

BHILAI ENGINEERING CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the 49th Annual General Meeting of members of M/s Bhilai Engineering Corporation Limited will be held at the Registered Office of the Company at Hathkoj Village, Industrial Area, Bhilai on Wednesday the 30th September, 2009 at 11.00 A.M. and to transact the following business.

1. To receive and consider the reports of the Directors and Auditors and the Audited Accounts of the Company for the financial year ended 31st March 2009.
2. To appoint Auditors of the Company and to fix their remuneration.

Registered Office.
Hathkoj Village, Industrial Area
Bhilai
Date 03.09.2009

BY ORDER OF THE BOARD

S/d

ASHISH JAIN
DIRECTOR

Notes: -

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Register of members and Share Transfer book of the Company will be closed from 26th September 2009 to 30th September 2009, both days inclusive.

BHILAI ENGINEERING CORPORATION LIMITED**DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting their 49th Annual Report together with the Audited accounts of the Company for the financial year ended 31st March 2009.

FINANCIAL RESULTS

	(Rs. in lacs)	
	F.Y. 2009	F.Y. 2008
Sales and other Income	44871.02	31,225.75
Profit after financial charges but before depreciation	3143.03	2,738.44
Less: Depreciation	1288.87	874.49
Profit during the year	1854.16	1,863.95
Provision for Taxation	(800.00)	(430.00)
Provision for Fringe Benefit Tax	(48.12)	(45.23)
Profit after Tax transferred to General Reserve	1006.04	1,388.72

THE YEAR IN RETROSPECT & FUTURE PROSPECTS :-

Your Company's sales and other income increased to Rs.44871.02 Lac from Rs.31225.75 in preceding year i.e registered a growth of 43.70%.

Company's overall profitability i.e Profit before tax and depreciation enhanced to Rs.3143.03 lac as compared to Rs.2738.44 lac. Due to tax provision of Rs.800 lac as compared to Rs.430 lac in the preceding year the Net Profit (PAT) for the year remained at Rs.1006.04 lac.

DIVIDEND :-

The Board of Directors has decided not to recommend dividend for the year 2008-09 with a view to consolidate its financial strength.

PERSONNEL: -

None of the employees is drawing salary in excess of Rs. 2,00,000/- per month or Rs.24,00,000/- per annum and as such particulars in accordance with the provision of Section 217(2A) of the Companies Act, 1956 are not furnished.

DIRECTORS RESPONSIBILITY STATEMENT: -

The Mandatory accounting standards have been followed.

The accounting policies are reasonable and prudent and are consistently followed to give a true and fair view of the state of affairs of the Company.

Proper and sufficient care has been taken for maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities.

The Annual Accounts have been prepared on going concern basis..

AUDITORS : -

The terms of M/s P.C.Bafna & Company, Chartered Accountants, as Auditors expires at the conclusion of the Annual General Meeting and they are eligible for re-appointment. The Auditors has given certificate to the effect that re-appointment, if made, will be within the prescribed limits specified under section 224 (1B) of the Companies Act 1956.

COST AUDIT: -

Pursuant to the Section 233-B, the Central government has directed to carry audit of the Company's Cost account records in respect of Engineering and Fertilizers Divisions. Accordingly your Directors have appointed M/s S. Chander and Associates, Cost Accountant to conduct cost audit for the year ended March 2009.

ACKNOWLEDGEMENT: -

Your Directors take this opportunity to place on record their due appreciation of the valuable contribution and the spirit of dedication of the employees at all levels during the year. The Directors also express their deep gratitude for the business assistance, co-operation and support extended to your Company by customers, Distributors, Suppliers/ Service Providers, Financial Institutions, Banks, various Governmental Organizations/Agencies and Shareholders and look forward for their continued support and Co-operation in future also.

PUBLIC DEPOSIT: -

The Company has not accepted any deposit within the meaning of Section 58 A of the Companies Act, 1956 and the rules made thereunder.

COMPLIANCE REPORT

The Company has taken Compliance Report from practicing Company Secretary for the F.Y ended 31st March 2009 as per Section 383.A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO: -**a). Conservation of Energy: -**

Information relating to Energy consumption and conservation as required under Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1989 is given in Annexure -1 forming part of this report.

b). Technology Absorption and Research & Development: -

The Company has Research & Development Section recognized by the Department of Science & Technology and step has been taken during the period for: -

- !. Improvement in product quality.
- !!. Reduction in raw material consumption.
- !!!. Improvement in cost effectiveness.

c). Foreign Exchange Earning & Outgo: -

- !. Earnings : Rs.5187.11 lac.
- !!. Outgo : Rs. 690.63 lac.

Registered Office :

Hathkhoj Village,
Industrial Area,
Bhilai (C.G.)

Place: Bhilai

Date: 03.09.2009

FOR AND ON BEHALF OF THE BOARD

 B.R.JAIN CHAIRMAN	 A.K. JAIN MANAGING DIRECTOR
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BHILAI ENGINEERING CORPORATION LIMITED**ANNEXURE -1 to Directors' Report**

For disclosure of particulars with respect to conservation of energy: -

S.No.	Power and Fuel Consumption	2008-09	2007-08
01	Electricity		
	a) Purchased		
	Units	19367111	19509420
	Total Amount	76320795	79930791
	Average rate per unit	3.94	4.10
	b) Own Generation		
	Units	185284	159667
	Units/Liter of Diesel oil	3.09	2.74
	Cost/Unit	12.72	13.58
02	Furnace Oil		
	Qty. (K.L.)	560	955
	Total Amount/ K.Ltrs.of.oil	27611	20475
03	Consumption per unit of production standard (any)		
	Electricity Consumption (KWH)/MT Finished Steel and Iron Castings Structural Steel & Equipment	1133	998
	Electricity Consumption (KWH)/MT of SSP	21.27	28.51
	Electricity Consumption (KWH)/MT of GSSP	18.22	19
	Electricity Consumption (KWH)/MT of NPK	19.43	23.48
	Electricity Consumption (KWH)/MT of BRP	34.83	-
	Furnace Oil Consumption (KL) per MT of Steel and Iron Castings.	0.092	0.115

CORPORATE GOVERNANCE REPORT

(Pursuant to clause 49 of the listing agreement)

Company's philosophy on Corporate Governance

Corporate governance is a dynamic concept varying in form and content to suit the needs of the organization and its shareholders. The Company believes that good corporate practices inculcate professional's management; increase the value of shareholders and customers and customer's satisfaction.

Board of Directors:-

The Board consists of five Directors out of whom two are Managing Directors and three are whole time Directors.

During the year Five Board Meetings were held on the following dates:-

Constitution of Board of Directors and related information.

Name of the Directors	Category	No. of Board Meeting with Attendance	Attendance at last AGM	No. of outside Directorship as on March 31,2009
Shri B.R.Jain	Whole Time Director	7/7	Yes	12
Shri S.K.Jain	Whole Time Director	0/7	No	05
Shri A.K.Jain	Managing Director	7/7	Yes	08
Shri Veenu Jain	Managing Director	2/7	No	12
Shri Ashish Jain	Whole Time Director	6/7	Yes	04

Remuneration to Directors

The remuneration payable to the Managing Directors and Whole Time Directors are fixed by the shareholders. The remuneration paid to them in aggregate for the financial year 2008-2009 is as follow:-

Particulars	Amount in Lac
Salaries	Rs.42.00
Contribution to PF & perquisites	Rs.3.36
Bonus	Rs.0.18
Total	Rs.45.54

Board Committees:-

The Company has constituted two Committees of Directors, namely Audit Committee and Share Transfer & Governance Committee to deal with matters which need urgent decisions and monitoring of the activities falling within their terms of reference. Each of these Committees has their respective charters approved by the Board. The minutes of the meetings are recorded and placed before the Board for its information.

Audit Committee:-

The Audit Committee of the Company comprises of the following three Directors:-

Name	Status
Shri B.R.Jain	Whole Time Director
Shri S.K.Jain	Whole Time Director
Shri Ashish Jain	Whole Time Director

Shri Ashish Jain has proficiency in the area of finance and accounts.

The members of the committee met on the following dates during the financial year 1st April 2008 to 31st March 2009.

28/04/2008, 20/08/2008, 18/10/2008 & 10/02/2009

The attendance of members in the meetings is as follow:-

Name of Members	No. of meeting held	Attended
Shri B.R.Jain	4	4
Shri S.K.Jain	4	1
Shri Ashish Jain	4	4

Shri Rahul Dasgupta is the Secretary of the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges and also as per section 292A of the Companies Act. The board terms of reference are as follow:-

1. Review of company's financial reporting process and its financial statements.
2. Reviewing the adequacy of the internal control system.
3. Review of the financial and risk management policies of the company.

Share Transfer and Grievance Committee:-

The Share Transfer and Grievance Committee approve and monitors transfers, transmissions, splitting and consolidation of shares issued by the Company. This committee also monitors complaints of shareholders relating to transfer of shares, non-receipt of balance sheet, dividend etc. The share transfer committee comprises of Shri A.K.Jain, Managing Director as Chairman, Shri Veenu Jain, Managing Director and Shri Ashish Jain Whole Time Director of the Company.

The Board has designated Shri Rahul Dasgupta, General Manager (Finance) as Compliance Officer of the Company.

Investors Complaints:-

During the year the Company has not received any complaint from investors of the Company.

Annual General Meetings were held as under:-

The last three Annual General Meetings were held as under:-

Financial year	Date	Time	Venue
2007-2008	30.09.2008	11.00 A.M.	Hathkoj Village Industrial Area, Bhilai
2006-2007	29.09.2007	11.30 A.M.	-do-
2005-2006	30.09.2006	11.30 A.M.	-do-

Management Discussion and Analysis Report:-

- a). **Industry Structure and Developments:-** Your company has three main business divisions, namely Engineering and Project Divisions, Fertilizer Division & Construction Division. The principal product include steel castings, fabricated steel structures, heavy equipments, single super phosphates (SSP), sulphuric acid etc. Engineering Division also undertakes projects on Turnkey basis.
- b). **Outlook on Opportunities, Threats, Risk & Concerns:-** Due to the boom in steel sector in earlier years all the steel plant of SAIL and of private sector are expanding their capacities by installing new machineries. Our Engineering Division has already bagged no. of orders from Rourkela Steel Plant, Durgapur Steel Plant, Bokaro Steel Plant and Bhilai Steel Plant of SAIL. Apart from this, the company also received substantial order from RINL Vishakhapatnam. The Plants of Fertilizer Divisions are of very advanced technology, Established brand name of company's products, effective distribution network, increase in irrigation facilities will support favourably to the company to grow its market size.
- c). **Segment wise or product wise performance :-** During the year under review your Company achieved Sales and other income of Rs.44871.02 Lacs and segment wise details of which are as under:-

Division	Amount in lac
Engineering	Rs.27,663.89
Fertilizers	Rs.16,246.49
Food Division	Rs. 172.56
Construction Division	Rs. 770.73
Process & Engg. Division	Rs. 17.35
Total	Rs.44,871.02

The future outlook of your company largely depends on the prevalent conditions in various sectors e.g. Steel, Cement, Mining Railways, Agriculture etc with the steel sector having turned around the demand for products of Engineering division has gone up.

As in other industries, there are challenges of technological up-gradation, risks on account of poor demand & increase in raw material prices, poor monsoon etc. The subsidy policy of Govt. plays a very vital role. Unbalanced favouring to complex fertilizers effects the validity of company's products.

- d). **Internal Control systems and their adequacy:** Your Company has instituted adequate internal control systems, The audit committee periodically reviews such systems with the help of internal and statutory auditors and reports to the Board on its adequacy.
- e). **Discussion on financial performance with respect to operational performance**
The relevant details are given in the Directors' Report.

- f). **Human Resources and Industrial Relations** : Industrial relations during the year under review have been cordial and peaceful. The company has been continuously making concerted efforts aimed at development of human Resources to equip them to meet the growing organizational needs and challenges.

General Information for Shareholders :

Annual General Meeting:

The Annual General Meeting of the company will be held on the 30th September 2009 at 11.00A.M. at the Registered office of the Company at Hathkoj Village, Industrial Area, Bhilai District, Durg (Chhattisgarh)

Book Closure date:

Register of Members of the Company will remain closed from 26.09.2009 to 30.09.2009 (both days inclusive)

Listing on Stock Exchange:

The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	Madhya Pradesh Stock, Indore 201, Palica Plaza, Phase-11,MTH Compound, Indore-452001	The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata- 700001
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Share Transfer Systems:

The Share and Grievance Committee of the Company is generally held as and when required.

Dematerialization of Shares:

Shares of the Company are yet to be dematerialized.

Distribution of shareholding as on March 31,2009:

Category No. of Shares held	Total No. of Shareholders	% of total Holders	Total shares Held	% of total Equity
0-100	3	7.50	142	00.00
101-200	1	2.50	199	00.00
201-500	-	---	----	-----
501-1000	5	12.50	4,335	00.09
1001-5000	8	20.00	13,026	00.28
5001-10000	5	12.50	35,796	00.76
10001	18	45.00	46,65,822	98.87
Total	40	100.00	47,19,320	100

Shareholding pattern of the Company as on 31st March, 2009:-

Sl.No.	Class of Investors	No.of Shares	% of Shares
01	Promoters	90,073	1.91
02	Non-Resident Indians/Overseas Corporate Bodies	---	---
03	Foreign Companies	---	---
04	UTI & Mutual Fund	99,999	2.12
05	Bank/ Financial Institutions/Insurance Companies	----	---
06	Bodies Corporate	42,52,826	90.12
07	Others	2,76,422	05.85
	Total	47,19,320	100.00

Financial Reporting Calendar:-

- a). For the quarter ending June, 2009 : 3rd/4th week of July, 2009
b). For the quarter ending September, 2009 : 3rd/4th week of October, 2009
c). For the quarter ending December, 2009 : 3rd/4th week of January, 2010
d). For the year ending March 31, 2010 : 3rd/4th week of May, 2010

