to be either deleted or substantially reduced and shall not have any material adverse effect on its financial position.

(ii) Bills discounted from Bank against irrevocable Letter of Credit issued by the party	1,20,34,500 (P.Y. NIL)
--	---------------------------

(iii) An ex-employee of the company has preferred an appeal before IIIIRD Addl. Senior Civil Judge, Belgaum claiming compensation amounting to Rs. 43,16,200/-. The company has been legally advised that the said claim is illegal and frivolous and in no way is likely to be materialised and therefore, no provision is considered necessary.	
---	--



(2.46) The Company has entered into a Lease Agreement with its subsidiary, M/s Bemco Fluidtechnik Private Limited dated 28th May, 2015, whereby the company has granted to the subsidiary the right to use a part of its factory premises, cumulatively represented by land and building disclosed under Tangible Fixed Assets, in lieu of monthly lease rentals. Disclosures pursuant to Accounting Standard (AS) 19 : 'Leases' is given below:

(i) The future minimum lease payments under the above non-cancellable lease agreement is disclosed below:

Particulars	Amount (Rs.)
(a) Not later than one year	1,20,000
	(-)
(b) Later than one year and not later than five years	3,80,000
	(-)
(c) Later than five years	(-)

(ii) The Agreement does not have any terms on contingent rents and therefore, there are no amounts recognised in the Statement of Profit & Loss in respect of Contingent rents.

(2.47) Previous period figures have been regrouped/rearranged wherever necessary.

(2.48) The company had issued 4,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 60/- per share on preferential basis in the previous financial year to Promoters and Non-Promoters aggregating to Rs. 2,80,00,000/-. The funds raised on preferential basis was utilised for repayment of unsecured loans.

As Per our Report of Even Date  
**For M/s A.C. BHUTERIA & CO.**  
**Chartered Accountants**  
**Firm Regn No.:303105E**

**Ashish Choudhary**  
 Partner  
 Membership No.:308886

**Amruta Tarale**  
 Company Secretary  
 ACS - 42288

**R B Patil**  
 CFO  
 PAN: AANPP9374M

**Anirudh Mohta**  
 Managing Director  
 DIN:00065302

**Dillip P Chandak**  
 Director  
 DIN:00644673

Place: Camp Belgaum  
 Date: 17-05-2016

Place: Belgaum  
 Date: 17-05-2016

**A.C.BHUTERIA & CO.  
CHARTERED ACCOUNTANTS**

2, India Exchange Place 2<sup>nd</sup> Floor Room No: 10 Kolkata- 700 001  
Phone: 2230 6990,  
E-mail: m\_bhuteria@yahoo.co.in  
Website: www.acbhuteria.com

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BEMCO HYDRAULICS LIMITED**
**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **BEMCO HYDRAULICS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report to the extent applicable, that:
  - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - ii. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - iii. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.
  - iv. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - v. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company incorporated in India is disqualified as on 31st March 2016 from being appointed as a director of that company in terms of Section 164 (2) of the Act.
  - vi. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 2.41 to the consolidated financial statements;
    - b. The Holding Company and its subsidiary incorporated in India did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India.

For **A.C. Bhuteria & Co.**  
Chartered Accountants  
Firm's Registration No. 303105E

Place: Camp Belgauam  
Date: 17-05-2016

**Ashish Choudhary**  
Partner  
Membership No. 308886

**Annexure - A to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of **BEMCO HYDRAULICS LIMITED** ("the Holding Company") and its subsidiary company which is companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its subsidiary company which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **A.C. Bhuteria & Co.**  
Chartered Accountants  
Firm's Registration No. 303105E

Place: Camp Belgaum  
Date: 17-05-2016

**Ashish Choudhary**  
Partner  
Membership No. 308886

**CONSOLIDATED BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2016**

	Note Ref.	31-Mar-16 Rs P
<b>I EQUITY AND LIABILITIES</b>		
<b>(1) Shareholders Funds</b>		
(a) Share Capital	2.01	5,39,33,500.00
(b) Reserves & Surplus	2.02	(1,15,23,047.17)
		<b>4,24,10,452.83</b>
<b>(2) Minority Interest</b>		-
<b>(3) Non-Current Liabilities</b>		
(a) Long Term Borrowings	2.03	5,30,57,916.92
(b) Deferred Tax Liability (Net)		-
(c) Other Long Term Liabilities	2.04	34,03,284.00
(d) Long Term Provisions	2.05	6,21,611.00
		<b>5,70,82,811.92</b>
<b>(4) Current Liabilities</b>		
(a) Short Term Borrowings	2.06	14,49,26,181.08
(b) Trade Payables	2.07	9,60,04,009.98
(c) Other Current Liabilities	2.08	9,01,75,523.36
(d) Short Term Provisions	2.09	37,39,432.00
		<b>33,48,45,146.42</b>
<b>TOTAL</b>		<b>43,43,38,411.17</b>
<b>II ASSETS</b>		
<b>(1) Non-Current Assets</b>		
(a) Fixed Assets	2.10	
(i) Tangible Assets		7,13,53,482.00
(ii) Intangible Assets		1,23,92,618.00
		<b>8,37,46,100.00</b>
(b) Non-Current Investments	2.11	44,695.00
(c) Deferred Tax Assets (Net)	2.12	-
(d) Long Term Loans and Advances	2.13	11,99,363.00
(e) Other Non-Current Assets	2.14	88,01,202.00
		<b>9,37,91,360.00</b>
<b>(2) Current Assets</b>		
(a) Inventories	2.15	22,47,26,974.81
(b) Trade receivables	2.16	9,26,64,115.29
(c) Cash and Bank Balances		
(i) Cash and Cash Equivalents	2.17	17,18,933.11
(ii) Other Bank Balances	2.18	1,12,55,821.00
(d) Short Term Loans and Advances	2.19	1,00,85,372.96
(e) Other Current Assets	2.20	95,834.00
		<b>34,05,47,051.17</b>
<b>TOTAL</b>		<b>43,43,38,411.17</b>
<b>Significant Accounting Policies</b>	<b>1</b>	
<b>Notes to Financial Statements</b>	<b>2</b>	

As Per our Report of Even Date  
For M/s A.C. BHUTERIA & CO.  
Chartered Accountants  
Firm Regn No.:303105E

Ashish Choudhary  
Partner  
Membership No.:308886

Amruta Tarale  
Company Secretary  
ACS - 42288

R B Patil  
CFO  
PAN:AANPP9374M

Anirudh Mohta  
Managing Director  
DIN:00065302

Dilip P Chandak  
Director  
DIN:00644673

Place: Camp Belgaum  
Date: 17-05-2016

Place: Belgaum  
Date: 17-05-2016

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2016**

	Note Ref.	31-Mar-16 Rs P	
<b>I REVENUE FROM OPERATIONS (Gross)</b>	2.21	23,66,22,569.06	
Less:Excise duty		2,34,68,847.00	
<b>REVENUE FROM OPERATIONS (Net)</b>		<b>21,31,53,722.06</b>	
<b>II OTHER INCOME</b>	2.22	35,48,463.38	
<b>III TOTAL REVENUE ( I + II)</b>		<b>21,67,02,185.44</b>	
<b>IV EXPENSES</b>			
Cost of Material Consumed	2.23	11,92,76,995.70	
Changes in inventories of finished goods and work-in-progress	2.24	(2,95,79,007.00)	
Employee benefits expense	2.25	6,36,91,758.75	
Finance Cost	2.26	2,68,32,490.61	
Depreciation and amortization expense	2.27	12,554,830.00	
Other expenses	2.28	5,74,79,136.91	
<b>TOTAL EXPENSES</b>		<b>25,02,56,204.97</b>	
<b>V PROFIT BEFORE TAX (III-IV)</b>		<b>(3,35,54,019.53)</b>	
<b>VI TAX EXPENSES</b>			
(1) Current Tax			-
(2) Deferred Tax			-
(3) Income tax earlier years			47,390.00
(4) Wealth Tax of previous year			(1,07,694.00)
			<b>(60,304.00)</b>
<b>VII PROFIT/ (LOSS) FOR THE PERIOD (V - VI)</b>		<b>(3,36,14,323.53)</b>	
<b>VIII SHARE OF MINORITY INTEREST</b>		<b>(35,000.00)</b>	
<b>IX PROFIT/ (LOSS) (FOR THE YEAR AFTER ADJUSTMENT FOR MINORITY INTEREST) ( VII - VIII )</b>		<b>(3,35,79,323.53)</b>	
<b>X EARNINGS PER EQUITY SHARE:</b>	2.29		
(1) Basic			<b>(17.29)</b>
(2) Diluted			<b>(17.29)</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to Financial Statements</b>	<b>2</b>		

As Per our Report of Even Date  
 For M/s A.C. BHUTERIA & CO.  
 Chartered Accountants  
 Firm Regn No.:303105E

Ashish Choudhary  
 Partner  
 Membership No.:308886

Amruta Tarale  
 Company Secretary  
 ACS - 42288

R B Patil  
 CFO  
 PAN:AANPP9374M

Anirudh Mohta  
 Managing Director  
 DIN:00065302

Dilip P Chandak  
 Director  
 DIN:00644673

Place: Camp Belgaum  
 Date: 17-05-2016

Place: Belgaum  
 Date: 17-05-2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

(Amount in Rs. P.)

Particulars	31-Mar-16	
<b>A Cash Flow from Operating Activities:</b>		
Net Profit Before Tax and Extraordinary Items		(3,35,54,019.53)
<b>Adjustments for:</b>		
Loss on Sale of Fixed Assets	104.00	
Provision for doubtful debts and advances	1,37,500.00	
Bad Debt and advances written off	5,96,067.64	
Finance Cost	2,68,32,490.61	
Depreciation and Amortization expense	1,25,54,830.00	
Unrealised Foreign Exchange (Gain) / Loss (net)	55,20,450.00	
Provision for warranty written back	(3,89,404.00)	
Profit on Disposal of Fixed Assets	(1,41,118.00)	
Profit on Sale of Non-Current Investments	(4,706.74)	
Preliminary Expenses	78,346.00	
Dividend from Non-Current Investments	(11,285.50)	
Interest Income	(14,87,454.00)	
Sundry Creditor's Credit Balances Written back	(90,174.00)	
Excess & Short Provision	1,35,626.00	
		4,37,31,272.01
<b>Operating Profit before Working Capital Changes</b>		1,01,77,252.48
<b>Movements in Working Capital</b>		
Decrease/ (Increase) in Inventories	(4,59,45,655.81)	
Decrease/ (Increase) in Trade and Other Receivables	(2,34,33,538.21)	
Increase/ (Decrease) in Trade and Other Payables	6,10,42,058.77	
<b>Cash Generated from Operations</b>		(83,37,135.25)
Direct Taxes paid		18,40,117.23
		45,436.70
<b>Net Cash from/used in Operating Activities (A)</b>		18,85,553.93
<b>B Cash Flow from Investing Activities:</b>		
Purchase of Tangible/Intangible Fixed Assets (incl Cap WIP)	(40,29,606.00)	
Sale of Tangible Fixed Assets	9,61,850.00	
Sale of Non- Current / Long Term Investments	4,771.74	
Sale of Equity Shares of Subsidiary	15,000.00	
Purchase of Non- Current/ Long Term Investments	-	
Investment in Fixed Deposits	(20,90,101.00)	
Dividend Received	11,285.50	
Interest Received	13,91,154.00	
<b>Net Cash Used in Investing Activities (B)</b>		(37,35,645.76)
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from Long term Borrowings	53,00,117.00	
Repayment of Long Term Borrowings	(82,67,212.32)	
Proceeds/ (Repayment) of Short term Borrowings(net)	3,30,64,783.53	
Proceeds from issue of Equity Shares	20,000.00	
Share Issue Expenses	(58,657.00)	
Redemption of Preference Shares	-	
Dividend Paid	-	
Tax on Dividend paid	-	
Interest Paid	(2,71,15,485.61)	
<b>Net Cash from/used in Financing Activities (C)</b>		29,43,545.60
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>		10,93,453.77
<b>Cash &amp; Cash Equivalents at the beginning of the Year</b>		6,25,479.34
<b>Cash &amp; Cash Equivalents at the End of the Year*</b>		17,18,933.11

\* Represents Cash and Cash Equivalents as indicated in Note 2.17 to the financial statements.

**Note:** Cash Flow Statement has been prepared using the indirect method in accordance with Accounting Standard (AS) 3-"Cash Flow Statement" notified under Section 133 of the Companies Act, 2013.

 As Per our Report of Even Date  
**For M/s A.C. BHUTERIA & CO.**  
 Chartered Accountants  
 Firm Regn No.:303105E

**Ashish Choudhary**  
 Partner  
 Membership No.:308886

**Amruta Tarale**  
 Company Secretary  
 ACS - 42288

**R B Patil**  
 CFO  
 PAN:AANPP9374M

**Anirudh Mohta**  
 Managing Director  
 DIN:00065302

**Dilip P Chandak**  
 Director  
 DIN:00644673

 Place: Camp Belgaum  
 Date: 17-05-2016

 Place: Belgaum  
 Date: 17-05-2016



**BEMCO HYDRAULICS LIMITED**

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

**1 SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation**

These Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain fixed assets which are stated at revalued amounts. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All the Assets and Liabilities have been classified as Current and Non-Current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities, the Company has ascertained its operating cycle as 12 months for the purpose of Current and Non Current classification of Assets and Liabilities.

**b) Use of Estimates**

The preparation of the Consolidated financial statements is in conformity with Indian GAAP which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the Consolidated financial statements and reported amounts of income and expenses during the period.

The estimates and assumptions used in the accompanying Consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of Consolidated financial statement. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**c) Principles of Consolidation**

The consolidated financial statements relate to Bemco Hydraulics Limited ('the Company') and its Subsidiary Company and is collectively referred to as 'the Group'. The consolidated financial statements of the Group have been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements". The Consolidated Financial Statements of the Company have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after fully eliminating intra-group balances, intra-group transactions and unrealised profits in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements' notified under the Companies Act, 2013.
- ii) The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary companies at the dates on which the investments in the Subsidiary company are made, is recognised as 'Goodwill' being an asset in the Consolidated Financial statements and disclosed under Fixed Assets as "Intangible Assets". However, there is no goodwill/ capital reserve arising out of acquisition of subsidiary in the case of the Company.
- iii) Minority Interest in the net assets of consolidated subsidiary is identified and presented in the Consolidated Financial Statements separately from liabilities and equity of the Company's shareholders.
- iv) Minority Interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to minority at the dates on which investments in the Subsidiary are made by the Company and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- v) The financial statements of subsidiary are drawn upto the same reporting date as that of the Company i.e. 31st March, 2016.
- vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- vii) The subsidiary company considered in the consolidated financial statements is:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership
Bemco Fluidtechnik Private Limited	India	65%

**d) Tangible Fixed Assets and Capital Work in Progress**

**(i) Recognition**

Tangible assets are stated at their original cost net of recoverable taxes, duties, trade discounts and rebates less accumulated depreciation and impairment, if any except in case of certain fixed assets which have been revalued and stated at revalued amounts less accumulated depreciation. The cost of fixed asset comprises its purchase price, borrowing costs and any directly attributable cost of bringing the asset to its working condition for its intended use.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use as at the reporting date.

**(ii) Depreciation**

Depreciation on tangible fixed assets is charged on straight line method over the useful life/remaining useful life of the asset as per Schedule II of the Companies Act 2013. 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.

Where depreciable assets are disposed of, discarded, demolished or destroyed, the net surplus or deficiency, if material, is disclosed separately.

**e) Intangible Fixed Assets**

**(i) Recognition**

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible Assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**(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 and Computer Software is five years from the year in which it is acquired and is ready to use and therefore, Technical Knowhow and Computer Software 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. The amortisation charge for each period is recognised as an expense.

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

Non- Current/ Long-term investments are stated at cost. Provision is made for diminution in the value of investments, if the same is considered to be other than temporary in nature. The carrying amount of long-term investments is determined on an individual investment basis.

**g) Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories comprises of costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made as to the amount the inventories are expected to realise. The cost of inventories are arrived at by applying the weighted average cost formula.

Scrap is valued at net realizable value. Excise duty payable on finished goods lying in the factory is provided for and included in closing stock of finished goods.

**h) Employee Benefits****1 Short term employee benefits :**

Short-term employee benefits are employee benefits (other than termination benefits) such as salary, wages and performance incentive which fall due wholly within twelve months after the end of the period in which the employees render the related service and are recognised as expense in the period in which the related service is rendered.

**2 Post-employment Benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

**a. Defined Contribution Plans**

The Company has Defined Contribution Plans for Post employment benefits in the form of Superannuation Fund and Provident & Pension 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 defined contribution plans as the Company pays fixed contributions into a separate entity (a fund) and has no further obligation beyond making contributions. The Company's contributions to Defined Contribution plans are charged to the Consolidated Statement of Profit and Loss 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 Consolidated Statement of Profit and Loss.****i) Research and Development**

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Revenue expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Development costs of products are charged to the Consolidated Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised.

**j) Revenue Recognition**Sale of goods

Sales are recognised net of returns, trade discounts and rebates when the seller has transferred the property in the goods to the buyer for a consideration. The transfer of property in goods, in most cases, results in or coincides with the transfer of significant risks and rewards of ownership to the buyer. However, there may be situations where transfer of property in goods does not coincide with the transfer of significant risks and rewards of ownership. Revenue in such situations is recognised at the time of transfer of significant risks and rewards of ownership to the buyer.

Sales include excise duty but excludes value added tax and central 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 accrues on the time basis determined by the amount outstanding and the rate applicable.

Dividend income is recognised in the Consolidated Statement of Profit and Loss when the right to receive dividend is established.

Other items of income are recognized on accrual basis.

**k) Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset upto the date the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**l) Foreign Currency Transactions****Initial recognition**

A foreign currency transaction is recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

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

Foreign currency monetary items are reported using the closing rate. However, in certain circumstances, where the closing rate may not reflect with reasonable accuracy the amount in reporting currency that is likely to be realised or where the closing rate is unrealistic and it is not possible to effect an

exchange of currencies at that rate at the balance sheet date, the relevant monetary item is reported in the reporting currency at the amount which is likely to be realised from, or required to disburse, such item at the balance sheet date.

**Exchange difference**

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise (except Net Investment in a Non-integral Foreign Operation.)

**m) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The net profit or loss for the period attributable to equity shareholders is the net profit or loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period, adjusted by the number of equity shares bought back or issued during the period multiplied by the time-weighting factor.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which would be issued on the conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed to have been converted into equity shares at the beginning of the period or, if issued later, the date of the issue of the potential equity shares. Potential equity shares are treated as dilutive when, and only when, their conversion to equity shares would decrease net profit per share from continuing ordinary operations.

**n) Taxation**

Tax expense for the period, comprising current tax and deferred tax, is included in the determination of the net profit or loss for the period. Provision is made for current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Provision is made for deferred tax for all the timing differences arising between taxable income and accounting income at currently or substantively enacted tax rates, subject to the consideration of prudence in respect of deferred tax assets. Whenever there exists any unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet Date.

**o) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the enterprise; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of the obligation cannot be made. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent Assets are neither recognised nor disclosed in the Consolidated Financial Statements.

**p) Impairment of Assets:**

Impairment is ascertained at each Balance Sheet date in respect of cash generating units. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**q) Leases**Where the Company is a Lessor

Leases which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item are classified as 'Finance Lease'. Assets acquired on Finance Lease which substantially transfer all the risks and rewards of ownership to the Company are capitalized as assets by the Company 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. Amortization of capitalized Leased asset is computed on Straight Line Method over the useful life of the asset. Lease rentals payable is apportioned between the liability and finance charge 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.

Where the Company is a Lessee

Initial Direct Costs in respect of operating lease is recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred. Lease income in respect of Operating Lease is recognized in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

**r) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

**s) Cash Flow Statement**

The Consolidated Cash Flow Statement reports cash flows during the period classified by operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

**t) Post-sales client support and warranties**

The Company provides its clients with a fixed-period warranty for corrections of errors and support on all its fixed-price, fixed-time frame contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in statement of profit and loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

**(2) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(2.01) SHARE CAPITAL**

(a) Authorized Share Capital	As at 31-Mar-16	
	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each	40,00,000	4,00,00,000
Preference Shares of Rs. 100/- each	4,00,000	4,00,00,000
	44,00,000	8,00,00,000
(b) Issued Share Capital	As at 31-Mar-16	
	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each	22,22,750	2,22,27,500
Preference Shares of Rs. 100/- each	3,27,268	3,27,26,800
	25,50,018	5,49,54,300
(c) Subscribed Share Capital	As at 31-Mar-16	
	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each	22,00,000	2,20,00,000
Preference Shares of Rs. 100/- each	3,20,000	3,20,00,000
	25,20,000	5,40,00,000
(d) Fully Paid-up Share Capital	As at 31-Mar-16	
	Quantity (Nos.)	Amount (Rs.)
Equity Shares of Rs. 10/- each fully paid	21,86,700	2,18,67,000
Shares Forfeited	-	66,500
	21,86,700	2,19,33,500
Preference Shares of Rs. 100/- each fully paid	3,20,000	3,20,00,000
	25,06,700	5,39,33,500
(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-16	
	Quantity (Nos.)	Amount Rs.
Balance as at the beginning of the period	21,86,700	2,19,33,500
Add/(Less): Equity Shares of Rs. 10/- each issued during the year on Preferential basis	-	-
Balance as at the end of the period	21,86,700	2,19,33,500
(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-16	
	Quantity (Nos.)	Amount Rs.
Balance as at the beginning of the period	3,20,000	3,20,00,000
Add:Allotment during the year	-	-
Less:Redemption during the year	-	-
Balance as at the end of the period	3,20,000	3,20,00,000
(g) Shareholders holding more than 5% of Equity Share Capital.	As at 31-Mar-16	
	(Nos.)	(%)
1 Mohta Capital Pvt Ltd	6,65,606	30.44
2 Sri Ramchandra Enterprises Pvt Ltd	3,34,697	15.31
3 U D Fininvest Pvt Ltd	2,18,400	9.99
4 Urmila Devi Mohta	2,08,668	9.54
5 Sungrace Finvest Pvt Ltd	1,84,000	8.41

**(h) Rights/preferences 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.

**(i) Rights, Preferences and Restrictions attached to Preference Shares of Rs. 100/- each**

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. However, the company has defaulted in payment of dividends to Preference Shareholders for the financial years 2013-14 and 2014-15 and therefore, as per the provisions of the Section 47 of the Companies Act 2013, the Preference Shareholders has got voting rights on par with Equity Shareholders on conclusion of the 57th Annual General Meeting held on 25-09-2015.

**(j) Terms of redemption of Preference Shares**

Particulars	As at	31-Mar-16
	Quantity (Nos.)	Amount (Rs.)
(i) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at par on 31/03/2031.	3,00,000	3,00,00,000
(ii) 11% Cumulative Redeemable Preference shares of Rs. 100/- each redeemable at par on 31/03/2020.	20,000	20,00,000

(k) Shareholders holding more than 5% of Preference Share Capital.	As at	31-Mar-16
	(Nos.)	%
1 Mohta Capital Pvt Ltd	1,90,000	59.38
2 U D Fininvest Pvt Ltd	65,000	20.31
3 Sri Ramchandra Enterprises Pvt Ltd	65,000	20.31

**(2.02) RESERVES AND SURPLUS**

Particulars	As at 31 Mar 16 Rs. P.
<b>Capital Reserve</b>	
Opening/Closing Balance	6,44,876.00
	(A) <b>6,44,876.00</b>
<b>Capital Redemption Reserve</b>	
Opening/Closing Balance	14,73,200.00
	(B) <b>14,73,200.00</b>
<b>Securities Premium Account</b>	
Opening Balance	4,48,31,700.00
Add: Addition during the year	-
Closing Balance	(C) <b>4,48,31,700.00</b>
<b>Revaluation Reserve</b>	
Opening Balance	1,44,35,480.00
Less: Adjustment on account of Transitional Provisions	-
Less: Transferred to General Reserve on account of depreciation for the year on revalued amounts.	(2,52,993.00)
[Refer Note No. 2.10 (C)]	(D) <b>1,41,82,487.00</b>
<b>General Reserve</b>	
Opening Balance	67,71,160.00
Add: Transferred from Revaluation Reserve	2,52,993.00
[Refer Note No. 2.10 (C)]	(E) <b>70,24,153.00</b>
<b>Surplus/(Deficit) in the Consolidated Statement of Profit &amp; Loss</b>	
Opening Balance	(4,61,00,139.64)
Add: Surplus/(deficit) for the year	(3,35,79,323.53)
<b>Balance carried forward</b>	(F) <b>(7,96,79,463.17)</b>
<b>Total (A to F)</b>	<b>(1,15,23,047.17)</b>

**(2.03) LONG TERM BORROWINGS**

Particulars	As at 31 Mar 16 Rs. P.
<b>Secured</b>	
Term Loans	
- From Banks [see note (i) & (ii) below]	12,40,400.00
- Motor Car loan from Banks [see note (iii) below]	37,47,916.92
<b>Unsecured</b>	
-Deferred Payment Liabilities	4,31,94,600.00
-Loan from Related Parties	48,75,000.00
	<b>5,30,57,916.92</b>

**Note:**

- (i) Term Loan from Bank of Maharashtra is secured by equitable mortgage of Land & Building and 1st charge on the Fixed Assets of the company on pari-passu basis with State Bank of India and personal guarantee of three directors of the company. Interest payable thereon is at base rate + 4.75% repayable in 53 monthly installments of Rs. 1,86,000/- each and last installment of Rs. 1,42,000/- (or less to balance the outstanding) after a moratorium period of 6 months. Interest shall be serviced as and when applied. As on 31-03-2016, 19 installments are due for repayment amounting to Rs. 34,72,400/- excluding interest (including the amount of Current Maturities of Term Loans as disclosed under Other Current Liabilities).
- (ii) Term Loan from State Bank of India is secured by equitable mortgage of Land & Building and 1st charge on the Fixed Assets of the company on pari-passu basis with Bank of Maharashtra and personal guarantee of three directors of the company. Interest payable thereon is at base rate + 4.60% repayable in 40 monthly installments after a moratorium period of 8 month. Of the 40 installments, first 20 installments would be of Rs 2,00,000/- each and the balance 20 installments would be of Rs. 3,00,000/- each. As on 31-03-2016, 7 installments are due for repayment amounting to Rs. 21,00,000/- excluding interest (including the amount of Current Maturities of Term Loans as disclosed under Other Current Liabilities).
- (iii) Motor Car Loans from banks are secured by hypothecation of respective motor car acquired under the loan agreement, repayable in equated monthly installments carrying interest on reducing balance method varying between 10% per annum to 12.5% per annum. As on 31-03-2016, 530 installments are due for repayment amounting to Rs. 62,00,131/- excluding interest (including the amount of Current Maturities of Motor Car Loans as disclosed under Other Current Liabilities).
- (iv) The subsidiary company has entered into a loan agreement with related party for a period of 3 years with an option to renew the credit limit and other terms at the end of first year. The initial credit limit is Rs. 1,00,00,000/-. Interest shall be charged @ 12% p.a. compounded quarterly.

The repayment of principal amount outstanding at the end of 3 years shall be made on the expiration of the agreement or the agreement may be renewed further on the terms and conditions to be then decided.

**(2.04) OTHER LONG TERM LIABILITIES**

Particulars	As at 31 Mar 16 Rs. P.
Other Payables- Deposits	34,03,284.00
	<b>34,03,284.00</b>
<b>(2.05) LONG TERM PROVISIONS</b>	
Particulars	As at 31 Mar 16 Rs. P.
<b>Provision for employee benefits</b> - Provision for Leave Encashment	6,21,611.00
	<b>6,21,611.00</b>
<b>(2.06) SHORT TERM BORROWINGS</b>	
Particulars	As at 31 Mar 16 Rs. P.
<b>Secured</b>	
Loans repayable on demand	
- Cash credit/ Packing Credit from Banks [see note (i) & (ii) below]	8,37,14,236.86
Raw Material Assistance Scheme from NSIC [see note (iii) below]	94,85,259.22
<b>Unsecured</b>	
Loans repayable on demand	
- Loans from Related Parties (Refer Note 2.31)	4,19,26,685.00
- Loans from other parties	98,00,000.00
	<b>14,49,26,181.08</b>

**Note:**

- (i) Cash credit availed from Bank of Maharashtra 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. Interest on cash credit is payable at floating rate being base rate of bank plus 4.60% at monthly rests.
- (ii) Cash credit availed from State Bank of India is secured by hypothecation of inventory and receivables upto 150 days as primary security and equitable mortgage of factory land and building and personal guarantee of three directors of the Company. Interest on cash credit is payable at floating rate being base rate of bank plus 4.50% at monthly rests. Stand by Line of Credit availed from State Bank of India on Demand basis for a maximum period of 90 days and extendable upto another 90 days and is secured by hypothecation of inventory and receivables as primary security and equitable mortgage of factory land and building and personal guarantee of three directors of the Company. Interest on cash credit is payable at floating rate being base rate of bank plus 6.00% at monthly rests.
- (iii) Raw Material Assistance Scheme availed from NSIC is secured by bank guarantee amounting to Rs 10,000,000/-. Interest is payable @ 12.50% per annum on amount outstanding. Additional interest at the rate of 0.45% percent per annum is payable if payment is not made within stipulated time limit.

<b>(2.07) TRADE PAYABLES</b>	
Particulars	As at 31 Mar 16 Rs. P.
<b>For Goods and Services received in the ordinary course of business</b>	
- Due to Micro Enterprises & Small Enterprises	-
- Due to Other than Micro Enterprises & Small Enterprises	7,43,77,819.98
- Acceptances	2,16,26,190.00
	<b>9,60,04,009.98</b>



(2.08) OTHER CURRENT LIABILITIES	
Particulars	As at 31 Mar 16 Rs. P.
Current maturities of long term debts	
- Term Loan from Banks	43,32,000.00
- Motor Car loan from Banks	24,52,214.54
- Current portion of deferred liability for Intangible Assets	1,51,56,000.00
Interest accrued but not due on borrowings car Loans	33,514.00
Interest accrued and due on borrowings	8,00,895.00
<b>Other Payables</b>	
- Gratuity Payable to LIC	50,86,181.00
- Advance from Customers	5,16,94,350.36
- Other deposits	3,61,671.00
-Liability for Capital Goods purchased	1,90,199.00
- Director's Current Account Payable	29,689.00
- Liabilities for Statutory Dues	47,07,707.30
- Liabilities for Expenses	53,31,102.16
	<b>9,01,75,523.36</b>
(2.09) SHORT TERM PROVISIONS	
Particulars	As at 31 Mar 16 Rs. P.
<b>Provision for employee benefits</b>	
- Provision for Leave Encashment	33,15,026.00
<b>Provision - Others</b>	
- Provision for Product Warranty	4,24,406.00
	<b>37,39,432.00</b>

FIXED ASSETS NOTE NO. - 2.10											
SL NO	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS AT 1-Apr-15 Year	Additions	Deductions/ Adjustments	AS AT 31-Mar-16	UP TO 1-Apr-15	For the Year	Deductions	Adjustments	TOTAL As at 31-Mar-16	As on 31-Mar-16
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>A</b>	<b>TANGIBLE ASSETS</b>										
	<b>LEASED</b>										
1	LEASEHOLD LAND	13,310,040	-	-	13,310,040	-	-	-	-	-	13,310,040
	<b>OWNED</b>										
2	BUILDINGS	46,227,050	-	-	46,227,050	18,758,657	1,137,997	-	-	19,896,654	26,330,396
3	BOREWELL	157,861	-	-	157,861	149,968	-	-	-	149,968	7,893
4	PLANT AND MACHINERY	52,242,556	2,861,441	-	55,103,997	37,845,654	1,216,948	-	-	39,062,602	16,041,395
5	OFFICE EQUIPMENTS	1,295,022	58,648	-	1,353,670	910,835	167,493	-	-	1,078,328	275,342
6	VEHICLES	20,070,245	51,587	1,785,615	18,336,217	3,726,814	2,451,319	972,764	-	5,205,369	13,130,848
7	GOODS TRANSPORT	899,250	-	-	899,250	301,109	77,698	-	-	378,907	520,443
8	ELECTRICAL INSTALLATIONS	3,734,292	-	-	3,734,292	3,333,118	50,551	-	-	3,383,669	350,623
9	FURNITURE AND FIXTURES	2,032,249	353,679	1,353,461	1,032,467	1,777,941	57,181	1,345,476	-	489,646	542,821
10	COMPUTERS	3,649,636	485,938	-	4,135,574	3,235,642	278,024	-	-	3,513,666	621,908
11	MOULDS, DIES & PATTERNS	-	250,500	-	250,500	-	28,727	-	-	28,727	221,773
	<b>TOTAL (A)</b>	<b>143,618,201</b>	<b>4,061,793</b>	<b>3,139,076</b>	<b>144,540,918</b>	<b>70,039,738</b>	<b>5,465,938</b>	<b>2,318,240</b>	<b>-</b>	<b>73,187,436</b>	<b>71,353,482</b>
<b>B</b>	<b>INTANGIBLE ASSETS</b>										
	<b>Other than Internally Generated</b>										
11	COMPUTER SOFTWARE	620,308	58,012	-	678,320	191,120	136,975	-	-	328,095	350,225
12	TECHNICAL KNOW - HOW	75,348,488	-	-	75,348,488	56,354,178	6,951,917	-	-	63,306,095	12,042,393
	<b>TOTAL (B)</b>	<b>75,968,796</b>	<b>58,012</b>	<b>-</b>	<b>76,026,808</b>	<b>56,545,298</b>	<b>7,088,892</b>	<b>-</b>	<b>-</b>	<b>63,634,190</b>	<b>12,392,618</b>
	<b>TOTAL (A + B)</b>	<b>219,586,997</b>	<b>4,119,805</b>	<b>3,139,076</b>	<b>220,567,726</b>	<b>126,585,036</b>	<b>12,554,830</b>	<b>2,318,240</b>	<b>-</b>	<b>136,821,626</b>	<b>83,746,100</b>

C Pursuant to Schedule II of Companies Act 2013 effective 1.04.2014, the Company had made reassessment of the useful life of the Fixed Assets in terms of that prescribed in the said Schedule. The carrying amount of existing Fixed Assets as on 1.04.2014 had been depreciated over the remaining useful life of the assets and those acquired after 1.04.2014 based on the useful life of the assets as specified in the said Schedule. The change in revision of useful life did not have any material impact on financial statements.

Further, in view of Schedule II, depreciation on account of revaluation of assets amounting to Rs. 2,52,993/- which was hitherto transferred from Revaluation Reserve has been charged to the Statement of Profit & Loss. Consequently, an equivalent amount has been transferred from Revaluation Reserve to General Reserve.

**(2.11) NON-CURRENT INVESTMENTS**

Particulars	Face value (Rs.)	31-Mar-16	
		Nos	(Rs.)
(Long Term Non-Trade at cost fully paid up unless otherwise stated)			
<b>Unquoted Equity Shares</b>			
Belgaum Coal and Coke Consumer Co-op Ass. Ltd	1,000	4	4,000
Belgaum Manufacturers Co-op Industrial Estate Ltd	100	40	4,000
WG Forge and Allied Industrial Limited	10	50	402
Sarswat Co-op Bank Ltd	10	783	7,830
<b>Quoted Equity Shares</b>			
Alfred Herbert (India) Limited	6	5	40
American Refrigerator Company Limited	10	100	400
Andhra Sinter Limited	10	1,000	10,000
Best and Crompton Engineering Limited	10	105	1,782
BF Investment Ltd (Bonus)	5	26	-
BF Utilites Ltd	5	26	-
Bharat Forge Company Limited	2	130	1,300
Bosch Rexroth India Ltd	10	-	-
Dynamic Technologies Limited	10	40	272
E.C.E. Industries Limited	10	30	300
Eaton Fluid Power Ltd (Vickers Systems International Limited)	10	24	672
Eicher Motors Ltd (Bonus)	10	1	-
Eicher Tractors Limited	10	4	875
Elecon Engineering Co. Limited (Including Bonus)	2	360	707
Guest Keen Williams Limited	10	1	24
Jyoti Limited	10	50	722
Kulkarni Power Tools Limited (F.V Change)	5	200	602
Larsen and Tubro Limited	2	256	3,156
Larsen and Tubro Limited Bonus	2	128	-
LML Limited	10	27	562
Mahindra and Mahindra Limited(F.C Change)	5	52	196
Manugraph Industries Limited	2	240	1,120
Nesco Ltd (New Standard Engineering Company Limited)	10	40	113
Scooters India Limited	10	50	230
SLM Maneklal Industries Limited	100	1	204
Tata Construction & Projects Ltd	10	50	500
Tata Motors Ltd	2	115	924
Texmaco Ltd	10	10	240
U. T. Limited	10	100	607
Ultratech Cement (Bonus)	10	51	-
Voltas Limited	1	150	165
<b>Quoted Debentures</b>			
Tata Enginnering & Locomotive Company Limited (NC)	150	3	300
TATA SSL Limited (NC)	50	45	2,250
Bharat Forge Limited (NC)	50	2	100
<b>Un-Quoted Debentures</b>			
Eicher Tractors Limited	100	1	100
			<b>44,695</b>
1. Book Value cost of Un-Quoted Investments			16,332
2. Book Value cost of Quoted Investments			28,363
3. Market Value Quoted Investments			11,26,616
4. Aggregate Provision for Dimunition in Value of Investments			-
5. Quoted Investments whose market value was not available are considered at cost to arrive at market value.			

<b>(2.12) DEFERRED TAX ASSETS</b>			
<b>a) Particulars</b>	<b>Opening</b>	<b>Ch./Cr. To P/L A/C.</b>	<b>Closing</b>
Expenses charged/credited to P/L account but allowed on Income Tax on payable basis	10,81,000	66,000	11,47,000
Provision for Product Warranty	2,51,000	(1,04,000)	1,47,000
Provision for doubtful debts / advances	11,67,000	1,87,000	13,54,000
Tax impact of difference between carrying amount of fixed assets as per books of account and as per Income Tax	(13,56,000)	(3,54,000)	(17,10,000)
Unabsorbed Business Loss/ Depreciation	12,43,000	-	12,43,000
Foreign Currency Fluctuations charged to revenue, allowable in future, on capitalisation to intangible asset/ payment thereof	(3,55,000)	(18,26,000)	(21,81,000)
	<b>20,31,000</b>	<b>(20,31,000)</b>	<b>-</b>

- b) Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- c) Deferred tax assets are recognised only to the extent of deferred tax liabilities.

<b>(2.13) LONG TERM LOANS AND ADVANCES</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
<b>Unsecured, Considered Good</b>	
Advance Tax / TDS (net of provision)	2,49,773.00
Deposit with Govt., Public Bodies and Others	9,49,590.00
	<b>11,99,363.00</b>

<b>(2.14) OTHER NON-CURRENT ASSETS</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Other Bank Balances	
- Non-Current portion of fixed deposits with original maturity of more than 12 months	71,17,884.00
Advances recoverable in cash or in kind or for value to be received	
Considered good	
- Advances to staff	16,83,318.00
	<b>88,01,202.00</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.

<b>(2.15) INVENTORIES (At lower of cost or net realisable value, unless otherwise stated)</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Raw Materials	1,77,36,991.00
Intermediate and Components	2,73,32,842.75
Stores and Spares Parts	38,24,342.06
Work-in-Progress	16,77,77,000.00
Work-in-Progress - Export	41,53,000.00
Finished Goods	38,95,891.00
Scrap (At estimated realisable value)	6,908.00
	<b>22,47,26,974.81</b>

<b>(2.16) TRADE RECEIVABLES</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Unsecured Considered Good	
Outstanding for a period exceeding six months from due date of payment.	2,90,83,872.56
Other Debts	6,35,80,242.73
	<b>9,26,64,115.29</b>
Unsecured Considered Doubtful Provided for	
Outstanding for a period exceeding six months from due date of payment	35,12,807.00
Less: Provision for Doubtful Debts & Liq.Damages	(35,12,807.00)
	-
	<b>9,26,64,115.29</b>

<b>(2.17) CASH AND CASH EQUIVALENTS</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Balance with Banks in current account(s)	2,46,063.28
Cash-on-hand (As certified by a director)	14,72,869.83
	<b>17,18,933.11</b>

<b>(2.18) OTHER BANK BALANCES</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Fixed deposits with original maturity of more than 12 months	1,12,55,821.00
	<b>1,12,55,821.00</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.

<b>(2.19) SHORT TERM LOANS AND ADVANCES</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Advances recoverable in cash or in kind or for value to be received	
Considered good	
- Advances to staff	14,53,237.05
- Advances to Others	37,55,737.10
- Advances against Expenses	-
- Advance to Suppliers	-
Advance Tax / TDS (net of provision)	10,08,207.00
Prepaid Expenses	24,26,793.00
Balance with Excise authorities	13,41,398.81
Considered doubtful provided for	4,00,000.00
Less: Provision for Doubtful Advances	(4,00,000.00)
Unsecured, Considered Good, unless otherwise stated	
Capital Advances	1,00,000.00
	<b>1,00,85,372.96</b>

<b>(2.20) OTHER CURRENT ASSETS</b>	
<b>Particulars</b>	<b>As at 31-Mar-16 Rs. P.</b>
Income tax refund receivable	95,834.00
	<b>95,834.00</b>

<b>(2.21) Revenue From Operations</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
Sale of goods manufactured	22,83,61,303.16
Sale of services	37,19,511.50
Other operating revenues	45,41,754.40
	<b>23,66,22,569.06</b>

<b>(2.22) Other Income</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
Interest Income	
i Interest from Banks	13,91,581.00
ii Interest from Others	45,960.00
iii Interest on Security Deposit with Hubli Electricity	49,913.00
	<b>14,87,454.00</b>
Dividend from Non-Current/Long Term Investments	11,285.50
Miscellaneous Receipts	15,54,357.14
Prior Period Adjustments	3,94,994.00
Liability no longer required written back	-
Fluctuation in Foreign Currency	-
Sundry Creditor's Credit Balances Written back	90,174.00
Provision for Doubtful Debts and Advances written back	-
Profit on Sale of Non-Current Investments	4,706.74
Profit on disposal of tangible Fixed Assets	1,41,118.00
Excess & Short Provision	(1,35,626.00)
	<b>35,48,463.38</b>

<b>(2.23) COST OF MATERIAL CONSUMED</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
<b>Raw Materials</b>	
Opening Stock	1,42,98,592.00
Add: Purchases	7,27,83,423.00
Less: Closing Stock	(1,77,36,991.00)
	<b>(A) 6,93,45,024.00</b>
<b>Intermediates and Components</b>	
Opening Stock	1,54,77,555.00
Add: Purchases	5,51,08,197.51
Less: Closing Stock	(2,73,32,842.75)
	<b>(B) 4,32,52,909.76</b>
<b>Packing material</b>	
Opening Stock	
Add: Purchases	7,71,151.00
Less: Closing Stock	
	<b>(C) 7,71,151.00</b>
<b>Stores and Spares</b>	
Opening Stock	27,51,380.00
Add: Purchases	90,34,573.00
Less: Closing Stock	(38,24,342.06)
	<b>(D) 79,61,610.94</b>
	<b>Total (A+B+C+D) 12,13,30,695.70</b>
Less: Materials consumed on account of warranties	<b>(20,53,700.00)</b>
	<b>Total 11,92,76,995.70</b>



<b>(2.24) Changes in inventories of finished goods and work-in-progress</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
<b>Opening Stock</b>	
Work-in progress	14,62,20,000.00
Work-in progress-Export	-
Finished Goods	33,792.00
Scrap	-
<b>Total of Opening Stock (A)</b>	<b>14,62,53,792.00</b>
<b>Closing Stock</b>	
Work-in progress	16,77,77,000.00
Work-in progress-Export	41,53,000.00
Finished Goods	38,95,891.00
Scrap	6,908.00
<b>Total of Closing Stock (B)</b>	<b>17,58,32,799.00</b>
<b>Net changes in inventories of finished goods, work-in-progress [Total (A-B)]</b>	<b>(2,95,79,007.00)</b>

<b>(2.25) Employee benefits expense</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
Salaries, Wages, Bonus, etc.	5,34,72,540.00
Contribution to Provident fund & other funds	73,99,094.00
Staff welfare expense	28,20,124.75
	<b>6,36,91,758.75</b>

<b>(2.26) Finance Cost</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
Interest Expense	2,18,03,313.68
Other Borrowing cost	50,29,176.93
	<b>2,68,32,490.61</b>

<b>(2.27) Depreciation</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
Depreciation on Tangible Assets	54,65,938.00
Depreciation on Intangible Assets	70,88,892.00
	<b>1,25,54,830.00</b>
Add: Depreciation under Transitional Provisions	-
	<b>1,25,54,830.00</b>

<b>(2.28) Other expenses</b>	
<b>Particulars</b>	<b>Current Year Rs. P.</b>
Preliminary Expenses written off	78,346.00
Power & fuel	29,48,021.00
Manufacturing Expenses	1,26,88,511.20
Freight & Transportation	52,11,652.00
Product Warranty Expenses	16,64,296.00
Repairs	
Buildings	18,44,152.00
Machinery	16,49,931.00
Computers	1,61,586.00
Others	2,94,229.00
Insurance	4,81,857.00
Rent	4,77,868.00
Rates & Taxes	4,61,863.00
Printing and Stationery	8,59,206.00
Postage, Telephone & Telegram	7,71,320.96
Travelling & Conveyance Expenses	82,74,629.56
Bad Debts / Advances Written Off	5,96,067.64
Provision for Doubtful Debts and Advances	-
Miscellaneous Expenses	51,08,041.55
Payment to Auditors for:	-
Audit Fees	3,25,000.00
Limited Review Certification charges	60,000.00
Other Certification & Services	1,25,000.00
Reimbursement of Expenses (including ST)	74,890.00
Directors' Sitting Fees	27,000.00
Loss on Sale of Assets	104.00
Loss in Foreign Currency Fluctuation	55,20,450.00
Liquidated Damages	72,51,791.00
Prior Period Adjustments	52,902.00
Excise duty on opening & closing stock (net)	4,49,849.00
Advertisement - Product	20,573.00
	<b>5,74,79,136.91</b>

<b>(2.29) Earnings per Share</b>	
<b>PARTICULARS</b>	<b>Year Ended 31-Mar-16</b>
Profit/ (Loss) After tax (Rs.)	(3,35,79,323.53)
Less: Dividend (including tax thereon) on Cumulative Preference Share (Excluding arrears)	(42,36,602.00)
Adjusted Net Profit attributable to Equity Share holders (Rs.)	(3,78,15,925.53)
Weighted average number of equity shares in issue (Nos.)	21,86,700.00
Basic Earnings per Equity Share of Rs.10/- each (in Rs.)	<b>(17.29)</b>
Diluted Earnings per Equity Share of Rs. 10/- each (in Rs.)	<b>(17.29)</b>
Note: (i) The company does not have any potentially diluted equity shares and consequently, basic and diluted equity share remains the same (ii) The Company has only one class of equity shares with face value of Rs. 10/- each.	

**(2.30) EMPLOYEE BENEFITS**

- a) Post Retirement Benefits :  
 Defined Contribution Plans

	<b>Particulars</b>	<b>2015-16</b>
1	Contribution to Employees' Provident Fund	1,959,710
2	Contribution to Employees' Family Pension Fund	2,096,719
3	Contribution to Employees' Superannuation Fund	701,122
		<b>4,757,551</b>

## b) Defined Benefit Plans

## (i)

Changes in the Present Value of Obligation		2015-16
		Gratuity Funded
a.	Present Value of Obligation as at opening date	1,76,20,272
b.	Interest Cost	13,10,855
c.	Past Service Cost	-
d.	Current Service Cost	12,86,391
e.	Curtailment Cost/(Credit)	-
f.	Settlement Cost/(Credit)	-
g.	Actual Benefit Payments	(20,54,343)
h.	Actuarial (Gain)/Loss	13,37,799
i.	Present Value of Obligation as at closing date	<b>1,95,00,974</b>

## (ii)

Changes in the Fair Value of Plan Assets		2015-16
		Gratuity Funded
a.	Present Value of Plan Assets as at opening date	1,51,38,163
b.	Expected Return on Plan Assets	12,01,027
c.	Actuarial Gain/(Loss)	92,475
d.	Empolyers' Contributions	37,472
e.	Employees' Contributions	-
f.	Benefits Paid	(20,54,343)
g.	Fair Value of Plan Assets as at closing date	<b>1,44,14,794</b>

## (iii)

Amount recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets		2015-16
		Gratuity Funded
a.	Present Value of Obligation as at the end of the period	1,95,00,974
b.	Fair Value of Plan Assets	1,44,14,794
c.	Funded (Asset)/ Liability recognized in the Balance Sheet	50,86,180
d.	Present Value of unfunded Obligation as at Mar 31, 2013	-
e.	Unrecognized Past Service Cost	-
f.	Unrecognized Actuarial (Gains)/Losses.	-
g.	Unfunded Net Liability recognized in the Balance Sheet	-

## (iv)

Expenses recognized in the Profit & Loss Account		2015-16
		Gratuity Funded
a.	Current Service Cost	12,86,391
b.	Past Service Cost	-
c.	Interest Cost	13,10,855
d.	Expected Return on Plan Assets	(12,01,027)
e.	Curtailment Cost/(Credit)	-
f.	Settlement Cost/(Credit)	-
g.	Net actuarial (Gain)/Loss	12,45,324
h.	Empolyees' Contribution	-
i.	Total Expenses recognized in the Profit & Loss Account	<b>26,41,543</b>

(v)

Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at reporting date	2015-16
	Gratuity Funded
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%
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.) 1,293,502

e)

Following are the Principal Actuarial Assumptions used as at the balance sheet date:	2015-16
a. Interest Rate	8.00%
b. Discount Rate	8.00%
c. Expected Rate of Return on Plan Assets	8.50%
d. Salary Escalation Rate	6.00%
e. Expected Average Remaining Working Lifves of Employees	11.64 years

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

- (2.31) Related party disclosures (where transactions have taken place)  
 i Key Management personnel of the Holding Company:  
 Shri Madan Mohan Mohta  
 Shri Anirudh Mohta  
 ii Key Management personnel of the Subsidiary Company:  
 Shri Jagdish Narasimha Joshi  
 Shri Naveen Padamnoor  
 ii Relatives of Key management personnel:  
 Smt. Urmila Devi Mohta  
 iii Enterprises where key management personnel have significant influence:  
 U. D. Finnvest Pvt Ltd  
 Mohita Capital Pvt Ltd  
 Bemco Precitech Pvt Ltd  
 U.D.Polyproducts Pvt Ltd  
 Sree Ramachandra Enterprises Private Limited  
 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.

Nature of Transaction	Equity Shares Subscribed to MOA of Subsidiary	Investments Sale of Non-Current Investments	Interest	Expenditure Sitting Fees	Remuneration (incl. Perks)	Other Current Liabilities		Long term borrowings		Short term borrowings	
						Advance Received	Balance at the year end*	Accepted	Balance as at year end (Cr) (incl. interest)	Accepted	Repaid
<b>Key Management Personnel</b>											
Shri Madan Mohan Mohta	-	-	-	6,000	-	-	-	-	-	-	-
Shri Anirudh Mohta	-	-	-	-	21,02,006	10,000	29,689	-	-	-	-
Shri Jagdish Narasimha Joshi	20,000	-	-	-	5,50,264	-	-	-	-	-	-
Shri Naveen Padamnoor	-	-	-	-	8,80,235	-	-	-	-	-	-
<b>Total</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>35,32,505</b>	<b>10,000</b>	<b>29,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Relatives of Key Management Personnel</b>											
Smt. Urmila Devi Mohta	-	5,000	-	6,000	-	-	-	-	-	-	-
<b>Enterprises where Key Management Personnel have Significant Influence</b>											
U.D. Finnvest Pvt Ltd	-	-	58,369	-	-	-	-	-	-	1,55,000	3,38,285
Sri Ramachandra Enterprises Pvt Ltd	-	-	27,720	-	-	-	-	-	-	1,30,000	1,03,732
Mohita Capital Pvt Ltd	-	-	41,58,111	-	-	-	-	48,75,000	50,50,531	1,32,00,000	4,14,28,493
Bemco Precitech Pvt Ltd	-	-	17,398	-	-	-	-	-	-	-	1,45,781
U.D.Polyproducts Pvt Ltd	-	-	25,710	-	-	-	-	-	-	-	2,15,231
<b>Total</b>	<b>-</b>	<b>-</b>	<b>42,87,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,75,000</b>	<b>50,50,531</b>	<b>1,32,00,000</b>	<b>4,22,31,522</b>

\* Includes expenditure borne for incorporation of the subsidiary company.

(2.32) 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 & Other Assets: Market value basis, present cost less depreciation

The surplus arising thereon as compared to net book value amounting to Rs.468.73 lacs was credited to Revaluation Reserve.

(2.33) The Group 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.

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

(2.35) 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 31-Mar-16
1	The principal amount and the Interest due thereon remaining unpaid to any Micro/Small supplier - Principal amount - Interest thereon	NIL 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
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
4	The amount of interest accrued and remaining un paid at the end each accounting year.	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.	NIL

The Group 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.

**(2.36) WORK IN PROGRESS**

Particulars	2015-16 Amount (Rs.)
160T CLOSE FRAME DOWNSTROKING PRESS	48,91,283
1000T CLOSED FRAME PRESS	28,18,000
Others	16,42,20,717
<b>Total</b>	<b>17,19,30,000</b>

**(2.37) SERVICES RENDERED**

Particulars	2015-16 Amount (Rs.)
Job Charges	18,66,908
Servicing Charges	18,52,604
<b>Total</b>	<b>37,19,512</b>

(2.38) Stores consumed in the current year and previous year is 100% indigenous.

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

Particulars	2015-16 Amount (Rs.)
Deferred payment Liabilities :	
a. Payable for Technical Know-How (in Euros)	7,70,000
b. Payable for Technical Know-How (in INR)	5,83,50,600



(2.40) Warranty expenses on rectification work are accounted for on natural heads as and when incurred & charged to provision on year end. Warranty expenses include Rs. 20,53,700 /- on account of free supplies of materials under warranty period.

(2.41) (a) Disclosures pursuant to Accounting Standards AS - 29 "Provisions, Contingent Liabilities and Contingent Assets"

(Figures in Rs.)

Particulars	Additions during the year	Amount paid/ reversed/ used during the year	Balance as at year end
<b>Provisions</b>			
Provision for Warranty Claims	-	(3,89,404)	4,24,406

(b) Arrears of Preference Dividend 1,29,48,086

(c) Contingent Liability:

**Particulars** **Amount (Rs.)**

(i) Entry Tax Demand disputed in Appeal\* (net of amount paid) 1,46,742

\* The Company has been advised that the demand is likely to be either deleted or substantially reduced and shall not have any material adverse effect on its financial position.

(ii) Bills discounted from Bank against irrevocable Letter of Credit issued by the party 1,20,34,500

(iii) An ex-employee of the company has preferred an appeal before IIIRD Addl. Senior Civil Judge, Belgaum claiming compensation amounting to Rs. 43,16,200/-. The company has been legally advised that the said claim is illegal and frivolous and in no way is likely to be materialised and therefore, no provision is considered necessary.

(2.42) The subsidiary company has been incorporated on 13th February, 2015 and therefore, this being the first consolidated financial statements of the company, there are no comparative figures for the previous year to be reported.

(2.43) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Particulars	Net Assets, i.e, Total assets minus total liabilities		Share in Profit and Loss	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit and loss	Amount (Rs.)
<b>Parent:</b>				
Bemco Hydraulics Ltd.	103.26%	4,37,91,392.02	95.89%	(3,21,98,384.34)
<b>Subsidiaries:</b>				
Bemco Fluidtechnik Private Limited	-3.26%	(13,80,939.19)	4.22%	(14,15,939.19)
<b>Minority Interest in Subsidiaries</b>	0.00%	-	-0.10%	35,000.00
<b>TOTAL</b>	<b>100.00%</b>	<b>4,24,10,452.83</b>	<b>100.00%</b>	<b>(3,35,79,323.53)</b>

As Per our Report of Even Date  
 For M/s A.C. BHUTERIA & CO.  
 Chartered Accountants  
 Firm Regn No.:303105E

**Ashish Choudhary**  
 Partner  
 Membership No.:308886

**Amruta Tarale**  
 Company Secretary  
 ACS - 42288

**R B Patil**  
 CFO  
 PAN:AANPP9374M

**Anirudh Mohta**  
 Managing Director  
 DIN:00065302

**Dilip P Chandak**  
 Director  
 DIN:00644673

Place: Camp Belgaum  
 Date: 17-05-2016

Place: Belgaum  
 Date: 17-05-2016

## FIVE YEARS TREND ANALYSIS

(Rs. in lakhs)

S.NO	Particular	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
1	Total Sales	2,146.50	3,666.31	3,204.16	3,843.31	2,491.78
2	Other Income	36.48	195.16	18.89	33.88	33.59
3	<b>Total Income</b>	<b>2,182.98</b>	<b>3,861.47</b>	<b>3,223.05</b>	<b>3,877.19</b>	<b>2,525.37</b>
4	<b>Operating Profit</b>	<b>83.69</b>	<b>608.91</b>	<b>(177.34)</b>	<b>466.51</b>	<b>352.39</b>
5	Interest	266.37	329.40	393.10	304.12	195.24
6	Depreciation	124.55	131.37	120.45	61.74	88.38
7	<b>Profit / (Loss) before Tax</b>	<b>(307.23)</b>	<b>148.13</b>	<b>(690.89)</b>	<b>100.65</b>	<b>68.77</b>
8	Tax	-	(0.20)	-	(21.11)	(41.18)
9	Deferred Tax Assets	-	(238.86)	214.97	(15.36)	14.94
10	Fringe Benefit Tax	-	-	-	-	-
11	Income tax earlier years	0.47	2.06	(0.73)	(8.09)	(1.88)
12	<b>Profit / (Loss) after Tax</b>	<b>(306.75)</b>	<b>(88.87)</b>	<b>(476.65)</b>	<b>56.09</b>	<b>40.64</b>
13	Transitional Provision	-	-	-	10.00	10.00
14	Transferred to general Reserve	-	-	-	43.50	32.31
15	Dividend & Tax-Preference Shares	-	-	-	-	14.73
16	Transfer to Capital Redemption	-	-	-	-	-
17	<b>Net Surplus for the year</b>	<b>(306.75)</b>	<b>(88.87)</b>	<b>(476.65)</b>	<b>2.59</b>	<b>(16.41)</b>
18	Surplus / (Deficit) B/F	(461.00)	(372.13)	104.53	101.93	118.34
19	<b>Balance Carried to Balance Sheet</b>	<b>(767.75)</b>	<b>(461.00)</b>	<b>(372.13)</b>	<b>104.53</b>	<b>101.93</b>
20	<b>Paid-up Equity Share Capital</b>	<b>219.34</b>	<b>219.34</b>	<b>179.34</b>	<b>144.67</b>	<b>144.67</b>
21	<b>Reserve &amp; Surplus (inclusive of Revaluation Reserve)</b>	<b>(87.27)</b>	<b>220.56</b>	<b>146.48</b>	<b>458.41</b>	<b>451.15</b>
22	<b>Equity Shareholders' Net worth</b>	<b>132.07</b>	<b>439.90</b>	<b>325.81</b>	<b>603.08</b>	<b>595.82</b>



# BEMCO HYDRAULICS LIMITED

(CIN: L51101KA1957PLC001283)

Registered Office : Udyambag, Industrial Estate, BELGAUM - 590 008

Email: isc@bemcohydraulics.net Website: www.bemcohydraulics.net

Phone No.: 0831-2441980, Fax No.0831-2441263

## ATTENDANCE SLIP - 58<sup>th</sup> ANNUAL GENERAL MEETING

(To be handed over at the entrance of the Meeting Hall)

Number of Shares: \_\_\_\_\_

I / We hereby record my/our presence at the 58<sup>th</sup> Annual General Meeting of the Company to be held at Udyambag, Industrial Estate, Khanapur Road, Belgaum – 590 008 (Karnataka) On Friday, the 9<sup>th</sup> September, 2016 At 3.30 p.m

Name of the Shareholder  
(in Block Letters)

Regd. Folio No.  
(Physical)/ I.D.No.(Demat)

Name of the Proxy  
(in Block Letters)

Signature of the Shareholder(s)/  
or Proxy present

### ELECTRONIC VOTING PARTICULARS

EVSN (E Voting Sequence Number)	USER ID	PASSWORD/ PIN
160803003		

Please complete and sign this attendance slip and handover at the entrance of the meeting hall. Only Shareholder(s) or / their proxy with this attendance slip will be allowed entry to the meeting. Duplicate slips will not be issued at the entrance.



# BEMCO HYDRAULICS LIMITED

(CIN: L51101KA1957PLC001283)

Registered Office : Udyambag, Industrial Estate, BELGAUM - 590 008

Email: isc@bemcohydraulics.net Website: www.bemcohydraulics.net

Phone No.: 0831-2441980, Fax No.0831-2441263



## 58<sup>th</sup> ANNUAL GENERAL MEETING

### PROXY FORM (Form No. MGT-11)

(Pursuant to Section 105(6) of the Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration) Rule 2014

Name of the Member (s)

Registered Address:

Email ID :

Folio. No./ Client ID and DP ID:

1.Name \_\_\_\_\_

2.Name \_\_\_\_\_

3.Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

E mail Id \_\_\_\_\_

E mail Id \_\_\_\_\_

E mail Id \_\_\_\_\_

Signature \_\_\_\_\_ or failing him/her

Signature \_\_\_\_\_ or failing him/her

Signature \_\_\_\_\_ or failing him/her

Regd. Folio No (Physical) / I. D. No (Demat) \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I/We \_\_\_\_\_ residing at \_\_\_\_\_ being a

shareholder/(s) of **BEMCO HYDRUALICS LIMITED** hereby appoint \_\_\_\_\_ of

\_\_\_\_\_ or failing him /her \_\_\_\_\_ of \_\_\_\_\_ as my /our Proxy to attend and vote for me/us on my/our behalf at the 58<sup>th</sup> ANNUAL GENERAL MEETING of the company to be held at Udyambag, Industrial Estate, Khanapur Road, Belgaum – 590 008 (Karnataka) on Friday, the 9<sup>th</sup> September, 2016 at 3.30 pm and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolutions
<b>AS ORDINARY BUSINESS</b>	
1	To consider and adopt the audited financial statement including consolidated financial statement of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon.
2	To appoint a Director in place of Shri M. M. Mohta (DIN 00068884), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-election.
3	To appoint a Director in place of Smt. Urmila Devi Mohta (DIN 00068906), who retires by rotation at this Annual General Meeting and being eligible offers herself for re-election.
4	To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an <b>Ordinary Resolution</b> :
<b>AS SPECIAL BUSINESS</b>	
5	To appoint a Practicing Company Secretary for carrying out the Secretarial Audit and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an <b>Ordinary Resolution</b> :

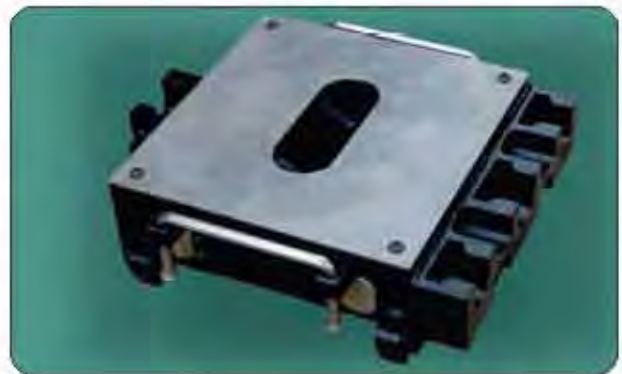
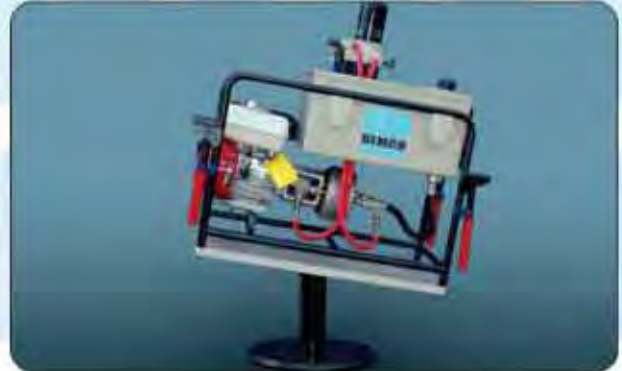
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Note:

- The form should be signed across the stamp as per specimen signature registered with the Company.
- The Proxy form duly completed must be deposited at the office of the Share Transfer Agents of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.
- The proxy need not be a shareholder of the Company

Affix  
Revenue  
Stamp







PRINTED MATTER

**58<sup>th</sup> ANNUAL REPORT 2015-2016**

*If undelivered, please return to :*

**BEMCO HYDRAULICS LIMITED**

**(CIN: L51101KA1957PLC001283)**

**Registered Office :** Udyambag, Industrial Estate, BELGAUM - 590 008

**Email:** [isc@bemcohydraulics.net](mailto:isc@bemcohydraulics.net) **Website:** [www.bemcohydraulics.net](http://www.bemcohydraulics.net)

**Phone No.:** 0831-2441980, **Fax No.** 0831-2441263