PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF BEMCO HYDRAULICS LIMITED

Registered Office: Khanapur Road, Udyambag, BELGAUM 590 008 (Karnataka)

This Public Announcement is being issued by Microsec Capital Limited ("Manager to the Offer" or "MCL"), on behalf of Mohta Capital Pvt. Limited ("Acquirer" or "MCPL") pursuant to Regulation 11(1) of, and in compliance with, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("SEBI (SAST) Regulations").

I. Background to the Offer

a) On February 17, 2007 (the "Board Meeting Date"), the Board of Directors of Bemco Hydraulics Limited (the "Target Company" or "BHL") approved an issue of 8,00,000 fully paid up Equity shares ("Preferential Issue Shares") of face value Rs.10 each of the Target Company on Preferential basis to certain members of the Promoter Group ("Preferential Issue") in accordance with the guidelines for preferential issue contained in chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto ("Guidelines"). On completion of the Preferential Issue, the voting Equity Share Capital will comprise of 14,46,700 shares ("Post Issue Equity Capital").

b) The Shareholders of the Target Company have approved the Preferential Issue of 8,00,000 fully paid up Equity shares ("Preferential Issue Shares") of face value Rs. 10 each of the Target Company on Preferential basis for cash at price of Rs. 15.25 (including a premium of Rs. 5.25) per equity share, aggregating Rs. 122 Lacs by passing a special resolution under section 81(1A) of the Companies Act, 1956 and other applicable provisions, if any, at the EGM convened on 19th March 2007 and have authorized the Board of Directors of the Target Company to issue and allot the above mentioned shares to the members of the Promoter Group. Allotment of Preferential Shares shall be subject to in-principle approval from The Bombay Stock Exchange Limited (the "BSE"), under clause 24(a) of the listing agreement. The shares issued under the preferential issue will be subject to 'lock-in' as per the Guidelines.

The existing shareholding of the Promoter Group in the Target Company is 2,82,834 Equity Shares, constituting 43.73% of the paid up Equity Share Capital ("Pre Issue Equity Capital & voting rights") of the Target Company. After the proposed Preferential Issue of 8,00,000 Equity Shares, the shareholding of the Promoter Group in the Target Company shall be 74.85% of the Post Preferential Issue Equity Capital ("Post Issue Capital"). The pre & post Preferential issue shareholding of the Target Company is as under:

Particulars	Pre-Issue		Post-Issue	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter Group	282834	43.73%	1082834	74.85%
Public	363866	56.27%	363866	25.15%
Total	**646700**	**100.00%**	**1446700**	**100.00%**

II. The Offer

a) On behalf of the Promoter Group, the Acquirer Mohta Capital Pvt. Ltd. is making an offer to the public shareholders of Bemco Hydraulics Limited to acquire up to 2,89,340 Fully Paid-Up Equity Shares ("share(s)") of Rs. 10/- each, representing in aggregate 20% of the Post Issue Equity Capital of Bemco Hydraulics Limited at a price of Rs. 15.25 (Rupees fifteen and paise twenty five only) per share ("Offer Price"), payable in cash and subject to the terms and conditions mentioned hereinafter ("Offer").

b) No other person is acting in concert with the Acquirer for the purpose of this Offer.

c) The Acquirer will acquire all the shares tendered and accepted under the Offer, subject to the conditions set out in this Public Announcement and the Letter of Offer to be sent to the shareholders.

d) The Offer is not subject to any minimum level of acceptance.

e) The Acquirer has not acquired any share of the target Company during the 12 months prior to the date of this Public Announcement. However, the Acquirer has consented to acquire 2,00,000 Equity Shares in the Preferential Issue of the Target Company.

f) The Acquirer does not hold any Equity Shares of the Target Company as on the date of this Public Announcement.

g) The Manager to the Offer does not hold any equity shares in the Target Company, as of the date of this Public Announcement. They declare and undertake that they shall not deal in the shares of the Bemco Hydraulics Limited during the period commencing from the date of appointment as Manager to the Offer till the expiry of fifteen days from the date of closure of the Offer.

h) The Acquirer is permitted to revise the offer price upwards up to seven working days prior to the date of closure of the offer. In the event of such revision, an announcement will be made in the same newspapers where this PA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the offer.

i) This is not a competitive bid.

j) This public announcement is being published in all editions of Financial Express and Jansatta and the Belgaum edition of Kannada Prabha.

k) The shares of Bemco Hydraulics Limited are listed on The Bombay Stock Exchange Limited, (the "BSE"), The Calcutta Stock Exchange Association Limited (the "CSE") and The Bangalore Stock Exchange Limited (the "BgSE").

l) The trading of the equity shares of the Company was suspended by BSE from 27/08/1996 to 28/08/2006 on account of short notice of book closure. In lieu of this, the Company filed an appeal with the Securities Appellant Tribunal. Whilst the appeal was in process, the matter was sorted out between the Company and BSE. On 23rd August, 2006 the Company received a notice from BSE that trading of the Company's Shares shall resume in "Z" category w.e.f 29th August 2006. As per the condition laid by BSE, entire promoter holding of the Company has been locked-in for a period of one year from the date of revocation.

m) Based on the information available, the shares of Bemco Hydraulics Limited are infrequently traded on BSE, CSE and BgSE within the meaning of explanation (i) to Regulation 20 (5) of the SEBI (SAST) Regulations. The Offer Price of Rs. 15.25 per share is justified in terms of Regulations 20 (5) of the SEBI (SAST) Regulations in view of the following:

A	Negotiated price (Rs.)	Not Applicable	
B	Proposed acquisition price under the Preferential Issue (Rs.)	15.25	
C	The highest price paid by the acquirer for acquisitions, if any, including by way of allotment in a public or rights or preferential issue during the 26 week period prior to the date of PA	Not Applicable	
D	**Other financial Parameters**	**31/03/2006**	**30/09/2006**
i.	Return on Net Worth (%)	59.55	5.59
ii	Book value per share (Rs.)	12.40	13.13
iii	Earnings per Share (Rs.)	7.38	0.73

Sobhagya/183/06-07

III. Information about the Acquirer

Mohta Capital Private Limited ("MCPL")

The Company was incorporated as Rajhansh Distributors Pvt. Ltd. on 18th January, 1996 under the Companies Act, 1956. The name of the Company was changed to Mohta Capital Pvt. Ltd, w.e.f 1st of August 2006. The registered office of the company is situated at 7, Lyons Range, Room No. 4C, 2nd Floor , Kolkata – 700 001.

The Acquirer is a part of the Mohta Group led by Mr. M. M. Mohta. The promoters of the Company are Mr. M. M. Mohta, Mrs. Urmila Devi Mohta and Mr. Anirudh Mohta. The Acquirer is an unlisted company.

MCPL is a Non-Banking Financial Company having registration number 05.03153. The Company is engaged in the business of finance and investment. The main object of the Company are to invest in, acquire, buy, sell, transfer, subscribe for, hold and otherwise deal in shares, stocks, securities, derivatives, units and other financial instruments, debentures, bonds etc, whether incorporated or otherwise and whatsoever constituted, whether in India or abroad.

The Authorized capital of MCPL is Rs. 160 Lacs divided into 16,00,000 Equity Shares of Rs. 10 each. The paid up capital is Rs. 157.27 Lacs comprising of 15,72,700 Equity Shares of Rs. 10 each. The Net Worth of the Company as on 31st December 2006 is Rs. 144.66 Lacs.

Total income and Profit after Tax for nine months ended 31st December 2006 was Rs. 43.06 Lacs and Rs. 1.06 Lacs respectively as compared to Rs. 143.35 Lacs and Rs. 1.22 Lacs for the year ended 31st March 2006.

Some of the important ratios for the nine months ended 31st December 2006 are as under:

Return on Net worth 0.73%, Book Value per share Rs 9.20, EPS Rs.0.07.

IV. Information about the Target Company

Bemco Hydraulics Limited ("BHL")

a) BHL is a public limited Company with its registered office located at Khanapur Road, Udyambag, BELGAUM 590 008 (Karnataka).

b) The Company was incorporated as New Bemco Engineering Products Private Limited on 14th March, 1957. Subsequently the name of the Company was changed to "NEW BEMCO ENGINEERING PRODUCTS LIMITED" on 19th April 1972. The name of the Company was further changed to "BEMCO HYDRAULICS LIMITED" w.e.f 1st December 1976.

c) BHL is primarily engaged in the business of manufacturing Hydraulics Pumps, Presses and Equipments.

d) The shares of BHL are listed on the BSE,CSE and BgSE

e) Based on the latest audited Annual Accounts of BHL, the Total Income for the six month ended September 30, 2006 was Rs. 867.49 Lacs as compared to Rs. 1371.59 Lacs as on March 31, 2006.

f) Profit after Tax for the six month ended September 30, 2006 was Rs. 4.75 Lacs as compared to Rs. 47.75 Lacs for the year ended 31 March, 2006.

g) The authorised share capital of BHL is Rs. 400 Lacs divided into 34,00,000 Equity shares of Rs. 10/- each and 60,000 11% Cumulative Preference Shares of Rs. 100/- each.

h) Total Paid-up Equity Share Capital of BHL, as on the date of this Public Announcement is Rs. 65.34 Lacs, divided into 6,46,700 fully paid-up shares of Rs. 10/- each and remaining is on account of Forfeited Share i.e. Rs.0.67 Lacs. The Preference Share Capital of the Company is Rs. 52.73 Lacs. There are neither partly paid-up shares nor outstanding convertible instruments as on the date of this Public Announcement.

i) Reserves & Surplus for the six month ended September 2006, was Rs. 272.42 Lacs as compared to Rs. 271.58 Lacs on March 31, 2006. BHL had Revaluation Reserve amounted to Rs. 256.74 Lacs as on March 31, 2006.

V. Reasons for the Offer and Future Plans

a) As per the condition laid down by the consortium of banks, the Target Company has to infuse a fresh capital of at least Rs. 80 Lacs as margin towards working capital. The Target Company is making a Preferential Issue of Equity Shares to the Promoter Group. As a result of the Preferential issue the shareholding of the Promoter Group in the Target Company shall increase by more than 5% in a financial year. Therefore, the Acquirer (on behalf of the Promoter Group) is making an open offer to the shareholders of the Target Company in compliance with Regulation 11(1) of the SAST Regulations.

b) The Promoter Group has already brought in the required funds in the form of Unsecured Loans which have been utilized for the working capital requirements of the Target Company. The proceeds of the present Preferential Issue shall be used to partly convert the Unsecured Loans to an extent of Rs. 122 Lacs.

c) The Acquirer does not have any plans to dispose of or otherwise encumber any assets of BHL for next 2 (two) years, except in the ordinary course of business of BHL and except to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or otherwise of BHL.

d) Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of BHL except with the prior approval of shareholders of BHL.

VI. Statutory Approvals Required for the Offer

a) As on the date of this Public Announcement, to the best of knowledge of the Acquirer, there are no statutory approvals required to implement the offer. If any other statutory approval becomes applicable, the Offer would be subject to such approval.

b) In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

VII. Option in terms of regulation 21(3)

In the event, pursuant to this Offer, if the public shareholding in BHL falls below 25% of the outstanding equity share capital, the Acquirer will, in accordance with Regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the stock exchanges within the specified time and in accordance with the prescribed procedure under amended clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

VIII. Financial Arrangements

a) The maximum fund requirement for the acquisition of 2,89,340 Equity Shares at the Offer price would be Rs. 44.12 Lacs.

b) In accordance with Regulation 28 of the SAST Regulations, the Acquirer has made a cash deposit of Rs. 11.05 Lacs being in excess of 25% of the total consideration payable under the Offer in an Escrow Bank Account in the name and style of Bemco Hydraulics Limited-Open Offer-Escrow Account with The Hongkong and Shanghai Banking Corporation Limited. The Manager to the Offer has been empowered to operate the Escrow Account in accordance with the Regulations.

c) The statutory Auditors of the Acquirer M/S A.C. Bhuteria & Co., Chartered Accountants have vide their letter dated 19.03.2007 certified that the Net Worth of the Acquirer as on 31st December 2006 is Rs. 144.66 Lacs.

d) The Manager to the Offer, Microsec Capital Limited, hereby confirms that firm arrangements of funds are in place to fulfill the obligations under the Offer in accordance with the SEBI (SAST) Regulations.

IX. Other Terms of the Offer

a) The Letter of Offer together with the Form of Acceptance Cum Acknowledgement will be mailed to the shareholders of BHL (except the Promoter Group), whose names appear on the Register of Members of and to the beneficial owners of the shares of BHL, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on April 20, 2007 ("Specified Date").

b) Shareholders who wish to tender their shares will be required to send the Form of Acceptance Cum Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – **Adroit Corporate Services Pvt. Limited,** 19/20, Jaferbhoy Industrial Estate, Makwana Road Marol Naka, Andheri (East), Mumbai – 400 059; Telephone number: +91-22-2859-4060/6060; Fax: +91-22-2850 3748 **Contact Person:** Ms. Veena Shetty; E-mail: veenashetty@adroit1.com- either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e. no later than June 4, 2007, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement.

c) The Registrar to the Offer, Adroit Corporate Services Pvt. Limited has opened a special depository account with Stock Holding Corporation of India Ltd. at the National Securities Depository Limited (NSDL) called, "Adroit Escrow Account Bemco Hydraulics Ltd". The DP ID is IN301330 and Client ID is 20014221. Shareholders having their beneficiary account in CDSL have to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

d) Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares will be required to send their Form of Acceptance Cum Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the special depository account to the Registrar to the Offer – **Adroit Corporate Services Pvt. Limited**, 19/20, Jaferbhoy Industrial Estate, Makwana Road Marol Naka, Andheri (East), Mumbai – 400 059; Telephone number: +91-22-2859-4060/6060; Fax: +91-22-2850 3748 **Contact Person:** Ms. Veena Shetty; E-mail: veenashetty@adroit1.com- either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e., no later than June 4, 2007, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before close of the Offer, i.e., no later than June 4, 2007.

e) All owners (registered or unregistered) of shares of BHL except the Promoter Group are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, number of shares held, number of shares offered, Distinctive numbers, Folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

f) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the Name, Address, number of shares held, Distinctive numbers, Folio number, number of shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before Close of the Offer, i.e. no later than June 4, 2007.

g) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer as per the mode of delivery indicated therein on or before May 30, 2007.

- The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.
- In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

Name, Address, Distinctive numbers, Folio number, number of shares tendered;

h) The Registrars to the Offer will hold in trust the shares/share certificates, shares lying in credit of the special depository account, Form of Acceptance Cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of BHL who have accepted the Offer, till the cheques/drafts for the consideration and/ or the unaccepted shares/share certificates are despatched/returned.

i) If the aggregate of the valid responses to the Offer exceeds the Offer size of 2,89,340 fully paid-up equity shares of BHL (representing 20% of the Post Issue Equity Capital of BHL), then the Acquirer will accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The shares of BHL are compulsorily traded in dematerialized form; hence minimum acceptance will be one share.

j) Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Unaccepted shares held in demat form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance Cum Acknowledgement.

k) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the date of Closure of the Offer, i.e., no later than June 4, 2007, else their application will be rejected.

l) While tendering the shares under the Offer, NRIs/OCBs/ foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the shares of BHL. **In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered.**

m) While tendering shares under the Offer, NRIs/OCBs/foreign shareholders will be required to submit a tax clearance certificate from the Income Tax Authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid tax clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

n) A schedule of the activities pertaining to the Offer is given below: -

Activity Day & Date

Particulars	Day & Date
Public Announcement Date	Thursday, March 22, 2007
Specified Date *	Friday, April 20, 2007
Last date for a competitive bid	Thursday, April 12, 2007
Date by which Letter of Offer will be despatched to Shareholders	Saturday, May 05, 2007
Offer opening Date	Wednesday, May 16, 2007
Last date for revising the Offer Price	Thursday, May 24, 2007
Last date for withdrawing acceptance from the Offer	Wednesday, May 30, 2007
Offer closing Date	Monday, June 04, 2007
Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or share certificates for the rejected shares should be despatched	Tuesday, June 19, 2007

*Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the shares of BHL (except the Promoter Group) are eligible to participate in the Offer anytime before the closure of the Offer.

X. General

a) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Public Announcement and the Letter of Offer shall have the option to withdraw acceptance tendered by them up to 3 (three) working days prior to the date of closure of the Offer.

b) If there is any upward revision in the Offer Price by the Acquirer till the last date of revision viz. May 24, 2007, or withdrawal of the Offer, the same will be informed by way of a public announcement in the same newspapers in which this Public Announcement has appeared. The Acquirer would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.

c) **If there is a competitive bid:**

- **The public offers under all the subsisting bids shall close on the same date.**
- **As the Offer Price can not be revised during the 7 (seven) working day period prior to the Closing date of the Offers / bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

d) The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act, 1992 or any other regulations made under the SEBI Act.

e) Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirer has appointed Microsec Capital Limited as Manager to the Offer and Adroit Corporate Services Pvt. Limited as Registrar to the Offer as per detail given below.

f) The Directors of the Acquirer accept full responsibility for the information contained in this Public Announcement and also for the obligations of the Acquirer as laid down in the SEBI (SAST) Regulations

Eligible persons to the Offer may download a copy of this Public Announcement from SEBI's website at www.sebi.gov.in . Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance-cum-Acknowledgement, which will be available on SEBI's website at www.sebi.gov.in from the Offer opening date, i.e. May 16, 2007 and tender their equity shares using the same.

ISSUED BY MANAGER TO THE OFFER ON BEHALF OF THE ACQUIRER

MICROSEC
MICRO FOCUS. MEGA WEALTH

Microsec Capital Limited
Azimganj House, 2nd Floor
7, Camac Street, Kolkata 700 017
Tel.: +91-33-2282 9330 (5 Lines)
Fax: +91-33-2282 9335
E-mail: pharlalka@microsec.in
Website: www.microsec.in
Contact Person:
Mr. Pankaj Harlalka

Place: Kolkata
Date: March 22, 2007

REGISTRAR TO THE OFFER

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CORPORATE SERVICES PVT. LTD.

Adroit Corporate Services Pvt. Limited
19/20, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka,
Andheri (East), Mumbai – 400 059
Tel.: +91-22-2859 4060/6060
Fax: +91-22-2850 3748
E-Mail: veenashetty@adroit1.com
Website : www.adroitcorporate.com
Contact Person:
Mrs. Veena Shetty