



BHILAI ENGINEERING CORPORATION LIMITED

(AN ISO:9001, ISO:14001, OHSAS:18001 Company)

Regd. Office & Head Office:

Hathkhoj Village, Industrial Area, Bhilai – 490026, Dist: Durg, Chhattisgarh, India

Tel: + 91- 788-4088100, Fax: +91-788-4088131, E-mail: bec.engg@bec-group.com, Website: www.bec-group.com

CIN: L29111CT1960PLC000913

NOTICE FOR AGM

THE FIFTY-SIXTH ANNUAL GENERAL MEETING OF M/S BHILAI ENGINEERING CORPORATION LIMITED (CIN: L29111CT1960PLC000913) WILL BE HELD AT THE REGISTERED OFFICE AT HATHKHOJ VILLAGE, INDUSTRIAL AREA, BHILAI ON FRIDAY, THE 30TH SEPTEMBER, 2016 AT 11:00 A.M., TO TRANSACT THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2016 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the resolution passed by the members in the 54th AGM of the Company held on 30th September, 2014 and pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time M/s P. C. Bafna & Co., (Firm Registration No. 02147C) Chartered Accountants, be and is hereby re-appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 57th Annual General Meeting (after commencement of the Companies Act 2013), subject to ratification by the shareholders annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

3. Remuneration to Cost Auditors:-

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**

“RESOLVED THAT pursuant to section 148(3) of the Companies Act, 2013 and rule 6(2) of the Companies (Cost Records and Audit Rules) 2014. M/s S. Chander & Associates, Cost Accountants, Delhi (The Firm’s Registration No. 100105) be and are hereby appointed as the Cost Auditors of the Company to conduct Audit of cost records maid and maintained by the Company pertaining to “Product of Oxygen, Steel, other Machinery, Parts of Railway Rolling Stock, Inorganic Chemical, Fertilizer, Ore and Mineral products and other Products etc. for the financial year 2016-2017 as a remuneration of Rs. 2,95,000/- (Rupees Two Lakh Ninety Five Thousand Only) plus service tax and re-imbusement of out of pocket expenses.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

4. Change of designation of Director:-

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**

“**RESOLVED THAT** pursuant to the applicable provisions, if any, of the Companies Act, 2013 and pursuant to Article 82 (1) of the Articles of Association of the Company, be and is hereby accorded to change the designation of Shri Ashish Jain from Whole Time Director to Director of the Company.

RESOLVED FURTHER THAT all the Directors, be and are hereby severally authorized to file necessary e-forms and returns with the Registrar of Companies, Chhattisgarh, in this regard.”

SPECIAL BUSINESS:-

5. To consider and if thought fit to pass with or without modification the following resolution as special resolution:-

"RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof), and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of **Miss Geetika Jain (DIN: 00207695)** as the Managing Director of the Company for a period of five years effective from 1st September, 2016 to 31st August, 2021 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized severally to do all such acts things and deeds as may be necessary to give effect to the above resolution."

6. To consider and if thought fit to pass with or without modification the following resolution as special resolution:-

“**RESOLVED THAT** in partial modification, the resolution passed at the Annual General Meeting of Members of the Company held on 30th September, 2015 pursuant to the provisions of Section 196, 197 & 203 and other applicable provisions, if any, of the Companies Act, 2013 in respect of appointment of Shri Veenu Jain as Managing Director for a period of 1st April, 2015 to 31st March, 2020 be and is hereby amended.”

"RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof), and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of **Shri Veenu Jain (DIN: 00207165)** as the Managing Director of the Company for a period of five years effective from 1st April, 2015 to 31st March, 2020 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution."

7. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:-

“RESOLVED THAT in partial modification, the resolution passed at the Annual General Meeting of Members of the Company held on 30th September, 2015 pursuant to the provisions of Section 196, 197 & 203 and other applicable provisions, if any, of the Companies Act, 2013 in respect of appointment of Shri Arvind Kumar Jain as Managing Director for a period of 1st April, 2015 to 31st March, 2020 be and is hereby amended.”

"RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof), and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of **Shri Arvind Kumar Jain (DIN: 00207106)** as the Managing Director of the Company for a period of five years effective from 1st April, 2015 to 31st March, 2020 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution."

8. To consider and if thought fit to pass with or without modification the following resolution as special resolution:-

“RESOLVED THAT in partial modification, the resolution passed at the Annual General Meeting of Members of the Company held on 30/09/2014 pursuant to the provisions of Section 196, 197 & 203 and other applicable provisions, if any, of the Companies Act, 2013 in respect of appointment of Smt. Krishna Jain as Whole Time Director for a period of 1st June, 2013 to 31st May, 2018 be and is hereby amended.”

"RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof), and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of **Smt. Krishna Jain (DIN: 00207724)** as the Whole Time Director of the Company for a period of five years effective from 1st June, 2013 to 31st May, 2018 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution."

Registered Office

Hathkhoj Village,
Industrial Area,
BHILAI-490026 (C.G.)

Dated: 6th September, 2016

By Order of the Board

SD/-
Geetika Jain
(Mg. Director)
DIN: 00207695

NOTES:

1. Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the Meeting instead of himself/herself and a proxy need not be a Member of the Company.

2. In order that the appointment of a proxy is effective, the instrument appointing a proxy must be received at the registered office of the company not later than forty-eight hours before the commencement of the meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty in number and holding in aggregate not more than 10 percent of the total share capital of the company carrying voting rights. Member holding more than 10 percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
4. Corporate Members intending to send their authorised representatives to attend the Annual General meeting, pursuant to section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
5. Members, Proxies and Authorised Representatives are requested to bring to the Meeting, the attendance slip, enclosed herewith duly completed and signed.
6. In case of joint holders attending the Meeting, the joint holder who is higher in the order of names will be entitled to vote at the Meeting.
7. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 is enclosed herewith.
8. The Register of Members and Share Transfer Books of the Company will remain closed **from 26th September, 2016 to 30th September, 2016**, both days inclusive on account of Annual General Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statements Pursuant to Section 102 of the Companies Act, 2013

Item No. 5, 6, 7 & 8

Miss Geetika Jain were appointed as the Managing Director of the Company with effect from 29th September, 2012 on certain terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 30th September 2014. As such, the present term of office of Miss Geetika Jain has expired on 31/08/2016. Miss Geetika Jain currently holds overall responsibility of the foundry & Urla divisions of the Company. Keeping in view the contribution made by her for the growth of the Company, the Board of Directors of the Company at their meeting held on 6th September, 2016 have recommended the reappointment of Miss Geetika Jain as Managing Director for a period of five (5) years effective from 1st September, 2016 on the following terms and conditions.

The Board of Directors had also approved revision in the salary of Shri Arvind Kumar Jain and Shri Veenu Jain, Managing Directors and Smt. Krishna Jain, Whole Time- Director of the Company w. e. f. 01.01.2017 as per details given below:-

Shri Arvind Kumar Jain

Salary: 3,00,000/- per month
Performance Bonus
Perquisites as shown below

Shri Veenu Jain

Salary: 3,00,000/- per month
Performance Bonus
Perquisites as shown below

Miss Geetika Jain

Salary: 3,00,000/- per month
Performance Bonus
Perquisites as shown below

Smt. Krishna Jain

Salary: 3,00,000/- per month
Performance Bonus
Perquisites as shown below

Apart from this it was also decided that the total remuneration along with performance bonus to all the Directors shall always be within the overall limits prescribed in the Companies Act.

Perquisites & Amenities : For each of the above.

- a) **Accommodation :-**
The Company will provide accommodation.
- b) **Gas, Electricity, Water & Furnishing:-**
The expenditure incurred by the Company on gas, electricity, water & furnishing shall be valued as per the Income-Tax Rules, 1962.
- c) **Medical Reimbursement:-**
Expenses incurred for the Appointee and his/her family.
- d) **Mediclaime Policy:-**
Expenses incurred for the Appointee and his/her family subject to the ceiling of Rs.15,000/- per annum.
- e) **Leave and Leave Travel Concession:-**
Leave as per the rules of the Company including encashment of leave. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- f) **Club Fees:-**
Membership fees of Clubs subject to a maximum of two clubs.
- g) **Personal Accident Insurance:-**
Personal Accident Insurance of an amount the annual premium of which does not exceed Rs.4,000/-

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.
- h) **Servant:-**
The Company will provide a servant to each appointee at their residence.

Other Payments and Provisions:-

- a) **Contribution to Superannuation Fund and towards Provident Fund:-**
Contribution towards Provident Fund will be subject to a ceiling of 12% of the salary.
- b) **Gratuity:-**
Gratuity payable shall not exceed one half month's salary for each completed year of service.

- c) **Car:-**
Provision of car for use on Company's business will not be considered as a perquisite. Use of car for private purpose shall be considered as perquisite.
- d) **Telephone:-**
Provision of telephone at residence will not be considered as a perquisite but personal long distance calls shall be billed by the Company.
- e) **Entertainment Expenses:-**
Entertainment expenses actually and properly incurred for the business of the Company shall be reimbursed.

Minimum Remuneration:-

In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Shri Arvind Kumar Jain, Shri Veenu Jain, Miss Geetika Jain and Smt. Krishna Jain the remuneration aforesaid shall be the minimum remuneration payable to them. However any excess over the limits on minimum remuneration prescribed under the Companies Act, 2013 shall become payable to them with the approval of the Central Government, if so required.

Excepting Shri Arvind Kumar Jain, Shri Veenu Jain, Miss Geetika Jain and Smt. Krishna Jain, no other Directors of the Company are interested or concerned in the appointment.

Registered Office

Hathkhoj Village,
Industrial Area,
BHILAI

By Order of the Board

SD/-

Geetika Jain
(Mg. Director)
DIN: 00207695

Dated: 6th September, 2016

Place: Bhilai



BHILAI ENGINEERING CORPORATION LIMITED

(AN ISO:9001, ISO:14001, OHSAS:18001 Company)

Regd. Office & Head Office:

Hathkhoj Village, Industrial Area, Bhilai – 490026, Dist: Durg, Chhattisgarh, India

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CIN: L29111CT1960PLC000913

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 56th Annual Report together with the Audited accounts of the Company for the financial year ended 31st March 2016.

FINANCIAL RESULTS:-

(Amount Rs. In Lac)

PARTICULARS	F.Y. 2015-16	F.Y. 2014-15
Sales and other Income	89,908.17	89,637.42
Gross Profit before depreciation	3,483.49	6,059.57
Depreciation	2,789.40	3,192.08
Profit before tax during the year	694.09	2,867.49
Corporate Social Responsibilities Expenses	26.96	1.21
Provision for Taxation	483.40	1,111.03
Profit after Tax	183.73	1,755.25
Deferred Tax Liabilities	(230.88)	181.23
Balance carried to Balance Sheet	414.61	1,574.02

THE YEAR IN RETROSPECT & FUTURE PROSPECTS: -

Company's profit before tax reduced to Rs. 694.09 Lac as compared to Rs. 2867.49 Lac in preceding year. After tax provision of Rs. 483.40 Lac (Last Year Rs. 1111.03 Lac) the net profit (PAT) for the year is Rs. 183.73 Lac (Last Year Rs. 1755.25 Lac). In spite of all round efforts of the management, due to negative industrial services the margin could not be as expected. This situation is likely to be improved in coming years.

DIVIDEND:-

The Board of Directors decide not to recommend dividend for the year 2015-16 in order to consolidate its financial strength.

DIRECTORS:-

The present term of Shri Ashish Jain, as Whole Time Director of the Company was expiring on 31/08/2016. He had tendered his resignation as Whole Time Director w.e.f. 01/04/2016. It is proposed to appoint Shri Ashish Jain as Director of the Company with effect from 01/09/2016.

The present term of Miss Geetika Jain, Managing Directors of the Company has expired on 31/08/2016. It is proposed to re-appoint her for a further period of 5 years with effect from 01/09/2016 to 31/08/2021 in the forthcoming Annual General Meeting of the Company.

EXTRACT OF ANNUAL RETURN:-

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT-9** is attached as a part of this Annual Report. (**ANNEXURE- A**)

Corporate Social Responsibility:-

The Company has constituted a Corporate Social Responsibility Committee (CSR) in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee consists of Shri S. K. Jain as Chairman, Shri Veenu Jain and Shri Ashish Jain as members. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link: <http://www.bec-group.com>

The disclosures with respect to CSR activities forming part of this Report are given as **Annexure-B**.

Fixed Deposits:-

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the Companies (Acceptance of Deposits) Rules, 2014.

Change in the nature of business, if any:-

No Change in the nature of the business activities of the Company has taken place during this year.

Auditors and Auditor's Report:-

M/s. P. C. Bafna & Co., Chartered Accountants, the auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received letters from M/s. P. C. Bafna & Co., Chartered Accountants, Durg to the effect that their appointment, if made, would be within the prescribed limits under Section 141 (3) of the Act, and that they are not disqualified from appointment as statutory auditors of the Company.

COST AUDITORS:-

Pursuant to the directive from the Ministry of Corporate Affairs regarding appointment of Cost Auditor, M/s S. Chander & Associates, Cost Accountants, Delhi have been appointed as the Cost Auditor of the Company for the financial year 2016-17. The Cost Audit Report in respect of Financial Year 2014-15 was filed on 7th July, 2016 through **SRN G06823231**. The section 148 (3) of the Companies Act, 2013 requires that the remuneration of Cost Auditors shall require the ratification of shareholders and accordingly the appropriate resolution has been included in the notice convening the 56th Annual General Meeting.

Your Directors recommend the approval of resolution for re-appointment and fixation of remuneration of Auditors for the Financial Year 2016-17.

Secretarial Audit:-

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. Satish Batra & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made by the Secretarial Auditor in the Secretarial Audit Report. The Audit Report of the Secretarial Auditor is attached hereto as **Annexure-C**.

Share Capital:-

The Company has not issued any securities during the year.

NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 5 (Five) times during the financial year from 1st April, 2015 to 31st March, 2016. The dates on which the meetings were held are as follows:-

Sr. No.	Date of Board meeting
1	16 th April, 2015
2	28 & 29 th May, 2015
3	5 th September, 2015
4	23 rd December, 2015
5	25 th February, 2016

The Meetings were held within the period prescribed under the Companies Act, 2013.

Particulars of loans, guarantees or investments under section 186:-

There are no loans, guarantees and investments made by us under section 186 of the Companies Act, 2013.

Particulars of contracts or arrangements with related parties:-

All contracts/arrangements/transactions entered by the Company during the financial year under review with related parties were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have potential conflict with the interest of the Company at large.

All Related Party Transactions were placed before the Audit Committee for approval. Omnibus approval of the Audit Committee was obtained for the transactions which were of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee for its approval on a quarterly basis.

Directors' Responsibility Statement:-

As required under section 134 (3)(c) of the Companies Act, 2013, The Directors hereby state that:-

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis; and

(e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:-

The Company is committed to upholding and maintaining the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year, no such complaint was received.

Acknowledgements:-

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/ Services Providers, Banks, various Governmental Organisations/ Agencies and shareholders and look forward for their continued support and Co-operation in future also.

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 in-house Research & Development Section and steps have been taken during the period for:-

- i. Improvement in quality of various products.
- ii. Improvement in yield of raw material consumption.
- iii. Improvement in cost effectiveness.

c). **Foreign Exchange Earning & Outgo:-**

- i. Earnings : Rs. **5563.53** lac.
- ii. Outgo : Rs. **5863.22** lac.

Registered Office:

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

FOR AND ON BEHALF OF THE BOARD

SD/-
VEENU JAIN
(Mg. Director)
DIN: 00207165

SD/-
GEETIKA JAIN
(Mg. Director)
DIN: 00207695

Place: Bhilai
Date: 06.09.2016

BHILAI ENGINEERING CORPORATION LIMITED**ANNEXURE –1 to Directors' Report****For disclosure of particulars with respect to conservation of energy:-**

Sl No.	Power and Fuel Consumption	F. Y. 2015-16	F. Y. 2014-15
1	Electricity		
	a) Purchased		
	Units	18958915	18901721
	Total Amount	128484688	118832141
	Average rate per unit	6.78	6.29
	b) Own Generation		
	Units	139184	172848
	Units/Liter of Diesel oil	2.88	3.14
	Cost/Unit	17.54	18.88
	c) Own Generation –TG		
	Units	2178893	2753308
2	Furnace Oil		
	Qty. (K.L.)	1045	210
	Value per K. Ltrs. of.oil	76542	79967
3	Consumption per unit of production standard (if any)		
	Electricity Consumption (KWH)/MT Finished Steel and Iron Castings Structural Steel & Equipment	2135.46	1874.23
	Electricity Consumption (KWH)/MT of SSP/GSSP Incl Acid	32.37	29.99
	Electricity Consumption (KWH)/MT of NPK	11.01	18.39
	Electricity Consumption (KWH)/MT of SSF	250	251
	Furnace Oil Consumption (KL)/MT of Steel and Iron Castings.	0.208	0.236
	Electricity Consumption (KWH)/MT of fruit pulp	447	554
	Electricity Consumption (KWH)/MT of Milk Processing	44.69	42

Annexure "A"

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As of financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:-

1.	CIN	L29111CT1960PLC000913
2.	Registration Date	3RD DECEMBER, 1960
3.	Name of the Company	BHILAI ENGINEERING CORPORATION LIMITED
4.	Category/Sub-category of the Company	Company limited by Shares Indian Non-Government Company
5.	Address of the Registered office & contact details	HATHKHOJ VILLAGE INDUSTRIAL AREA, BHILAI -490020 (C. G.)
6.	Whether listed company	LISTED
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	ENGINEERING	29	80
2	FERTILIZERS	24	18

(B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	0	7890	7890	0.17%	0	7890	7890	0.17%	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-	0	7890	7890	0.17%	0	7890	7890	0.17%	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	NA	4719320	4719320	100%	0	4719320	4719320	100%	0

B) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Balka Services P Ltd	643799	13.64%	0	643799	13.64%	0	Nil
2	Kriner Services P Ltd	640999	13.58%	0	640999	13.58%	0	Nil
3	Surge Services P Ltd	641200	13.59%	0	641200	13.59%	0	Nil
4	BECO Agriculture & Inds P Ltd	646999	13.71%	0	646999	13.71%	0	Nil
5	Bhilai Management Services Pvt Ltd	639399	13.55%	0	639399	13.55%	0	Nil
6	Bhilai Investments Limited	370160	7.84%	0	370160	7.84%	0	Nil
7	Sudha Investments Ltd	390050	8.26%	0	390050	8.26%	0	Nil
8	BEC Impex Intl Pvt Ltd	23800	0.50%	0	23800	0.50%	0	Nil
9	Novel Projects Ltd	115460	2.45%	0	115460	2.45%	0	Nil
10	Mewar Fibre Holdings Limited	48000	1.02%	0	48000	1.02%	0	Nil
11	Kirtiman Capital Ltd	82040	1.74%	0	82040	1.74%	0	Nil
12	Jain Indl & Comm Ent P Ltd	1600	0.03%	0	1600	0.03%	0	Nil
13	Ashish Indl & Comm Ent. Pvt Ltd	1600	0.03%	0	1600	0.03%	0	Nil
14	Jafferson Leasing & Finance Ltd	960	0.02%	0	960	0.02%	0	Nil
15	Cooltex Holdings Ltd	6760	0.14%	0	6760	0.14%	0	Nil
16	J. P. Jain Trust	100959	2.14%	0	100959	2.14%	0	Nil
17	S. K. Jain	10815	0.23%	0	10815	0.23%	0	Nil
18	A. K. Jain	67944	1.44%	0	67944	1.44%	0	Nil
19	Veenu Jain	9614	0.20%	0	9614	0.20%	0	Nil
20	Krishna Jain	91543	1.94%	0	91543	1.94%	0	Nil
21	Ashish Jain	1600	0.03%	0	1600	0.03%	0	Nil
22	Geetika Jain	1600	0.03%	0	1600	0.03%	0	Nil
23	Anandwati Jain	74586	1.58%	0	74586	1.58%	0	Nil

24	S. K. Jain (HUF)	69530	1.47%	0	69530	1.47%	0	Nil
25	Poonam Jain	11599	0.25%	0	11599	0.25%	0	Nil
26	A.K. Jain (HUF)	5199	0.11%	0	5199	0.11%	0	Nil
27	Veenu Jain (HUF)	8000	0.17%	0	8000	0.17%	0	Nil
28	Kanika Jain	1600	0.03%	0	1600	0.03%	0	Nil
29	Rachna Jain	815	0.02%	0	815	0.02%	0	Nil
30	Priyanka Jain	1600	0.03%	0	1600	0.03%	0	Nil
31	Viren Rai Jain	800	0.02%	0	800	0.02%	0	Nil
32	Arjun Rai Jain	800	0.02%	0	800	0.02%	0	Nil
	Total	4711430	99.83%	0	4711430	99.83%	0	Nil

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4711430	99.83%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	-	-
	At the end of the year	4711430	99.83%		

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):-

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7890	0.17%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	PRAMOD KUMAR JAIN	6223	0.13%	Nil	Nil
	SATISH CHAND GUPTA	1426	0.03%		
	ANURADHA MAJUMDAR	199	0.01%		
	R. S. GUPTA	27	00		
	S. B. DATE	15	00		
	At the end of the year	7890	0.17%	Nil	Nil

E) Shareholding of Directors and Key Managerial Personnel:-

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SHRI SURENDRA KUMAR JAIN, DIRECTOR				
	At the beginning of the year	10815	0.23%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	Nil	Nil
	At the end of the year	10815	0.23%	Nil	Nil

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	SHRI ARVIND KUMAR JAIN, MANAGING DIRECTOR				
	At the beginning of the year	67944	1.44%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	Nil	Nil
	At the end of the year	67944	1.44%	Nil	Nil

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	SHRI VEENU JAIN, MANAGING DIRECTOR				
	At the beginning of the year	9614	0.20%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	Nil	Nil
	At the end of the year	9614	0.20%	Nil	Nil

SN 4	Shareholding of each Directors and each Key Managerial Personnel MISS GEETIKA JAIN, MANAGING DIRECTOR	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1600	0.03%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	Nil	Nil
	At the end of the year	1600	0.03%	Nil	Nil
SN 5.	Shareholding of each Directors and each Key Managerial Personnel SMT. KRISHNA JAIN, WHOLE TIME DIRECTOR	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	91543	1.94%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	Nil	Nil
	At the end of the year	91543	1.94%	Nil	Nil
SN 6.	Shareholding of each Directors and each Key Managerial Personnel SHRI ASHISH JAIN, WHOLE TIME DIRECTOR	Shareholding at the beginning of the year		Change in Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1600	0.03%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	Nil	Nil
	At the end of the year	1600	0.03%	Nil	Nil

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year			0	
i) Principal Amount	1,687,087,715	284,553,746	0	1,971,641,461
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	1,687,087,715	284,553,746	0	1,971,641,461
Change in Indebtedness during the financial year	0		0	0
* Addition	338,090,451	160,167,306	0	498,257,757
* Reduction	316,065,558	0	0	316,065,558
Net Change	22,024,893	160,167,306	0	182,192,199
Indebtedness at the end of the financial year	0	0	0	0
i) Principal Amount	1,709,112,610	444,721,052	0	2,153,833,662
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	1,709,112,610	444,721,052	0	2,153,833,662

**XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(A) (Amount Rs. In Lac)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			
		A.K. Jain	Veenu Jain	Geetika Jain	S. K. Jain
1	Gross salary	12.12	12.00	12.00	3.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit -others, specific Perquisites PF	0.88	1.44	1.76	0.85
5	Others, please specify				
	Total (A)	13.00	13.44	13.76	3.85
	Ceiling as per the Act				

(B)

SN.	Particulars of Remuneration	Name of /WTD/ Manager				
		Krishna Jain	Ashish Jain			
1	Gross salary	12.12	12.12			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit -others, specific Perquisites PF	00	1.83			
5	Others, please specify					
	Total (B)	12.12	13.95			
	GRAND TOTAL (A+B)	25.12	27.39	13.76	3.85	70.12
	Ceiling as per the Act					84.06

B. Remuneration to other directors:- (Not applicable)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Not Applicable)

XII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES: (NIL)

Annexure-“B”

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES:-

1. **A Brief outline of the Company’s CSR policy including the statement of intent reflecting the ethos of the Company, broad areas of CSR interest and an overview of activities proposed to be undertaken.**

The Company undertakes appropriate Corporate Social Responsibility (CSR) measures having positive economic, social and environmental impact on the community including on the local areas around where it operates.

Broad areas of CSR Interest and overview of activities

- a. Promoting education;
 - b. Healthcare and sanitation;
 - c. Creating platform for promotion of sports;
 - d. Rural development projects; and
 - e. Other areas mandated under Schedule VII to the Companies Act, 2013.
2. **Web-link to the CSR Policy: <http://www.bec-group.com>**
 3. **The composition of the CSR Committee:-**
 - a) **Shri S. K. Jain, Chairman**
 - b) **Shri Veenu Jain, Managing Director**
 - c) **Shri Ashish Jain, Director**

Particulars	Amount Rs. In Lac
Average Net Profit of the Company for the last three financial years	6825.39
The prescribed CSR outlay (2 per cent of the average net profit)	136.51
Details of CSR spent during 2015-16	26.96
Amount unspent	109.55

4. Company is in dialogue with authorities of State Govt., NGOs & other institutions so that the expenses on CSR activities can be increased for betterment of needy peoples of adjoining areas of works of the Company situated in different parts of Chhattisgarh State.

SATISH BATRA & ASSOCIATES

COMPANY SECRETARIES

C-501, 4th Floor, Ashoka Ratan,
Khamardih Road, Shankar Nagar,
Raipur 492001 (C. G.)

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Bhilai Engineering Corporation Limited
Hathkhoj Village,
Industrial Area,
Bhilai-490026

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bhilai Engineering Corporation Limited**.(hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(The Company has applied for delisting of its shares and the issue is under process).**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company during the Audit Period);**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period);**

(vi) Factories Act, 1948;

(vii) Payment of Wages Act, 1936;

(viii) Environment (Protection) Act, 1986;

(ix) Employment Exchanges (compulsory notification of vacancies) Act, 1959;

(x) Contract Labour (Abolition) Act, 1970;

(xi) Apprentices Act, 1961;

(xii) Payment of Bonus Act, 1965; and

(xiii) The EPF & Misc provisions Act, 1952 ;

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchanges.

(iii) During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company consists of six Directors out of whom three are Managing Directors, two are Whole time Directors and one is Director and there is following change:-

Shri Surendra Kumar Jain, designation has been changed from whole time director to Director during the year.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out by majority as recorded in the minutes of the meeting of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the major decisions in the Company have been taken by the members in pursuance to section 180 of the Companies Act, 2013.

For Satish Batra & Associates
Company Secretaries

SD/-

Satish Batra
FCS No:1316
C P No.:2875

Place: Raipur

Date: 6th September, 2016

“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 stakeholders. The Company believes that good corporate practices inculcate professional management; increase the value of stakeholders and customers and customer's satisfaction.

Board of Directors:-

The Board consists of six Directors out of whom three are Managing Directors, two are Whole Time Directors and one is Director.

During the year four 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 31,2016
Shri S. K. Jain	Director	1/5	No	08
Shri A.K.Jain	Managing Director	2/5	Yes	09
Shri Veenu Jain	Managing Director	5/5	Yes	14
Shri Ashish Jain	Whole Time Director	3/5	Yes	14
Smt Krishna Jain	Whole Time Director	Nil	No	03
Miss Geetika Jain	Managing Director	5/5	Yes	08

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 2015-16 is as follow:-

Particulars	Rs. in Lac
Salaries	63.36
Contribution to PF & perquisites	6.76
Total	70.12

Board Committees:-

The Company has constituted two Committees of Directors, namely Audit Committee and Share Transfer & Grievance 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
Miss. Geetika Jain	Managing Director
Shri Ashish Jain	Whole Time Director
Smt. Krishna 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 2015 to 31st March 2016.

28.05.2015, 25.08.2015, 20.11.2015 and 23.02.2016.

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

Name of Members	No. of meeting held	No. of meeting Attended
Miss. Geetika Jain	4	4
Shri Ashish Jain	4	4
Smt. Krishna Jain	4	2

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 broad 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 monitor 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 Veenu Jain, Managing Director 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
2014-2015	30.09.2015	11.00 A. M.	Hathkoj Village Industrial Area, Bhilai-490026
2013-2014	30.09.2014	11.00 A.M.	Hathkoj Village Industrial Area, Bhilai-490026
2012-2013	30.09.2013	11.00 A.M.	Hathkoj Village Industrial Area, Bhilai-490026

Management Discussion and Analysis Report:-

a). Industry Structure and Developments:-

Your company has three business divisions, namely Engineering and Project Divisions, Fertilizer Division & Foods Division. In Engineering & Project Division, the principal product includes steel castings, fabricated steel structures & heavy equipments. Engineering Division also undertakes projects on Turnkey basis. The principal products in Fertilizer Division include Single Super Phosphate (SSP) Granulated Single Super Phosphate (GSSP), Sulphuric Acid, NPK Mixture etc. The principal products in Food Division include Tomato puree, orange concentrate, fruits pulp etc. Food division is also involved in processing and packaging of Milk and Curd for “Amul”.

b). Outlook on Opportunities, Threats, Risk & Concerns:-

Our Engineering Division has already bagged no. of orders from different steel plants. As you are aware the company is already looking for diversification in Railway from the year 2014-15 and the company was got some developmental order in this context in the last year. Now the company has established the dedicated shop for manufacturing of various Railway products. As per the thrust given by the Government on core infrastructure and ‘Make in India’ initiatives continues to give us a healthy basket of opportunities to tap. Increased allocations by the Centre and States on infrastructure spending, higher levels of outlay by cash-rich Public Sector enterprises and significant funding of infrastructure projects by bi-lateral and multi-lateral lending agencies is propelling the investment momentum forward. Several upcoming projects provide us with a broad perspective of the opportunity horizon opening up for us in 2016-17.

Foundry Division is operating in a highly technology intensive and competitive business which demands continuous up-gradation of technology and product quality. Foundry Division is already supplying castings to Railways (Indian & Foreign) & Mines with improved manufacturing processes thereby reducing the incidence of rejections. Due to the growing expectations of OEMs regarding the quality and quantity of castings, India is expected to produce larger casting facilities over the next few years. The size and scope of large plants are required to address investment requirements, power shortage and a talent crunch. This means that manufacturers with latest technology of equipments and raw materials will have a bright opportunity in India. Foundry Division is constantly upgrading its own manufacturing standards with better process controls and by high quality of input materials. It is the endeavor of Foundry Division to increase its market share to cater the needs of Railways.

While fertilizers prices will remain weak over the coming quarters, they will not tumble significantly lower than their current levels. This is because price are currently at multy-year lows and, although capacity and output are growing steadily, demand will start to recover moderately on the back of increasing crop prices.

Fertilizers prices receded substantially since 2012 and have been on a downtrend since the start of 2016, with the current prices being at 5-year or 10-year lows depending on the product. At the same time, we forecast crop prices to start trending higher from 2016 onward, with the notable exceptions of wheat and cocoa. This underpins our view for farmers to increase fertilizers purchases as farm incomes eventually recover. However, over the next five years we forecast a slow price uptrend for most crops as well as crop production growth to be slower than during the previous five-year period. Therefore, demand will provide some relief for fertilizer prices, but it will not be strong enough to pull prices into an uptrend.

We hold the view that fertilizer Companies will continue to underperform over the coming quarters.

Our Food division is also doing well. We have established a processing plant for pasteurization of Raw Milk for doing processing and packaging of Milk for reputed “Amul” Brand. Company is also looking for supply of Orange concentrate to “Coca Cola”.

The Company is well placed to benefit early as sustainable growth opportunities emerge over the next few years.

c). **Segment wise performance:-**

During the year under review your Company achieved Sales and other income of Rs.89,908.17 Lac Segment wise details are as under:-

Divisions	Rs. in lac
Engineering & Corporate	71,457.35
Fertilizers	16,615.56
Constructions	37.81
Foods	1,797.45
Total	89,908.17

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

The performance of the Fertilizer Division was hit by higher financial cost including foreign exchange loss and pressure on margin due to over-supply conditions in the Industry, compounded with low capacity utilization.

d). **Internal Control systems and their adequacy:-**

Your Company has already installed 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 organizational needs and challenges of the organisation.

General Information for Shareholders:-

Annual General Meeting:-

The Annual General Meeting of the company will be held on the 30th September 2016 at 11.00 A.M. at the registered office of the Company at Hathkhoj Village, Industrial Area, Bhilai- District Durg (C. G.)- 490 026.

Book Closure date:-

Register of Members of the Company will remain closed from **26.09.2016 to 30.09.2016** (both days inclusive)

Listing on Stock Exchange:-

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

The Share Transfer activities are under physical mode. Shares which are lodged for transfer are processed and returned within the stipulated time.

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

Dematerialization of Shares:-

Shares of the Company are in physical mode.

Delisting:-

Your Company is in the process of delisting.

Distribution of shareholding as on 31st March, 2016:-

Category No. of Shares held	Total No. of shareholders	% of total holders	Total shares held	% of total Equity
0-100	3	7.89	142	00.00
101-200	1	2.63	199	00.00
201-500	--	--	--	--
501-1000	4	10.53	3,375	00.08
1001-5000	7	18.42	11,026	00.23
5001-10000	5	13.16	35,796	00.76
10001& above	18	47.37	46,68,782	98.93
Total	38	100.00	47,19,320	100.00

Shareholding pattern of the Company as on 31st March, 2016:-

Sl. No.	Class of Investors	No. of Shares	% of Shares
1	Promoters	3,57,645	7.58
2	Non-Resident Indians/Overseas Corporate Bodies	--	--
3	Foreign Companies	--	--
4	UTI & Mutual Fund	--	--
5	Bank/ Financial Institutions/Insurance Companies	--	--
6	Bodies Corporate (Promoters Group Companies)	42,52,826	90.11
7	Any other TRUST (Promoters Group Trust)	100,959	2.14
8	Others	7,890	0.17
	Total	47,19,320	100.00

Financial Reporting Calendar:-

- a). For the quarter ending June, 2016 : 3rd/4th week of July, 2016
- b). For the quarter ending September, 2016 : 3rd/4th week of October, 2016
- c). For the quarter ending December, 2016 : 3rd/4th week of January, 2017
- d). For the year ending March 31, 2017 : 3rd/4th week of May, 2017

P. C. BAFNA & CO.
CHARTERED ACCOUNTANTS



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The members of
Bhilai Engineering Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by **Bhilai Engineering Corporation Limited**, for the year ended on 31st March, 2016 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 conditions of the Corporate Governance. 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 except MPS norms 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 to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: **Bhilai**
Date: 6th September, 2016

For, P. C. BAFNA & CO.
Chartered Accountants
F. R. No. 02147C

SD/-

(SUNIL KASHYAP)
PARTNER
M. No. 075681

HEAD OFF.: GANJ PARA, DURG 491 001 (C.G.)

Phone : (O) 2323182, 2329738 FAX : (0788) 232182 E-mail : ca_pcbafnaco@rediffmail.com & sunil2909@hotmail.com

P. C. BAFNA & CO.

CHARTERED ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

**To the Members of
BHILAI ENGINEERING CORPORATION LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of BHILAI ENGINEERING CORPORATION LIMITED ("the company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's

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judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act **except the points mention in "Annexure A"**, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**AnnexureB**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has no long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There may have no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: DURG
DATE: 06-09-2016

FOR P.C.BAFNA & CO
CHARTERED ACCOUNTANTS

FRM NO:02147C

SD/-

SUNIL KASHYAP
(PARTNER)
MNO:075681

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31,2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management conducts physical verification of inventory regularly at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records have been properly dealt with in the books of account & these were not material.
- 3) We are unable to comment whether the Company has granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register under section 189 of the Companies Act 2013 as the register could not be produced by the company. The following transactions made during the year as disclosed in Note no. 35:

SR. NO.	NAME OF PERSON	RELATIONSHIP	NATURE OF PAYMENT	TRANSACTIONS DURING 31.03.2016
<u>TRANSACTION REQUIRED BOARD RESOLUTION</u>				
1	BHILAI MOTOR CAR CO.	ASSOCIATE	PURCHASE OF DIESEL & OIL	120.91
2	BHARAT INDUSTRIAL WORKS (BHILAI) PVT. LTD.	ASSOCIATE	PURCHASE OF CAPITAL ITEMS	98.48
3	BHILAI ENGINEERING INDUSTRIES LTD.	ASSOCIATE	(i) SALES OF GOODS	89.89
			(ii) CONSULTANCY & RETAINERSHIP	182.40
			(iii) CONTRACT WORK	46.13
			(iv) RENT PAID	57.25
			(v) INTEREST PAID	66.57
4	KIRTIMAN ADVOSORY SERVICES (P) LTD.	ASSOCIATE	CONSULTANCY & RETAINERSHIP	20.00
5	BEC FERTILIZER LIMITED	ASSOCIATE	SALES OF GOODS	1066.97
6	VISHVA VISHAL ENGINEERING LTD.	ASSOCIATE	(i) PURCHASE OF GOODS	27.67

			(ii) RENT PAID	39.60
7	KIOSK PROPERTIES PVT. LTD.	ASSOCIATE	RENT PAID	60.00
8	JAFFERSON LEASING & FIN PVT. LTD.	ASSOCIATE	RENT PAID	12.00
9	BEC IMPEX INTERNATIONAL (P) LTD.	ASSOCIATE	RENT PAID	9.00
10	SHRI ASHISH JAIN	ASSOCIATE	RENT PAID	1.58
11	BEC INFRA PVT LTD	ASSOCIATE	CONTRACT WORK	5650.58
12	ASHISH INDUSTRIAL & COMM ENT. (P) LTD.	ASSOCIATE	(i) CONSULTANCY & RETAINERSHIP CHARGES	180.00
			(ii) RENT PAID	39.00
13	JAIN AGRICULTURE FARM	ASSOCIATE	PURCHASE OF GOODS	0.55
	JAIN AGRICULTURE FARM	ASSOCIATE	FREIGHT	0.04
14	KIRTIMAN INFRASTRUCTURE (P) LTD.	ASSOCIATE	(i) INTEREST PAID	1.08
			(ii) CONTRACT WORK	32.70
15	BHILAI FOOD PRODUCTS CO.	ASSOCIATE	PURCHASE OF GOODS	37.24
16	SHRI VEENU JAIN (HUF)	RELATIVE OF DIRECTOR	RENT PAID	0.48
17	SHRI VIREN RAI JAIN	RELATIVE OF DIRECTOR	RENT PAID	1.32
18	SUDHA INVESTMENT LIMITED	ASSOCIATE	RENT PAID	0.60
19	PERENNIAL FINANCE & INVESTMENTS (P) LTD.	ASSOCIATE	RENT PAID	9.00
20	KIRTIMOYA CAPITAL LIMITED	ASSOCIATE	INTEREST RECEIVED	84.74
21	SHRI VEENU JAIN	DIRECTOR	INTEREST PAID	25.88
	<u>TRANSACTIONS REQUIRED ORDINARY RESOLUTION IN GENERAL MEETING</u>			
22	SMT. POONAM JAIN	RELATIVE OF DIRECTOR	REMUNERATION	9.00
			PERQUISITES	0.32
23	SMT. KANIKA JAIN	RELATIVE OF DIRECTOR	REMUNERATION	240.47
24	SMT. SHIPRA JAIN	RELATIVE OF DIRECTOR	REMUNERATION	240.52
25	SHRI ARJUN RAI JAIN	RELATIVE OF DIRECTOR	REMUNERATION	15.00
			PERQUISITES (PF)	1.44
	TOTAL			8256.28

- 4) In our opinion and according to the information and explanations given to us, the company has not complied with the provisions of section 185 and section 186 of the Companies Act, 2013 in following cases:

SL. NO.	Particulars (Amount Advanced)	Relationship	Bal. as on 31.03.2016 (Rs in Lacs)	Bal. as on 31.03.2015 (Rs in Lacs)
1	Smt. Rachna Jain	Wife of Veenu Jain	16.50	20.00
2	Balka Service Pvt. Ltd	Associate	165.91	0.35
3	Kiritimoya Capital Limited	Associate	1356.81	5.63
4	Bhilai Management Services Pvt. Ltd	Associate	49.33	25.49
5	BEC Fertilizers Limited	Associate	882.73	1143.42
6	Bhilai Engineering Industries Ltd.	Associate	1661.92	0.00
7	Ashish Industrial & Comm. Ent. (P) Ltd.	Associate	2890.27	3070.16

- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the Cost records of division namely Foundry, Project (Unit-3) & Fertilizers maintained by the Company Pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of

more than six months from the date on when they become payable.

b) According to the information and explanation given to us, the following dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax & other material statutory dues have not been deposited by the Company on account of any disputes.

S. No.	Nature of Dues	Forum where dispute is pending	Period	Amount (Rs in Lacs)
1.	Sales tax	Dy. Assistant Commissioner ST Appeals	1994-95	2.32
2.	Sales tax	Dy. Assistant Commissioner ST Appeals	1997-98	6.88
3.	Excise duty	High Court, Bilaspur	1998-99	10.73
4.	C.S.T.	Sales Tax Department (2 nd Appeal)	2005-06	9.41
5.	Comm. Tax	Sales Tax Department (2 nd Appeal)	2005-06	1.28
6.	Entry Tax	Sales Tax Department (2 nd Appeal)	2005-06	13.19
7.	Entry Tax	High Court, Bilaspur	2005-06	2.59
8.	Entry Tax	High Court, Bilaspur	2006-07	4.65
9.	C.S.T.	Sales Tax Department	2007-08	29.65
10.	Entry Tax	High Court, Bilaspur	2007-08	11.99
11.	Sales Tax	Asst. Commissioner, Nagpur	2007-08	19.66
12.	Sales Tax	Asst. Commissioner, Nagpur	2008-09	40.86
13.	Entry Tax	High Court, Bilaspur	2008-09	12.77
14.	Service Tax	Additional Commissioner, Raipur	2008-09	19.37
15.	Service Tax	Commissioner, Raipur	April'06 to Sep.'09	57.45
16.	Entry Tax	High Court, Bilaspur	2009-10	3.93
17.	Sales Tax	Asst. Commissioner, Nagpur	2009-10	54.98
18.	Sales Tax	Asst. Commissioner, Nagpur	2010-11	61.34
19.	Entry Tax	High Court, Bilaspur	2010-11	0.09
20.	Excise Duty	Commissioner, Raipur	2010-11	926.08
21.	Cenvat	Cestat, New Delhi	2010-11	57.36
22.	C.S.T.	Tribunal	2010-11	120.36
23.	Sales Tax	Asst. Commissioner, Nagpur	2011-12	112.31
24.	Excise Duty	Commissioner, Raipur	2011-12	69.56
25.	Excise Duty	Asst. Commissioner, Bhilai	2011-12	4.52
26.	Excise Duty	Commissioner, Raipur	2012-13	200.71
27.	Excise Duty	Additional Commissioner, Raipur	2012-13	22.22
28.	Excise Duty	Cestat, New Delhi	2012-13	51.96
29.	Excise Duty	Commissioner, Raipur	2013-14	80.33
30.	Excise Duty	Commissioner, Raipur	2013-14	92.32
30.	Excise Duty	Add. Commissioner, Raipur	2014-15	0.41
		Total		2101.28

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- 9) The company has not raised moneys by way of initial public offer or further public offer including debt instruments. The term loan raised by the company is utilized for the purpose.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been allowed during the year;
- 12) In our opinion, the Company is not a Nidhi Company hence the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) We are unable to comment whether transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 as required by the applicable accounting -standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

Place: DURG
DATE: 06-09-2016

FOR P.C.BAFNA & CO
CHARTERED ACCOUNTANTS

FRM NO:02147C

SD/-

SUNIL KASHYAP
(PARTNER)
MNO:075681

"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of BHILAI ENGINEERING CORPORATION LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of BHILAI ENGINEERING CORPORATION LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: DURG
DATE: 06-09-2016

FOR P.C.BAFNA & CO
CHARTERED ACCOUNTANTS

FRM NO:02147C

SD/-

SUNIL KASHYAP
(PARTNER)
MNO:075681

BHILAI ENGINEERING CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	NOTE	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
A EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	471.93	471.93
b) Reserves & Surplus	3	34,574.82	33,935.97
		35,046.75	34,407.90
2) Non-Current Liabilities			
a) Long Term Borrowings	4	1,859.69	2,497.45
b) Deferred tax Liabilities (Net)	5	186.80	417.68
c) Other Long Term Liabilities	6	3,261.04	6,166.85
		5,307.53	9,081.98
3) Current Liabilities			
a) Short Term Borrowings	7	18,443.15	16,209.28
b) Trade Payables	8	14,147.89	17,956.84
c) Other Current Liabilities	9	10,080.38	10,041.43
d) Short Term Provisions	10	1,216.03	998.29
		43,887.45	45,205.84
TOTAL		84,241.73	88,695.72
B ASSETS			
1) Non-Current Assets			
a) Fixed Assets	11	14,303.30	15,862.29
- Tangible Assets		13,989.55	14,958.11
- Intangible Assets		-	-
- Capital Work-in-Progress		313.75	904.18
b) Non-Current Investments	12	88.43	88.43
c) Long-Term Loans and Advances	13	952.08	847.03
d) Trade Receivables	14	1,627.47	1,215.58
e) Other non-current assets	15	7,045.30	2,833.70
		24,016.58	20,847.03
2) Current Assets			
a) Current Investments	16	1,004.10	1,975.60
a) Inventories	17	15,802.61	18,816.30
b) Trade Receivables	18	22,824.81	24,557.87
c) Cash and Cash Equivalents	19	3,032.45	7,945.10
d) Short-Term Loans and Advances	20	13,976.47	11,310.70
e) Other current assets	21	3,584.71	3,243.11
		60,225.15	67,848.68
TOTAL		84,241.73	88,695.72

Significant Accounting Policies - 1

Notes on Financial Statements - 2 to 35

Notes referred to above form an integral part of the accounts

This is the Balance Sheet referred to in our report of even date

FOR AND ON BEHALF OF THE BOARD

FOR P.C. BAFNA & CO.
Chartered Accountants

SD/-

SD/-

SD/-

SD/-

Arvind Jain

Veenu Jain

Geetika Jain

(SUNIL KASHYAP)
PARTNER

Place :- Bhilai

Date : 6th September' 2016

BHILAI ENGINEERING CORPORATION LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	NOTE	2015-16 Rs. In Lacs	2014-15 Rs. In Lacs
<u>INCOME :</u>			
Revenue from Operations (Gross)	22	91,353.83	91,361.89
Less :- Excise Duty & Service Tax		3,016.76	2,856.57
Revenue from Operations (Net)		88,337.07	88,505.32
Other Income	23	1,571.10	1,132.10
Total Revenue :		89,908.17	89,637.42
<u>EXPENDITURE :</u>			
Cost of Materials Consumed	24	50,561.78	51,159.03
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in Trade	25	(603.16)	1,185.70
Employee Benefits Expense.	26	8,513.29	8,055.63
Finance Costs	27	3,613.78	3,175.23
Depreciation and Amortisation Expense		2,789.40	3,192.08
Other Expenses	28	24,338.99	20,002.26
Total Expenses :		89,214.08	86,769.93
Profit Before Tax		694.09	2,867.49
Corporate Social Responsibility Expenses		26.96	1.21
<u>Tax Expenses</u>			
- Current Tax		483.40	1,105.00
- Weath Tax		-	6.03
- Deferred Tax		(230.88)	181.23
Profit for the year		414.61	1,574.02
Earning per Share of F.V. of Rs. 10 each Basic and Diluted (in Rupees)	32	8.79	33.35
<u>Significant Accounting Policies - 1</u>			
<u>Notes on Financial Statements - 2 to 35</u>			

Notes referred to above form an integral part of the accounts
This is the Balance Sheet referred to in our report of even date

FOR AND ON BEHALF OF THE BOARD

FOR P.C. BAFNA & CO.
Chartered Accountants

SD/-	SD/-	SD/-	
SD/-	Arvind Jain	Veenu Jain	Geetika Jain

(SUNIL KASHYAP)
PARTNER
Place :- Bhilai
Date : 6th September' 2016

Cash Flow Statement for the Year Ended

	31 st Mar' 2016 (Rs. In Lacs)	31 st Mar' 2015 (Rs. In Lacs)
A. Cash Flow from operating activities:		
Net Profit before tax and extraordinary items	694.09	2,867.49
Adjustments for :		
Dividend	(0.05)	(0.01)
Depreciation	2,789.40	3,192.08
Corporate Social Responsibility Expenses	(26.96)	(1.21)
Interest Paid	2,617.26	2,228.25
Profit / Loss on Sale of Fixed Assets	(2.66)	(0.89)
Profit / Loss on Sale of Investment	38.87	(218.69)
Interest Income	(778.00)	(704.16)
Operating Profit before Working Capital changes	5,331.94	7,362.86
Adjustments for :		
LT Trade Receivables	(411.88)	(143.72)
ST Trade Receivables	1,733.06	(7,121.20)
Inventories	3,013.70	180.19
Trade Payable	(3,808.95)	2,654.58
Advance from Customers	(2,905.81)	(1,969.69)
Current Liabilities	38.95	(622.34)
Short Term Provisions	217.74	(258.52)
Long Term Provisions Increase/(Decrease)	-	(86.88)
	(2,123.19)	(7,367.58)
Cash generated from operations	3,208.75	(4.73)
Interest Paid (Net)	(1,839.25)	(1,524.09)
Direct Taxes & FBT Paid	(540.53)	(868.45)
Cash Flow from operating activities before extraordinary items (Total `A')	828.97	(2,397.27)
B. Cash Flow from Investing activities		
Current Investments	-	-
Purchase of Fixed Assets	(1,012.12)	(2,462.46)
Sale of Fixed Assets	8.60	10.32
Sale /(Purchase)of Investments	932.63	(40.36)
Capital Subsidy Received	-	250.00
Other non-current Assets	(4,211.61)	(802.89)
Dividend Income	0.05	0.01
Net cash used in investment activities (Total `B')	(4,282.45)	(3,045.38)
C. Cash Flow from Financing activities		
Long Term Proceedings Increase	(637.76)	362.39
Unsecured Loan (Decrease)	-	-
Bank Borrowing (Short Term) Increase	2,233.87	1,600.24
Long Term Loans & Advance (Increase)	(105.03)	(58.46)
Short Term Loans & Advances (Increase)	(2,665.77)	1,797.86
Other Current Assets – (Increase)	(284.47)	209.55
Net cash generated/used in financing activities (Total `C')	(1,459.17)	3,911.58
Net increase / Decrease in cash & cash equivalents (A+B+C)	(4,912.65)	(1,531.07)
Cash & Cash Equivalents at Beginning of the year.	7,945.10	9,476.17
Cash & Cash Equivalents at the close of the year	3,032.45	7,945.10

Note: Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standards (AS-3) "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rule, 2006.

FOR P.C. BAFNA & CO.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

SD/-

SD/-

SD/-

SD/-

(SUNIL KASHYAP)

PARTNER

Place :- Bhilai

Date : 6th September' 2016

Arvind Jain

Veenu Jain

Geetika Jain

NOTE '1': ACCOUNTING POLICIES AND NOTES ON ACCOUNT

SIGNIFICANT ACCOUNTING POLICIES

- 1.** The accounts are prepared on historical cost convention and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India, except specified otherwise.
- 2. Fixed Assets and Depreciation**

Fixed Assets are stated at their original cost less depreciation. Cost includes inward freight, duties (excluding CENVAT wherever availed), taxes and expenses incidental to acquisition and installation. Capital goods manufactured by the company for its own use are capitalized at their estimated cost.

Depreciation has been provided:

 - (a) On WDV methods over estimated lives of assets as specified in Schedule II of the Companies Act, 2013 from 01.04.2014 and for additions thereafter.
 - (b) On assets acquired in respect of Food (Except Milk Division) Division & Fertilizers (Pulgaon), as per straight-line rates, as specified in schedule XIV of the Companies Act.1956.
 - (c) Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer software (Purchase Cost, user License fee etc.), Tech Know how, are amortized over a period of 4 years. Amortization is done on straight line method.
- 3. Capital Work-in-Progress**

Expenditure incurred during pre-operative/installation period is stated at cost.
- 4. Translation of Foreign Currency Items**
 - (a) Exchange rates variation related to Purchase / Sales of goods incurred and paid during the year are included under respective sales & purchase.
 - (b) Foreign currency liabilities related to acquisition of fixed assets are recorded at the exchange rates prevailing on the date of transactions. The exchange rate variation, if any, on payments of liabilities is consistently charged to respective fixed assets.
 - (c) The exchange rate variation on repayment of foreign currency loan is consistently charged to Profit & Loss A/c. At the year end outstanding foreign currency loan is also translated at exchange rate prevailing at the year end and the difference is recognized in Profit & Loss A/c.
- 5. Expenditure During Construction Period**

In case of the new projects all expenditures capitalized include interest and financing cost on loans / funds used prior to commencement of commercial production.
- 6. Investments**
 - (a) Non-Current Investments are stated at cost.
 - (b) Current Investments are stated at cost or market value whichever is less.
- 7. Inventory Valuation**
 - (a) Valuation of inventories of raw materials, stores spares, packing material & fuels are at cost.
 - (b) Cost is determined on the basis of weighted average method in Engineering Division and on " FIFO" system in other divisions.
 - (c) Semi-finished goods and finished goods are valued at cost / estimated cost based on sales price or net realizable value whichever is lower.
- 8. Research and Development**

Research and Development expenditure is charged to Profit & Loss Account through normal heads of expenses and capital expenditure is added to the cost of the fixed assets in the year in which it is incurred.

9. Retirement Benefits

- (a) The company has an arrangement with Insurance Companies to administer its gratuity scheme to the extent of available funds. The contribution and difference of actual payment, if any, are debited to profit and loss account
- (b) The Leave Encashment is accounted consistently on payment basis as the Company does not have mandatory leave encashment policy.

10. Revenue Recognition

- (a) Sales are recorded when supply of goods takes place in accordance with the terms of sale. Sales exclude Excise Duty, Sales Tax and Service Tax.
- (b) Income from consultancy, lease rent and other services are accounted for as per terms of the contract.
- (c) Works Contracts:
 - i. The Company is following AS -7 as prescribed by ICAI and accordingly is accounting all contracts on "Percentage of Completion Method".
 - ii. Income in respect of various works contract is recognised considering reasonableness of its realisability. Income recognition is by way of actual payments received by the company (excluding un-adjusted advance), against bills raised. Deferred receivables are not accounted as income till its realization).
 - iii. Claims made on account of escalation are recognised as revenue only to the extent of the realization of the amount of claim.

11. Borrowing Cost

Borrowing Cost that are attributable to the acquisition, production or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

12. Taxes on Income

Provision for taxation is made in accordance with the income tax laws and rules prevailing at the time of the relevant assessment years.

Deferred Tax liability is recognized for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred Tax liabilities/ assets are quantified using the prevailing tax rates.

13. Claims, Subsidies & Taxes etc.

- 1. Taxes and duties, escalations, compensations deductions / refund of liquidated damages, LD related expenses & insurance claims etc. are accounted for on determination / acceptance basis.
- 2. Fertilizer subsidy has been accounted for on the basis of bills submitted and amount determined / expected to be determined by Govt. and other Authorities. Adjustments are accounted for on final determination.

14. Consumption value

The value of materials consumed is net of CENVAT benefits and sales tax set-off.

15. Capital Subsidy

Capital subsidies in respect of the new projects are credited to Capital Reserve as per past practice.

16. Contingent Liabilities

All liabilities have been provided in the accounts except liabilities of contingent nature, which have been shown at their estimated value in the NOTES ON ACCOUNTS.

2. SHARE CAPITAL

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
(a) <u>Authorised Capital</u>		
1,15,00,000 Equity Shares of Rs. 10/- each	1,150.00	1,150.00
	1,150.00	1,150.00
(b) <u>Issued, Subscribed & Paidup</u>		
47,19,320 Equity Shares of Rs. 10/- each fully paidup	471.93	471.93
TOTAL :	471.93	471.93
(c) <u>Shareholders holding more than 5% shares in the company</u>		

Name	2016		2015	
	Shares held	% of Holding	Shares held	% of Holding
(i) Balka Services (P) Ltd.	6,43,799	13.64	6,43,799	13.64
(ii) Kriner Services (P) Ltd.	6,40,999	13.58	6,40,999	13.58
(iii) Surge Services (P) Ltd.	6,41,200	13.59	6,41,200	13.59
(iv) Beco Agri. & Ind. (P) Ltd.	6,39,399	13.55	6,39,399	13.55
(v) Bhilai Management Services (P) Ltd.	6,39,399	13.55	6,39,399	13.55
(vi) Bhilai Investment Ltd.	3,70,160	7.84	3,70,160	7.84
(vi) Sudha Investment Ltd.	3,90,050	8.26	3,90,050	8.26

d) Rights of Share holders:

- i) The Company has only one class of equity shareholders. Each holder is entitled to one vote per share.
- ii) The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors is subject to the approval by the Share-holders at the ensuing Annual General Meeting.
- iii) In the event of liquidation, the Share-holders of equity shares are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

BHILAI ENGINEERING CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
3. <u>RESERVES & SURPLUS</u>		
A. <u>Capital Reserves :</u>		
As per last financial statements	368.31	118.31
Add:- Capital Subsidy Received	-	250.00
TOTAL :	368.31	368.31
B. <u>General Reserve :</u>		
As per last Balance Sheet	33,567.66	31,838.24
Transfer from Profit & Loss A/c	414.61	1,574.02
Adjustment for earlier Year Tax	-	(0.37)
Depreciation adjustment as Schdule-II	224.24	155.77
	34,206.51	33,567.66
TOTAL :	34,574.82	33,935.97
4. <u>LONG TERM BORROWINGS</u>		
<u>Secured</u>		
Term Loan - from banks	81.93	273.04
Term Loan - from Financial Institution	1,228.52	2,224.41
<u>Unsecured</u>		
Form Director	549.24	-
	1,859.69	2,497.45
<p>1) Term Loans are secured by 1st Pari Passu charge by way of Equitable Mortgage of factory leasehold land located at Bhilai and Urla including hypothecation of Plant & Machinerics and entire existing and proposed Fixed Assets of the company and 2nd Pari-passu charge on the entire Current Assets of the company by way of hypothecation/pledge.</p> <p>2) Term Loan from Financial Institution are secured by hypothecation of the Plant & Machinery purchased by the company.</p> <p>3) Term Loans have also been guaranteed by some of the Directors.</p>		
5. <u>DEFERRED TAX LIABILITIES (NET)</u>		
Deferred tax liabilities		
tax effect due to-		
Difference between written down value of assets under the companies act, 1956 and the Income Tax	186.80	417.68
TOTAL (A)	186.80	417.68
Deferred tax assets		
tax effect due to-		
Expenses allowable on payment basis	-	-
TOTAL (B)	-	-
Net Deferred Tax/(Assets)/ Liability	186.80	417.68
6. <u>OTHER LONG TERM LIABILITIES</u>		
Advances from Customers	3,261.04	6,166.85
	3,261.04	6,166.85

BHILAI ENGINEERING CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
7. <u>SHORT TERM BORROWINGS</u>		
<u>Secured</u>		
Cash Credit - from banks	12,557.26	11,612.79
Loan against FDR	-	360.00
Demand Loan from Financial Institution	1,987.93	1,390.95
<u>Unsecured</u>		
Unsecured Loan from banks	3,897.96	2,845.54
	18,443.15	16,209.28
1) Cash credit, WCDL, Stand-by line of credit & Export Packing credit facility from Central Bank of India, State Bank of India, IDBI Bank and UCO Bank are secured by 1st Pari Passu charge by way of Hypothecation / Pledge of entire Current Assets including Raw-Materials, Stock-in-Process, Finished Goods, Stores & Spares at factory premises or such other places as may be approved by banks and assignment of Book Debts both present and future and 2nd Pari-passu charge on the entire Fixed Assets (existing & proposed) of the company by way of hypothecation/mortgage.		
2) Working Capital Loans have also been guaranteed by some of the Directors.		
8. <u>TRADE PAYABLES</u>		
Sundry Creditors from Related Parties	1,562.30	1,615.58
Sundry Creditors	12,585.59	16,341.26
	14,147.89	17,956.84
9. <u>OTHER CURRENT LIABILITIES</u>		
Advance from Customers	6,132.65	6,014.00
Trade / Security deposits Received	1,401.99	1,461.51
Other payables towards Govt. Authorities	526.41	711.86
Current maturities of long term borrowings	1,235.49	1,009.68
Others	783.84	844.38
	10,080.38	10,041.43
10. <u>SHORT TERM PROVISIONS</u>		
Provision for employee benefits	482.46	491.35
Provision for Gratuity	7.18	7.18
Others	722.33	493.73
Provision for Wealth Tax	4.06	6.03
	1,216.03	998.29

NOTE 11 - FIXED ASSETS :

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As on 01.04.2015	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Total as on 31.03.2016	Up to 31.03.2015	Provided during the year	Adjustments /Deductions	Total upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
<u>Tangible Assets:</u>										
Land	261.43	-	-	261.43	-	-	-	-	261.43	261.43
Building	5,500.39	382.13	6.46	5,876.06	1,957.35	334.89	6.38	2,285.86	3,590.20	3,543.04
Plant & Machinery	22,905.99	967.39	4.04	23,869.34	14,007.95	1,879.11	228.00	15,659.06	8,210.28	8,898.04
Water, Elecl. & Tele Install.	594.56	27.13	-	621.69	321.97	85.63	-	407.60	214.09	272.59
Furniture & Fixtures	1,141.41	56.35	7.93	1,189.83	731.44	106.16	7.07	830.53	359.30	409.97
Vehicles	3,461.57	135.95	50.08	3,547.44	2,027.50	315.64	45.45	2,297.69	1,249.75	1,434.07
Computers	1,172.16	33.60	9.70	1,196.06	1,033.19	67.97	9.60	1,091.56	104.50	138.97
TOTAL : Rs.	<u>35,037.51</u>	<u>1,602.55</u>	<u>78.21</u>	<u>36,561.85</u>	<u>20,079.40</u>	<u>2,789.40</u>	<u>296.50</u>	<u>22,572.30</u>	<u>13,989.55</u>	<u>14,958.11</u>
Prev. Year : Rs.	<u>31,308.79</u>	<u>3,742.42</u>	<u>13.70</u>	<u>35,037.51</u>	<u>17,055.75</u>	<u>3,192.08</u>	<u>168.43</u>	<u>20,079.40</u>	<u>14,958.11</u>	
Capital Work in Progress :									313.75	904.18
* Includes Rs. 224.24 Lac transferred to General Reserve.									GRAND TOTAL	
									<u>14,303.30</u>	<u>15,862.29</u>

NOTE - 12 NON-CURRENT INVESTMENTS

Particulars	Security	AS AT 31 st MARCH			
		2016		2015	
		NOS	Rs. In Lacs	NOS	Rs. in Lacs
A. QUOTED INVESTMENTS					
Gujarat Carbon Ltd.	SHARES	1500	0.75	1500	0.75
TOTAL 'A' QUOTED			<u>0.75</u>		<u>0.75</u>
B. UNQUOTED INVESTMENTS					
Madhu Memorial Hospital Ltd.	SHARES	170000	17.00	170000	17.00
Konark Metcoke Ltd. (Merge in Neelachal Ispat Nigam Ltd.)	SHARES	700000	70.00	700000	70.00
Hosak Industries & Plastics Ltd.	SHARES	5000	0.50	5000	0.50
NSC	SHARES		0.18		0.18
TOTAL 'B' UNQUOTED			<u>87.68</u>		<u>87.68</u>
	TOTAL A+B+C		<u>88.43</u>		<u>88.43</u>
Aggregate Market Value of Quoted Investments.			0.02		0.01
Aggregate Market Value of Mutual Funds.			-		-

BHILAI ENGINEERING CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
13. <u>LONG TERM LOANS & ADVANCES</u>		
(unsecured & considered good)		
Other Deposits (S.D.)	952.08	847.03
	952.08	847.03
14. <u>LONG TERM TRADE RECEIVABLE</u>		
(unsecured & considered good)		
Long Term Trade Receivables	1,627.47	1,215.58
	1,627.47	1,215.58
15. <u>OTHER NON-CURRENT ASSETS</u>		
FD Maturing after 12 months	7,045.30	2,833.70
	7,045.30	2,833.70
16. <u>CURRENT INVESTMENTS</u>		
Investment in Shares	-	575.55
Reliance Mutual Fund	1,004.10	1,300.05
SBI Premier Liquid Fund Super Onst. G	-	100.00
	1,004.10	1,975.60
Market Value	1,150.38	2,043.51
17. <u>INVENTORIES</u>. At lower of cost & net realisable value)		
a) Raw-materials, Components, Stores & Spares	5,801.54	9,418.39
b) Finished & Semi-finished Goods	10,001.07	9,397.91
	15,802.61	18,816.30
18. <u>TRADE RECEIVABLE</u> (unsecured & considered good)		
a) Due over six months	1,581.42	2,728.24
b) Other Debts	21,243.39	21,829.63
	22,824.81	24,557.87
19. <u>CASH AND CASH EQUIVALENTS</u>		
Cash on hand	60.56	45.37
Balance with Banks		
- in current account	633.94	2,732.75
- in time deposit	2,337.95	5,166.98
	3,032.45	7,945.10

BHILAI ENGINEERING CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
20. <u>SHORT TERM LOANS & ADVANCES</u> (unsecured &		
Loans & Advances to Related Parties	9,336.54	7,252.96
Advance to Staff & Others	1,396.08	412.79
Advance to Suppliers	3,243.85	3,644.95
	13,976.47	11,310.70
21. <u>OTHER CURRENT ASSETS</u>		
Balance with Excise and Service Tax Authority	1,482.25	1,826.67
Balance with Income Tax and TDS	253.32	196.19
Balance with Sales Tax Authority	673.53	726.77
Interest Accrued on FDR	570.63	306.23
Unamorised Initial Direct Cost	4.92	-
Pre-paid Expenses	600.06	187.25
	3,584.71	3,243.11
22. <u>REVENUE FROM OPERATIONS :</u>		
Sale of Products	93,239.59	93,697.19
Less: Sales Tax	1,885.76	2,335.30
	91,353.83	91,361.89
<u>Sale of Products</u>		
Equipment, Fabricated Steel Structures	61,521.51	60,788.45
C.I. & Steel Castings	11,933.08	12,861.17
Power Genration	85.71	132.64
SSP,GSSP,NPK, Sulphuric Acid	16,006.96	16,717.02
Tomato Pulp & Concentrate	1,770.96	826.43
Road Construction	35.61	36.18
	91,353.83	91,361.89
23. <u>OTHER INCOME :</u>		
Dividend Income	0.05	0.01
Other non-operating Income	829.26	208.35
Profit/(Loss) on Sale of Investments	(38.87)	218.69
Profit on Sale of Assets	2.66	0.89
Interest Income	778.00	704.16
	1,571.10	1,132.10
* Tax Deducted at Source		
Sales, Subsidies & Services	210.22	507.63
Rent	8.05	4.07
Interest	84.36	74.61

BHILAI ENGINEERING CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
24. <u>COST OF MATERIALS CONSUMED :</u>		
(I) Raw Material, Packing Material		
Inventories (at Commencement)	9,346.98	8,328.64
Add : Purchase	46,842.95	52,073.13
	<u>56,189.93</u>	<u>60,401.77</u>
Less: Inventories (at Close)	5,716.12	9,346.98
	<u>50,473.81</u>	<u>51,054.79</u>
(II) Stores & Spare Parts		
Inventories (at Commencement)	71.41	84.25
Add : Purchase	101.98	91.40
	<u>173.39</u>	<u>175.65</u>
Less: Inventories (at Close)	85.42	71.41
	<u>87.97</u>	<u>104.24</u>
<u>GROSS MATERIALS CONSUMED :</u>	<u>50,561.78</u>	<u>51,159.03</u>
<u>MATERIALS CONSUMED :</u>		
Steel & Steel Structural etc.	38,563.89	38,279.12
Pig Iron & Steel Scrap etc.	371.81	736.56
Rock Phosphate, Sulphar, Mix Fertilizers etc.	10,390.26	11,039.68
Tomato, Tamarind, Chilli etc.	753.14	503.02
Other	482.68	600.65
	<u>50,561.78</u>	<u>51,159.03</u>
25. <u>CHANGES IN INVENTORIES OF FINISHED GOODS STOCK-IN-PROCESS & STOCK-IN-TRADE :</u>		
Inventories (at Close)		
- Finished goods	1,050.44	3,551.92
- Semi-Finished goods	8,950.63	5,845.99
	<u>10,001.07</u>	<u>9,397.91</u>
Inventories (at Commencement)		
- Finished goods	3,551.92	3,772.74
- Semi-Finished goods	5,845.99	6,810.87
	<u>9,397.91</u>	<u>10,583.61</u>
NET (INCREASE)/DECREASE :	<u>(603.16)</u>	<u>1,185.70</u>
26. <u>EMPLOYEE BENEFITS EXPENSE :</u>		
Salaries, Wages & Bonus	7,461.93	6,918.97
Gratuity	172.02	185.79
Contribution to PF & FPF	609.42	539.62
Welfare Expenses	269.92	411.25
	<u>8,513.29</u>	<u>8,055.63</u>

BHILAI ENGINEERING CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

PARTICULARS	As at 31.03.2016 Rs. In Lacs	As at 31.03.2015 Rs. In Lacs
<u>27. FINANCE COST :</u>		
Interest Expenses		
- On Bank Borrowings	2,030.89	1,732.22
- On Others	586.36	496.03
Other Charges	996.53	946.98
	3,613.78	3,175.23
<u>28. OTHER EXPENSES :</u>		
Processing Charges	8,283.67	8,996.85
Power & Fuel	1,547.92	1,339.41
Lease Rent on Plant & Machinery	292.04	182.21
Drawaing & detailing Expenses	137.01	727.47
<u>Repairs & Maintenance</u>		
- Buildings	137.45	124.01
- Plant & Machinery	366.93	483.68
- Other	249.00	194.63
Testing / Laboratory Charges	115.48	46.75
Rent, Rates & Taxes	299.14	323.24
Insurance	209.98	243.77
Prining/Stationery/Postage/Telephone etc.	255.49	245.51
Donation & Contributions	14.58	10.97
Legal/Professional/Consultancy Fee.	769.84	1,702.47
Advertisement/Sales Promotion/Subscription/Membershi	275.88	267.15
Transportation, Loading & Port Clearing	2,523.69	2,142.56
LD and deductions by Customer	5,984.18	644.41
Foreign Currency Exchange Variation	112.37	28.52
Taxes disallowed by Customers	-	8.84
Travelling & Conveyance Expenses	1,058.99	1,007.02
<u>Payment to Auditors :</u>		
- Audit Fees	10.04	10.99
- Cost Audit Fees	4.32	-
Miscellaneous Expenses	1,690.99	1,271.78
	24,338.99	20,002.26

29. CONTINGENT LIABILITIES :

a) Bank Guarantees & Letters of Credit	48,600.38	49,053.73
(Time deposits pledged with banks agst. Above)	3,842.71	3,653.11
b) Excise/Service Tax matters	1,593.02	1,644.99
c) Sales Tax Matters	508.26	387.90
d) Penalties for late deliveries / liquidated damages in respect of contracts are accounted for as and when claims are received and accepted. Aggregate amount of possible claims as at the year end is not ascertained.		

30. INFORMATION REGARDING EXPORTS & IMPORTS & OTHER MATTERS

1. <u>Earnings in Foreign Currency :</u>		
- FOB value of Exports	5,563.53	7,931.18
2. <u>Value of Imports on CIF basis :</u>		
- Raw materials & components	5,573.14	5,674.34
- Capital Goods	31.30	26.16
(Including under Install. & Capital Adv)		
3. <u>Value of imported & indogenous raw material & components consumed:</u>		
- Imported at landed cost	5,573.14	5,674.34
- Indegenously obtained	44,988.64	45,484.69
(steel castings, forgings and bought-out spares, components & stores etc.)		
<u>Percentage to total consumption:</u>		
- Imported	11.02%	11.09%
- Indigeneously obtained	88.98%	88.91%

31. EXPENDITURE IN FOREIGN CURRENCY & OTHERS

(subject to deduction of tax where applicable)

(i) Travelling Expenses	174.28	111.99
(ii) Drawing & Detailing	61.60	714.80
(iii) Others	22.90	48.05

32. EARNING PER SHARE

Profit after Tax (Rs. in lacs)	414.61	1,574.02
Weighted average number of equity shares outstanding during the year.	47,19,320	47,19,320
Basic & diluted earning per share - Rupees (face value - Rs. 10/- per share.)	8.79	33.35

33. **Segmental Reporting (Accounting Standard 17)**
Segment information for the year ended 31.03.2016
Information about Primary Business Segments

	31 st March 2016						31 st March 2015					
	Engg.	Fertilizer	Food	corporate	Constn	Rs in Lacs Total	Engg.	Fertilizer	Food	corporate	Constn	Rs in Lacs Total
(A) Segmental Revenue												
External Sales	70,684.54	15,874.06	1,742.86	-	35.61	88,337.07	71,092.93	16,566.54	809.68	-	36.17	88,505.32
Other Income	676.48	741.50	54.59	96.33	2.20	1,571.10	1,030.44	61.53	12.84	26.47	0.82	1,132.08
Total	71,361.02	16,615.56	1,797.45	96.33	37.81	89,908.17	72,123.37	16,628.07	822.52	26.47	36.99	89,637.42
(B) Segment Results	1,086.90	10.48	(307.61)	(571.00)	(8.08)	210.69	2,497.24	118.21	(410.68)	(440.79)	(8.73)	1,755.25
(C) Other Information												
Segment Assets	75,008.32	14,423.74	(1,342.02)	(2,192.68)	(1,655.63)	84,241.73	76,418.15	16,015.69	(933.30)	(1,168.83)	(1,635.99)	88,695.72
Segment Liabilities	35,004.62	8,731.86	2,098.55	3,332.86	27.10	49,194.98	37,853.10	10,334.29	2,199.37	3,862.40	38.65	54,287.81
Unallocated Share Capital & Reserves												
Inter Segment Assets / (Liabilities)	9,340.52	2,936.62	(4,927.53)	(5,668.11)	(1,681.50)	(0.00)	9,195.94	3.12	(4,473.22)	(3,023.83)	(1,702.01)	-
Depreciation	2,081.33	334.63	355.52	15.36	2.56	2,789.40	2,678.88	375.71	112.14	20.55	4.80	3,192.08
Capital Expenditure	1,271.63	78.09	251.65	1.18	-	1,602.55	1,893.69	147.82	1,686.73	14.18	-	3,742.42
Sundry Creditors (SSI Units)	17.62	106.57					12.82	1.27				

34. Information on Related Party Transactions as required by Accounting Standard-18**For the year ended 31st March'2016**

Details of transactions during the year with Related Parties	As at 31.03.2016			As at 31.03.2015		
	Associates	Directors	Relatives of Directors	Associates	Directors	Relatives of Directors
Purchase of Goods	186.37	-	-	158.54	-	-
Sale of Goods	1156.86	-	-	1516.98	-	-
Contract Work	5729.41	-	-	4288.55	-	-
Interest Paid	67.66	25.88	-	5.03	-	-
Interest Received	84.74	-	-	-	-	-
Rent paid	122.51	-	1.80	120.70	9.00	1.80
Rent Received	-	-	-	24.20	-	-
Fixed Assets Purchase	9.85	-	-	15.51	-	-
Remuneration	-	70.12	506.75	-	170.37	267.57
Consultancy	364.41	-	-	1203.83	-	-
Freight	0.04	-	-	-	-	-
Off Loading/Cont. Labour Charges	-	-	-	33.22	-	-
	7721.86	96.00	508.55	7366.56	179.37	269.37

Outstanding

Amount due from	9036.68	1.76	19.93	7458.03	1.00	2.03
Amount due to	1377.36	855.80	28.40	1578.03	65.13	36.88

Associates:

BEC Projects Ltd., Bhilai Management Services Pvt. Ltd., Novel Projects Ltd., Sudha Investment Ltd., Kirtimoya Capital Ltd., J.P.Jain Trust, Vishva Vishal Engineering Ltd., Kiosk Properties (P) Ltd., Hosak Industries & Plastics Ltd, BEC Impex International Pvt. Ltd., BEC Strips Ltd. , Arpa Chemicals Ltd., Madhu Memorial Hospital Ltd., Bharat Industrial Works (Bhilai) Pvt. Ltd., Bharat Industrial Works, Bhilai Motor Car Co., Bhilai Investment Ltd., Surge Services Pvt. Ltd., BECO Chemical Pvt.Ltd, BEC Fertilizer Ltd., Kriner Services Pvt.Ltd., Mewar Fibre Holding Pvt.Ltd., Cooltex Holding Ltd., Jafferson Leasing & Finance Ltd., Ashish Industries & Comm. Ent. Pvt. Ltd., Perennial Finance & Investment Pvt.Ltd., Jain Industrial & Comm. Ent. Pvt. Ltd. , BEC Minerals Pvt. Ltd., Balka Services (P) Ltd., BECO Agri. & Ind. (P) Ltd., Jain Agriculture Farm, Kirtiman Infrastructure (P) Ltd., BEC Infra (P) Ltd., R.V. Global (P) Ltd., Bhilai Engineering Company Ltd.,BEC Casting & Engineering (India) Ltd., Bhilai Engineering Industries Ltd.

Directors: Shri B.R.Jain, S.K.Jain, A.K.Jain, Veenu Jain, Ashish Jain, Smt. Krishna Jain and Ms Geetika Jain.

Relatives of Directors: Smt Anandwati Jain, Smt Poonam jain, Smt Rachna Jain, Smt Kanika Jain, Miss Priyanka Jain, Shri Viren Rai Jain, Shri Arjun Rai Jain, Smt Shipra Jain

Requirement under the Companies Act, 2013

As required by the Companies Act' 2013, none of the related party transaction was approved in the meeting of Board of Director's, Audit Committee & Shareholders, as the case may be.

35. - OTHER NOTES

- (a) The Company has not considered liability of excise duty on Finished Goods at the year end. Had it been so the value of inventories as well as current liabilities would have been higher by Rs.47.28 Lacs (Previous Year. Rs.163.60 Lacs) and thus there would have been no impact on the profit for the year.
- (b) Sundry Creditors includes Secured Creditors of Rs.5579.53 Lac (Prev. Yr. Rs.10559.18) by way of LC provided by banks.
- (c) Impairment of Assets-As explained there being no indication of impairment of assets, no loss has been recognized on this account by the Company pursuant to AS-28.
- (d) SUNDRY CREDITORS INCLUDES AMOUNT DUE TO FOLLOWING SSI UNITS TOTALLING TO Rs.124.19 LACS (Rs. 14.09 LACS) PUNJ STAR INSULATION, GOLDEN ENGG & ENT., LIQUEE SALES (P) LTD., BAJRANG CONVEYORS, DEVAD LINE INDUSTRIES, PRISME INFOTECH, BALAJI ENGINEERING & CASTINGS, CHHAYA ENGINEERING WORKS, J.P. ENGINEERING, MAITY TECHNO ENTERPRISES, SHYAM ENGINEERING WORKS, UTKAL ENGINEERING WORKS, ASSOCIATED ACCESSORIES PVT. LTD.
- (e) The Company has not spend 2% of the average net profit of three immediately preceding financial year, in pursuance to Corporate Social Responsibility policy as prescribed by the section 135 of the Companies Act, 2013. The relevant details as per the Companies Act, 2013 are as follows: **(Rs. In Lacs)**

<u>Particulars</u>	<u>Amount</u>
Average net profit of the Company for last three financial years	6825.39
Prescribe CSR expenditure (2% of the average net profit as computed above)	136.51
<u>Details of CSR expenditure during the financial year</u>	
Total amount to be spent for the financial year	136.51
Amount Spent	26.96
Amount unspent	109.55

- (f) The Company has no independent director.
- (g) The Company has no Company Secretary.
- (h) Inventories are as certified by the management.
- (i) Production & Sales exclude Inter Divisions Transactions.
- (j) The Company has credited Rs.224.24 Lac in Reserve & Surplus due to excess in depreciation charged in preceding year as per Schedule II of New Company Act' 2013.
- (k) A survey u/s 133 A of Income Tax Act 1961 was conducted on 30.05.2016 by Income Tax Department. The Company surrendered Rs 19.71 Crore for F.y.2015-16 and effect thereof given in F.Y.2015-16 & Rs.45.31 Crore for F.Y. 2016-17.

- (l) The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income"; and the net deferred tax liabilities amounting to Rs.178.95 Lacs has been recognized.

(Rs. In Lacs)

Particulars	Opening as at April 1, 2015	Charge/(Credit) during the year	Closing as at March 31, 2016
Deferred Tax Assets			
Expenses allowable on payment basis	--	--	--
Deferred Tax Liabilities			
Depreciation & related items	417.68	(238.73)	178.95
Net Deferred Tax Liabilities	417.68	(238.73)	178.95

Signature to Notes '1' to '35'

FOR P.C. BAFNA & CO.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

SD/-

SD/-

SD/-

SD/-

Arvind Jain

Veenu Jain

Geetika Jain

(SUNIL KASHYAP)
Partner
Place : Bhilai
Date :6th September' 2016