



POWER BEHIND POWER

BIL ENERGY SYSTEMS LIMITED

Annual Report 2012 – 2013

Board of Directors

Mr. Suresh Kumar Choudhary
Mr. Rajendra Kumar Choudhary
Mr. Mrugen Shah
Mr. M. K. Sugathan
Mr. Vasudev Kulkarni

Company Secretary & Compliance Officer

Mrs. Astha Rathi

Registered Office

2nd Floor, Vikas Chambers,
Link & Marve Road,
Malad (West), Mumbai – 400 064
Tel – (91 22) 28885929
Fax – (91 22) 28811225
Email – info@bilenergy.com

Manufacturing Unit

Village – Kanchad,
Taluka – Wada, Dist – Thane
Phone – (02526) 645947
Fax – (02526) 235622

Statutory Auditors

M/s Bansal, Bansal & Co.,
Chartered Accountants
6 / 120, Sanjay Building,
Mittal Estate, Andheri Kurla Road,
Andheri (East), Mumbai – 400 059

Registrars & Share Transfer Agents for Physical & Electronic Shares

M/s. System Support Services
209, Shivai Industrial Estate, Near Logitech Park,
89 Andheri Kurla Road, Andheri (East),
Mumbai – 400 072.
Phone – (91 22) 2850 0835 (5 Lines)
Email : sysss72@yahoo.com

Bankers**State Bank of India**

Industrial Finance Branch
Natraj Building, 201, 1st Floor, 194,
Sir M.V. Road, Western Express Highway,
Andheri (East), Mumbai – 400 069.

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to update their email address with the Company or M/s. System Support Services (RTA), to enable us to send all the documents through electronic mode in future.

NOTICE

NOTICE is hereby given that the 4th Annual General Meeting of the Members of **BIL ENERGY SYSTEMS LIMITED** will be held at IJMA, 1036/37/38, 10th Floor, IJMIMA Complex, Raheja Metroplex, Link Road, Behind Goregaon Sports Club, Malad (W), Mumbai – 400 064 on Monday, 30th September, 2013 at 4.00 p.m. to transact with or without modification(s), as may be permissible, the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mrugen Shah, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:-**
“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s. Bansal, Bansal & Co., Chartered Accountants, having firm registration number 100986W issued by the Institute of Chartered Accountants of India (ICAI), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors of the Company.
“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution”.

SPECIAL BUSINESS:-

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:-**
“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Vasudev Kulkarni, who was appointed as an Additional Director pursuant to the provisions in Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company.
“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

By Order of the Board of Directors,
For Bil Energy Systems Limited
Astha Rathi
Company Secretary

Mumbai, 13th August, 2013

Registered Office:- 2nd Floor, Vikas Chambers, Junction of Link & Marve Road, Malad (West), Mumbai – 400 064

NOTES:-

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY/PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- c. The Company has notified closure of register of members and transfer books from 26th September, 2013 to 30th September, 2013 (both days inclusive).
- d. Members holding shares in Physical form are requested to notify change of address, if any, to Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify to their Depository participants their change in address.
- e. As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of the Shares held by them. Nomination Forms can be obtained from the registrar and share transfer agents of the Company.
- f. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their respective copy of the Annual Report to the Meeting and affix their signature at the place provided on the attendance slip annexed to the Proxy form and hand over the slip at the entrance to the place of the Meeting.
- g. Non – Resident Indian Members are requested to inform the Company’s registrar and share transfer agents M/s. System Support Services immediately of –
 - a. The change in the residential status on return to India for permanent settlement.
 - b. The particulars of the 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.
- h. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the 4th Annual General Meeting.

Explanatory Statement

As required under Section 173(2) of the Companies Act, 1956:-

Item No.4:

The Board of Directors of the Company has appointed pursuant to the provisions of Section 260 of The Companies Act, 1956 (The Act), Mr. Vasudev Kulkarni as an Additional Director of the Company with effect from 14th November, 2012.

In terms of the provisions of Section 260 of The Companies Act, 1956 Mr. Vasudev Kulkarni would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Mr. Vasudev Kulkarni for the office of Director of the Company under the provisions of Section 257 of the Act.

The Board commends the resolution set out at Item No. 4 of the Notice for your approval.

Save and except Mr. Vasudev Kulkarni, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

By Order of the Board of Directors,
For Bil Energy Systems Limited
Astha Rathi
Company Secretary

Mumbai, 13th August, 2013

Registered Office:- 2nd Floor, Vikas Chambers, Link & Marve Road, Malad (West), Mumbai – 400 064

**DIRECTORS' REPORT**

Dear Members,

The Directors of your Company have pleasure in presenting fourth Annual Report together with the Audited Accounts and Auditors' Report for the year ended 31st March, 2013.

1. Financial Performance:-

The financial performance of the Company for the Year ended 31st March, 2013 is as summarized below:-

(₹ In Lacs)

| Particulars | 2012-2013 | 2011-2012 |
|------------------------------------------------------------|------------------|-----------|
| Gross Turnover & Other Income | 9788.21 | 10177.02 |
| Profit before Interest, Depreciation & Taxation | 89.90 | 346.50 |
| Less – Interest | 841.77 | 798.33 |
| Profit / (Loss) before Depreciation & Taxation | (751.87) | (451.83) |
| Less – Depreciation | 303.41 | 297.63 |
| Profit / (Loss) before tax | (1055.28) | (749.46) |
| Less– Provision for Taxation (Incl. Deferred Tax) | (463.73) | - |
| Net Profit / (Loss) for the year | (591.55) | (749.46) |
| Add/ (less) – Balance brought forward from previous Year | (661.53) | 87.93 |
| Balance Carried to Balance Sheet | (1253.08) | (661.53) |

2. Performance Review:-

For the year 2012-13, the Turnover of the Company decreased and stood at ₹ 9704.44 Lakhs and Loss incurred was ₹ 591.55 Lakhs, which is mainly due to lower capacity utilization, falling margins and higher interest rates.

3. Dividend:-

Your Directors do not recommend any dividend for the year under review in view of losses incurred.

4. Directors:-

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Vasudev Kulkarni (w.e.f. 14th November, 2012) was appointed as an Additional Director of the Company and would hold Office upto the date of ensuing Annual General Meeting.

Mr. Mrugen Shah, Director, retire from the Board by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting. The Notice convening the Annual General Meeting includes the proposal for his re-appointment. The Company has received notices in writing from members proposing the candidature of above directors.

Brief resumes of the above Directors, nature of their expertise in specific functional areas and names of the Public Limited companies in which they hold directorships and memberships / chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement are given in the Report on Corporate Governance forming part of the Annual Report.

During the year Mr. Naresh Kumar Choudhary had resigned with effect from 12th February, 2013. Your Directors wish to place on record their sincere appreciation for the invaluable services rendered by him during his tenure as Director.

5. Sub Division of Face Value of Shares:-

During the year the Company had sub divided the face value of its Equity Shares from ₹ 10/- each to ₹ 1/- each. In this connection, the Shareholder of the Company had passed the resolution at their extra ordinary general meeting held on 09th March, 2013.

6. Directors' Responsibility Statement:-

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- Appropriate accounting policies have been selected and applied consistently and such judgments & estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the Profit / Loss of the Company for the accounting year ended on that date;
- Proper & sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities; and
- The annual accounts of the Company have been prepared on a going concern basis.

7. Auditors:-

The present Statutory Auditors of the Company, M/s. Bansal, Bansal & Co, Chartered Accountants, Mumbai, having firm registration number 100986W issued by the Institute of Chartered Accountants of India (ICAI), retire as Statutory Auditors at the conclusion of this Annual General Meeting. They are eligible for re-appointment and the Company has received a Certificate from them that their re-appointment, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such an appointment within the meaning of sub-sections (3) and (4) of Section 226 of the Companies Act, 1956. Their reappointment is recommended by the board.

8. Auditors' Report:-

As regards Auditors remarks in the Audit report, comments of the Board of Directors are as under:

- The company has sent letters to customers in respect of trade receivables for confirming balances outstanding as at March 31st 2013, but in most of the cases the customers have not sent written confirmation confirming the balance outstanding as at March 31st, 2013. In the absence of confirmation any provision to be made for adverse variation in the carrying amounts of trade receivables is not quantified.

The Board considers all outstanding balance of customers as on 31st March 2013 as good and recoverable and hence no provision has been made.

- The company has recognized Deferred Tax Asset on account of unabsorbed losses and allowances during the year aggregating to ₹ 463.73 lacs (For year ended March 31st, 2012 – NIL) (Total amount recognized upto March 31st, 2013 ₹ 463.72 lacs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.

The Company had incurred huge operational loss during the year under review. In view of this the management had thought it appropriate not to make provision for deferred tax assets during the year.

- 3) As regards Auditors' remarks in Annexure to their report under Item No. 1 (b) & 2 (a), with regard to physical verification report of fixed assets and inventories, the same are self explanatory;
- 4) As regards Auditors' remarks in Annexure to their report under Item No.7, with regard to report of internal audit, Company has in house internal audit system commensurate with the size and nature of its business and hence no formal audit report is available.

9. Cost Auditors:

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Accounting Records) Rules, 2011 published vide GSR 430(E) dated 03rd June, 2011, and Cost Audit order no. 52/26/CAB-2010 dated 24th January, 2012 which has become applicable to the Company with effect from the financial year 2011-12. Henceforth, the Company is required to maintain and keep cost records of all its units and branches. Further, the Company to which these rules apply would be required to submit a Compliance Report duly certified by a Cost Accountant, along with the Annexure to the Central Government in prescribed Form. In view of the above, based on the recommendations of Audit Committee, the Board of Directors at its meeting held on 15th May, 2012, had appointed Mr. Jayant J. Paleja, a Practicing Cost Accountant, as Cost Accountant to issue the Compliance Certificate for the financial year 2012-2013 and at the Board meeting held on 29th May, 2013, has approved his appointment for conducting cost audit of the Company for the financial year 2013-14. Necessary certificate and consent letter from the said Auditor has been obtained to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

10. Tax Provisions:-

The Company has made adequate provisions as required under the provisions of Income Tax Act, 1961 as well as other relevant laws governing taxation on the company.

11. Fixed Deposits:-

During the year ended on 31st March 2013, the Company has not accepted any Fixed Deposit from public under Section 58A & 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

12. Corporate Governance:-

We adhere to the principal of Corporate Governance mandated by the Securities and Exchange Board of India (SEBI) and have implemented all the prescribed stipulations. As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance forms part of this Report as **Annexure II**. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached with the Corporate Governance Report.

13. Management's Discussion and Analysis Report:-

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis Report, which forms part of this Report as **Annexure – I**.

14. Energy Conservation and Technology Absorption:-

The nature of business of the Company is such where electricity consumption comprises of internally DG set generated electricity as well as electricity made available by MSEDCL. Since it is not possible to bifurcate accurately between these two sources, the information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology absorption is not given.

15. Foreign Exchange earnings and outgo:-

Your Company earned/spent foreign exchange as under during the year.

| | | |
|----------|---|---------------|
| Earnings | : | ₹ Nil |
| Outgo | : | ₹ 822.79 Lacs |

16. Particulars of Employees:-

There are no employees covered under Section 217(2A).

17. Acknowledgement:-

The Board wishes to place on record its sincere appreciation for the assistance and co-operation received from Bankers, Government Departments and other Business Associates for their continued support towards the conduct of operations of the Company efficiently.

The directors express their gratitude to the shareholders for their continuing confidence in the Company. The directors also acknowledge the hard work and persuasive efforts put in by the employees of the Company in carrying forward Company's vision and mission.

On behalf of the Board of Directors,
For Bil Energy Systems Limited
Rajendra Kumar Choudhary
Managing Director

Mumbai, 29th May, 2013

Annexure I to the Directors' Report

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Background

Bil Energy Systems Limited manufactures Stamping Rotating Machines and Transformer core and Laminations. It is specialized in tailor-made circular stampings upto 1400 mm diameter and segmental stampings of width upto 1250 mm with focused end products for Alternators (Domestic / Industrial), Motors (Micro / HT / LT), Wind Mill Generators, Hydro Generators, Turbo Generators, Compressors for Air conditioners and Refrigerators, AC / DC Motors for Agriculture Pumps, Fans, Computer transformer and Ballasts. The Company also has a wide range of IEC frame tools to manufacture circular stampings. As regards Transformer Cores and Lamination, the Company manufactures the same in various shapes and sizes upto 1000 mm width and also rectangular shaped cores with or without holes. The facility is in place to meet customer specific requirements. Rotors are supplied either loose wire tied, welded or aluminum die-casted. Further, stampings made out of semi-processed steel is decarbed, annealed and blued at the Company's unit itself. The Company is fully equipped with continuous burn-off, decarb annealing and blueing furnace.

Industry Overview

In the last financial year, the Indian economy had witnessed slowdown due to global uncertainties, domestic challenges, low investment, delay in policy making, etc. This slowdown was seen in all major sectors of the economy which also include power sector. The Indian economy uses a variety of energy sources, both commercial and non-commercial. The non-commercial fuels are gradually getting replaced by the "commercial fuels" such as coal, lignite, petroleum products, natural



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gas and electricity. As electricity is one of the most important inputs in the Industrial Sector, the development of a nation is generally compared by the per capita consumption of electricity. In developing countries, the indicator cannot be related directly with the average development of the nation. The use of Electricity is basically in Industrial sector; Commercial & Residential lighting and Agriculture and Irrigation. Your Company endeavours to utilize its full capacity so as to fulfill the increasing demands in the domestic market and earn profits in near future.

Operating Results of the Company

The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Accounting Standards (AS) notified by the Companies (Accounting Standard) Rules, 2006.

The salient features of the Company's performance are: –

- Total Sales of ₹ 9704.44 Lacs
- Net Loss of ₹ 591.55 Lacs

The Company has a net worth of about ₹ 4169.61 Lacs as on 31st March, 2013.

Outlook for the Company

The Company's customers list, which includes well respected big companies and our product acceptability, give us hope to overcome the losses and post a decent top-line and bottom-line in the ensuing year.

Internal Control and its adequacy

The Internal audit was carried out by an independent firm of Chartered Accountants which conducts the audit on the basis of Annual Audit Plan. The process includes review and evaluation of effectiveness of the existing process, controls and compliance. It also ensures adherence to policies and systems, and mitigation of the operational risk perceived for each area under audit. Significant observations including recommendations for improvement of the business process were reviewed by the Management before reporting to the Audit Committee which reviewed the status of implementation of the agreed action plan.

Human Resources

Your Company strongly believes that employees are central to the Company's transformation agenda and that it is important to build capabilities of employees to handle both current and future needs. During the year, the Company worked extensively on identifying the needs of employees across all categories and level. The Company has built a young and vibrant team of qualified and competent professionals to meet the emerging business challenges and market competition.

Risk and Concerns

The Company has to mainly depend on foreign suppliers for import of CRGO and CRNGO. Any delay in procurement of the same would impact the financials of the Company. However, the Company has tied up with major players and has developed a strong relationship with these suppliers. Further, increase in the prices of Electrical Steel would also have an impact on the bottom line of the company. However, it is an established pattern of the company that any escalation in the cost is passed on to the customers to ensure that margins are not affected. While this is the broad understanding with the customers, they may not absorb the increase in raw material cost to full extent at all times and it may not be with immediate effect in all situations.

Cautionary Statement

Statements in the Management's Discussion and Analysis, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable securities laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental/related factors.

On behalf of the Board of Directors,
For Bil Energy Systems Limited
Rajendra Kumar Choudhary
 Managing Director

Mumbai, 29th May, 2013

Annexure II to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of maximizing stakeholders' value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements, the disclosure requirements of which are given below:

Mandatory Requirements:-

1. Company's Philosophy on Corporate Governance:-

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders.

2. Board of Directors (Board):-

a) Board Composition:-

The Board of the Company should consist of optimum combination of Executive, Non Executive – Independent Directors, which should be in conformity with the requirement of Clause 49 of the Listing Agreement with Stock Exchanges.

The present strength of the Board is Five (5) Directors, comprising of two Promoter Directors and Three Independent Directors. The Board Members possess the skills, expertise & experience necessary to guide the Company.

| Name of Director | Category of Directorship | Designation |
|------------------------------|-----------------------------|---------------------|
| Mr. Rajendra Kumar Choudhary | Promoter – Executive | Managing Director |
| Mr. Suresh Kumar Choudhary | Promoter – Non-Executive | Director |
| Mr. Mrugen Shah | Independent – Non Executive | Director |
| Mr. M.K. Sugathan | Independent – Non Executive | Director |
| Mr. Vasudev Kulkarni | Independent – Non Executive | Additional Director |

b) Board Meetings and attendance of Directors:-

During the financial year ended on 31st March 2013, Four (4) Board Meetings were held on the following dates: – 15th May, 2012, 14th August, 2012, 14th November, 2012 and 12th February, 2013.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board members to discharge their responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The information as specified in Annexure 1A to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

The attendance at the Board Meetings held during the year and attendance at the last Annual General Meeting, number of directorships in other Public Limited companies and membership in committees across various companies of which the Director is a Member / Chairman are given below: –

| Name of Directors | No. of Board Meetings Attended | Attendance at last AGM held on 24 th September, 2012 | # Directorship held in other Companies | Committee Memberships / Chairmanships | |
|------------------------------|--------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------|----------------|
| | | | | Membership | Chairmanship |
| Mr. Suresh Kumar Choudhary | -- | Absent | - Bilpower Limited - Nik-san Engineering Company Limited - Choudhary Global Limited | -- -- -- | -- -- -- |
| Mr. Rajendra Kumar Choudhary | 4 | Present | - Bilpower Limited - Tarapur Transformers Limited - Choudhary Global Limited | 7 -- -- | 2 -- -- |
| Mr. Mrugen Shah | 4 | Present | - Bilpower Limited - Tarapur Transformers Limited - Unibios Laboratories Limited | 2 -- -- | 5 -- -- |
| Mr. M.K. Sugathan | 3 | Present | None | 3 | -- |
| **Mr. Vasudev Kulkarni | 1 | Absent | None | - | - |
| *Mr. Naresh Kumar Choudhary | 1 | Absent | - Tarapur Transformers Limited - Nik-san Engineering Company Limited | -- -- | -- -- |

Excluding Private Companies and Companies under Section 25 of the Companies Act, 1956.

* Resigned as Director during the year.

** Appointed as an Additional Director on 14th November, 2012.

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all companies in which they are Director. As per Clause 49 of the Listing agreement, for the purpose of reckoning the said limit, Chairmanship/ membership of the Audit Committee and the Shareholders' Grievance Committee alone shall be considered.

c) Information of Directors' Appointment / Re-appointment:-

The profiles of Directors who are seeking re-appointment / appointment at the Annual General Meeting are furnished below:-

Mr. Mrugen Shah, aged 34 years, designated as "Non Executive Independent Director" is a Chartered Accountant, DISA (ICAI) by qualification having an experience of over 10 years in the field of accounts, taxation & audit. He is not holding any equity shares of the Company.

Mr. Vasudev Kulkarni aged 45 years, designated as "Non Executive Independent Director" is having deep knowledge of e-Governance system in India, especially in the ULB, Municipal corporations and at district level. He possesses rich experience in co-ordination with Govt. Bodies, Social & Industrial forums. He is not holding any equity shares of the Company.

Committees of the Board of Directors of the Company:-
3. Audit Committee:-
a) Composition and attendance:-

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The composition and attendance of Audit Committee is as follows:-

| Name of the Members | Position | Category | Attendance |
|------------------------------|----------|--------------------------------------|------------|
| Mr. Mrugen Shah | Chairman | Independent & Non Executive Director | 4 |
| Mr. Rajendra Kumar Choudhary | Member | Promoter & Managing Director | 4 |
| Mr. M.K. Sugathan | Member | Independent & Non Executive Director | 3 |

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the Companies Act, 1956. All the members of Audit Committee possess knowledge of corporate finance, accounts and company law.

During the year 2012-13, four (4) Audit Committee meetings were held on 15th May 2012, 14th August, 2012, 14th November, 2012 and 12th February, 2013.

b) Power & Terms of Reference:-

The Power and terms of reference of the Audit Committee are as mentioned in Clause 49 II (C), (D) & (E) of the Listing Agreement entered into with the Stock Exchanges and includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issue and issues related to risk management and compliances. The Statutory Auditors are invited to the meeting.

4. Remuneration Committee:-

a) Composition and attendance:-

The Remuneration Committee comprises of three (3) members. The composition of Remuneration Committee is as follows:-

| Name of the Members | Position | Category |
|----------------------|----------|--------------------------------------|
| Mr. Mrugen Shah | Chairman | Independent & Non Executive Director |
| Mr. Vasudev Kulkarni | Member | Independent & Non Executive Director |
| Mr. M.K. Sugathan | Member | Independent & Non Executive Director |

No meeting of the Remuneration Committee was held during the year 2012-13.

b) Terms of Reference:-

The broad terms of reference of the committee are to appraise the performance of Chairman, Managing Director, Whole Time Directors and Chief Executive Officer, determine and recommend to the Board compensation payable to Chairman, Managing Director, Whole Time Directors and Chief Executive Officer. The Remuneration policy of the Company is based on review of achievements. The remuneration policy is in consonance with the existing industry practice.

c) Remuneration Policy:-

Subject to approval of the Board of Directors and subsequent approval by the members at the Annual General Meeting and such authorities as the case may be, remuneration of Chairman, Managing Director, Whole Time Directors, Chief Executive officer is fixed by the Remuneration Committee. The remuneration is decided by the Remuneration Committee taking into consideration various factors such as qualifications, experience, expertise, prevailing remuneration in the competitive industries, financial position of the company etc.

The remuneration structure comprises of basic salary, perquisites, allowances (fixed component), and contribution to provident fund, in accordance with the provisions of the Companies Act, 1956.

5. Shareholders' / Investors' Grievance Committee:-

a) Composition and attendance:-

The Board has delegated the powers to approve transfer of shares etc. to this Committee of Three (3) Directors. The quorum for functioning of the committee is any two (2) Directors present. The composition and attendance of Shareholders' / Investors' Grievance Committee is as follows:-

| Name of the Members | Position | Category | Attendance |
|------------------------------|----------|--------------------------------------|------------|
| Mr. Mrugen Shah | Chairman | Independent & Non Executive Director | I |
| Mr. Rajendra Kumar Choudhary | Member | Promoter & Managing Director | I |
| Mr. M.K. Sugathan | Member | Independent & Non Executive Director | I |

Two Shareholders' / Investors' Grievance Committee meetings were held on 27th April, 2012 and 14th August, 2012.

b) Terms of Reference:-

The Committee looks into redressal of Investors Complaints and requests such as delay in transfer of shares, non receipt of Dividend, Annual Report, revalidation of Dividend warrants etc.

The committee deals with various matters relating to –

- Transfer / transmission of shares.
- Issue of share certificate in lieu of lost, sub-divided, consolidated, rematerialized or defaced certificates.
- Consolidation / splitting of folios.
- Review of shares dematerialized and all other related matters.
- Investors' grievance and redressal mechanism and recommend measures to improve the level of investors' services.

The secretarial department of the Company and registrar and transfer agents viz. System Support Services attend expeditiously to all grievances / correspondences of the shareholders / investors, received directly or through SEBI, Stock Exchanges, Department of Corporate Affairs, and Registrar of Companies etc. The complaints are generally resolved within 15 days of receipt of letter, except in the cases that are constrained by disputes or legal impediment.

c) Information on Investor Grievances for the period from 01st April, 2012 to 31st March, 2013:-

| Brought Forward | Received Afresh | Disposed | Carried Over |
|-----------------|-----------------|----------|--------------|
| Nil | Nil | Nil | Nil |

d) Compliance Officer:-

Mrs. Astha Rathi, Company Secretary, is the compliance officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992 and the Listing Agreements with the BSE & NSE.

6. Code of Conduct and Ethics for Directors and Senior Management:-

The Company has laid down a code of conduct for all Board members and senior management personnel of the Company. A copy of the Code of conduct is available on the Company's website www.bilenergy.com

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Director is given below:-

"I hereby confirm that –

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management in respect of the Financial Year 2012-13"

Rajendra Kumar Choudhary

Managing Director

7. General Body Meetings:-

a) Details of the last Annual General Meetings of the Company are given below:-

| Financial Year | AGM | Date | Locations | Time | No. of Special Resolutions Passed |
|--------------------------------------------------------------------------------------------------|-----------------|----------------------------------|--------------------------------------------------------------------------------------------------|-----------|-----------------------------------|
| *1 st Financial year – 4 th February, 2010 to 31 st March, 2010 | 1 st | 30 th September, 2010 | 2 nd Floor, Vikas Chamber, Link & Marve Road, Malad (West), Mumbai – 400 064 | 3.30 p.m. | Nil |
| 2010-11 | 2 nd | 30 th August, 2011 | 1 st Floor, Landmark Building, Mith Chowky, Link Road, Malad (West), Mumbai – 400 064 | 4.30 p.m. | 02 |
| 2011-12 | 3 rd | 24 th September, 2012 | 1 st Floor, Landmark Building, Mith Chowky, Link Road, Malad (West), Mumbai – 400 064 | 5.30 p.m. | Nil |

* Bil Energy Systems Limited was incorporated on 4th February, 2010.

b) During the year One Extra Ordinary General Meeting was held on 09th March, 2013.

8. Subsidiary Company:-

The Company does not have any subsidiary company in term of Clause 49 (III) of the Listing Agreement and hence, it is not required to have an independent director of the Company on the board of such subsidiary company.

9. Compliance with other mandatory requirements:-

1) Disclosures:-

a) Materially significant related party transactions:-

There were no materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, directors or the management, their subsidiary or relatives etc. during the year, that may have potential conflict with interest of the Company at large.

b) Disclosure of accounting treatment:-

In the preparation of financial statements, the Company has followed the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India to the extent applicable.

c) Disclosure of Risk Management:-

The Company has laid down procedure to inform Board members about the risk assessment and minimization procedure. These would be periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

d) CEO / CFO Certification:-

In line with the requirements of Clause 49 (V) of the Listing Agreement, the Managing Director of the Company has submitted the CEO/CFO Certification, certifying to the Board inter alia that the Financial Statements and the Cash Flow Statements for the financial year ended on 31st March, 2013 were reviewed to the best of his knowledge and belief, that they do not contain any untrue statement, omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with applicable laws and regulations.

e) Statutory Compliance, Penalties and Strictures:-

The Company has complied with all requirements of the Listing Agreements entered with Stock Exchanges as well as applicable regulation and guidelines of SEBI. There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authorities for non compliance of any matter related to the capital markets during the last three years.

10. Means of Communication:-

| | |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Quarterly / Half yearly financial results sent to each shareholder's residence. | No, but published in the newspapers |
| In Which Newspapers Quarterly, half yearly & annual results were normally Published. | English: The Financial Express / Free Press Journal Marathi: Mumbai Mitra / Aapla Mahanagar |
| Any website, where results or official news are displayed. | www.bseindia.com www.nseindia.com www.bilenergy.com |
| Whether Management Discussion & Analysis Report is a part of the Annual Report or not. | Yes, it is part of Annual Report – As Annexure – I |

11. General Shareholder Information:-

a) 4th Annual General Meeting:-

| | |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Date | 30 th September, 2013 |
| Venue | IJMA, 1036/37/38 10 th Floor, IJMIMA Complex, Raheja Metroplex, Link Road, Behind Goregaon Sports Club, Malad(W), Mumbai – 400 064 |
| Day and Time | Monday, 04.00 p.m. |

b) Financial Calendar:-

The Company follows the period of 01st April to 31st March, as the Financial Year.

For the Financial Year 2013-14, Financial Results will be announced as per the following tentative schedule.

| | |
|-----------------------------------------------------------|--------------------------------------------------|
| 1 st Quarter ending June 2013 | By 13 th August, 2013 |
| 2 nd Quarter & Half Year ending September 2013 | By 14 th November, 2013 |
| 3 rd Quarter ending December 2013 | By 14 th February, 2014 |
| 4 th Quarter / year ending March 2014 | Within 60 days from 31 st March, 2014 |
| Annual General Meeting for the Year 2013-14 | By September, 2014 |

c) Book Closure Date:-

| | |
|----------------------|--------------------------------------------------------------------------------------------|
| Date of Book Closure | 26 th September, 2013 to 30 th September, 2013 (both days inclusive) |
|----------------------|--------------------------------------------------------------------------------------------|



d) Listing:-

The Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

e) Listing Fees to Stock Exchanges:-

The Company has paid the Listing Fees for the year 2013-14 to both the above exchanges.

f) Custodial Fees to Depositories:-

The Company has paid the custodial fees for the year 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

g) Stock Code / Symbol:-

| | |
|-------------------------------------------------------------------------------------|-----------------------|
| Bombay Stock Exchange Ltd. (BSE) | 533321 |
| National Stock Exchange of India Ltd. (NSE) | BILENERGY – EQ |
| International Securities Identification Number (ISIN) | INE607L01011 |
| Corporate Identity Number (CIN) Allotted by the Ministry of Corporate Affairs (MCA) | L28995MH2010PLC19969I |

h) Stock Market Price Data for the year 2012-13 in comparison to BSE Midcap Sensex:-

| Month | BSE Share Price (₹.) | | | | NSE Share Price (₹.) | | | | BSE Midcap Sensex | | | |
|----------|----------------------|--------|--------|--------|----------------------|--------|--------|--------|-------------------|---------|---------|---------|
| | Open | High | Low | Close | Open | High | Low | Close | Open | High | Low | Close |
| April 12 | 115.50 | 115.50 | 86.20 | 103.00 | 109.55 | 110.00 | 86.85 | 102.40 | 6357.35 | 6512.72 | 6213.98 | 6315.85 |
| May 12 | 98.50 | 107.60 | 90.55 | 92.00 | 103.00 | 105.40 | 90.70 | 100.95 | 6343.48 | 6370.98 | 5802.33 | 5907.95 |
| June 12 | 92.00 | 99.90 | 78.70 | 83.50 | 105.45 | 105.45 | 79.55 | 83.00 | 5907.96 | 6156.07 | 5734.24 | 6153.72 |
| July 12 | 82.00 | 94.95 | 69.65 | 76.90 | 80.10 | 90.25 | 74.00 | 77.00 | 6169.76 | 6362.03 | 5877.38 | 6012.28 |
| Aug 12 | 81.90 | 81.90 | 67.40 | 71.00 | 81.90 | 81.90 | 69.95 | 74.00 | 6014.73 | 6208.92 | 5936.51 | 6005.02 |
| Sep 12 | 70.50 | 75.55 | 45.85 | 46.25 | 70.65 | 73.75 | 45.25 | 45.40 | 6008.33 | 6628.85 | 6004.87 | 6607.29 |
| Oct 12 | 46.25 | 76.70 | 44.75 | 76.70 | 45.00 | 76.35 | 44.35 | 76.35 | 6618.44 | 6778.70 | 6495.04 | 6565.99 |
| Nov 12 | 80.00 | 110.00 | 75.95 | 108.15 | 80.15 | 111.35 | 76.00 | 107.60 | 6569.64 | 6910.65 | 6530.06 | 6901.99 |
| Dec 12 | 110.95 | 118.00 | 102.05 | 109.15 | 107.60 | 120.00 | 100.60 | 107.05 | 6922.96 | 7157.66 | 6919.55 | 7112.89 |
| Jan 13 | 109.20 | 114.00 | 80.10 | 93.25 | 104.60 | 114.55 | 86.05 | 93.05 | 7123.32 | 7391.34 | 6831.14 | 6970.88 |
| Feb 13 | 91.00 | 92.80 | 71.30 | 71.30 | 90.05 | 92.00 | 68.70 | 70.05 | 6973.52 | 7016.83 | 6283.68 | 6302.78 |
| *Mar 13 | 74.00 | 81.65 | 6.70 | 6.70 | 72.00 | 80.45 | 6.75 | 6.75 | 6312.99 | 6524.94 | 6022.77 | 6142.06 |

• Source : www.bseindia.com & www.nseindia.com

• *Sub division of face value of Equity Shares from ₹ 10/- each to ₹ 1/- each.

i) Registrar and Share Transfer Agent:-

Share transfers and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent viz. System Support Services.

System Support Services

209, Shivai Industrial Estate, Next to Parke Davis, Saki Naka, Andheri Kurla Road, Andheri (East), Mumbai – 400072 Maharashtra, India

Tel. No. 91 (22) 2850 0835 Email: sysss72@yahoo.com

j) Share Transfer System:-

Presently, the share transfers received by the R&TA of the Company are processed and returned within a period of 15 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer agent subject to approval by Grievance Committee. Shareholders' Grievances and other miscellaneous correspondence on change of address, mandates, etc. received from Members are generally processed by R&TA of the Company within 15 days. The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement and files a copy of the certificate with BSE and NSE.

k) Distribution of Shareholding as on 31st March, 2013:-

| Range of Shareholding | Number of Shareholders | % of Total | Number of Shares | % of Total |
|-----------------------|------------------------|------------|------------------|------------|
| 1 – 500 | 2303 | 47.24 | 622470 | 0.59 |
| 501 – 1000 | 1070 | 21.95 | 1015624 | 0.96 |
| 1001 – 2000 | 543 | 11.14 | 981216 | 0.93 |
| 2001 – 3000 | 276 | 5.66 | 768520 | 0.73 |
| 3001 – 4000 | 91 | 1.87 | 345450 | 0.33 |
| 4001 – 5000 | 175 | 3.59 | 861150 | 0.81 |
| 5001 – 10000 | 158 | 3.24 | 1355740 | 1.28 |
| 10001 & above | 259 | 5.31 | 99757830 | 94.37 |
| Total | 4875 | 100.00 | 105708000 | 100.00 |

l) Shareholding pattern (category wise) as on 31st March, 2013:-

| Category | Number of Shares held | % of Total Shareholding |
|--------------------------------------------|-----------------------|-------------------------|
| Promoters (Incl. Person Acting in Concert) | 47492880 | 44.93 |
| Financial Institutions / Banks | - | - |
| Insurance Companies | 1748050 | 1.65 |
| NRI | 77720 | 0.07 |
| Bodies Corporate | 23650850 | 22.37 |
| Public | 32738500 | 30.98 |
| Total | 105708000 | 100.00 |

m) Dematerialization of shares and liquidity:-

- About 99.58% of the shares have been dematerialized as on 31st March, 2013.
- Trading in the shares of the Company is permitted in dematerialized form only as per notification issued by SEBI.

n) Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and its impact on equity:- Nil

o) Plant / Unit locations:-

The Company's manufacturing unit is situated at Village – Kanchad, Taluka – Wada, Dist – Thane.

p) Address for correspondence:-

The Compliance Officer,
Bil Energy Systems Limited
2nd Floor, Vikas Chambers, Link & Marve Road, Malad (West), Mumbai – 400 064
Email – info@bilenergy.com

Non Mandatory Requirements:-

a) Remuneration Committee:-

Please refer item number 4 under Mandatory requirements.

b) Shareholder Rights:-

Company's quarterly financials are published in English newspaper having a wide circulation all over India and in a Marathi newspaper widely circulated in Mumbai. The quarterly results and limited review report thereon are also put on the Company's website www.bilenergy.com. The same are not sent to the shareholders of the Company, individually.

By Order of the Board of Directors,
For Bil Energy Systems Limited
Astha Rathi
Company Secretary

Mumbai, 29th May, 2013

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Bil Energy Systems Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 the Listing Agreement entered into, by the Company, with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the year ended on 31st March, 2013.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of corporate Governance Code. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that, such compliance is neither an assurance as to the further viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Bansal Bansal & Co.**
Chartered Accountants
Firm Regn. No. 100986W
(Anand Drolia)
Partner
Membership No. 036718

Mumbai, 29th May, 2013

INDEPENDENT AUDITORS' REPORT

To the Members of Bil Energy Systems Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of Bil Energy Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing



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issued by the Institute of Chartered Accountants of India. 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 qualified audit opinion.

Basis for Qualified Opinion

1) With regard to pending confirmation of balances

The company has sent letters to customers in respect of trade receivables for confirming balances outstanding as at March 31st, 2013, but in most of the cases the customers have not sent written confirmation confirming the balance outstanding as at March 31st, 2013. In the absence of confirmation any provision to be made for adverse variation in the carrying amounts of trade receivables is not quantified.

2) Recognition of Deferred Tax Credit in contravention of Accounting Standard 22 on 'Accounting for Taxes on Income'

The company has recognised Deferred Tax Asset on account of unabsorbed losses and allowances during the year aggregating to ₹ 46372574.75 (For year ended March 31st, 2012 – NIL) (Total amount recognised upto March 31st, 2013 ₹ 46372574.75). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion Paragraph*, the aforesaid 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2013;
- in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - 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.
 - Except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;*
 - On the basis of written representations received from the directors as on March 31st, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013, from being appointed as a director in terms of clause of Section 274(1)g of the Companies Act, 1956.
 - Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Bansal Bansal & Co.**
Chartered Accountants
Firm Regn. No. 100986W
(Anand Drolia)
Partner
Membership No. 036718

Mumbai, 29th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- In respect of fixed assets:
 - The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - As explained to us, fixed assets have been physically verified by the management at reasonable intervals. *However such physical report has not been made available to us during the course of our audit.* It is explained that no material discrepancy has been reportedly noticed on such verification.
 - There was no substantial disposal of fixed assets during the year.
- In respect of inventories:
 - As explained to us that inventory has been physically verified during the year by the management. *However such physical verification report has not been made available to us during the course of our audit. Hence we are unable to comment on the reasonableness of frequency and procedure of the verification of inventory.* However, inventories have also been audited by independent auditors appointed by lending banks and also by bank officials from time to time and no adverse opinion has been given by the said auditors and officials.
 - The Company has maintained proper book records of inventory. Packing and sample material and stores and spares purchased are written off as expenses in the year of purchase.
- The Company has granted interest free unsecured loans, to one party listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans aggregate to ₹ 13700000/- and ₹ 13700000/- respectively.
 - Except for the fact that these loans are interest free, in our opinion and according to the information and explanations given to us, the other terms and conditions of loans given are not prima facie prejudicial to the interest of the Company.
 - The principal amount is repayable over a period of two years.

- (d) In respect of the aforesaid loans, there is no overdue amount.
- (e) The Company has taken interest free loans from four parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans aggregate to ₹ 25452500/- and ₹ 22352500/-.
- (f) The said loans are interest free loans. The other terms and conditions of loans taken are not prima facie prejudicial to the interest of the Company.
- (g) No stipulations for repayment have been prescribed and as such no comments regarding regularity of payments are being made.
4. In our opinion, and according to the Information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods, keeping in view the close supervision and authorization by the directors. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of contractor arrangements referred to in section 301 of the Companies Act, 1956
- (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of the contracts /arrangements entered in the Register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rupees Five Lacs in respect of the each party during the year have been made at prices which are reasonable having regards to the prevailing market price at the relevant time.
6. As explained to us, during the year under reference the Company has not accepted any Deposits from the Public within the meaning of Provisions of Section 58A and 58AA of the Act and the rules framed thereunder. Therefore, the provision of clause (vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company
7. As explained to us, the Company has an internal audit system commensurate with the size and nature of its business, however, *report of such internal audit has not been made available to us.*
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 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.
9. a) Undisputed Statutory dues in respect of Service tax, Sales tax, Profession tax, Tax deducted at source and Wealth Tax have not been regularly deposited with the appropriate authorities. Undisputed statutory dues in respect of Provident fund, Customs, Excise Duty, Cess as applicable have generally been regularly deposited with the appropriate authorities barring few months.
- b) According to the information and explanations given to us:
- (i) No amounts were outstanding as at year end on account of undisputed amounts payable in respect of investor education and protection fund, customs duty, excise duty and cess, service tax, tax deducted at source for a period of more than 6 months from the date they became payable.
- (ii) Undisputed amounts payable in respect of Sales Tax of ₹ 6304891/- (relating to Financial year 2011-12 – ₹ 2901565/- & relating to financial year 2012-13 – ₹ 3403326/-), Interest on Sales Tax of ₹ 1417270/- (relating to Financial year 2010-11 – ₹ 387364/- & relating to financial year 2011-12 – ₹ 1029906/-), Profession Tax ₹ 22450/- (relating to financial year 2012-13) and Service Tax of ₹ 104094/- (relating to financial year 2012-13) were outstanding for a period of more than six months from the date they became payable. The due dates for these amounts are as per the respective statutes.
10. Based on our audit procedures and according to the information and explanation given to us by the management, the company has defaulted in payment of interest to bank. Delays were noticed in payment of interest and principal on several occasions during the year. Estimated unpaid overdues to bank as at March 31st, 2013 are as per details given below:

| Nature of loan | Due date | Interest amount overdue (₹ in Lacs) |
|----------------|------------|-------------------------------------|
| Cash Credit | 28/02/2013 | 2831738/- |
| Total | | 2831738/- |

11. According to the information and explanations given to us, no loans & Advances have been granted by the company on the basis of the securities by way of pledge of shares, debentures and other securities.
12. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
13. The company is not dealing or trading in shares, securities, debentures and other investments. Hence the requirement of clause (xiv) of paragraph 4 of the order is not applicable to the company.
14. According to the information and explanations given to us the Company has given guarantee for loans taken by one Associate company from Bank. According to the information & explanation given to us, we are of the opinion that the terms & conditions thereof are not prima facie prejudicial to the interest of the company.
15. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
16. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
17. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
18. The Company has not raised any money by public issue during the year.
19. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Other clauses of the aforesaid order are not applicable to the Company and hence our remarks on them are not required to be made.

For **Bansal Bansal & Co.**
Chartered Accountants
Firm Regn. No. 100986W
(Anand Drolia)
Partner
Membership No. 036718



BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lacs)

| | Note No | As at 31 ST March 2013 | As at 31 ST March 2012 |
|---------------------------------|---------|-----------------------------------|-----------------------------------|
| I EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 1057.08 | 1057.08 |
| Reserves & Surplus | 3 | 3112.53 | 3704.08 |
| | | <u>4169.61</u> | <u>4761.16</u> |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 4 | 3232.60 | 1257.00 |
| Deferred Tax Liabilities (Net) | 5 | - | 463.73 |
| Long Term Provisions | 6 | 4.06 | 2.53 |
| | | <u>3236.66</u> | <u>1723.26</u> |
| Current Liabilities | | | |
| Short-Term Borrowings | 7 | 3468.56 | 3274.27 |
| Trade Payables | 8 | 2968.90 | 3680.54 |
| Other Current Liabilities | 9 | 618.46 | 1349.18 |
| | | <u>7055.92</u> | <u>8303.99</u> |
| | | <u>14462.19</u> | <u>14788.41</u> |
| II ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | 10 | | |
| Tangible Assets | | 5810.16 | 6042.06 |
| Capital Work in Progress | | 330.72 | 347.01 |
| Long Term Loans and Advances | 11 | 90.04 | 105.56 |
| | | <u>6230.92</u> | <u>6494.63</u> |
| Current Assets | | | |
| Inventories | 12 | 1809.66 | 2586.06 |
| Trade Receivables | 13 | 5026.19 | 4038.62 |
| Cash and Cash Equivalents | 14 | 138.14 | 319.24 |
| Short Term Loans and Advances | 15 | 1257.28 | 1349.86 |
| | | <u>8231.27</u> | <u>8293.78</u> |
| | | <u>14462.19</u> | <u>14788.41</u> |
| Significant Accounting Policies | I | | |

As per our attached report of even date.

For Bansal Bansal & Co.
Chartered Accountants
Firm Regn.No. 100986W

For and on behalf of the Board

Anand Drolia
Partner
Membership No. 036718
Mumbai: 29th May, 2013

Astha Rathi
Company Secretary

S.K. Choudhary
Director

R.K. Choudhary
Managing Director
Mumbai: 29th May, 2013



(₹ in Lacs)

| | Note No | As at 31 ST March 2013 | As at 31 ST March 2012 |
|-----------------------------------------------------------------------|---------|-----------------------------------|-----------------------------------|
| I INCOME | | | |
| Revenue From Operations(Net) | 16 | 9704.44 | 10136.64 |
| Other Income | 17 | 83.77 | 40.38 |
| Total Revenue | | <u>9788.21</u> | <u>10177.02</u> |
| II EXPENSES | | | |
| Cost of Materials Consumed | 18 | 3349.43 | 4692.48 |
| Purchases of Stock-In-Trade | 19 | 5021.63 | 5751.04 |
| Changes In Inventories | 20 | 462.54 | (1323.09) |
| Employee Benefits Expenses | 21 | 176.57 | 161.24 |
| Finance Costs | 22 | 955.07 | 870.45 |
| Depreciation and Amortisation Expense | 10 | 303.41 | 297.63 |
| Other Expenses | 23 | 574.84 | 476.73 |
| Total Expenses | | <u>10843.49</u> | <u>10926.48</u> |
| Profit/(Loss) Before Tax | | (1055.28) | (749.46) |
| Tax Expenses | | | |
| Deferred Tax | | <u>(463.73)</u> | – |
| | | (463.73) | – |
| Profit/(Loss) for the Period | | (591.55) | (749.46) |
| Nos of Equity Shares for Computing EPS | | | |
| Face Value ₹ 1/- Per Share (Previous Year Face Value ₹ 10/-Per Share) | | | |
| Basic | | 105708000 | 10570800 |
| Diluted | | 105708000 | 10570800 |
| Earnings Per Equity Share | | | |
| Face Value ₹ 1/- Per Share (Previous Year Face Value ₹ 10/-Per Share) | | | |
| Basic (₹) | | (0.56) | (7.09) |
| Diluted (₹) | | (0.56) | (7.09) |
| Significant Accounting Policies | I | | |

As per our attached report of even date.

For Bansal Bansal & Co.
Chartered Accountants
Firm Regn.No. 100986W

For and on behalf of the Board

Anand Drolia
Partner
Membership No. 036718
Mumbai: 29th May , 2013

Astha Rathi
Company Secretary

S.K. Choudhary
Director

R.K. Choudhary
Managing Director
Mumbai: 29th May , 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

| | As at 31 ST March 2013 | As at 31 ST March 2012 |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) Before Tax & Extra Ordinary Items | (1055.28) | (749.46) |
| Adjustment For – | | |
| - Depreciation | 303.41 | 297.63 |
| - Gain on Sale of Assets | (4.75) | (0.01) |
| - Sundry Balance Written off | (0.05) | (2.53) |
| - (Gain)/Loss on Foreign Exchange Fluctuation | 14.11 | (3.57) |
| - Gratuity Expenses | 1.54 | 1.83 |
| - Interest Income | (78.97) | (37.84) |
| - Interest Paid | 841.77 | 798.33 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 21.78 | 304.38 |
| Adjustment for – | | |
| - Trade Receivables | (987.57) | (1110.77) |
| - Inventories | 776.40 | (431.10) |
| - Short Term Loans & Advances | 260.53 | (28.67) |
| - Trade and Other Payables | (797.32) | 3191.14 |
| Cash Generated from Operations | (726.18) | 1924.98 |
| Decrease in Provision for Taxation | - | - |
| CASH FLOW FROM OPERATING ACTIVITIES | (726.18) | 1924.98 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (83.46) | (489.65) |
| Sale of Fixed Assets | 33.00 | 0.14 |
| Interest Income | 78.97 | 37.84 |
| Movement in Loans and Advances | (152.43) | (555.12) |
| NET CASH USED IN INVESTING ACTIVITIES | (123.92) | (1006.79) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short Term Borrowing | 194.28 | 1028.04 |
| Long Term Borrowing | 1280.60 | (844.00) |
| Interest Paid | (805.88) | (798.33) |
| NET CASH FROM FINANCING ACTIVITIES | 669.00 | (614.29) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | (181.10) | 303.90 |
| CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR | 319.24 | 15.34 |
| CASH AND CASH EQUIVALENT AT THE END OF THE YEAR | 138.14 | 319.24 |
| NOTES: | | |
| 1. All Figures In Brackets Are Outflow. | | |
| 2. Cash And Cash Equivalent Is Cash & Bank Balances As Per Balance Sheet. | | |

As per our attached report of even date.

For Bansal Bansal & Co.
Chartered Accountants
Firm Regn.No. 100986W

Anand Drolia
Partner
Membership No. 036718
Mumbai: 29th May, 2013

Astha Rathi
Company Secretary

For and on behalf of the Board

S.K. Choudhary
Director

R.K. Choudhary
Managing Director
Mumbai: 29th May, 2013

NOTES TO FINANCIAL STATEMENTS

I STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :-

A Basis of Preparation of Financial Statements

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the ICAI.

B Use of Estimates

The preparation of financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liability on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognised in the period in which the same identified/materialised.

C Fixed Assets

- (a) Fixed Assets including Leasehold Land are recorded at cost. The Company capitalises all costs relating to Fixed Assets acquisition, installation and other financing cost till commencement of commercial production. The company has stated its fixed assets net of CENVAT / Value Added Tax.
- (b) Capital Work in Progress is stated at the amount expended upto the date of Balance Sheet including pre operative expenditures, which is subsequently allocated to the relevant fixed assets on a pro-rata basis depending on the prime cost of the assets for new units.

D Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets till the asset is ready for its intended use. All other borrowing costs are charged to Revenue.

E Depreciation / Amortisation

- (a) Depreciation on additions to Assets is calculated Pro-rata from the date of such additions and similarly on deletion from assets is calculated pro rata up to the date of deletion. Depreciation in the case of uninstalled Fixed Assets is not provided.
- (b) Depreciation on Fixed Assets except to the extent stated in (a) above, is provided on Straight Line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.
- (c) Depreciation on assets, whose actual cost does not exceed Rupees Five Thousand each, is provided @ 100% p.a.

F Inventories

- (a) Inventories are valued at lower of cost or net realisable value.
- (b) Excise duty is added in closing inventory of finished goods.
- (c) Cost includes the Purchase Cost, Customs Duty, Transportation and Clearing, Forwarding Charges and Exchange Rate Fluctuation arising on account of imports, if any, and in case of Work in Progress and Finished Goods, includes labour and other factory overheads absorbed at normal capacity level.
- (d) Waste & Scrap is valued at Net Realisable Value.
- (e) Packing materials and Stores & Spares purchased are written off as expense in the year of purchase.
- (f) NRV is the estimated selling price in the ordinary course of business.

G Foreign Exchange Transactions

Foreign Currency Transactions are expressed in Indian Currency at the rates prevailing on the date of transaction. All the Foreign Currency Liabilities / Assets as at the Balance Sheet date are restated at the applicable exchange rates prevailing at that date. However, in the cases where the Company had used foreign currency forward contract to hedge the risk associated with foreign currency fluctuations, the liabilities / assets as at the Balance Sheet are reinstated at the applicable forward contract rates.

H Employee Retirement Benefits

- (a) Provident Fund is a defined contribution scheme and the Company's contribution is charged to Profit & Loss account for the year to which the same relates.
- (b) Retirement benefits in the form of Gratuity and Leave encashment which are defined benefit plans are determined and accrued on the basis of an independent actuarial valuation and are recognised in Profit and Loss account of the year.
- (c) Short Term Employee Benefits are recognized as an expense in the Profit and Loss account of the year in which the related service is rendered.

I Taxation

- (a) Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI.
- (b) Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

J Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuous use of the asset to their present value. There is no impairment Profit/Loss for the year ending 31st March, 2013

K Accounting of Cenvat Transactions

CENVAT benefit is accounted for on accrual basis on purchase of material and assets and incurring of expenses and appropriated against payment of Excise Duty on Clearance of Finished Goods.

L Earnings Per Share

The earning considered in ascertaining the Company's EPS comprises the net profit after tax and includes the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving basic EPS and also the weighted average number of Equity shares which could have been issued on the conversion of all dilutive potential equity shares.

M Recognition of Income And Expenditure

- (a) Incomes & Expenditures are generally accounted on Accrual as they are earned or incurred.
- (b) Sales are recognised when significant risks and rewards of ownership of the goods have passed to buyer which generally coincides with delivery. Sales are net of sales return, discount, rebates etc. if any return and also Excise Duty and Service Tax, Vat, Sales Tax.
- (c) Imports are recognised on presentation of Bill of Entry at the Customs or on retiring the Import Documents whichever is earlier.
- (d) Dividend income is recognized when the right to receive the dividend is unconditional.



NOTES TO FINANCIAL STATEMENTS

N Investments

Investments intended to be held for more than a year from the date of acquisition are classified as long term and are stated at cost of acquisition. No provision is made for diminution in value, if the decline is only temporary.

O Tax on Dividend

Tax on distributable Profits by way of Interim and Final Dividend is accounted for in the year to which the declared dividends relate.

P Contingent Liabilities

Contingent Liabilities as defined in AS-29 "Provisions, Contingent Liabilities" are disclosed by way of notes to the accounts. Disclosure is not made if possibility of outflow of resources embodying economic benefit is remote.

(₹ in Lacs)

as at 31st March 2013 as at 31st March 2012

2 SHARE CAPITAL

Authorised

11000000 Equity Shares of ₹ 1/- Each 1100.00 1100.00
 (as at 31st March 2012 11000000 Equity Shares of ₹ 10/- Each)

Issued, Subscribed & Paid Up

10570800 Equity Shares of ₹ 1/- Each 1057.08 1057.08
 (as at 31st March 2012 10570800 Equity Shares of ₹ 10/- Each) 1057.08 1057.08

2.1 10570800 Equity Shares of ₹ 10/- Each, Fully Paid, were allotted without payment in Cash Pursuant To Scheme of Arrangement during the period of Five Years immediately preceding the reporting date.

2.2 Reconciliation of Number of Equity Shares Outstanding at the beginning and at the end of the year :

| | 31 st March 2013 | | 31 st March 2012 | |
|----------------------------------------------------------------------------|-----------------------------|-----------|-----------------------------|-----------|
| | No of Shares | ₹ in Lacs | No of Shares | ₹ in Lacs |
| Number of shares outstanding as at the beginning of the year | 10570800 | 1057.08 | 10570800 | 1057.08 |
| Add: Number of Shares allotted as fully paid-up during the year | - | - | - | - |
| Less: Number of shares bought back during the year | - | - | - | - |
| Number of shares outstanding as at the end of the year | 10570800 | 1057.08 | 10570800 | 1057.08 |
| Subdivision of Ordinary Shares of ₹ 10/- each into 10 shares of ₹ 1/- each | 105708000 | 1057.08 | - | - |
| shares as on 31 st March 2013 | 105708000 | 1057.08 | 10570800 | 1057.08 |

2.3 Terms/Rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 1/- per share (Previous Year ₹ 10/- per Share). Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2013 amount per share of dividend recognised as distributions to equity shareholders was ₹ Nil (P.Y.₹ Nil) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by shareholders.

2.4 Details of Equity Shares held by each shareholders holding more than 5%

| Equity shares of ₹ 1/- each fully paid (P.Y.₹ 10/-each fully paid up) | 31 st March 2013 | | 31 st March 2012 | |
|-----------------------------------------------------------------------|-----------------------------|-----------|-----------------------------|-----------|
| | No.of Shares | % holding | No.of Shares | % holding |
| Bilpower Limited | 5286770 | 5.00 | 528677 | 5.00 |
| Choudhary Global Limited | 8639340 | 8.17 | 860329 | 8.14 |
| Nareshkumar Choudhary (HUF) | 5578120 | 5.28 | 557812 | 5.28 |
| Rajendrakumar Choudhary (HUF) | 13729000 | 12.99 | 1372900 | 12.99 |
| Sureshkumar Choudhary | 5576830 | 5.28 | 557683 | 5.28 |

3 RESERVES & SURPLUS

I General Reserves

As at Beginning of the year 4365.61 4365.61
 Add:during the year - -
 As at End of the year 4365.61 4365.61

II Surplus i.e. Balance in Statement of Profit & Loss

(Loss) for the year (661.53) 87.93
 As at End of the year (591.55) (749.46)
(1253.08) (661.53)

Total (I+II) 3112.53 3704.08

as at 31st March 2013 as at 31st March 2012

4 LONG TERM BORROWINGS

Secured Loans

Term Loans

as at 31/03/2013 as at 31/03/2012

Corporate Loan

From Bank

2096.80 2312.00

Less Current Maturities of Long Term Debt

180.00 1055.00
1916.80

1257.00

Working Capital Term Loan

From Bank

1495.80 –

Less Current Maturities of Long Term Debt

180.00 –

1315.80

–

3232.60
1257.00
4.1 Additional Information:
a) Terms of repayment of Corporate Loan

The Corporate Loan is repayable as follows:

F.Y. 2013-14, 12 monthly installments of ₹ 15/- Lacs each amounting to ₹ 180/-Lacs, F.Y. 2014-15, 12 monthly installments of ₹ 30/- Lacs each amounting to ₹ 360/-Lacs, F.Y. 2015-16, 12 monthly installment of ₹ 45/- Lacs each amounting to ₹ 540/-Lacs, F.Y. 2016-17, 12 monthly installment of ₹ 50/- Lacs each amounting to ₹ 600/-Lacs, F.Y. 2017-18, 4 monthly installments of ₹ 104.30 Lacs each amounting to ₹ 417/-Lacs.

b) Terms of repayment of Working Capital Term Loan

F.Y. 2013-14, 12 monthly installments of ₹ 15/- Lacs each amounting to ₹ 180/-Lacs, F.Y. 2014-15, 12 monthly installments of ₹ 25/- Lacs each amounting to ₹ 300/-Lacs, F.Y. 2015-16, 12 monthly installment of ₹ 40/- Lacs each amounting to ₹ 480/-Lacs, F.Y. 2016-17, 12 monthly installment of ₹ 44.70 Lacs each amounting to ₹ 536/-Lacs.

c) Details of Security for Corporate Loan

The above facility is secured by Equitable Mortgage charge on Land admeasuring 3 Acres and Building admeasuring 87175 sq.feet constructed thereon at Wada Manor Road, Village Kanchad, Taluka Wada (Dist. Thane) owned by the Company and hypothecation charge on Plant & Machinery and all other movable Fixed Assets of the Company situated at Wada Manor Road, Village Kanchad, Taluka Wada (Dist. Thane). The facility is further collaterally secured by extension of charge on entire current assets of the company. The above facility is secured by Corporate Guarantee of Bilpower Limited

d) Details of Security for Working Capital Term Loan

The above facility is secured by Hypothecation of entire Stock and Current Assets of the Company. The facility is further collaterally secured by extension of Equitable Mortgage charge on Land admeasuring 3 Acres and Building admeasuring 87175 sq.feet constructed thereon at Wada Manor Road, Village Kanchad, Taluka Wada (Dist. Thane) owned by the Company and extension of hypothecation charge on Plant & Machinery and all other movable Fixed Assets of the Company situated at Wada Manor Road, Village Kanchad, Taluka Wada (Dist. Thane). This facility is further collaterally secured by Pledge of 15500000 equity shares of ₹ 1/- each of Bil Energy Systems Limited also Negative lien on 156.30 lakh promoter equity shares of ₹ 1/- each of Bil Energy Systems Limited. The above facility is also secured by Corporate Guarantee of Bilpower Limited

e) Rate of interest on Corporate Loan and Working Capital Term Loan

2.25% above Base rate i.e 12.00% per annum with monthly rest, with annual reset.

5 DEFERRED TAX LIABILITIES (NET)
I Deferred Tax Liabilities

Depreciation

463.73

463.73

463.73
463.73
II Deferred Tax Assets

Unabsorbed Losses

(463.73)

–

(463.73)
–

Deferred Tax Liabilities (Net) Total (I+II)

–
463.73
6 LONG TERM PROVISIONS

Provision For Gratuity

4.06

2.53

4.06
2.53
7 SHORT TERM BORROWINGS
I Secured Loans

Loans Repayable on Demand

Working Capital Loan Repayable on Demand from Bank

3128.03

3025.77

3128.03
3025.77
II Unsecured Loans

Loans Repayable on Demand

From Related Parties (Refer Note No.27)

From Others

223.53

148.50

117.00

100.00

340.53
248.50

Total (I+II)

3468.56
3274.27



NOTES TO FINANCIAL STATEMENTS

(₹ in Lacs)

as at 31st March 2013 as at 31st March 2012

7.1 Unsecured Loan Payable includes following related parties:-

Tarapur Transformers Limited ₹ 117.53 Lacs (P.Y. ₹ 148.50 Lacs), TRC Power ₹ 25.00 Lacs (P.Y. ₹ Nil), Rajendra Kumar Choudhary ₹ 57.00 Lacs (P.Y. ₹ Nil), Choudhary Global Limited. ₹ 24.00 Lacs (P.Y. ₹ Nil)

7.2 Details of Security for Working Capital Loan

The above facility is secured by Hypothecation of entire Stock and Current Assets of the Company present and future. The facility is further collaterally secured by extension of Equitable Mortgage charge on Land admeasuring 3 Acres and Building admeasuring 87175 sq. feet constructed thereon at Wada Manor Road, Village Kanchad, Taluka Wada (Dist. Thane) owned by the Company and extension of hypothecation charge on Plant & Machinery and all other movable Fixed Assets of the Company situated at Wada Manor Road, Village Kanchad, Taluka Wada (Dist. Thane). This facility is further collaterally secured by Pledge of 15500000 equity shares of ₹ 1/- each of Bil Energy Systems Limited also Negative lien on 156.30 lakh promoter equity shares of ₹ 1/- each of Bil Energy Systems Limited. The facility is also secured by Corporate Guarantee of Bilpower Limited

7.3 Period and amount of default as on the balance sheet date 31st March, 2013 in respect of Working Capital Demand Loan from Bank.

| Nature of loan | Due date | Interest amount overdue |
|--------------------------------------------|------------|-------------------------|
| Working Capital Demand Loan (Cash Credit) | 28/02/2013 | ₹ 2831738/- |

8 TRADE PAYABLES

| | | |
|-----------------------------------|-----------------------|----------------|
| Trade Payables (Refer Note No.27) | 2968.90 | 3680.54 |
| | <u>2968.90</u> | <u>3680.54</u> |

8.1 Trade Payable includes following Related Parties

₹ Nil (P.Y. ₹ 519.23 Lacs) payable to Tarapur Transformers Limited, ₹ Nil (P.Y. ₹ 0.2 Lacs) payable to Nik San Engineering Company Limited

8.2 The Company has not received any intimation from the suppliers under the Micro, Small & Medium Enterprises Development Act 2006 & therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been given.

9 OTHER CURRENT LIABILITIES

| | | |
|------------------------------------------------------------|----------------------|----------------|
| I Current Maturities of Long Term Debt (Refer Note No.4.1) | 360.00 | 1055.00 |
| II Interest Accrued But Not Due on Borrowings | 2.52 | 9.37 |
| III Interest Accrued and Due on Borrowings | 35.89 | - |
| IV Other Statutory Dues | 160.54 | 172.33 |
| V Trade Advances | 21.03 | 71.96 |
| VI Other Payables | 38.48 | 40.52 |
| | <u>618.46</u> | <u>1349.18</u> |

10 FIXED ASSETS

(₹ in Lacs)

| Particulars | Gross Block | | | Depreciation | | | | Net Block | | |
|-----------------------------|------------------|---------------------------|-----------------------------------------|------------------|------------------|-----------------------------------------|---------------|------------------|------------------|----------------|
| | As at 01.04.2012 | Additions During the year | Deductions/ Adjustments During the year | As at 31.03.2013 | As at 01.04.2012 | Deductions/ Adjustments During the year | For the year | As at 31.03.2013 | As at 31.03.2012 | |
| A) TANGIBLE ASSETS | | | | | | | | | | |
| 1) Plant & Machinery | 5149.06 | 54.22 | 29.80 | 5173.48 | 796.42 | 1.54 | 245.60 | 1040.48 | 4133.00 | 4352.64 |
| 2) Land | 215.71 | - | - | 215.71 | - | - | - | - | 215.71 | 215.71 |
| 3) Office Equipment | 19.70 | 2.49 | - | 22.19 | 4.36 | - | 1.69 | 6.05 | 16.14 | 15.34 |
| 4) Furniture & Fixtures | 15.55 | 1.71 | - | 17.26 | 4.41 | - | 0.94 | 5.35 | 11.91 | 11.14 |
| 5) Factory Building | 1616.64 | 41.35 | - | 1657.99 | 169.41 | - | 55.18 | 224.59 | 1433.40 | 1447.23 |
| Sub Total | 7016.66 | 99.77 | 29.80 | 7086.63 | 974.60 | 1.54 | 303.41 | 1276.47 | 5810.16 | 6042.06 |
| B) INTANGIBLE ASSETS | | | | | | | | | | |
| Sub Total | - | - | - | - | - | - | - | - | - | - |
| Grand Total (A)+(B) | 7016.66 | 99.77 | 29.80 | 7086.63 | 974.60 | 1.54 | 303.41 | 1276.47 | 5810.16 | 6042.06 |
| Previous Year | 6843.74 | 173.05 | 0.13 | 7016.66 | 676.97 | - | 297.63 | 974.60 | 6042.06 | 6166.77 |
| Capital Work In Progress | 347.01 | 17.45 | 33.74 | 330.72 | - | - | - | - | 330.72 | 347.01 |

Note: Capital work in progress not included advance given on account of capital expenditure

as at 31st March 2013 as at 31st March 2012

11 LONG-TERM LOANS AND ADVANCES

| | | |
|-------------------------------------------------------------|--------------|---------------|
| I Capital Advances (Unsecured, Considered Good) | <u>34.77</u> | <u>52.43</u> |
| II Security Deposit (Unsecured, Considered Good) | <u>9.64</u> | <u>7.50</u> |
| III Other Loans And Advance (Unsecured, Considered Good) | | |
| Mat Credit Entitlement | <u>26.86</u> | <u>26.86</u> |
| Balances With Statutory/Revenue Authorities | <u>18.77</u> | <u>18.77</u> |
| | <u>45.63</u> | <u>45.63</u> |
| Total (I+II+III) | <u>90.04</u> | <u>105.56</u> |

12 INVENTORIES

(As taken valued & certified by the Management)

| | | |
|------------------|----------------|----------------|
| Raw Materials | <u>829.07</u> | <u>1142.93</u> |
| Work in Progress | <u>414.65</u> | <u>984.41</u> |
| Finished Goods | <u>36.72</u> | <u>48.09</u> |
| Stock in Trade | <u>529.22</u> | <u>410.63</u> |
| | <u>1809.66</u> | <u>2586.06</u> |

13 TRADE RECEIVABLES

(Unsecured and Considered Good)

| | | |
|-----------------------------------------------------------------------------------|----------------|----------------|
| I Due for a Period Exceeding Six Months from the date they are due for Payment | <u>1009.57</u> | <u>347.37</u> |
| II Other Receivables | <u>4016.62</u> | <u>3691.25</u> |
| | <u>5026.19</u> | <u>4038.62</u> |

13.1 Trade receivables includes receivable from related party Bilpower Limited ₹ 296.44 Lacs (P.Y. ₹ 711.98 Lacs), Tarapur Transformers Limited ₹ 0.70 Lacs (P.Y. ₹ Nil) (Refer Note No.27)

13.2 Balance of Trade Receivables is subject to confirmation from the respective parties and resultant reconciliation, if any.

14 CASH AND CASH EQUIVALENTS

| | | |
|--------------------------------|---------------|---------------|
| I Balances With Banks | | |
| A) Current Accounts | <u>32.57</u> | <u>13.90</u> |
| B) Cash In Hand | <u>4.51</u> | <u>36.26</u> |
| | <u>37.08</u> | <u>50.16</u> |
| II Other Bank Balances | | |
| A) Amount Held as Margin Money | <u>0.68</u> | <u>0.61</u> |
| B) Fixed Deposits with Banks | <u>100.38</u> | <u>268.47</u> |
| | <u>101.06</u> | <u>269.08</u> |
| Total (I+II) | <u>138.14</u> | <u>319.24</u> |

14.1 Fixed Deposits held as margin money or security against guarantees, letter of credits and other commitments

15 SHORT-TERM LOANS AND ADVANCES

(Unsecured and Considered Good)

| | | |
|-------------------------------------------------|----------------|----------------|
| I Loans and Advance Recoverable in Cash or Kind | | |
| Dues from Related Party (Refer Note No.27) | <u>137.00</u> | <u>137.00</u> |
| Dues from Others | <u>672.97</u> | <u>505.02</u> |
| II Balance with Statutory/Revenue Authorities | <u>405.94</u> | <u>666.65</u> |
| III Prepaid Expenses | <u>29.60</u> | <u>35.82</u> |
| IV Advance Income Tax (Net of Provision) | <u>11.77</u> | <u>5.37</u> |
| | <u>1257.28</u> | <u>1349.86</u> |

15.1 Loans and advances recoverable from related party from Bilpower Limited ₹ 137.00 Lacs (P.Y. ₹ 137.00 Lacs)



NOTES TO FINANCIAL STATEMENTS

(₹ in Lacs)

as at 31st March 2013 as at 31st March 2012

| | | |
|----------------------------------------------------------------------------------------------------------------|----------------|------------------|
| 16 REVENUE FROM OPERATIONS | | |
| I Sales of Manufactured Goods (Refer Note No. 32a) | | |
| - Electrical Lamination | 2245.61 | 3048.79 |
| - Electrical Sheets | 463.13 | 35.45 |
| - Stampings (Stator & Motor) | 2204.94 | 1686.48 |
| | <u>4913.68</u> | <u>4770.72</u> |
| Sales of Traded Goods (Refer Note No. 32b) | | |
| - Iron & Steel (HR Sheet, CR Sheet/Coil, MS Plate) | 4911.38 | 5350.13 |
| | <u>4911.38</u> | <u>5350.13</u> |
| II Sales of Services | | |
| - Labour Job | 41.86 | 65.72 |
| | <u>41.86</u> | <u>65.72</u> |
| III Other Operating Revenues (Refer Note No. 32a) | | |
| - Scrap Sales | 434.52 | 476.68 |
| | <u>434.52</u> | <u>476.68</u> |
| Sub Total (I +II+III) | 10301.44 | 10663.25 |
| Less Excise Duty | 597.00 | 526.61 |
| Total | <u>9704.44</u> | <u>10136.64</u> |
| 17 OTHER INCOME | | |
| I Interest Income | | |
| - Interest From Bank On Deposit | 14.75 | 12.38 |
| - Interest On Loans And Advances | 64.22 | 25.46 |
| II Other Non-Operating Income | | |
| - Sundry Balance Written Back | 0.05 | 2.53 |
| III Gain On Sale Of Assets | 4.75 | 0.01 |
| | <u>83.77</u> | <u>40.38</u> |
| 18 COST OF MATERIALS CONSUMED | | |
| Raw Materials Consumed | | |
| - Opening Stock | 1142.93 | 2034.92 |
| Add Purchases During The Year | 3035.57 | 3800.49 |
| Less Closing Stock | 829.07 | 1142.93 |
| | <u>3349.43</u> | <u>4692.48</u> |
| 19 PURCHASES OF STOCK-IN-TRADE | | |
| - Iron & Steel (HR Sheet, CR Sheet/Coil, MS Plate) (Refer Note No. 31) | 5021.63 | 5751.04 |
| | <u>5021.63</u> | <u>5751.04</u> |
| 20 CHANGES IN INVENTORIES | | |
| I At the End of the Period | | |
| Finished Goods | 36.72 | 48.09 |
| Work-in-Progress | 414.65 | 984.41 |
| Stock-in-Trade | 529.22 | 410.63 |
| | <u>980.59</u> | <u>1443.13</u> |
| II At the Beginning of the Period | | |
| Finished Goods | 48.09 | 44.00 |
| Work-in-Progress | 984.41 | 76.04 |
| Stock-in-Trade | 410.63 | - |
| | <u>1443.13</u> | <u>120.04</u> |
| Total (II-I) | <u>462.54</u> | <u>(1323.09)</u> |
| 21 EMPLOYEE BENEFITS EXPENSES | | |
| I Salaries, Wages, Bonus & Allowances | 161.62 | 145.76 |
| II Contribution to Provident & Other Funds | 3.78 | 4.19 |
| III Staff Welfare Expenses | 11.17 | 11.29 |
| | <u>176.57</u> | <u>161.24</u> |
| 21.1 Salaries, Wages, Bonus & Allowances includes provision of Leave Encashment ₹ 2.06 Lacs (P.Y. ₹ 2.02 Lacs) | | |
| 22 FINANCE COSTS | | |
| Interest Expenses | | |
| - Banks | 819.14 | 782.56 |
| - Others | 22.63 | 15.77 |
| | <u>841.77</u> | <u>798.33</u> |
| Other Borrowing Costs | 113.30 | 72.12 |
| | <u>955.07</u> | <u>870.45</u> |

as at 31st March 2013 as at 31st March 2012

22.1 Interest others includes ₹ 14.24 Lacs paid/payable to Sales Tax Dep. On delayed payment of MVAT and ₹ 0.06 Lacs – paid to CBEC on delayed payment of service tax.

23 OTHER EXPENSES
Manufacturing Expenses

| | | |
|---------------------------------------------------|--------|-------|
| Store & Spares | 48.72 | 24.88 |
| Power and Fuel | 107.75 | 80.97 |
| Factory Expenses | 12.48 | 14.64 |
| Labour Charges | 121.83 | 79.39 |
| Testing, Inspection Charges | 0.31 | 0.85 |
| Tools Development Charges | – | 1.50 |
| Packing Expenses | 35.12 | 37.13 |
| Increase / (Decrease) of Excise Duty on Inventory | (1.25) | 1.18 |
| Repair and Maintenance | | |
| Repair and Maintenance-Plant & Machinery | 17.44 | 15.66 |
| Repair and Maintenance-Others | 1.24 | 0.75 |

Selling and Distribution Expenses

| | | |
|--------------------------------------|--------|-------|
| Freight and Transport Charges | 100.82 | 80.28 |
| Commission and Brokerage | 0.79 | 11.03 |
| Advertisement and Publicity Expenses | 0.63 | 2.11 |
| Business Promotion Expenses | 4.69 | 25.01 |

Administrative & Office Expenses

| | | |
|----------------------------------------------------------|---------------|---------------|
| Conveyance and Travelling | 35.41 | 35.95 |
| Insurance Charges | 2.72 | 2.07 |
| Loss on Foreign Exchange Fluctuation | 14.11 | (3.57) |
| Postage & Telegram and Telephone | 2.51 | 6.56 |
| Payment to Auditors | | |
| Audit Fees (Including Tax Audit) | 4.00 | 4.00 |
| For Reimbursement of Expenses | – | 0.46 |
| Legal & Professional Fees-Other than Payment to Auditors | | |
| Consultancy Fees | 0.39 | 0.43 |
| Legal & Professional Fees | 33.45 | 28.64 |
| Stamp Duty, Stamp Paper and Franking Charges | 0.22 | 13.10 |
| Office & General Expenses | 18.56 | 8.92 |
| Rates & Taxes | 7.45 | 0.82 |
| Listing, Registrar & Share Transfer Expenses | 3.31 | 1.48 |
| Printing & Stationery | 2.14 | 2.49 |
| | 574.84 | 476.73 |

23.1 Legal & Professional fees-other than payment to auditors includes ₹ 0.83 Lacs pertaining to prior period.(P.Y.₹ Nil)

24 CONTINGENT LIABILITIES

(₹ in Lacs)

| Sr.No | Particulars | As at 31 st March 2013 | As at 31 st March 2012 |
|-------|----------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| (a) | Guarantees outstanding | 17.00 | 17.50 |
| (b) | Custom duty on pending export obligation against import of machinery | 847.33 | 847.33 |

Apart from the above there exists contingent liability in case of LCs issued and LC discounted

25 C.I.F.VALUE OF IMPORTS, EXPENDITURES AND EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

| Sr.No | Particulars | As at 31 st March 2013 | As at 31 st March 2012 |
|-------|---------------------------------|-----------------------------------|-----------------------------------|
| (a) | C.I.F.Value of Imports | | |
| | Raw Material | 807.17 | 895.70 |
| | Capital Goods | 8.67 | 252.47 |
| (b) | Expenditure in Foreign Currency | | |
| | Travelling Expenses | 6.03 | 9.39 |
| | Berlin Fair Expenses | 0.00 | 1.45 |
| | Buyers Credit Interest | 0.87 | 2.71 |
| | Foreign Bank Charges | 0.05 | 0.59 |
| (c) | Earnings in Foreign Currency | Nil | Nil |

26 SEGMENT REPORTING

The company primarily deals in the business of Electrical Steel Products and Other Steel Products as single segment hence Segment Reporting as defined in Accounting Standard 17 (AS-17) issued by The Institute of Chartered Accountants of India is not applicable to the company.



NOTES TO FINANCIAL STATEMENTS

27 RELATED PARTY DISCLOSURES

(a) The Company had transactions with the following related parties

| Sr.No | Name of the Related Party | Relationship |
|-------|------------------------------------|---------------------------------------------|
| 1 | Bilpower Limited | Associate |
| 2 | Tarapur Transformers Limited | Associate |
| 3 | Niksan Engineering Company Limited | Associate |
| 4 | Choudhary Global Limited | Associate |
| 5 | Rajendra Kumar Choudhary | Key Management Personnel |
| 6 | TRC Power | Relative of KMP & their Proprietary Concern |

(b) Related party transactions

| Sr.No | Nature of Transactions | Nature of Relationship | | | Total of Transaction |
|-------|------------------------------------------------------------------|------------------------|--------------------------------|---------------------------------------------|----------------------|
| | | Associates | Key Management Personnel (KMP) | Relative of KMP & their Proprietary Concern | |
| 1 | Purchase of Goods/Fixed Assets/Exp. | 67.26 (935.63) | - - | - - | 67.26 (935.63) |
| 2 | Sale of Goods | 42.83 (2,343.42) | - - | - - | 42.83 (2,343.42) |
| 3 | Labour Charges (Expenses) | - (0.12) | - - | - - | - (0.12) |
| 4 | Receiving of Services – Payment of Remuneration | - | 12.00 (7.00) | - | 12.00 (7.00) |
| 5 | Finance (Including Loans & Equity Contributions on Cash or Kind) | | | | |
| | A) Loans & Advances Received | 27.00 (148.50) | 57.00 - | 25.00 - | 109.00 (148.50) |
| | B) Loans & Advances Given | 30.98 (137.00) | - - | - - | 30.98 (137.00) |
| 6 | Outstanding as at 31st March 2013 | | | | |
| | A) Trade Payable | - (519.25) | - - | - - | - (519.25) |
| | B) Loans & Advances Received | 141.53 (148.50) | 57.00 - | 25.00 - | 223.53 (148.50) |
| | C) Trade Receivable | 297.14 (711.98) | - - | - - | 297.14 (711.98) |
| | D) Loans & Advances Given | 137.00 (137.00) | - - | - - | 137.00 (137.00) |
| | E) Unsecured Loan Taken | - | - | - | - |

Note:- Figures in Brackets Relate to Previous Year

Disclosure in respect of Material Related Party Transactions During the year :

- 1 Purchase of Goods/Fixed Assets/Expenses includes : Bilpower Limited ₹ Nil (Previous Year ₹ 548.92 Lacs), Niksan Engineering Company Limited ₹ Nil (Previous Year ₹ 0.02 Lacs) Tarapur Transformers Limited ₹ 67.26 Lacs (Previous Year ₹ 386.69 Lacs)
- 2 Sale of Goods includes : Tarapur Transformers Limited ₹ 42.83 Lacs (Previous Year ₹ 30.25 Lacs), Bilpower Limited ₹ Nil (Previous Year ₹ 2313.17 Lacs)
- 3 Labour Charges (Expenses) includes : Tarapur Transformers Limited ₹ Nil (Previous Year ₹ 0.12 Lacs)
- 4 Receiving of Services – Payment of Remuneration includes : Rajendra Kumar Choudhary ₹ 12.00 Lacs (Previous Year ₹ 7.00 Lacs)
- 5 Finance (Including Loans & Equity Contributions on Cash or Kind)
 - A) Loans & Advances Received includes : Tarapur Transformers Limited ₹ Nil. (Previous Year ₹ 148.50 Lacs), Rajendra Kumar Choudhary ₹ 57.00 Lacs (Previous Year ₹ Nil), Choudhary Global Limited ₹ 24.00 Lacs (Previous Year ₹ Nil), TRC Power ₹ 25.00 Lacs (Previous Year ₹ Nil), Bilpower Limited ₹ 3.00 Lacs (Previous Year ₹ Nil)
 - B) Loans & Advances Given includes : Bilpower Limited ₹ Nil (Previous Year ₹ 137.00 Lacs) Tarapur Transformers Limited ₹ 30.98 Lacs (Previous Year ₹ Nil)
- 6 Outstanding as at 31st March 2013
 - A) Trade Payable : Niksan Engineering Company Limited ₹ Nil (Previous Year ₹ 0.02 Lacs) Tarapur Transformers Limited Nil (Previous Year ₹ 519.23 Lacs)
 - B) Loans & Advance Received : Tarapur Transformers Limited ₹ 117.53 Lacs. (Previous Year ₹ 148.50 Lacs), Rajendra Kumar Choudhary 57.00 Lacs (Previous Year ₹ Nil), Choudhary Global Limited ₹ 24.00 Lacs (Previous Year ₹ Nil) TRC Power ₹ 25.00 Lacs (Previous Year ₹ Nil)
 - C) Trade Receivable : Bilpower Limited ₹ 296.44 Lacs (Previous Year ₹ 711.98 Lacs), Tarapur Transformers Limited ₹ 0.70 Lacs (Previous Year ₹ Nil)
 - D) Loans & Advances Given : Bilpower Limited ₹ 137.00 Lacs (Previous Year ₹ 137.00 Lacs)

NOTES TO FINANCIAL STATEMENTS
28 DEFERRED TAX LIABILITY STATEMENT

(₹ in Lacs)

| Particulars | Deferred tax liability/asset as at 01.04.2012 Amount | Current Year Changes Amount | Deferred tax liability/asset as at 31.03.2013 Amount |
|--------------------------------------------|------------------------------------------------------|-----------------------------|------------------------------------------------------|
| Deferred Tax Liabilities | | | |
| Difference between book & tax depreciation | 463.73 | - | 463.73 |
| (A) | 463.73 | - | 463.73 |
| Deferred Tax Assets | | | |
| Unabsorbed Losses | - | 463.73 | 463.73 |
| (B) | - | 463.73 | 463.73 |
| Deferred Tax Liability (Net) | 463.73 | (463.73) | - |

29 DETAILS OF MATERIAL CONSUMED COMPRISES OF IMPORTED & INDIGENOUS ITEMS

(₹ in Lacs)

| Particulars | as at 31st March, 2013 | | as at 31st March, 2012 | |
|--------------|------------------------|--------------|------------------------|-------|
| | Amount | % | Amount | % |
| Imported | 1885.04 | 56.28 | 2761.26 | 58.84 |
| Indigenous * | 1464.39 | 43.72 | 1931.22 | 41.16 |
| Total | 3349.43 | 100 | 4692.48 | 100 |

* Indigenous consumption includes imported material purchased locally.

30 RAW MATERIAL CONSUMED

(₹ in Lacs)

| Particulars | as at 31st March, 2013 | as at 31st March, 2012 |
|-----------------------------------------------------------|------------------------|------------------------|
| CRGO/CRNGO/HRGO/HRNGO/Electrical Steel Strip/Coils/Sheets | 3349.43 | 4692.48 |

31 PURCHASE OF TRADED GOODS

(₹ in Lacs)

| Sr No. | Category | as at 31st March, 2013 | as at 31st March, 2012 |
|--------|--------------------------|------------------------|------------------------|
| 1 | C R Sheets | 505.60 | 688.36 |
| 2 | C.R.Sheets/Coils | 755.42 | 850.48 |
| 3 | G.I.Sheets | 1052.73 | - |
| 4 | G.P. Coils / Sheets | 947.56 | 50.76 |
| 5 | H.R.Plates | 1059.63 | 3805.60 |
| 6 | M.S.Plates | 695.84 | 355.84 |
| 7 | Mosquito Killing Systems | 4.85 | - |
| Total | | 5021.63 | 5751.04 |

32 SALE OF PRODUCTS COMPRISES

a) Manufactured goods

(₹ in Lacs)

| Sr No. | Category | as at 31st March, 2013 | as at 31st March, 2012 |
|--------|------------------------------|------------------------|------------------------|
| 1 | Electrical / CRGO Lamination | 2245.61 | 3048.79 |
| 2 | Electrical Sheets | 463.13 | 35.45 |
| 3 | Motor Stampings | 2204.94 | 1686.48 |
| 4 | Waste & Scrap | 434.52 | 476.68 |
| Total | | 5348.20 | 5247.40 |

b) Traded Goods

(₹ in Lacs)

| Sr No. | Category | as at 31st March, 2013 | as at 31st March, 2012 |
|--------|---------------------|------------------------|------------------------|
| 1 | C R Sheets | 564.88 | 600.37 |
| 2 | C.R.Sheets/Coils | 737.28 | 802.40 |
| 3 | G.I. Sheets | 919.37 | - |
| 4 | G.P. Coils / Sheets | 930.68 | - |
| 5 | H.R.Plates | 1066.29 | 3629.33 |
| 6 | M.S.Plates | 692.88 | 318.03 |
| Total | | 4911.38 | 5350.13 |



NOTES TO FINANCIAL STATEMENTS

33 DETAILS OF CLOSING STOCK

a) Closing Stock of Finished Goods

(₹ in Lacs)

| Sr No. | Category | as at 31st March, 2013 | as at 31st March, 2012 |
|--------|------------------------------|------------------------|------------------------|
| 1 | Electrical / CRGO Lamination | - | - |
| 2 | Electrical Sheets | - | - |
| 3 | Motor Stampings | - | - |
| 4 | Waste & Scrap | 36.72 | 48.09 |
| Total | | 36.72 | 48.09 |

b) Closing Stock of Traded Goods

(₹ in Lacs)

| Sr No. | Category | as at 31st March, 2013 | as at 31st March, 2012 |
|--------|--------------------------|------------------------|------------------------|
| 1 | C R Sheets | 30.56 | 88.93 |
| 2 | C.R.Sheets/Coils | 67.84 | 48.75 |
| 3 | G.I.Sheets | 136.04 | - |
| 4 | G.P. Coils / Sheets | 69.42 | 50.76 |
| 5 | H.R.Plate | 177.69 | 183.47 |
| 6 | M.S.Plate | 42.82 | 38.72 |
| 7 | Mosquito Killing Systems | 4.85 | - |
| Total | | 529.22 | 410.63 |

34 EARNINGS PER SHARE (EPS)

(₹ in Lacs)

| Particulars | as at 31st March, 2013 | as at 31st March, 2012 |
|------------------------------------------------------------|------------------------|------------------------|
| Profit After Tax (₹ in Lacs) | (591.55) | (749.46) |
| Weighted average number of Equity Shares – Basic & Diluted | 105708000 | 105708000 |
| Earning Per Share (in ₹) – Basic & Diluted | (0.56) | (7.09) |

35 During the year, there has been sub-division of shares from Face Value of each share from ₹ 10/- to Face Value of ₹ 1/- and number of equity shares have increased from 10570800 to 105708000.

36 DISCLOSURE PURSUANT TO ADOPTION OF ACCOUNTING STANDARD 15

Gratuity liability for the year is determined on actuarial valuation by The Life insurance company of India with whom the company has taken a policy for settlement of future gratuity liability.

37 In terms of the requirements of the Accounting Standards-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated for the period by the management based on present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.

38 As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 "Provision, Contingent Liabilities & Contingent Assets" as notified by the companies (Accounting Standards) Rules 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.

39 Consumption of consumable stores is wholly indigenous in the current & previous year.

40 Balances of the Creditors / Debtors / Loans / Advances are subject to Confirmations and resultant reconciliation, if any.

41 Sundry Debtors as on the date of Balance sheet are net of amounts received after discounting of Letter of Credits.

42 Previous Year Figures have been regrouped / recast / rearranged wherever necessary.

Signature to the Balance Sheet, Statement of Profit and Loss and Notes which form an integral part of accounts.

As per our attached report of even date.

For Bansal Bansal & Co.

Chartered Accountants
Firm Regn.No. 100986W

Anand Drolia

Partner
Membership No. 036718
Mumbai: 29th May, 2013

Astha Rathi

Company Secretary

For and on behalf of the Board

S.K. Choudhary
Director

R.K. Choudhary
Managing Director
Mumbai: 29th May, 2013



BIL ENERGY SYSTEMS LIMITED

Regd. Office: 2nd Floor, Vikas Chamber, Link & Marve Road, Malad (W), Mumbai – 400 064

PROXY FORM

| | |
|----------------------------------------|--|
| FOLIO NO. (Shares in physical mode) | |
| DP ID | |
| CLIENT ID | |
| NO. OF SHARES HELD | |

I/We.....resident at being a Member/Member(s) of **BIL ENERGY SYSTEMS LIMITED** hereby appoint Mr. / Ms.....or failing him/her, Mr. / Ms..... as my/our proxy to vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held on Monday, 30th September, 2013 at 04.00 p.m. at IJMA, 1036/37/38, 10th Floor, IJMIMA Complex, Raheja Metroplex, Link Road, Behind Goregaon Sports Club, Malad (W), Mumbai – 400 064 and at any adjournment thereof.

Signed this day of.....2013.

Affix ₹ 1.00
Revenue
Stamp

- Notes: a) The form should be signed across the stamp as per specimen signature registered with the Company.
b) The form should be deposited at the Registered Office of the Company forty-eight hours before the time for holding the Meeting.

----- ✂ ----- Cut from here ----- ✂ -----



BIL ENERGY SYSTEMS LIMITED

Regd. Office: 2nd Floor, Vikas Chamber, Link & Marve Road, Malad (W), Mumbai – 400 064

ATTENDANCE SLIP

| | |
|----------------------------------------|--|
| FOLIO NO. (Shares in physical mode) | |
| DP ID | |
| CLIENT ID | |
| NO. OF SHARES HELD | |

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 4th Annual General Meeting of the Company held on Monday, 30th September, 2013 at 04.00 p.m. at IJMA, 1036/37/38, 10th Floor, IJMIMA Complex, Raheja Metroplex, Link Road, Behind Goregaon Sports Club, Malad (W), Mumbai – 400 064 and at any adjournment thereof.

Signature of Member/Proxy

(THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Book Post

To,

If not delivered, please return to :

BIL ENERGY SYSTEMS LIMITED

Registered Office: 2nd Floor, Vikas Chambers, Link & Marve Road, Malad (West), Mumbai – 400 064

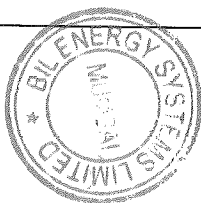
Tel.: (91 22) 2888 5929 Fax: (91 22) 2881 1225

Email: info@bilenergy.com

FORM B

Format of the covering letter of the Annual Report to be filed with the Stock Exchanges

| | | |
|----|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the Company | BIL ENERGY SYSTEMS LIMITED |
| 2. | Annual Financial statements for the year ended | 31 st March, 2013 |
| 3. | Type of Audit observation | Qualified |
| 4. | Frequency of observation | Appeared for the second time since last year 2012. |
| 5. | Relevant notes in the annual financial statements and management response to the qualification in the directors report | <p align="center">(Pls. Refer page no. 04 and 12 of the Annual Report)</p> <p>1) With regard to pending confirmation of balances The company has sent letters to customers in respect of trade receivables for confirming balances outstanding as at March 31, 2013, but in most of the cases the customers have not sent written confirmation confirming the balance outstanding as at March 31, 2013. In the absence of confirmation any provision to be made for adverse variation in the carrying amounts of trade receivables is not quantified.</p> <p align="center"><i>The Board considers all outstanding balance of customers as on 31st March 2013 as good and recoverable and hence no provision has been made.</i></p> <p>2) Recognition of Deferred Tax Credit in contravention of Accounting Standard 22 on 'Accounting for Taxes on Income' The company has recognised Deferred Tax Asset on account of unabsorbed losses and allowances during the year aggregating to ` 4,63,72,574.75 (For year ended March 31, 2012- NIL)(Total amount recognised upto March 31,2013 ` 4,63,72,574.75). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.</p> <p align="center"><i>In the managements opinion Accounting Standard 22 states that recognition of deferred tax assets will not be prudent in case of absence of virtual certainty of future taxable income.</i></p> <p align="center"><i>However in this case deferred tax assets has been recognised only to the extent of deferred tax liabilities already in the books which have been reversed during this year.</i></p> <p>3) As regards Auditors' remarks in Annexure to their report under Item No. 1 (b) & 2 (a), with regard to physical verification report of fixed assets and</p> |



| | | |
|----|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>inventories, <i>the same are self explanatory;</i></p> <p>4) As regards Auditors' remarks in Annexure to their report under Item No. 7, with regard to report of internal audit, <i>Company has in house internal audit system commensurate with the size and nature of its business and hence no formal audit report is available.</i></p> |
| 6. | Additional comments from the board / audit committee chair | Same as above. |
| 5. | To be signed by - | |
| | <ul style="list-style-type: none"> • CEO / Managing Director | <p>For Bil Energy Systems Limited</p> <p><i>R. K. Choudhary</i> Director</p> |
| | <ul style="list-style-type: none"> • CFO | |
| | <ul style="list-style-type: none"> • Auditor of the Company | <p>FOR BANSAL BANSAL & CO CHARTERED ACCOUNTANTS</p> <p><i>A. T. Doshi</i></p> |
| | <ul style="list-style-type: none"> • Audit Committee Chairman | <p>(AMAND BROLIA) PARTNER MEMBERSHIP NO. 036718</p> <p><i>H. Patel</i></p> |