



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: –

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same.
- Appropriate accounting policies have been selected and applied consistently and such judgments & estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profit of the Company for the accounting year ended on that date.
- Proper & sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities; and,
- The annual accounts of the Company have been prepared on a going concern basis.



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

Mumbai, 16th July, 2011