

BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting their 60th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018 incorporating therein the consolidated financial statement covering the activities of its subsidiary BEMCO FLUIDTECHNIK LLP.

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]

The Company has adopted Indian Accounting Standard ("Ind AS") with effect from 1st April, 2017. Accordingly, the financial statement for the year ended 31st March, 2018 of the company and its subsidiary are prepared with comparative data, in compliance with Ind AS.

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue From Operations	4092.31	4581.47	4226.95	4642.60
Other Income	44.54	68.92	43.54	69.25
Total Income	4136.85	4650.39	4270.49	4711.85
Profit/(loss) before exceptional items & tax	145.98	102.53	123.18	46.28
Exceptional Items	-	282.42	-	282.42
Profit/(loss) before tax	145.99	384.95	123.18	328.70
Tax Expense/(Credit) net	40.81	86.57	40.82	86.57
Profit/(Loss) for the period from continuing operations	105.17	298.38	82.37	242.12
Other Comprehensive Income	13.91	(3.74)	13.91	(3.74)
Total Comprehensive Income/ (loss) for the period	119.08	294.64	96.28	238.39

Standalone

The company has achieved turn over of Rs. 4136.85 Lakhs as against Rs. 4650.39 Lakhs for the previous year. The Total comprehensive income for the year works out to Rs. 119.08 Lakhs as against the profit of Rs. 294.65 Lakhs of the previous year.

Consolidated

The consolidated statement of Bemco hydraulics Limited with Bemco Fluidtechnik LLP is reproduced in brief. The consolidated turnover was Rs.4270.49/- Lakhs as against Rs. 4711.85 lakhs for the previous year. The consolidated Total comprehensive income for the year is of Rs. 96.28/- Lakhs as against the profit of Rs. 238.39/- lakhs for the previous year.

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

Subsequent to the date of Financial Statements (i.e. after 31st March 2018) 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. SHARE CAPITAL

There is no change in the capital structure of the company.

5. DIVIDEND:

Equity Shares:

As the company's profit amounts to Rs. 119.08/- lakhs the board decided to set off past accumulated losses and therefore no dividend is proposed for the financial year 2017-18.

Preference Shares:

Due to set off past accumulated losses, the Company is unable to pay dividend on preference shares for the year including arrears thereof for the year ended on 31st March, 2018 as under:

F. Y. ended on	No. of Preference Shares	Amount of Dividend in Rs.
31 st March 2016	3,20,000	1,05,60,000/-
31 st March 2017	3,20,000	1,40,80,000/-
31 st March 2018	3,20,000	1,67,20,000/-

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. UD FINNVEST PRIVATE LIMITED
3. SRI RAMACHANDRA ENTERPRISES PRIVATE LIMITED

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

As, no Dividend is paid on preference shares for F. Y. 2015-16, 2016-17 and also for F Y 2017-18, 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.

6. 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 Financial Officer |
| 3. MS. AMRUTA A. TARALE | – Company Secretary |

7. COMPOSITION OF COMMITTEES:

a. AUDIT COMMITTEE

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

b. NOMINATION AND REMUNERATION COMMITTEE

- | | |
|----------------|--|
| Chairman: | Mr. R. M. Shah – Independent Director |
| Other Members: | Mr. Dilip Chandak – Independent Director
Mr. N K Daga – 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 – Managing Director
Mrs. Urmila Devi Mohta – Non Executive Director |

d. COMMITTEE FOR PREVENTION OF SEXUAL HARRSSMENT OF WOMAN AT WORKPLACE/INTERNAL COMPLAINTS COMMITTEE

- | | |
|----------------|--|
| Chairman: | Ms. Kirti Ramchandra Devale – Company Employee |
| Other Members: | Mrs. Madhuri Kulkarni- Company Employee
Ms. Amruta Tarale- Company Employee |

8. STATUTORY DISCLOSURE UNDER COMPANIES ACT, 2013 (PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES 2014)

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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	17
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j.	The conservation of energy technology absorption, foreign exchange earnings and outgo.	ANNEXURE- VII	20
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	21
l.	The details of the policy developed and implemented by the company on corporate social responsibilities taken during the year.	ANNEXURE- VIII	21
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	21
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 AND ANALYSIS REPORT	22

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

At Bemco, all employees are of equal value. There is no discrimination between individuals at any point on the basis of race, colour, gender, religion, political opinion, national extraction, social origin, sexual orientation or age.

At Bemco every individual is expected to treat his/her colleagues with respect and dignity. This is enshrined in values and in the Code of Ethics & Conduct of Bemco. The Direct Touch (Whistle-Blower & Protection Policy) Policy provides a platform to all employees for reporting unethical business practices at workplace without the fear of reprisal and help in eliminating any kind of misconduct in the system. The Policy also includes misconduct with respect to discrimination or sexual harassment.

The Company also has in place 'Prevention of Sexual Harassment Policy'. This Anti-Sexual Harassment Policy of the Company is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. An Internal Complaints Committee (ICC) is in place to redress complaints received regarding sexual harassment. There were no complaints before the ICC during the Financial year 2017-18 as borne out by following table.

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

**10. STATUTORY AUDITOR**

The members at the 59th Annual General meeting of the company held on 28th September, 2017 had appointed M/s. S Jaykishan, a partnership firm of Chartered Accountants (Firm Registration number 309005E) as the statutory auditors of the Company to hold office for a period of five consecutive years i.e. from the conclusion of the said Annual General Meeting until the conclusion of 64th Annual General Meeting of the Company to be held in 2022, subject to ratification of their appointment by the shareholders every year.

The Ministry of corporate affairs vide its notification dated 7th May 2018, has dispensed with the requirement of ratification of auditors appointment by the shareholders every year. Hence the resolution relating to ratification of auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

11. AUDIT REPORTS

The audit conducted by M/s S. Jaykishan, a firm of Chartered Accountants, (Firm Registration No. 309005E) for financial year 2017-18 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report and it is self explanatory.

12. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Act and the rules made there under, the Company had appointed M/s SDR & ASSOCIATES, a Firm of Practising Company Secretaries to undertake the Secretarial Audit of the Company for the year ended 31st March, 2018. The Secretarial Audit Report issued in this regard is enclosed to this Report Comments & Observations in Secretarial Audit Report are Explained in Annexure-IV to the Directors Report.

13. INTERNAL AUDIT:

CA Prabhakar Latkan (Chartered Accountant) was appointed to conduct internal audit of the company for the Half financial year ending 30th September, 2017 and M/s. A. C. Bhuteria & Co., Chartered Accountant were appointed as internal auditor for the remaining tenure upto the year ending 31st March, 2018, as required under section 138 read with rule 13 of companies (Accounts) Rules, 2014. The internal audit report given by both the auditors does not contain any qualification remark.

14. DISCLOSURE ABOUT COST AUDIT

In pursuance of Section 148 of Companies Act 2013 read with Rule 5(1) of Companies (Cost Record and Audit) Amendment Rules 2014. Mr Umesh Kini, Cost Accountant was appointed to carry out cost compliance certification for the financial year 2017-18. The Company is not covered by cost Audit, Nonetheless, 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.

15. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year under review were on an arm's length basis and in the ordinary course of business and is in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year that required shareholders' approval under Regulation 23 of the Listing Regulations. All Related Party Transactions are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for them cannot be foreseen in advance. None of the transactions entered into with related parties falls under the scope of Section 188(1) of the Act. Details of transactions with related parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure -VI in Form AOC-2 and forms part of this Report. The Company has adopted a Policy for dealing with Related Party Transactions. The Policy as approved by the Board may be viewed on the Company's website at www.bemcohydraulics.net.

16. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

As per regulation 15 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 preparation of Corporate governance report is not applicable to our company as it does not fall under the criteria laid down in regulation 25 of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 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 is uploaded on our website www.bemcohydraulics.net.

17. 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 and the Company Secretary of the Company. The Audit Committee, 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 company has adopted a policy on whistle blower and vigil mechanism where the policy also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The policy on whistle blower and vigil mechanism is also uploaded on the company's website www.bemcohydraulics.net

18. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

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

19. 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

20. LISTING WITH STOCK EXCHANGE:

The Company has paid the Annual Listing Fees for the year 2018-19 to Bombay Stock Exchange where the Company's Shares are listed.

21. GO GREEN INITIATIVE

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 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

22. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from the Government, the Banks/ Financial Institutions and other stakeholders such as, shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

Date -20th June, 2018
Place - BELGAUM

M. M. MOHTA
Chairman
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Belgaum, 590006, Karnataka.

ANIRUDH MOHTA
Managing Director
DIN-00065302
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