



POWER BEHIND POWER

BIL ENERGY SYSTEMS LIMITED

Annual Report 2010-11

Board of Directors

Mr. Suresh Kumar Choudhary
Mr. Naresh Kumar Choudhary
Mr. Rajendra Kumar Choudhary
Mr. Mrugen Shah
Mr. Sugathan Mudakarapillil Kesavan
Mr. Harish Mehta

Registered Office

2nd Floor, Vikas Chambers,
Link & Marve Road,
Malad (West), Mumbai - 400 064
Tel – (91 22) 40897777
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 / 152, 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,
Next to Parke Davis, Saki Naka, Andheri Kurla Road,
Mumbai - 400 072, Phone – (91 22) 2850 0835 (5 Lines)
Email : sysss72@yahoo.com

Bankers

State Bank of India
Industrial Finance Branch
Snehal Chambers, Telly Gulli,
Andheri (E), 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 2nd Annual General Meeting of the Members of **BIL ENERGY SYSTEMS LIMITED** will be held at 1st Floor, Landmark Building, Mith Chowky, Link Road, Malad (West), Mumbai – 400 064 on Tuesday, 30th August, 2011 at 04.30 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 2011, 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. Rajendra Kumar Choudhary, 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, 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. Mrugen Shah, 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.”
5. 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. Sugathan Mudakarapillil Kesavan, 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.”
6. 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. Harish Mehta, 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.”
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:-
RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, consents, permissions or sanctions of any other appropriate authorities or entities including Banks/Financial Institutions, as the case may be, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include a Committee of Directors constituted or to be constituted for this purpose including any person or persons who may be authorised by the Board), to give any guarantee on behalf of or in favour of Bilpower Limited to the extent of and not exceeding ₹ 200 Crores, at any time, notwithstanding that such guarantee or such guarantee together with the Company’s existing investments, loans and guarantee in all other bodies corporate shall be in excess of the limits prescribed under Section 372A of the Act.”
“**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized on behalf of the Company to negotiate the terms, condition and other related matters for providing any guarantee to Bilpower Limited and to do all acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise with regard to such guarantee or otherwise reconsider the matter due to change in circumstances as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution and to finalise and execute all the documents and writings as may be necessary or expedient to give effect to this Resolution.”
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:-
“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311, 316, 386, 387 and 388 read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as ‘the said Act’ including



any modification(s) or re-enactment(s) thereof for the time being in force), approval of members be and is hereby accorded for appointment of Mr. Rajendra Kumar Choudhary as Managing Director of the Company for a period of five years from 1st September, 2011 to 31st August, 2016, as approved by the Board of Directors at its meeting held on 16th July, 2011 on the terms and conditions set out in the Explanatory Statement hereto, with liberty to the Board of Directors, including any committee thereof, to vary or increase the remuneration and perks payable to Mr. Rajendra Kumar Choudhary, including the monetary value thereof from time to time and to the extent the Board of Directors may consider appropriate and also to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board of Directors and Mr. Rajendra Kumar Choudhary.”

“**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Rajendra Kumar Choudhary, shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to file the necessary documents with the Office of the Registrar of Companies and take such steps, as may be necessary to give effect to this Resolution.”

By Order of the Board of Directors,
For **Bil Energy Systems Limited**

Mumbai, 16th July, 2011

Registered Office:-

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

Rajendra Kumar Choudhary
Director

NOTES:-

- a. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item nos. 4 to 8 is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR 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.
- c. 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.
- d. The Company has notified closure of Register of Members and Transfer Books from 25th August, 2011 to 30th August, 2011, both days inclusive.
- e. 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.
- f. 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.
- g. 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.
- h. 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.
- i. Your Company is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated 21st April, 2011 and 29th April, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we have already sent emails to those shareholders who have registered their email addresses with their depositories and in turn have sent this Annual report to all the shareholders who have given their consent for receiving documents through email mode. We now request all the shareholders who have not given their consent to please support this Green initiative and update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.



- j. Relevant documents referred to in the accompanying Notice and Explanatory Statement 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. up to the date of the 2nd Annual General Meeting.

Explanatory Statement

As required under Section 173(2) of the Companies Act, 1956, in respect of the item of Special Business mentioned in the Notice:-

Item No.4

The Board of Directors of the Company had appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Mrugen Shah as an Additional Director of the Company with effect from 25th October, 2010.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Mrugen Shah would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Mrugen Shah for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Mrugen Shah is a Chartered Accountant (C.A.) and DISA (ICAI) by qualification having an experience in the field of Accounts, Taxation and especially in Bank Audit.

A brief resume of Mr. Mrugen Shah and nature of his expertise in specific functional area is provided in Report of Corporate Governance forming part of the Annual Report.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at item no.4 of the notice for your approval.

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

Item No.5

The Board of Directors of the Company had appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956 Mr. Sugathan Mudakarapillil Kesavan (Mr. M.K. Sugathan) as an Additional Director of the Company with effect from 25th October, 2010.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Sugathan Mudakarapillil Kesavan (Mr. M.K. Sugathan) would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. M.K. Sugathan for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. M.K. Sugathan is an M.B.A. in Marketing and Advertising from Cochin University and also holds degree of Bachelor in Economics by qualification having an experience in the field of Sales and Marketing especially in Alternators, Transformers and Structural Engineering and Lighting Alternator business.

A brief resume of Mr. M.K. Sugathan and nature of his expertise in specific functional area is provided in Report of Corporate Governance forming part of the Annual Report.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at Item No.5 of the notice for your approval.

Save and except Mr. Sugathan Mudakarapillil Kesavan (Mr. M.K. Sugathan), none of the other Directors of the Company is in any way, concerned or interested in the resolution.

Item No.6

The Board of Directors of the Company had appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 Mr. Harish Mehta as an Additional Director of the Company with effect from 25th October, 2010.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Harish Mehta would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Harish Mehta for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Harish Mehta is a CAIIB from Indian Institute of Bankers and also holds Bachelor Degree of Commerce (Hons.) by qualification is having an experience in the field of Banking and Finance and has expertise in Raising of Private Equity Investments, Brand Building, Strategic and Business planning.

A brief resume of Mr. Harish Mehta and nature of his expertise in specific functional area is provided in Report of Corporate Governance forming part of the Annual Report.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at item no.6 of the notice for your approval.

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

**Item no. 7:**

As per Section 372A of the Companies Act, 1956, the aggregate of loan, guarantee and investment in other companies shall not exceed 60% of the paid-up capital and free reserves or 100% of the free reserves, whichever is higher.

Bilpower Limited was enjoying credit facilities with State Bank of India. After demerger of the Company, the credit limits have been bifurcated between Bilpower Limited and Bil Energy Systems Limited. As the credit facilities were secured by hypothecation / pledge of the Company's assets, which have now been divided into these two Companies, the Bank has stipulated cross guarantees by both the resultant Companies on behalf of each other. Hence, shareholder's approval is sought for giving consent to Board of Directors for giving guarantee on behalf of or in favor of Bilpower Limited to the extent of and not exceeding ₹ 200 crores, at any time, notwithstanding that such guarantee or such guarantee together with the Company's existing investments, loans and guarantee in all other bodies corporate shall be in excess of the limits prescribed under Section 372A of the Act.

Thus, it is proposed to authorize the Board to give guarantee as aforesaid with wider choice, in the paramount interest of the Company.

Your Directors recommend this resolution and request you to uphold the same by means of Postal Ballot.

No Director shall be deemed to be interested, except Mr. Suresh Kumar Choudhary, Mr. Naresh Kumar Choudhary, Mr. Rajendra Kumar Choudhary and Mr. Mrugen Shah, in the said resolution, who are also the Directors of Bilpower Limited.

Item no. 8

In view of the statutory requirement as per Companies Act, 1956 and Listing agreement, the Board of Directors proposes appointment of Mr. Rajendra Kumar Choudhary as Managing Director of the Company for a period of 5 years with effect from 1st September, 2011 subject to approval of the shareholders. The draft agreement between the Company and Mr. Rajendra Kumar Choudhary contains the following terms and conditions:

The proposed remuneration payable to Mr. Rajendra Kumar Choudhary is as follows:

Salary - ₹ 1.00 lac per month

PERQUISITES AND ALLOWANCES:**Category A**

Housing: Managing Director shall be entitled to house rent allowance of ₹ 5000 per month, which will be suitably increased by the Board of Directors, if required.

Medical Reimbursement / Medical Insurance: Reimbursement of all medical expenses for self and family subject to the maximum of one month's salary per annum. Medical insurance premium shall be paid by the Company.

Personal Accident Insurance: Personal accident insurance as per the policy of the Company.

Entertainment Expenses: Reimbursement of entertainment expenses on actual basis incurred during the course of the business.

Club Fees: Fees of clubs exclusive of admission and life membership fee subject to a maximum of two clubs.

Category B

The contribution to Provident fund, superannuation fund, gratuity or annuity fund, if any, and if introduced by the Company will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Category C

Car with chauffeur for official use, telephones, Internet and fax facility at residence. These will not be considered as perquisites.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may in its discretion deem fit, within the maximum amounts payable to Managing Director in accordance with Schedule XIII to the Act, or any amendments made hereafter in this regard.

The extracts of remuneration given above shall be deemed to be the extract of remuneration required to be furnished under Section 302 of The Companies Act, 1956.

Your Directors recommend resolution at Item No – 8 for your approval as a Special Resolution.

Save and except Mr. Rajendra Kumar Choudhary being the recipient of remuneration, 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**

Rajendra Kumar Choudhary

Director

Mumbai, 16th July, 2011

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 Second Annual Report together with the Audited Accounts and Auditors' Report for the year ended 31st March, 2011.

1. Financial Performance:-

The financial performance of the Company for the Year ended 31st March, 2011 is as summarized below:-

(₹ in Lacs)

Particulars	2010-11	2009-10
Gross Turnover & Other Income	7023.49	-
Profit / (Loss) before Interest, Depreciation & Taxation	843.64	(2.07)
Less – Interest	(428.09)	-
Profit / (Loss) before Depreciation & Taxation	415.55	(2.07)
Less – Depreciation	(280.79)	-
Profit / (Loss) before tax	134.76	(2.07)
Less– Provision for Taxation (Incl. Deferred Tax)	(44.76)	-
Net Profit / (Loss) for the year	90.00	(2.07)
Add – Balance brought forward from previous Year	(2.07)	-
Balance Carried to Balance Sheet	87.93	(2.07)

Note : As the demerger of Wada unit in favour of the company was effective from 1st April, 2010 and before that the said unit was operating as a division of Bilpower Limited, the previous year figures of the unit have not been given above.

2. Performance Review:-

Pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, Bilpower has demerged its Wada unit and vested into the Company with effect from 1st April, 2010 on a going concern basis. The Scheme has been approved, *inter alia*, by the Shareholders of Bilpower on 18th May, 2010 and Hon'ble High Court of Bombay on 24th September, 2010 and the order has been filed with ROC on 14th October, 2010 and became effective.

The Company's turnover in the first year was ₹ 7023.49 lacs and Profit after tax was ₹ 90.00 lacs.

3. Directors:-

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Mrugen Shah, Mr. M.K. Sugathan and Mr. Harish Mehta were appointed as Additional Directors of the Company w.e.f. 25th October, 2010 and would hold Office up to the date of ensuing Annual General Meeting.

Mr. Rajendra Kumar Choudhary, Director, retire from the Board by rotation and being eligible have offered him for re-appointment at the ensuing Annual General Meeting. The Notice convening the Annual General Meeting includes the proposal for re-appointment of Director. 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.

4. 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: –

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same.
- b) 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, 2011 and of the Profit of the Company for the accounting year ended on that date.
- c) 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,
- d) The annual accounts of the Company have been prepared on a going concern basis.



5. Auditors:-

The present Statutory Auditors of the Company, M/s. Bansal, Bansal & Co. Chartered Accountants, Mumbai, 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 re-appointment is recommended by the Board.

6. Auditors' Report:-

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956. The Accounts have been prepared in accordance with the Accounting Standards prescribed by The Institute of Chartered Accountants of India in this regard.

7. 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.

8. Fixed Deposits:-

During the year ended on 31st March 2011, the Company has not accepted any Fixed Deposits from public under Section 58A & 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

9. 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.

10. 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.

11. 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.

12. Foreign Exchange Earnings and Outgo:-

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

Earnings	:	₹ Nil
Outgo	:	₹ 1679.34 Lacs

13. Particulars of Employees:-

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

14. Acknowledgement:-

The Board wishes to place on record its sincere appreciation for the assistance and cooperation 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
Director

Mumbai, 16th July, 2011

MANAGEMENT DISCUSSION & ANALYSIS REPORT**Background**

Bil Energy Systems Limited (BESL) is a well established and a fast growing company, involved into manufacturing of stampings for rotating machines and electrical laminations for transformers. An ISO 9001 and ISO 14001 certified company, BESL's manufacturing facility is located near Mumbai, India and is spread over an area of about 20 acres with plant construction in excess of 1,10,000 sq ft. BESL has annualized installed capacity of 24,000 MT for Stampings and installed capacity of 12000 MT for Electrical Lamination. The Company has State-of-the-art plant with machineries and testing equipments from world renowned manufacturers to deliver the quality products.

Industry Overview

In the last decade, India has witnessed sustained, substantial growth in its economy. In very recent past, India has witnessed a silent transformation from a largely perceived unstable country to a very politically stable country. It is unanimously felt that one of the main sunshine areas in the process of Indian economic growth will be the Power Sector. The demand for our products is related to the demand for electric power, and on the ability of the electric power generation and distribution sectors to service such demand.

The demand for the alternative sources of power is on a rise with the thrust on the programme of "Power for all" by 2012 which targets adding about 1,00,000 MW of power generation capacity by 2012. The end users of stamping are manufacturers of pumps, generators, alternators, compressors, air-conditioners, fans, ballasts, turbines, etc. The end users of electrical lamination are transformer manufacturers.

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 performance are:-

- Total Sales of ₹ 7023.49 Lacs
- Net profit of ₹ 90.00 Lacs
- Earning Per Share (EPS) for the year is ₹ 0.85.

The Company has a net worth of about ₹ 5510.62 Lacs as on March 31, 2011.

Outlook for the Company

The Company has already been registered with most of the large OEM customers as approved supplier; medium to long term contracts have been entered into with the customers. Apart from this, the management is making concerted efforts to supply stampings to various countries in Europe and the American Continent. With this in view, the Company has acquired large number of dies which are already accepted and find adaptability in these countries. With these measures, the management is confident of achieving higher capacity utilization in stampings and earning sizeable profits in this Unit. In electrical lamination department the Company has already moved from manual process to automation by installing state-of-art slitting machines and cut-to-length line. These machines will further help the Company in achieving growth in market share, profitability, and increased customer acceptance and above all, lowest electrical losses.

Internal Control and their adequacy

The Internal audit was carried out by an independent firm of Chartered Accountants who conduct 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

During the year under review, HR continued to undertake initiatives towards development, enhancement and retention of workforce.

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 the 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 almost all the major global 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. Even in these circumstances, the impact will generally be minimal.

Cautionary Statement

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable security 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
Director



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. The Company's shares were listed on Bombay Stock Exchange and National Stock Exchange on 15th February, 2011. In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreement, 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 Six (6) Directors, comprising of three Promoter and Non-Executive Directors and three Independent & Non-Executive Directors. The Board Members possess the skills, expertise & experience necessary to guide the Company.

Name of Directors	Category of Directorship	Designation
Mr. Suresh Kumar Choudhary	Promoter - Non-Executive	Director
Mr. Naresh Kumar Choudhary	Promoter - Non-Executive	Director
Mr. Rajendra Kumar Choudhary	Promoter - Non-Executive	Director
Mr. Mrugen Shah	Independent - Non Executive	Additional Director
Mr. Harish Mehta	Independent - Non Executive	Additional Director
Mr. M.K. Sugathan	Independent - Non Executive	Additional Director

b) Board Meetings and attendance of Directors:-

During the financial year ended on 31st March 2011, 6 (Six) Board Meetings were held on the following dates:-

14th May, 2010, 14th August, 2010, 6th October, 2010, 9th November, 2010, 22nd November, 2010 and 12th February, 2011.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board to discharge its 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 IA 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 30 th September, 2010	# No. of Directorship held in other Companies	Committee Memberships / Chairmanship	
				Membership	Chairmanship
Mr. Suresh Kumar Choudhary	01	No	03	-	-
Mr. Naresh Kumar Choudhary	06	Yes	05	-	-
Mr. Rajendra Kumar Choudhary	06	Yes	04	03	-
Mr. Mrugen Shah	03	No	01	03	01
Mr. Harish Mehta	-	No	Nil	03	01
Mr. M.K. Sugathan	02	No	Nil	03	01

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



The necessary disclosure 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 Directors.

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. Rajendra Kumar Choudhary aged 50 years, designated as Promoter Director, has started his initial stint in trading and marketing of steel and allied products. He then along with his brothers has promoted Bilpower Limited, which is engaged in manufacturing of Electrical lamination & transformer cores. He has over 23 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, Motor Stamping and Banking & Finance.

Mr. Mrugen Shah aged 32 years has been appointed as "Independent Director" of the Company w.e.f. October 25, 2010 by the Board of Directors. Mr. Mrugen Shah is a Chartered Accountant (C.A.) and DISA (ICAI) by qualification. He is Partner of M/s. Agarwal, Desai & Shah, Chartered Accountants, having vast experience in the field of Accounts, Taxation and especially in Bank Audit. Mr. Mrugen Shah is also Independent Director in Bilpower Limited.

Mr. Mrugen Shah has been appointed as an "Additional Director" of the Company w.e.f. 25th October, 2010 by the Board of Directors in its meeting held on 6th October, 2010. He does not hold any equity shares of Bil Energy Systems Limited.

Mr. M. K. Sugathan aged 63 years has been appointed as "Independent Director" of the Company w.e.f. October 25, 2010 by the Board of Directors. He is M.B.A. in Marketing and Advertising from Cochin University and also holds degree of Bachelor in Economics. He started his career with Kerala Electrical & Allied Engineering Co. Limited (owned by Kerala State Government) in 1974 and was subsequently designated as General Manager - Marketing and Director upto 2006. He was also a Director in Travancore-Cochin Chemicals Limited (State Public Undertaking owned by Kerala State Government). Mr. Sugathan has wide experience in Sales and Marketing especially in Alternators, Transformers and Structural Engineering and Lighting Alternators business.

Mr. M.K. Sugathan has been appointed as an "Additional Director" of the Company w.e.f. 25th October, 2010 by the Board of Directors in its meeting held on 6th October, 2010. He does not hold any equity shares of Bil Energy Systems Limited.

Mr. Harish Mehta aged 53 years has been appointed as "Independent Director" of the Company w.e.f. October 25, 2010 by the Board of Directors. He is a CAIIB from Indian Institute of Bankers and also holds Bachelor Degree of Commerce (Hons). He has work experience of more than 30 years. Earlier, he was a Chief Manager at Oriental Bank of Commerce for more than 18 years. Apart from banking, Mr. Mehta has expertise in Raising of Private Equity Investors, Brand Building, Strategic and Business planning.

Mr. Harish Mehta has been appointed as an "Additional Director" of the Company w.e.f. 25th October, 2010 by the Board of Directors in its meeting held on 6th October, 2010. He does not hold any equity shares of Bil Energy Systems Limited.

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 as on 31st March, 2011 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Mrugen Shah	Chairman	Independent & Non-Executive Director	02
Mr. Rajendra Kumar Choudhary	Member	Promoter & Non-Executive Director	02
Mr. M.K. Sugathan	Member	Independent & Non-Executive Director	02

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 2010-11, Audit Committee meetings were held on 9th November, 2010 and 12th February, 2011.

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 group Advisor and the Statutory Auditors are invited to the meeting.



4. Remuneration Committee:-

a) Composition and attendance:-

The Remuneration Committee as on 31st March 2011 comprises of four members out of which 3 are Independent & Non-Executive Directors. The Chairman of the Remuneration Committee is a Non-Executive and Independent Director. The composition of Remuneration Committee as on 31st March, 2011 is as follows:-

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

No meeting of the Remuneration Committee was held during the year 2010-11.

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 as on 31st March, 2011 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Rajendra Kumar Choudhary	Chairman	Promoter & Non-Executive Director	01
Mr. Mrugen Shah	Member	Independent & Non-Executive Director	01
Mr. M.K. Sugathan	Member	Independent & Non-Executive Director	01

Shareholders' / Investors' Grievance Committee was held on 12th February, 2011.

b) Terms of Reference:-

The Company has a Shareholders' / Investors' Grievance Committee, to look 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 share department of the Company and registrar and transfer agents i.e. 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 30 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 *9th November, 2011 to 31st March 2011:-

Brought Forward	Received Afresh	Disposed	Carried Over
Nil	Nil	Nil	Nil

* Pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, allotment date was 9th November, 2010.

d) Compliance Officer:-

Mr. Rajendra Kumar Choudhary, Director, 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 2010-11”.

Rajendra Kumar Choudhary
Director

7. General Body Meetings:-

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

Financial Year	AGM	Date	Locations	Time	No. of Special Resolutions Passed
*1st Financial year - 4th February, 2010 to 31st March, 2010	1st	30th September, 2010	2nd Floor, Vikas Chamber, Link & Marve Road, Malad (West), Mumbai - 400 064	03.30 p.m.	Nil

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

b) No resolution was put through Postal Ballot during the year under reference.

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 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, 2011 were reviewed to the best of their 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 either SEBI or the Stock Exchanges or any Statutory Authorities for non compliance of any matter related to the capital markets since incorporation*.

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



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: Free Press Journal Marathi: Navshakti
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) 2nd Annual General Meeting:-

Date	30th August, 2011
Venue	1st Floor, Landmark Building, Mith Chowky, Link Road, Malad (West), Mumbai – 400 064
Day and Time	Tuesday, 4.30 p.m.

b) Financial Calendar:-

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

For the Financial Year 2011-12, Financial Results will be announced as per the following tentative schedule.

1st Quarter ending June 2011	By 14th August 2011
2nd Quarter & Half Year ending September 2011	By 14th November 2011
3rd Quarter ending December 2011	By 14th February 2012
4th Quarter / year ending March 2012	Within 45 / 60 days from 31st March, 2012
Annual General meeting for the Year 2011-12	By September 2012

c) Book Closure Date:-

Date of Book Closure	Thursday, 25th August, 2011 to Tuesday, 30th August, 2011 (both days inclusive)
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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 2011-12 to both the above exchanges.

f) Custodial Fees to Depositories:-

The Company has paid the custodial fees for the year 2011-12 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on 31st March 2011.

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)	U28995MH2010PLC199691
Allotted by the Ministry of Corporate Affairs (MCA)	

h) Stock Market Price Data for the year 2010-11 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
*Feb – 11	52.00	52.00	20.30	21.70	97.00	97.00	19.80	21.10	6,868.35	6,922.12	6,182.86	6,373.23
Mar – 11	24.85	30.30	18.75	23.55	22.90	26.70	21.10	23.60	6,373.23	6,894.10	6,373.23	6,873.40

* Bil Energy's shares were listed on BSE & NSE on 15th February, 2011.

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

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 – 400 072 Maharashtra, India

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

j) Share Transfer System:-

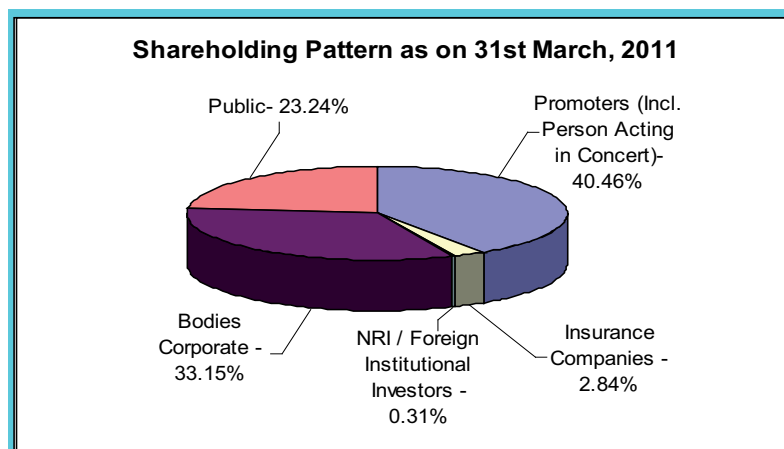
Presently, the share transfers received by the R&TA of the Company are processed and returned within a period of 30 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer 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 30 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, 2011:-

Range of Shareholding	Number of Shareholders	% of Total	Number of Shares	% of Total
1 - 10	896	13.33	5578	0.05
11 - 25	879	13.08	18776	0.18
26 - 50	1333	19.84	61875	0.59
51 - 100	1457	21.68	138074	1.30
101 - 500	1608	23.93	432996	4.10
501 - 1000	247	3.68	202859	1.92
1001 - 5000	197	2.93	479752	4.54
5001 - 10000	35	0.52	288616	2.73
10001 - 100000	49	0.73	1325846	12.54
100001 and above	19	0.28	7616428	72.05
Total	6720	100.00	10570800	100.00

l) Shareholding Pattern (Category Wise) as on 31st March, 2011:-

Category	Number of Shares held	% of Total Shareholding
Promoters (Incl. Person Acting in Concert)	4277006	40.46
Financial Institutions / Banks	0	0.00
Insurance Companies	300326	2.84
NRI / Foreign Institutional Investors	32552	0.31
Bodies Corporate	3504571	33.15
Public	2456345	23.24
Total	10570800	100.00





m) Dematerialization of Shares and Liquidity:-

- About 98.68% of the shares have been dematerialized as on 31st March 2011.
- 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 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**
Rajendra Kumar Choudhary
Director

Mumbai, 16th July, 2011

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 of 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, 2011.

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, 16th July, 2011

AUDITOR'S REPORT**To the Members of Bil Energy Systems Limited**

1. We have audited the attached Balance Sheet of BIL ENERGY SYSTEMS LIMITED as at 31st March 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) 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;
 - b) In our opinion, proper Books of Accounts as required by law have been kept by the Company so far as appears from our examination of these books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the Information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - 1) In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011;
 - 2) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - 3) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

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

Mumbai, 16th July, 2011

ANNEXURE TO AUDITOR'S REPORT

As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we further report that –

- 1) In respect of its fixed assets:
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situations of fixed assets.
 - (b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancy has been reportedly noticed on such verification.
 - (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- 2) In respect of its inventories:
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company has maintained proper records of Inventory and the discrepancies noticed on such verifications between the physical inventory and book records were not material. Packing & sample material and stores & spares purchased are written off as expenses in the year of purchase.
3. (a) The Company has taken unsecured loans and advances from one party covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of this loans amount to ₹ 4078.81 Lacs and ₹ 199.52 Lacs respectively.



- (b) In our opinion, the rate of interest and other terms and Conditions of loans taken are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans given, the parties are repaying the principal amounts, where applicable and are also regular in payment of interest, as and where stipulated.
- (d) In respect of the aforesaid loans, there is no overdue amount of more than Rupees one Lac.
- 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 the contract or 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 there under. Therefore, the provision of clause (vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) As explained to us by the Management, the Company is not required to maintain the cost records under Section 209 (1) (d) of the Act.
- 9)
 - (a) The Company is generally regular in depositing Provident Fund dues with appropriate Authorities.
 - (b) According to the records of the Company, undisputed material statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income – Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities, except some delays in payment of Sales Tax, Service Tax and TDS. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2011 for a period of more than six months from the date of becoming payable.
- 10) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year there was cash loss of ₹ 2.07 lacs after considering Miscellaneous Expenditure amounting to ₹ 1.99 Lacs.
- 11) Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- 12) 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.
- 13) 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.
- 14) 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.
- 15) According to the information and explanation given to us the Company has not given any guarantee for loans taken by others from banks and other financial institutions.
- 16) Based on information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- 17) According to the information and explanation given to us and an overall Examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilized any amount from short term sources towards long term investments.
- 18) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- 19) The Company has not raised any money by public issue during the year. Therefore, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- 20) As per the information and explanations given to us and on the basis of examination of records, no fraud on or by the Company has been noticed or reported during the course of our audit.

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 2011

(₹ in Lacs)

	Schedule	2010-11	2009-10
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	"A"	1,057.08	7.00
Reserves & Surplus	"B"	4,453.54	(2.07)
2. Loan Funds			
Secured Loans	"C"	4,991.70	-
Unsecured Loans		199.52	-
3. Deferred Tax Liability			
		463.73	-
		<u>11,165.57</u>	<u>4.93</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	"D"	6,843.74	-
Less - Depreciation		676.97	-
Net Block		<u>6,166.77</u>	-
Capital Work In Progress and Advance on Capital Account		78.98	-
		<u>6,245.75</u>	-
2. Current Assets, Loans & Advances			
Inventories	"E"	2,154.96	-
Sundry Debtors		2,927.85	-
Cash & Bank Balances		15.34	0.03
Loans & Advances		823.04	5.10
		<u>5,921.19</u>	<u>5.13</u>
Less : Current Liabilities & Provisions			
Current Liabilities	"F"	992.72	0.20
Provisions		8.65	-
		<u>1,001.37</u>	<u>0.20</u>
Net Current Assets			
		<u>4919.82</u>	<u>4.93</u>
		<u>11,165.57</u>	<u>4.93</u>
Significant Accounting Policies and Notes to the Accounts	"L"		

Schedules "A" to "L" form part of the accounts

As per our attached report of even date

For Bansal, Bansal & Co.
Chartered Accountants
Firm Registration No.100986W

Anand Drolia
Partner
Membership No. 036718
Mumbai: 16th July, 2011

For and on behalf of the Board

N.K.Choudhary
Director

R.K.Choudhary
Director

Mumbai: 16th July, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED - 31ST MARCH 2011

(₹ in Lacs)

	Schedule	2010-11	2009-10
I. INCOME			
Sales (Net)		6,997.74	-
Other Income	"G"	25.75	-
		7,023.49	-
II EXPENDITURE			
Cost Of Sales	"H"	5,743.49	-
Office & Administrative Expenses	"I"	211.20	0.06
Selling & Distribution Expenses	"J"	167.64	-
Financial Expenses	"K"	466.51	0.02
Depreciation		280.79	-
Miscellaneous Expenditure		19.10	1.99
		6,888.73	2.07
III. PROFIT BEFORE TAX		134.76	(2.07)
Provision For Taxation			
- Provision For Income Tax		(26.86)	-
- Entitlement For Mat Credit		26.86	-
- Provision For Deferred Tax		(44.76)	-
PROFIT AFTER TAX		90.00	(2.07)
Balance Brought Forward From Previous Year		(2.07)	-
BALANCE CARRIED TO BALANCE SHEET		87.93	(2.07)
Earning Per Share (Refer Note (B) 8 of Shedule "L")			
- Basic & Diluted		0.85	(2.96)
Face Value of Equity Shares (In ₹)		10.00	10.00
Significant Accounting Policies and Notes to the Accounts	"L"		

Schedules "A" to "L" form part of the accounts

As per our attached report of even date

For Bansal, Bansal & Co.
Chartered Accountants
Firm Registration No.100986W

Anand Drolia
Partner
Membership No. 036718
Mumbai: 16th July, 2011

For and on behalf of the Board

N.K.Choudhary
Director

R.K.Choudhary
Director

Mumbai: 16th July, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED - 31ST MARCH 2011

(₹ in Lacs)

	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax & Extra Ordinary Items	134.76
Adjustment For -	
- Depreciation	280.79
- Miscellaneous Expenditure	19.10
- Loss on Sale of Assets	2.55
- Interest Paid (Net)	428.09
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	865.29
Adjustment For -	
- Debtors, Loans & Advances	(1,806.18)
- Inventories	(454.42)
- Current Liabilities and Provisions	287.42
Cash Generated from Operations	(1,107.89)
Decrease in Provision for Taxation	-
CASH FLOW FROM OPERATING ACTIVITIES	(1,107.89)
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(761.02)
Sale of Fixed Assets	1.70
NET CASH USED IN INVESTING ACTIVITIES	(759.32)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Total Proceeds from Borrowings (Net of Repayments)	2,326.86
Miscellaneous Expenditure	(19.10)
Interest Paid (Net)	(428.09)
Net Cash from Financing Activities	1,879.67
 NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	 12.46
Cash and Cash Equivalent at Beginning of the Year (Note No. 3)	2.88
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	15.34

- NOTES: 1. All figures in brackets are outflow.
 2. Cash and Cash Equivalent is Cash & Bank Balances as per Balance Sheet.
 3. Includes ₹ 2.85 Lacs transferred from Bilpower Limited as per Scheme of arrangement.

As per our attached report of even date

For Bansal, Bansal & Co.
 Chartered Accountants
 Firm Registration No.100986W

Anand Drolia
 Partner
 Membership No. 036718
 Mumbai: 16th July, 2011

For and on behalf of the Board

N.K.Choudhary
 Director

R.K.Choudhary
 Director

Mumbai: 16th July, 2011



SCHEDULES FORMING PART OF BALANCE SHEET

(₹ in Lacs)

	2010-11	2009-10
SCHEDULE (A) - SHARE CAPITAL		
Authorised		
11,000,000 (1,000,000) Equity Shares of ₹10/- Each	<u>1,100.00</u>	100.00
Issued, Subscribed & Paid Up		
10,570,800 (70,000) Equity Shares of ₹10/- Each	<u>1,057.08</u>	7.00
(10,500,800 Equity Shares of ₹10/- Each, Fully Paid, Issued Without Payment in Cash Pursuant to Scheme of Arrangement : Refer Note (B) 14 of Shedule "L")	<u>1,057.08</u>	7.00
SCHEDULE (B) - RESERVES & SURPLUS		
General Reserves (Refer Note (B) 15 of Shedule "L")	<u>4,365.61</u>	-
Profit & Loss Account	<u>87.93</u>	(2.07)
	<u>4,453.54</u>	(2.07)
SCHEDULE (C) - LOANS FUNDS		
Secured Loans		
Bank Loan (Working Capital Facility)	<u>2,046.70</u>	-
Corporate Loan	<u>2,945.00</u>	-
	<u>4,991.70</u>	-
Unsecured Loans		
Bilpower Limited	<u>199.52</u>	-
	<u>199.52</u>	-

Notes:

Working Capital Facility and Corporate Loan are secured by hypothecation of Stock, Book Debts and all other Current Assets. The facilities are further collaterally secured by EMT of 3.00 acre of Land situated at (Wada), hypothecation charge on Plant & Machinery and movable Fixed Assets of the Company. These facilities are personally guaranteed by Mr. Naresh Kumar Choudhary & Mr. Rajendra Kumar Choudhary, the Directors of the Company and Corporate Guarantee of Bilpower Limited.

SCHEDULE (D) - FIXED ASSETS

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	Transfer from Bilpower Limited on 01.04.10 as per scheme of arrangement	Additions	Deductions	As on 31.03.11	Transfer from Bilpower Limited on 01.04.10 as per scheme of arrangement	Deductions	For the Period	Upto 31.03.11	As on 31.03.11	As on 01.04.10
1) Land	215.71	-	-	215.71	-	-	-	-	215.71	215.71
2) Building & Premises	1413.39	191.76	-	1605.15	63.44	-	52.04	115.48	1489.67	1349.95
3) Plant & Machinery	4397.41	593.22	1.52	4989.11	329.09	-	226.14	555.23	4433.88	4068.32
4) Vehicle	5.64	-	5.64	-	1.11	1.59	0.48	-	-	4.53
5) Furniture & Fixture	13.37	2.18	-	15.55	2.62	-	0.87	3.49	12.06	10.75
6) Office Equipment	9.40	8.82	-	18.22	1.51	-	1.26	2.77	15.45	7.89
Total	6054.92	795.98	7.16	6843.74	397.77	1.59	280.79	676.97	6166.77	5657.15
Capital Work-in-Progress	112.61	17.33	50.96	78.98	-	-	-	-	78.98	112.61
Grand Total	6,167.53	813.31	58.12	6,922.72	397.77	1.59	280.79	676.97	6,245.75	5,769.76

(₹ in Lacs)

	2010-11	2009-10
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SCHEDULE (E) - CURRENT ASSETS, LOANS & ADVANCES**I Inventories**

(As taken, Valued & Certified by the Management)

Raw Material	<u>2,034.92</u>	-
Work-In-Progress	<u>76.04</u>	-
Finished Goods	<u>44.00</u>	-
	<u>2,154.96</u>	-

SCHEDULES FORMING PART OF BALANCE SHEET

	(₹ in Lacs)	
	2010-11	2009-10
II Sundry Debtors		
(Unsecured, Considered Good by the Management)		
Outstanding for Periods Exceeding Six Months	129.41	-
Other Debts	<u>2,798.44</u>	-
	<u>2,927.85</u>	-
III Cash & Bank Balances		
A. Balance with Scheduled Banks		
In Current Accounts	5.88	0.03
In Deposit Accounts and as Margin	4.75	-
	<u>10.63</u>	<u>0.03</u>
B. Cash in Hand	4.71	-
	<u>15.34</u>	<u>0.03</u>
IV Loans & Advances		
(Unsecured, Considered Good by the Management)		
Prepaid Expenses	34.77	-
Advances Recoverable in Cash or Kind or for Value to be Received	772.62	5.10
Deposits	15.65	-
	<u>823.04</u>	<u>5.10</u>
SCHEDULE (F) - CURRENT LIABILITIES & PROVISIONS		
I Current Liabilities		
Sundry Creditors	696.97	-
Trade Advances	32.81	-
Other Current Liabilities	262.94	0.20
	<u>992.72</u>	<u>0.20</u>
II Provisions		
Provision for Gratuity	1.95	-
Income Tax & TDS (Net Provision)	6.70	-
	<u>8.65</u>	-

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE (G) - OTHER INCOME		
Miscellaneous Income	0.01	-
Labour Charges	25.74	-
	<u>25.75</u>	-
SCHEDULE (H) - COST OF SALES		
Opening Stock	1,700.54	-
(Stock Transferred from Bilpower Limited as per Scheme of Arrangement)		
Purchases	5,670.20	-
Custom Duty & License	147.41	-
Clearing & Forwarding Charges	58.63	-
Excise Duty on Increase in Stock	1.29	-
Stores & Spares Consumed	25.42	-
Transportation Charges	50.54	-
Insurance Charges on Imports	0.27	-
Repair & Maintenance -Machinery	10.63	-
Wages	13.84	-
Power & Fuel	84.92	-
Other Direct Expenses	134.76	-
	<u>7,898.45</u>	-
Less - Closing Stock	2,154.96	-
	<u>5,743.49</u>	-



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(₹ in Lacs)	
	2010-11	2009-10
SCHEDULE (I) - OFFICE & ADMINISTRATIVE EXPENSES		
Payment to & Provisions for Employees		
Salaries, House Rent Allowance and Bonus	95.95	-
Contribution / Provision to and for -		
Provident and Other Funds	4.55	-
Staff Welfare	6.64	-
Travelling & Conveyance	40.62	-
Exchange Rate Loss	32.79	-
Postage, Telegram & Telephone	3.17	-
Legal & Professional Charges	9.01	0.06
Insurance Charges on Assets	1.36	-
General Expenses	6.91	-
Rent, Rates & Taxes	3.71	-
Stamp & Stamp Paper Charges	1.38	-
Loss on Sales of Assets	2.55	-
Printing & Stationery	2.05	-
Repairs & Maintenance	0.51	-
	<u>211.20</u>	<u>0.06</u>
SCHEDULE (J) - SELLING & DISTRIBUTION EXPENSES		
Clearing & Forwarding Expenses	112.10	-
Packing Expenses	43.43	-
Advertisement Expenses	0.66	-
Bad Debt Written Off	0.11	-
Insurance Charges (Sales)	1.17	-
Business Promotion	10.17	-
	<u>167.64</u>	<u>-</u>
SCHEDULE (K) - FINANCIAL EXPENSES		
Other Interest (Net)	428.09	-
Bank and Other Financial Charges	38.42	0.02
	<u>466.51</u>	<u>0.02</u>

SCHEDULE – “L”

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES -

1. 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.

2. 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 are identified materialized.

3. 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.

4. Borrowing Costs

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

5. 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) and (b) 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.

6. Inventories

- a) Inventories are valued at lower of cost or net realizable 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 Realizable 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.

7. 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.

8. 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 recognized 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.

9. Taxation

- a) Tax expenses for a 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 unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

10. 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, 2011

11. 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.

12. Earning 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 share outstanding during the year. The number of share used in computing diluted EPS comprises of weighted average share 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.

**13. Recognition of Income and Expenditure**

- a) Incomes & Expenditures are generally accounted on Accrual as they are earned or incurred.
- b) Sales are recognized when significant risks and rewards of ownership of the goods have passed to buyer which generally coincides with delivery. Export sales are accounted for on the basis of date of Bill of Lading. Sales are net of sales return, discount, rebates etc.
- c) Export benefits (by way of entitlements for concessional custom duty) are accounted while availing the same.
- d) Imports are recognised on presentation of Bill of Entry at the Customs or on retiring the Import Documents whichever is earlier.
- e) Dividend income is recognized when the right to receive the dividend is unconditional.

14. 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.

15. 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.

16. 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.

B. NOTES FORMING PART OF THE ACCOUNTS**I. Contingent Liabilities**

Particulars	(₹ in Lacs) 2010-11
Guarantees outstanding	43.50

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

2. C.I.F. Value of Import, Expenditures and Earnings in Foreign Currency

Particulars	(₹ in Lacs) 2010-11
A) CIF value of imports	
Raw material	1155.25
Capital goods	488.17
B) Expenditure in foreign currency	
Travelling expenses	0.39
Berlin Fair expenses	11.07
Buyers credit interest	24.12
Foreign Bank Charges	0.34
C) Earnings in foreign currency	NIL

3. 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.

4. Related Party Disclosures

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

Sr. No.	Name of related party	Relationship
1	Bilpower Limited	Associate
2	Niksan Engineering Co. Pvt. Limited	Associate
3	Tarapur Transformers Limited	Associate

(B) Related Party Transactions

(₹ in Lacs)

Sr. No.	Nature of Transactions	Nature of Relationship	Total of transaction
		Associates	
1	Purchases of Goods / Fixed Assets	1671.50	1671.50
2	Sale of Goods	182.13	182.13
3	Interest Income	0.28	0.28
4	Interest Expenses	338.94	338.94
5	Finance (including Loans and Equity Contributions in Cash or Kind)	-	-
	A) Loans & Advances Received	5652.38	5652.38
	B) Loans & Advances Given	-	-
6	Outstanding		
	Payable	398.05	398.05
	Receivable	-	-

5. Deferred Tax Liability Consists of Deferred Tax Due to Difference Between Book and Tax Depreciation of ₹ 463.73 Lacs.

6. Turnover Details

(₹ in Lacs)

Sr. No.	Class of Goods	Opening Stock		Production Qty. (M.T.)	Turnover		Closing Stock	
		Qty. (M.T.)	Amt.		Qty. (M.T.)	Amt.	Qty. (M.T.)	Amt.
1	Electrical Lamination	-	-	2667.506	2667.506	3626.82	-	-
2	Electrical Sheets	-	-	235.141	235.141	184.29	-	-
3	Stampings (Stator & Motor)	-	-	3058.746	3058.746	2666.81	-	-
4	Waste & Scrap	77.895	30.130	2951.960	2852.565	519.82	177.290	44.00



7. (A) Material Consumed

(₹ in Lacs)

Particulars	2010-11	
	Qty. (MT)	Amount
CRGO/CRNGO /CRCA/Electrical Steel Strips/ Coils / Sheets	8913.35	5985.50

(B) Imported and Indigenous Consumption

(₹ in Lacs)

Particulars	2010-11	
	Amount	%
Imported	2044.24	34.15
Indigenous*	3941.26	65.85
Total	5985.50	100.00

* Indigenous consumption includes imported material purchased locally.

8. Earnings Per Share (EPS)

(₹ in Lacs)

Particulars	2010-11	2009-10
Profit After Tax	90.00	(2.07)
Weighted Average Number of Equity Shares		
-Basic and Diluted	10570800	70000
Earning Per Share (in ₹)		
-Basic and Diluted	0.85	(2.96)

9. Payment to Auditors Included in Legal & Professional Fees Represents

(₹ in Lacs)

Particulars	2010-11
As Auditors	4.00
Service Tax	0.41
Total	4.41

10. The Company has not paid any Managerial remuneration during the year.
11. The Company was incorporated as Bil Energy System Limited with an Authorised Share Capital of ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of Face value ₹ 10 each, and later on the Authorised capital was increased to 11,00,00,000. The Company took over from Bilpower Ltd its Wada unit as a going concern.
12. Pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, Bilpower has demerged its wada unit and vested into the Company with effect from 1st April, 2010 on a going concern basis. The Scheme has been approved *inter alia* by the Shareholders of Bilpower on 18th May, 2010 and Hon'ble High Court of Bombay on 24th September, 2010 and the order has been filed with ROC on 14th October, 2010 and became effective.
13. In terms of the Scheme, the Company has issued and allotted its shares to the shareholders of Bilpower in the ratio of one equity share of face value of ₹ 10 each fully paid up in the Company for every one equity share of face value of ₹ 10 each fully paid held by the shareholders of Bilpower on 5th November, 2010. Upon allotment of equity shares to the shareholders of Bilpower, the shareholding of Bilpower in the Company has reduced to 0.66%. Though the assets and the liabilities as on 31/03/2010 arising out of the transferred business are vested in the Company, titles of the same are still not transferred in the name of the Company and being held in the name of Bilpower Ltd.
14. Transfer and vesting of assets and liabilities of the Wada unit of Bilpower to the Company has been effected at the values appearing in the books of accounts of Bilpower as at 1st April, 2010 and recorded as such in the book of accounts of the Company. Excess of assets over liabilities so recorded is recognized in these financial statements, and as stipulated in the scheme, has been credited to 'General Reserve' to the extent of ₹ 4,365.61 lacs. Transfer cost of assets on demerger will be borne by the Company pursuant to Scheme of Arrangement. Following is the brief summary of the assets and liabilities transferred on demerger:

(₹ in Lacs)

Particulars	Debit	Credit
Loans (Liability)	-	2,864.37
Secured Loans	-	2,864.37
Current Liabilities & Provision	-	713.74
Other Current Liabilities	-	85.59
Sundry Creditors	-	628.15
Fixed Assets	5,769.77	-
Capital Work in Progress	112.61	-
Gross Block	6,054.92	-
Acc.Dep on Fixed Asset	397.76	-
Current Assets, Loans & Advances	3,643.99	-
Opening Stock	1,700.54	-
Loans & Advances	604.97	-
Sundry Debtors	1,334.64	-
Cash-in-Hand	0.90	-
Bank Accounts	1.94	-
Deferred Tax Liability	-	50.59
Deferred Tax Liability	-	50.59
Excess of Assets Over Liabilities	-	5,784.06
Grand Total	9,412.76	9,412.76

(₹ in Lacs)

Particulars	Amount
Excess of Assets over Liabilities (As per last year Balance Sheet)	5,784.06
Less : Share Suspense Account	(1,050.08)
Less : Deferred Tax Liability Recognised on Transferred Assets	(368.37)
Towards Accumulate Depreciation	
	4,365.61

15. 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 Bilpower Limited has taken a policy for settlement of future gratuity liability. The account will be bifurcated for the company's employees in due course.

16. Details of Dues to Micro Enterprises and Small Enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The Company is in the process of complying relevant information on the supplier about their coverage under the act. Since relevant information is not readily available, no disclosure is made in account.

17. Term Deposit Receipts, wherever obtained, are endorsed in favour of Banks and Government Departments against Margin for Bank Guarantee, L/C Facilities etc.
18. Loans & Advance include ₹199.52 Lacs payable to associates. The maximum amount involved during the year ₹ 4078.81 Lacs.
19. Creditors include ₹ 198.52 Lacs payable to associates.
20. Some of the Creditors / Debtors / Loans / Advances are subject to Confirmations and resultant reconciliation, if any.
21. Sundry Debtors as on the date of Balance sheet are Net of amounts received after discounting of Letter of Credits.
22. Other Interest is net of interest income of ₹ 2.20 Lacs.
23. Previous Year Figures have been regrouped / Re cast / rearranged wherever necessary.



24. Information required in terms of Part IV to Schedule VI of the Companies Act, 1956 is attached

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(₹ in Lacs)

I Registration Details	
Registration Number (CIN No.)	U28995MH2010PLC199691
State Code	11
Balance Sheet Date	March 31, 2011
II Capital Raised During the Year	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III Position of Mobilization and Deployment of Fund	
Total Liabilities	11165.57
Total Assets	11165.57
Sources of Funds	
Paid up capital	1057.08
Reserves & Surplus	4453.54
Secured Loans	4991.70
Unsecured Loans	199.52
Deferred Tax Liability	463.73
Application of Funds	
Net Fixed Assets	6245.75
Investment	-
Net Current Assets	4919.82
Miscellaneous Expenditure	-
Accumulated Losses	-
IV Performance of the Company	
Turnover	7023.49
Total Expenditure	6888.73
Profit Before Tax	134.76
Profit After Tax	90.00
Earning Per Share in ₹ (Basic & Diluted)	0.85
Dividend Rate %	-
V Generic Names of Three Principal / Services of the Company (As Per Monetary Terms)	
Item Code No. (ITC Code)	805049000
	48109900
Product Description	Electrical Lamination
	Stamping (Stator & Motor)

As per our attached report of even date

For Bansal, Bansal & Co.
Chartered Accountants
Firm Registration No.100986W

Anand Drolia
Partner
Membership No. 036718
Mumbai: 16th July, 2011

For and on behalf of the Board

N.K.Choudhary
Director

R.K.Choudhary
Director

Mumbai: 16th July, 2011



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/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 2nd Annual General Meeting of the Company to be held on Tuesday, 30th August, 2011 at 04.30 p.m. at 1st Floor, Landmark Building, Mith Chowky, Link Road, Malad (West), Mumbai - 400 064 and at any adjournment thereof. Signed this _____ day of _____ 2011.

Affix ₹ 1.00
Revenue
Stamp

Notes:

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

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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 2nd Annual General Meeting of the Company held on Tuesday, 30th August, 2011 at 04.30 p.m. at 1st Floor, Landmark Building, Mith Chowky, Link Road, Malad (West), 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)

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BOOK-POST

If not delivered, please return to:

BIL ENERGY SYSTEMS LIMITED

Registered Office : 201, Vikas Chambers, Junction of Link & Marve Road, Malad (West), Mumbai 400 064

Tel. : (91 22) 4089 7777; Fax : (91 22) 2881 1225

Email: info@bilenergy.com