
INDEPENDENT AUDITORS' REPORT

To,

The Members of Bharat Pumps & Compressors Limited.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statement of BHARAT PUMPS & COMPRESSORS LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss & the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 and Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

In conducting 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 and the order issued under section 143(11) of the Act.

We conducted our audit of Standalone Financial Statement in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India , as 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 standalone financial statements are free from materials misstatement.

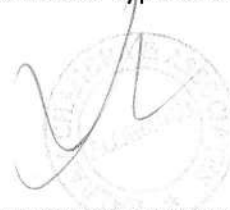
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatements of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the Internal Auditors (a Chartered Accountant firm) with respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls are sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis for Qualified Opinion

(a) Short provision of old debts amounting to Rs. 3121.74 lakhs

Attention is drawn to Note No. 28 (xiii) with regard to Sundry Debtors amounting to Rs.9402.57 lakhs which includes Rs.4894.97 Lakhs held towards deductions/LD/shortages till 31.3.2018 and Rs. 335.46 Lakhs due towards withhold money till 2010-11 aggregating to Rs. 5230.43 Lakhs , in respect of which company's ability to make ultimate collection thereof with reasonable certainty is lacking. Company has made provision of Rs.2108.69 lakhs only against old debts amounting to Rs.5230.43 Lakhs in spite of the fact that the company had written off a sum of Rs.4520.19 Lakhs during the year 2009-10 pertaining to similar type of outstanding.



Moreover, no provision has been made for admitted liquidated damages (LD) aggregating to Rs. 87.19 Lakhs included in Rs. 5230.43 Lakhs above inspite of the fact that output liability w.r.t. GST on those LDs has been reversed.

(b) DGFT claims amounting to Rs.262.05 lakhs

Attention is drawn to sub-head "Statutory/ Govt. Authorities/ Bodies" amounting to Rs.280.56 lakhs under Note No. 17 which includes a sum of Rs.262.05 lakhs towards claim from DGFT from financial year 2012-13 onwards without any evidence of claims being lodged/ acknowledgement thereof.

(c) Non provision of interest claimed by CISF amounting to Rs.684.83 lakhs

Attention is drawn to Note No. 28 (xvi)(a)(5) relating to contingent liabilities with regard to interest liability claimed by CISF for Rs.684.83 lakhs for which no provision has been made in respect of such confirmed liability.

(d) Non-provision of interest liability on delayed payment of indirect taxes ,non compliance of TDS provisions and on outstanding supply bills discounted with State Bank of India

No provision has been made for interest which have accrued on delayed payment of indirect taxes inter alia ; GST, CST , VAT/UPST etc. and for non compliance of TDS provisions of Income Tax Act. In addition to this, no provision has been made for interest payable on various supply bills aggregating to Rs.291.29 Lakhs discounted with State Bank of India and remain outstands as on 31.03.2018. The aggregate amount of such interest could not be quantified for want of relevant information.

(e) Non provision of interest amounting to Rs. 95.47 Lakhs payable to Co-operative society

Attention is drawn to Note No. 28 (xvi)(a)(8) relating to contingent liabilities with regard to interest liability amounting to Rs.95.47 lakhs payable to Cooperative Society, on amount of deductions made from employees against the loan taken by them from co-operative society and withheld by the company, for which no provision has been made.

(f) Wrong accountal and disclosure of some items relating to income/ expenditure and current / non-current advances

Accountal / Disclosure of following items of Income/expenditure and current/non-current advances are not in accordance with the accounting principles generally accepted in India including accounting standards:

- (i) Attention is drawn to Finance cost wherein payment of interest amounting to Rs.266.29 lakhs made on account of delayed payment of gratuity to various superannuated employees includes Rs.173.38 lakhs pertaining to earlier years which should have been shown under the head "Prior Period Expense".

- (ii) Attention is drawn to Note No. 19 "Other Income" wherein interest income amounting to Rs.4.01 lakhs pertaining to year 2016-17 has wrongly been shown under the head "Interest income" instead under the head "Prior period income".
- (iii) Attention is drawn to Note No. 19 "Other Income" wherein wrong deduction of Liquidated Damages (LD) of Rs.49.38 lakhs from supplier in earlier years, now refunded ,has wrongly been shown under the head "Liquidated Damages recovered from supplier/ contractor " instead under the head "Prior period expense".
- (iv) Attention is drawn to Note No. 19 "Other Income" wherein overstated provision of liability towards consultancy charges to the tune of Rs.10.01 lakhs in earlier years has been written back during the current financial year but wrongly shown under the head "liabilities written back" instead under the head prior period income.
- (v) Attention is drawn to Note No. 17 " Short term Loans and Advances" wherein advance made for capital expenditure for Rs.81.12 lakhs has wrongly been shown under the head "short term advances" instead under the head "long term advances".
- (vi) During the year company has made adjustment / write-off of old payments aggregating to Rs.67.27 lakhs to sales –tax authorities under Protest pertaining to financial year 1987-88 to 1998-99 and shown under the head " Rates & Taxes" under note no.23 but for want of supporting documentary evidence viz assessment order etc. for such adjustment/ write-off we could not assess the correct disclosure of the same.
- (vii) During the year company has made adjustment / write-off of old deposit to UPSEB of Rs. 11.27 lakhs by debiting to Power and Fuel Expenses under note No.23 but for want of supporting documentary evidence viz Bills etc. for such adjustment/ write-off we could not assess the correct disclosure of the same.

(g) Conveyance deeds are pending

Attention is drawn to note no. 28(ii) with regard to conveyance deeds in respect of 295.45 acres of land which has not yet been executed. Further, no documentary evidences showing plot wise/area-wise details are available with the company to identify its Land Holding with area allotted by Government with boundaries thereof. The impact if any, on the standfalone financial statements is not ascertainable.



(h) Current liabilities and current assets are overstated

Constituents of Current Liabilities aggregating to Rs.21642.24 lakhs as well as constituents of Current Assets aggregating to Rs.8915.83 lakhs as shown in the Balance Sheet are overstated due to non-matching of debit and credit outstanding entries in various heads of accounts.

(i) Current liabilities and current assets are understated

GST aggregating to Rs.31.94 Lakhs constituting Rs. 30.59 Lakhs accrued towards various supplies and services availed during the year and GST on reverse charge for Rs. 1.35 Lakhs payable/accrued on account of medical bills of CISF, has not been accounted for during the year under audit resulting in understatement of Current Liabilities and current assets.

(j) Non disclosure of contingent liability w.r.t. to PF & ESI to be paid by contractors

Company's Contingent Liability on account of non-payment of Provident Fund, ESI etc. by contractors on behalf of their labours engaged by the company has not been shown as Contingent Liability. The amount could not be quantified for want of relevant information.

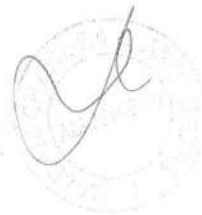
(k) Non provision of adjustable advance payment amounting to Rs.155.43 lakhs made to Sales Tax authorities

Attention is drawn to Note No. 12 wherein adjustable advance payments amounting to Rs.155.43 lakhs made to Sales Tax authorities during the period from 1999-2000 to 2013-14 has been shown under the head deposit but no provision has been made despite the fact that no sales tax cases are pending at any stage in respect of these payments.

(l) Overstatement of Interest Income

Attention is drawn to Note no. 19 "Other Income" sub-head "Interest income" wherein interest accrued on margin money held with bank is overstated by Rs. 1.28 Lakhs.

(m) Attention is drawn to point no. (iii), (v), (vii) and (x) of Note no.28, the impact , if any , on the standalone financial statement is not ascertainable for want of relevant information.



Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manners 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, 2018 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note no. 28(xii) wherein it is stated by the company's management itself that the Department of Investment and Public Asset Management of Ministry of Finance, Govt. of India (DIAPM) has started step wise proceedings for disinvestment of the company. Further, the Net Owned fund of company is completely eroded and has dropped to the negative level to the tune of Rs.15313.96 Lakhs as on 31.03.2018. The current liability exceeded the current assets. Moreover, statutory dues to the tune of Rs. 4895.15 Lakhs are also pending for payment as on 31.03.2018. In view of this factual matrix , the management's use of the going concern basis of accounting in preparing and presenting the standalone financial statement is inappropriate because there exists material uncertainty related to crystallization of dues and recovery from negative net owned fund. All these cast significant doubt on the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirement

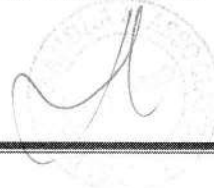
1) As required by the companies (Auditors' Report) order, 2016 ("The Order") issued by the Central Govt. of India in term of sub-section (11) of Section 143 of the Act, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

2) Directions and sub-directions issued by CAG under Section 143(5) of the Companies Act, 2013 has been compiled and set out in the **Annexures "B & C"**.

3) As required by Section 143(3) of the Act, we report, subject to our comments / observations stated above, 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 accounts 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 statement of Cash Flow dealt with by this report are in agreement with the relevant books of account.

(d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph & Emphasis of matter paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standard specified under Section 133 of the Act read with Rules made there under.

(e) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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, we give our separate report in **Annexure "D"** to this report.

(g) With respect to the other matters to be included in the Auditors' 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:

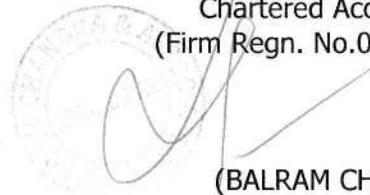
i. As informed to us, the company has pending litigations as at 31st March 2018 as referred to in Note No. 28(xvi) (a) "Contingent Liabilities" which may have material impact on its financial position in its standalone financial statements.

ii. Company did not have any foreseeable losses on long term contract including derivatives.

iii. There were no amounts which were required to be transferred by the company to the Investors, Education and Protection Fund.

iv. Since the disclosure requirement as per Notifications no. G.S.R. 307(E) and G.S.R. 308(E) dated 30th March 2017 issued by Ministry of Corporate Affairs regarding holdings as well dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 was event specific and was relevant for the financial year 2016-17 only, hence the same is not applicable for the financial year ending on 31st March, 2018 and; accordingly not disclosed.

For BALRAM CHANDRA & ASSOCIATES
Chartered Accountants
(Firm Regn. No.0 02817C)



(BALRAM CHANDRA)
Partner
(Membership No. 070875)

Date: 09th December, 2018
Place: Allahabad

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BHARAT PUMPS & COMPRESSORS LIMITED

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of BHARAT PUMPS & COMPRESSORS LTD. on the standalone Financial Statements of the Company for the year ended March 31, 2018 :

In terms of the information and explanations sought by us and given by the management and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. (a) The company has not maintained proper records showing full particulars, including quantitative details and situations of fixed assets. Further, no documentary evidences are available with the company to correlate topography of its Land Holding with area allotted by Government with boundaries thereof.

(b) According to the information and explanations given to us, the fixed assets have not been physically verified by the management. Hence, the question of noticing or otherwise of any discrepancy does not arise.

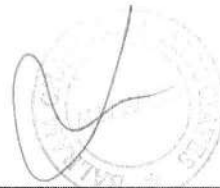
(c) The Company has immovable properties in the shape of land and buildings. Conveyance deeds in respect of 295.45 acres land is still pending.

2. According to the information and explanations given to us, inventory has not been physically verified by the management during the year. Hence, the question of noticing or otherwise any discrepancy does not arise. Further, Internal control is lacking in respect of material issued by stores to shop floor against sales order which aborted/cancelled later on.

3. According to the information and explanations given to us and on the basis of our examinations of the Books of Accounts, the Company has not granted any loans, secured or unsecured, to Companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clauses (a), (b) and (c) of paragraph 3 (iii) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, the company has not given any loan, investments, guarantees and securities to which the provisions of Section 185 and 186 of the Companies Act 2013 are applicable.

5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public within the provisions of Section 73 to 76 of the Act and the rules framed there under.



6. To the best of our knowledge and according to the information and explanations given to us, the Central Govt. has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act 2013 and the Companies (cost records and audit) Rules 2014, as amended for any services/activity rendered by the company.

7. a) According to the information and explanations given to us and according to the books and records produced and examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues to extent applicable, with the appropriate authorities.

AND

According to the information and explanations given to us, the undisputed statutory dues including interest on Provident Fund Loan recovered pending remittance, outstanding as at 31st March, 2018 for the period of more than six months, from the date it became payable are as under :

| SNo. | Particulars | Amount (Rs. in lakh) |
|-------------|---|-----------------------------|
| 1 | Employer's Contribution to Provident Fund | 284.63 |
| 2 | Employee's Contribution to Provident Fund | 612.07 |
| 3 | Deficit of Provident Fund Trust | 494.74 |
| 4 | Excise Duty | 570.96 |
| 5 | Sales Tax/ VAT/CST | 74.97 |

b) The disputed statutory dues aggregating to Rs.2670.01 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under :

| Sl.No. | Name of Statute | Nature of dues | Forum where dispute is pending | Amount (Rs. in lakh) |
|---------------|--|--|---|-----------------------------|
| 1. | Central Excise Act | Excise Duty | CESTAT, New Delhi | 22.04 |
| 2. | Central Sales/Entry Tax including Interest | Sales Tax/ ET Act & UP Trade Tax Act, 1948 | Jot. Comm. (Corporate)- High Court Addl. Comm. (Appeal) | 7.57 246.05 90.44 |
| 3. | Income Tax Act | Income Tax | I.T. Appellate Tribuna | 2303.91 |
| | | | Total: | 2670.01 |

8. According to the information and explanation given to us and based on documents and records produced before us, the Company has generally not defaulted in repayment of loan or borrowings to banks, financial institutions, and government or debenture holders except repayment of borrowing availed against discounting of supply bills amounting to Rs.291.29 Lakhs.

9. According to the information and explanation given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However, the company has obtained term loan from BHEL and Non-Plan loan from Govt. of India and the same have been applied for the purpose for which they were raised.

10. Based upon the audit procedures performed for the purpose of reporting and according to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees, has been noticed or reported during course of our audit, nor we have been informed of any such instance by the management


11. In our opinion and according to the information and explanations given to us, the company has not paid/ provided any managerial remuneration during the financial year 2017-18. Hence, the question of requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013, does not arise.

12. In our opinion, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the company and hence, not commented upon.

13. Based upon the audit procedures performed for the purpose of reporting and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act 2013 where applicable and the details of related party transactions have been duly disclosed in the standalone financial statements, as required by the applicable accounting standards.

14. According to the information and explanations given to us and overall examinations of the standalone financial statements, the company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year under review and hence, reporting under clause (xiv) of the CARO 2016 order is not applicable.


15. Based upon the audit procedures performed for the purpose of reporting and according to the information and explanations given by the management, the company has not entered into any non-cash transactions with Directors or persons connected with him, hence the provisions of clause 3(xv) of the order are not applicable to the company.



16. According to the information and explanations given to us, company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For BALRAM CHANDRA & ASSOCIATES FRN-002817c
Chartered Accountants

Date:09th December, 2018
Place: Allahabad


(BALRAM CHANDRA -070875)
Partner

COMMENTS ON DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 IN RESPECT OF BHARAT PUMPS & COMPRESSORS LIMITED, NAINI, ALLAHABAD FOR THE YEAR ENDED 31ST MARCH 2018:

ANNEXURE-B

| Sl. No. | Directions | Comments |
|---------|---|---|
| 1. | Whether the Company has clear title/lease deeds for free hold and lease hold land respectively? If not, please state the area of free hold and lease hold for which title/ lease deeds are not available | <p>a) The Government of Uttar Pradesh has given 295.45 acres of land free of cost against actual allotment of 300 acres of land. Further, a sum of Rs.3.50 lakhs (previous year Rs.3.50 lakhs) (shown under advances towards capital expenditure) has been paid by the Central Govt. to the Govt. of Uttar Pradesh for acquisition of 87.50 acres of land for pumps and compressors project. Thus, 4.55 acres plus 87.50 acres of land have to be taken from UP Govt. for which the matter is still under correspondence.</p> <p>b) Conveyance Deeds in respect of 295.45 acres of land have not yet been executed and the matter is still correspondence. This has provisionally been capitalized by debiting land and crediting capital reserved account in terms of Bureau of Public Enterprises, New Delhi, letter No. BPE/159/Adv. Dated 7th November, 1969 at the valuation of Rs.10.04 lakhs (previous year Rs.10.04 lakhs) being the value shown in the records of land acquisition officer, Allahabad. Valuation certificate from Land Acquisition Officer, Allahabad is still awaited.</p> |
| 2 | Please report whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons thereof and the amount involved. | NO |
| 3 | Whether proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other authorities. | Even though, some records have been maintained but no acknowledgement/ confirmation was made available to us in respect of assets lying with third party. The company has not received any gift/grant from government or other authorities during the year. |

For BALRAM CHANDRA & ASSOCIATES FRN-002817c
Chartered Accountants

Date: 09th December, 2018
Place: Allahabad



(BALRAM CHANDRA -070875)
Partner

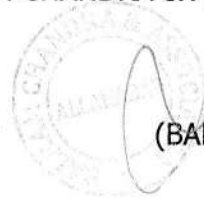
COMMENTS ON SUB DIRECTIONS UDNER SECTION 143 (5) OF THE COMPANIES ACT, 2013 IN RESPECT OF BHARAT PUMPS & COMPRESSORS LTD., NAINI, ALLAHABAD FOR THE YEAR ENDED 31ST MARCH 2018:

ANNEXURE-C

| SL.NO. | Sub Directions | Comments |
|---------------|--|--|
| 1 | Employee Benefit: Independent verification may be made of information/ input furnished to Actuary, viz number of employees/ average salary/ retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provisions for liability of retirement benefits viz gratuity, leave encashment, post retirement medical benefits, etc. | The actuarial valuation of retirement benefits (gratuity and leave encashment) are being made by accredited outside independent agency. All data provided to the actuary have been verified and the basis of assumptions is already mentioned in report of the Actuary in line with prevailing norms. Any post retirement medical benefit scheme is not prevailing in the company. |

For BALRAM CHANDRA & ASSOCIATES FRN-002817c
Chartered Accountants

Date: 09th December, 2018
Place: Allahabad



(BALRAM CHANDRA -070875)
Partner

ANNEXURE-"D" TO INDEPENDENT AUDITORS REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BHARAT PUMPS & COMPRESSORS LTD.

Referred to in paragraph 3 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone financial statements of the company for the year ended March 31, 2018.

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have relied on comments/ observations given by Internal Auditors against questionnaire on the Internal Financial Controls over financial reporting of BHARAT PUMPS & COMPRESSORS LTD ("The Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statement of the company for the year ended on that date.

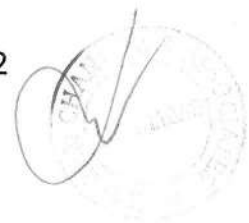
MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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 (ICAI). 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 of 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 financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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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 auditors judgment, including the assessment of the risks of material misstatement of the financial statement 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 control 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 statement for external purposes in accordance with the 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 authorizations of management and directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATION OF INTERNAL FINANCIAL CONTROL 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 control, material misstatement 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 risks 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.

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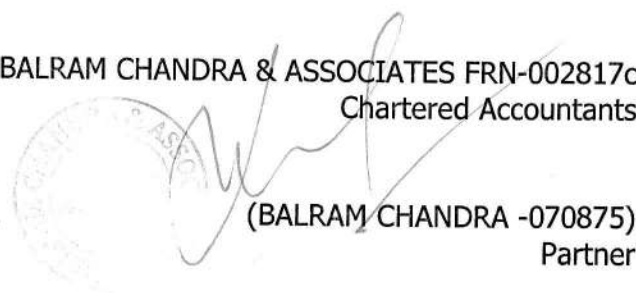


OPINION

In our opinion, to the best of our information, according to the explanations given to us, and relying upon the comments/ observations given by the independent internal auditors, the company needs strengthening in all material aspects with respect to internal financial control system over financial reporting as at March 31, 2018 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.

Date: 09th December, 2018
Place: Allahabad

For BALRAM CHANDRA & ASSOCIATES FRN-002817c
Chartered Accountants



(BALRAM CHANDRA -070875)
Partner

ANNUAL ACCOUNTS

2017 – 18

BHARAT PUMPS & COMPRESSORS LIMITED

NAINI, ALLAHABAD

BHARAT PUMPS & COMPRESSORS LIMITED

(A Government of India Enterprise)

NAINI : ALLAHABAD

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lakhs)

| PARTICULARS | NOTE NO. | AS AT 31.03.2018 | AS AT 31.03.2017 |
|---|----------|------------------|------------------|
| 1 | 2 | 3 | 4 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 5353.10 | 5353.10 |
| (b) Reserves and Surplus | 2 | (20667.06) | (15313.96) |
| | | | (16275.55) |
| | | | (10922.45) |
| (2) Non Current Liabilities | | | |
| (a) Long Term Borrowings | 3 | 6941.20 | 7944.00 |
| (b) Other Long Term Liabilities | 4 | 9.29 | 9.02 |
| (c) Long Term Provisions | 5 | 2463.96 | 9414.45 |
| | | | 3390.37 |
| | | | 11343.39 |
| (3) Current Liabilities | | | |
| (a) Short Term Borrowings | 6 | 2786.52 | 3280.92 |
| (b) Trade Payables | | 3519.07 | 3971.75 |
| (c) Other Current Liabilities | 7 | 16732.14 | 16418.17 |
| (d) Short Term Provisions | 8 | 1391.03 | 24428.76 |
| | | | 618.37 |
| | | | 24289.21 |
| (4) Deferred Tax Liability | | | |
| | 11 | | 493.43 |
| | | | 732.16 |
| TOTAL : | | <u>19022.68</u> | <u>25442.31</u> |
| II. ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | 9 | | |
| (i) Tangible Assets | | 3823.89 | 4235.08 |
| (ii) Intangible Assets | | 2.04 | 2.06 |
| (iii) Capital Work-in-Progress - Tangible | | 0.00 | 23.84 |
| | | 3825.93 | 4260.98 |
| (b) Non Current Investments | 10 | 0.00 | 0.00 |
| (c) Deferred Tax Assets (Net) | 11 | 0.00 | 0.00 |
| (d) Long Term Loans and Advances | 12 | 1348.97 | 1370.67 |
| (e) Other Non Current Assets | 13 | 0.00 | 5174.90 |
| | | | 0.00 |
| | | | 5631.65 |
| (2) Current Assets | | | |
| (a) Inventories | 14 | 4403.33 | 4827.51 |
| (b) Trade Receivables | 15 | 7293.88 | 7460.31 |
| (c) Cash and Cash Equivalents | 16 | 528.62 | 5873.06 |
| (d) Short Term Loans and Advances | 17 | 1621.95 | 13847.78 |
| | | | 1649.78 |
| | | | 19810.66 |
| TOTAL : | | <u>19022.68</u> | <u>25442.31</u> |

The accompanying notes 1 to 28 are an integral part of the Financial Statements.

In terms of our report of even date 09.12.2018
For Balram Chandra & Associates
Chartered Accountants

On behalf of the Board

BALRAM CHANDRA
Partner
M.No. 070875

(MOHAN KUMAR)
GM (Mktg/QC)

(ARVIND KUMAR)
Director

(R.K. PAUL)
Chairman and
Managing Director

Place : New Delhi

(INDRASEN SINGH)
SR. Manager (F&A & Co. Secretary)

Date : 08.08.2018

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lakhs)

| PARTICULARS | NOTE NO. | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|----------|----------------------------------|----------------------------------|
| 1 | 2 | 3 | 4 |
| (I) Revenue from operations : | 18 | | |
| Gross revenue from sale of products and services | | 7712.20 | 7490.94 |
| Less : Excise Duty, GST & Service Tax | | 841.50 | 808.30 |
| Net revenue from sale of products and services | | 6870.70 | 6682.64 |
| Other operating revenue | | (0.09) | 36.38 |
| (II) Other Income | 19 | 104.74 | 195.36 |
| (III) Total Revenue | | <u>6975.35</u> | <u>6914.38</u> |
| (IV) Expenses : | | | |
| Cost of materials consumed | 20 | 1735.97 | 3008.02 |
| Changes in inventories of Finished goods and Work-in-progress | 21 | 84.19 | (110.18) |
| Employee benefits expenses | 22 | 4982.07 | 6063.77 |
| Finance costs | | 2639.44 | 1805.25 |
| Depreciation and amortisation expenses | 9 | 478.45 | 506.04 |
| Other expenses | 23 | 1302.45 | 1052.95 |
| Provision for bad & doubtful debts | | 383.02 | 1725.67 |
| Total Expenses | | <u>11605.59</u> | <u>14051.52</u> |
| Profit before exceptional and extra ordinary items and tax | | (4630.24) | (7137.14) |
| Prior Period Adjustment (Net) | 24 | 0.00 | 1052.30 |
| Provision for Income Tax Written back | | 0.00 | 0.00 |
| Profit before Tax | | (4630.24) | (8189.44) |
| Tax expense : | | | |
| Current Tax | | 0.00 | 0.00 |
| Deferred Tax | | (238.73) | 207.96 |
| Profit for the year | | <u>(4391.51)</u> | <u>(8397.40)</u> |
| Earning per share (Face value ₹ 1000.00 each) | | | |
| Basic | | ₹ (820.37) | ₹ (1568.70) |
| Diluted | | ₹ (820.37) | ₹ (1568.70) |

The accompanying notes 1 to 28 are an integral part of the Financial Statements.

In terms of our report of even date 09.12.2018
For Balram Chandra & Associates
Chartered Accountants

On behalf of the Board



(BALRAM CHANDRA)
Partner
M.No. 070875
Allahabad.

(MOHAN KUMAR)
GM (Mktg/QC)

(ARVIND KUMAR)
Director

(R.K. PAUL)
Chairman and
Managing Director

(INDRASEN SINGH)
SR. Manager (F&A & Co. Secretary)

Place : *New Delhi*

Date : *08.08.2018*

BHARAT PUMPS & COMPRESSORS LIMITED

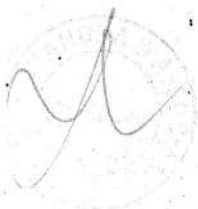
(A Government of India Enterprise)

NAINI : ALLAHABAD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

| | For the year ended <u>31.03.2018</u> | (₹ in Lakhs) For the year ended <u>31.03.2017</u> |
|--|---|---|
| A. Cash Flows from Operating Activities : | | |
| Profit Before Tax | (4630.24) | (8189.44) |
| Adjustments for :- | | |
| Depreciation | 449.44 | 469.86 |
| Interest Income | (70.65) | (146.49) |
| Interest Expenditure | 2639.44 | 1805.25 |
| Depreciation written back | 0.00 | 0.00 |
| Operating Profit Before Working Capital Changes | <u>(1612.01)</u> | <u>(6060.82)</u> |
| Change in Working Capital : | | |
| (Increase) / Decrease in Stock | 424.18 | (67.15) |
| (Increase) / Decrease in Trade Receivables, Loans and Advances and other assets | 155.51 | 61.64 |
| Increase / (Decrease) in Trade payables and other Liabilities | <u>(2723.37)</u> | <u>13579.72</u> |
| Total Working Capital Changes - Decreased / (Increased) | <u>(2143.68)</u> | <u>13574.21</u> |
| Cash generated from Operating Activities | <u>(3755.69)</u> | <u>7513.39</u> |
| Tax Paid | 43.83 | 39.68 |
| Net Cash from Operating Activities (A) | <u>(3799.52)</u> | <u>7473.71</u> |
| B. Cash Flows from Investing Activities : | | |
| Purchase of Fixed Assets & DRE Expenses | (14.39) | (24.09) |
| Interest Received | <u>109.40</u> | <u>103.00</u> |
| Net Cash from Investing Activities (B) | <u>95.01</u> | <u>78.91</u> |

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BHARAT PUMPS & COMPRESSORS LIMITED

(A Government of India Enterprise)

NAINI : ALLAHABAD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2018 (Contd.)

| | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|---|----------------------------------|----------------------------------|
| C. Cash Flows from Financing Activities : | | |
| Increase / (Decrease) in Share Capital | 0.00 | 0.00 |
| Increase / (Decrease) in Provisions | (153.75) | (1311.52) |
| Increase / (Decrease) in Reserves & Surplus | 0.00 | 0.00 |
| (Increase) / Decrease in Long Term Loans and Advances | 65.53 | (1.46) |
| Increase / (Decrease) in Other Long Term Liabilities | 0.27 | 0.34 |
| Interest Paid | (1057.58) | (1338.75) |
| Repayment of Short Term Borrowings | 0.00 | 0.00 |
| Dividend and Dividend Tax Paid | 0.00 | 0.00 |
| Net Cash from Financing Activities (C) | (1145.53) | (2651.39) |
| Net Increase in Cash and Cash Equivalents (A+B+C) | (4850.04) | 4901.23 |
| Cash & Cash Equivalents at beginning of the year | 2592.14 | (2309.09) |
| CASH & CASH EQUIVALENTS AT THE END OF THE YEAR | (2257.90) | 2592.14 |

NOTE :

Components of Cash & Cash Equivalents :

| | | |
|--|------------------|----------------|
| Cash & Bank Balances | 528.62 | 5873.06 |
| Secured Loans (Cash Credit) | (2786.52) | (3280.92) |
| Cash & Cash Equivalents as stated above | (2257.90) | 2592.14 |

(Figures in bracket represents negative figures)

The accompanying notes 1 to 28 are an integral part of the Financial Statements.

In terms of our report *of date 09.12.2018* On behalf of the Board
For Balram Chandra & Associates
Chartered Accountants

08/11/18
(BALRAM CHANDRA)
Partner
M.No. 070875
Allahabad.

Mk.
(MOHAN KUMAR)
GM (Mktg/QC)

Arvind
(ARVIND KUMAR)
Director

R.K. Paul
(R.K. PAUL)
Chairman and
Managing Director

Indrasen
(INDRASEN SINGH)
SR Manager (F&A & Co. Secretary)

Place : *New Delhi*

Date : *08.08.2018*

BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)
AS AT 31.03.2018 AS AT 31.03.2017

(1) SHARE CAPITAL :

AUTHORISED :

6,50,000 Equity Shares of ₹1000/-each
(Previous Year 6,50,000 Equity shares of
₹1,000/- each)

6500.00 6500.00

ISSUED, SUBSCRIBED & PAID UP :

535310 fully paid up Equity Shares of
₹ 1,000 /- each (Previous year
535310 Equity Shares of ₹1000/- each)

5353.10 5353.10

Of the above, 1588 equity shares were allotted as fully paid without payment having been received in cash being the shares allotted against expenditure incurred by Govt of India prior to the formation of the company. Out of the total fully paid up equity shares, 535309 fully paid equity shares of ₹ 1000/- each are held by the President of India through nominee (previous year 535309 fully paid equity shares were held by the President of India through nominee.) The company has one class of equity share having a par value of ₹ 1000/- each. These shares ranked pari-pasu in all respect including voting right and entitlement to dividend. The President of India is only Shareholder, holding more than 5 % Shares:

TOTAL :

5353.10

5353.10

(2) RESERVES & SURPLUS :

AS AT 31.03.2018

(₹ in Lakhs)
AS AT 31.03.2017

Capital Reserve :

At the beginning of the year

3001.70

3001.70

At the end of the year

3001.70

3001.70

Surplus in Statement of Profit and Loss :

At the beginning of the year

(19277.25)

(10879.85)

Add : Profit for the year

(4391.51)

(8397.40)

At the end of the year

(23668.76)

(19277.25)

TOTAL :

(20667.06)

(16275.55)

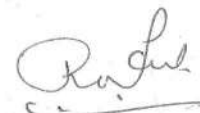
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Mr. K. S. Singh

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(₹ in Lakhs)

AS AT 31.03.2018

AS AT 31.03.2017

(3) LONG-TERM BORROWINGS :

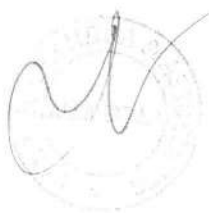
| | | |
|---|----------------|----------------|
| Loans and advances from related parties | | |
| Secured | | |
| Loan from Bharat Heavy Electricals Ltd. | 0.00 | 0.00 |
| Loan from Government of India (unsecured) | 6941.20 | 7944.00 |
| TOTAL : | 6941.20 | 7944.00 |

Note :

- (1) Loan from Bharat Heavy Electricals Ltd. is secured by hypothecation of three Nos. machines of the Company and repayable in five annual instalments plus interest from first anniversary of loan and carry an interest equal to Bank Rate (Presently 6.75 %) with monthly rests. As per terms of loan, the repayment was due for completion on 10.01.2017.
- Non Plan Loan from Government of India (unsecured) . repayable in five annual instalment plus interest from first anniversary of loan and carry an interest rate of 13.50 %.
- (2) The scheduled maturity of the Long-term borrowings is summarised as under :

| | <u>2017-18</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2016-17</u> |
|---|----------------|----------------|----------------|----------------|
| | Loan from | Loan from | Loan from | Loan from |
| | BHEL | GOVT. | BHEL | GOVT. |
| Borrowings repayable | | | | |
| in the first year (Note No. 7) | 1200.00 | 4217.80 | 1200.00 | 1986.00 |
| Current maturities of long term debt | 1200.00 | 4217.80 | 1200.00 | 1986.00 |
| in the second year | 0.00 | 2231.80 | 0.00 | 1986.00 |
| in the third to fifth year | 0.00 | 4709.40 | 0.00 | 5958.00 |
| after five years | 0.00 | 0.00 | 0.00 | 0.00 |
| Long -term borrowings | 0.00 | 6941.20 | 0.00 | 7944.00 |

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BHARAT PUMPS & COMPRESSORS LIMITED*(A Government of India Enterprise)*

NAINI : ALLAHABAD

| | AS AT 31.03.2018 | (₹ in Lakhs) AS AT 31.03.2017 |
|---|------------------|----------------------------------|
| (4) OTHER LONG TERM LIABILITIES : | | |
| Sundry deposits | 0.00 | 0.00 |
| Others | 9.29 | 9.02 |
| TOTAL : | <u>9.29</u> | <u>9.02</u> |
| (5) LONG-TERM PROVISIONS : | | |
| Provision for employee benefits | | |
| Provision for Gratuity | 1842.15 | 2333.91 |
| Provision for Leave Encashment | 621.81 | 1056.46 |
| Others | | |
| Provision for taxation (net of advance payment) | 0.00 | 0.00 |
| TOTAL : | <u>2463.96</u> | <u>3390.37</u> |
| (6) SHORT-TERM BORROWINGS : | | |
| Secured | | |
| Loans from Bank | | |
| Cash credit facilities from SBI Naini | 2656.35 | 2765.03 |
| (Cash Credit limit from SBI Naini is secured by hypothecation of entire current assets) | | |
| Overdraft facilities from Corporation Bank | 130.17 | 515.89 |
| (Secured by hypothecation of Fixed deposit Receipts) | | |
| TOTAL : | <u>2786.52</u> | <u>3280.92</u> |
| (7) OTHER CURRENT LIABILITIES : | | |
| Current maturities of long-term debts (Note No. 3) | 5417.80 | 3186.00 |
| Interest accrued on borrowings | 2359.55 | 777.69 |
| Sundry deposits | 101.56 | 106.72 |
| Payables for fixed assets | 108.30 | 108.30 |
| Statutory liabilities | 4895.15 | 6839.86 |
| Advance received from customers | 442.22 | 840.87 |
| Others | 3407.56 | 4558.73 |
| TOTAL : | <u>16732.14</u> | <u>16418.17</u> |
| (8) SHORT-TERM PROVISIONS : | | |
| Current portion of long-term employee benefits | | |
| Provision for Gratuity | 1050.84 | 439.15 |
| Provision for Leave Encashment | 340.19 | 179.22 |
| TOTAL : | <u>1391.03</u> | <u>618.37</u> |

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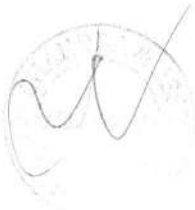


BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(9) FIXED ASSETS :

| Particulars | G R O S S B L O C K | | | As at 31.03.2018 |
|----------------------------------|---------------------|-----------|-----------------------------------|---------------------|
| | As at 31.03.2017 | Additions | Withdrawals and adjustments | |
| Tangible assets : | | | | |
| Land (Free Hold) | 10.04 | 0.00 | 0.00 | 10.04 |
| Site Levelling & Development | 5.72 | 0.00 | 0.00 | 5.72 |
| Roads and Bridges | 15.04 | 0.00 | 0.00 | 15.04 |
| Buildings | 529.07 | 0.00 | 0.00 | 529.07 |
| Drain., sewer.& water supply | 37.53 | 2.06 | 0.00 | 39.59 |
| Plant & Machinery | 8194.77 | 16.88 | 0.00 | 8211.65 |
| Elect.fitting & Instal.(Factory) | 160.29 | 0.00 | 0.00 | 160.29 |
| Elect.Fitting & Instal. (Office) | 73.86 | 0.24 | 0.00 | 74.10 |
| Data Processing Elect.Equip. | 245.28 | 0.53 | 0.00 | 245.81 |
| Vehicles | 21.26 | 0.00 | 0.00 | 21.26 |
| Office & Misc. Equipments | 273.84 | 0.61 | 0.00 | 274.45 |
| Furniture and fixtures | 65.95 | 0.00 | 0.00 | 65.95 |
| Tele.Exchange & Fax Machine | 23.25 | 0.06 | 0.00 | 23.31 |
| Pattern & Dies | 723.18 | 17.85 | 0.00 | 741.03 |
| | 10379.08 | 38.23 | 0.00 | 10417.31 |
| Capital work-in-progress | 23.84 | 0.00 | 23.84 | 0.00 |
| | 10402.92 | 38.23 | 23.84 | 10417.31 |
| TOTAL : | 10378.83 | 24.09 | 0.00 | 10402.92 |
| Previous year | | | | |
| Intangible assets : | | | | |
| Computer Software | 89.78 | 0.00 | 0.00 | 89.78 |
| TOTAL : | 89.78 | 0.00 | 0.00 | 89.78 |
| Previous year | 89.78 | 0.00 | 0.00 | 89.78 |

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BHARAT PUMPS & COMPRESSORS LIMITED

(A Government of India Enterprise)

NAINI : ALLAHABAD

(₹ in Lakhs)

(9) FIXED ASSETS :
(Contd.)

| PARTICULARS | Depreciation | | and | | Amortisation | | Net Book Value | |
|---------------------------------|--------------------|-----------------|-----------------------------------|--------------------|---------------------|---------------------|----------------|--|
| | Upto 31.03.2017 | For the year | On Withdrawals and adjustments | Upto 31.03.2018 | As at 31.03.2018 | As at 31.03.2017 | | |
| Tangible assets : | | | | | | | | |
| Land (Free Hold) | 0.00 | 0.00 | 0.00 | 0.00 | 10.04 | 10.04 | | |
| Site Levelling & Development | 0.00 | 0.00 | 0.00 | 0.00 | 5.72 | 5.72 | | |
| Roads and Bridges | 14.29 | 0.00 | 0.00 | 14.29 | 0.75 | 0.75 | | |
| Buildings | 389.99 | 5.26 | 0.00 | 395.25 | 133.82 | 139.08 | | |
| Drain., Sewer.& Water supply | 28.61 | 1.81 | 0.00 | 30.42 | 9.17 | 8.92 | | |
| Plant and Machinery | 4444.09 | 401.19 | 0.00 | 4845.28 | 3366.37 | 3750.68 | | |
| Elec.Fitting & Insta.(Factory) | 155.52 | 1.23 | 0.00 | 156.75 | 3.54 | 4.77 | | |
| Elect.Fitting & Instal.(Office) | 60.41 | 4.60 | 0.00 | 65.01 | 9.09 | 13.45 | | |
| Data Processing Elect.Equip. | 239.28 | 0.63 | 0.00 | 239.91 | 5.90 | 6.00 | | |
| Vehicles | 20.63 | 0.00 | 0.00 | 20.63 | 0.63 | 0.63 | | |
| Office & Misc.Equipments | 257.16 | 5.21 | 0.00 | 262.37 | 12.08 | 16.68 | | |
| Furniture and Fixtures | 63.71 | 1.21 | 0.00 | 64.92 | 1.03 | 2.24 | | |
| Tele.Exchange & Fax Machine | 22.57 | 0.01 | 0.00 | 22.58 | 0.73 | 0.68 | | |
| Pattern & Dies | 447.74 | 28.27 | 0.00 | 476.01 | 265.02 | 275.44 | | |
| | 6144.00 | 449.42 | 0.00 | 6593.42 | 3823.89 | 4235.08 | | |
| Capital work-in-progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23.84 | | |
| TOTAL : | 6144.00 | 449.42 | 0.00 | 6593.42 | 3823.89 | 4283.01 | | |
| Previous year | 5674.16 | 469.84 | 0.00 | 6144.00 | 4283.01 | 4704.67 | | |
| Intangible assets : | | | | | | | | |
| Computer Software | 87.72 | 0.02 | 0.00 | 87.74 | 2.04 | 2.06 | | |
| TOTAL : | 87.72 | 0.02 | 0.00 | 87.74 | 2.04 | 2.06 | | |
| Previous year | 87.70 | 0.02 | 0.00 | 87.72 | 2.06 | 2.08 | | |

Note :

(₹ in Lakhs)

| | 2017-18 | 2016-17 |
|---|---------|---------|
| (1) Details of depreciation and Amortisation charged to Profit and Loss Statement : | | |
| (a) Depreciation on Tangible Assets as above | 449.42 | 469.84 |
| (b) Depreciation on Intangible Assets as above | 0.02 | 0.02 |
| * (c) Depreciation on Petty Assets charged off | 0.05 | 0.05 |
| (d) Depreciation on Loose Tools | 28.96 | 36.13 |
| TOTAL : | 478.45 | 506.04 |

* Being the value of petty assets upto ₹ 100/- each charged off directly to current year's depreciation.

- (2) Gross block excludes ₹ 7.20 lacs (Previous year ₹ 7.15 lacs) being the value of petty assets upto ₹ 100/- each charged off.
- (3) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated / amortised over the remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April,2014 have been adjusted in the opening balance of Profit & Loss Account amounting to ₹ 147.79 lacs in the year 2014-15.

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

| | <u>AS AT 31.03.2018</u> | <u>(₹ in Lakhs)</u> <u>AS AT 31.03.2017</u> |
|---|-------------------------|--|
| (10) NON CURRENT INVESTMENTS : | | |
| In fully paid 5 shares of ₹ 50/- each (unquoted) at cost in the Crescent Co-operative Housing Society Ltd., Mumbai | 0.00 | 0.00 |
| TOTAL : | <u>0.00</u> | <u>0.00</u> |
| NOTE : Investments are to the tune of ₹ 250/- (Previous year ₹ 250/-) due to rounding off in Lakhs, figure has been shown as ₹ 0.00 laes. | | |
| (11) DEFERRED TAX ASSETS (NET) : | | |
| Deferred tax assets : | | |
| Provision for employee benefits | 0.00 | 0.00 |
| Gratuity | 0.00 | 0.00 |
| Leave encashment | 0.00 | 0.00 |
| Employers Contribution to Provident Fund | 0.00 | 0.00 |
| Employees Contribution to Provident Fund | 0.00 | 0.00 |
| Carry forward losses & Unabsorbed Depreciation | <u>0.00</u> | <u>0.00</u> |
| Deferred tax liabilities : | | |
| On fiscal allowances on fixed assets | 493.43 | 732.16 |
| | <u>493.43</u> | <u>732.16</u> |
| TOTAL (NET) : | <u>(493.43)</u> | <u>(732.16)</u> |
| (12) LONG-TERM LOANS AND ADVANCES : | | |
| Capital advances | 3.50 | 3.50 |
| Unsecured, considered good | | |
| Deposits | 187.42 | 246.43 |
| Unsecured, considered good | | |
| Other loans and advances | 7.20 | 13.72 |
| Unsecured, considered good | | |
| Advance tax (net of provisions) | <u>1150.85</u> | <u>1107.02</u> |
| TOTAL : | <u>1348.97</u> | <u>1370.67</u> |
| (13) OTHER NON CURRENT ASSETS : | | |
| Interest accrued on deposits | 0.00 | 0.00 |
| TOTAL : | <u>0.00</u> | <u>0.00</u> |

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(₹ in Lakhs)
AS AT 31.03.2017

| | AS AT 31.03.2018 | AS AT 31.03.2017 |
|--|-----------------------|-----------------------|
| (14) INVENTORIES : | | |
| (As taken, valued & certified by the Management) | | |
| Raw Materials (at cost) | 887.48 | 1175.45 |
| Work-in-progress : | | |
| (at cost or realisable value whichever is lower) | | |
| Pumps & Compressors | 2818.16 | 2864.29 |
| Gas Cylinders | 95.66 | 95.66 |
| <u>Finished goods (manufactured) :</u> | | |
| (At cost or realisable value whichever is lower) | | |
| Pumps & Compressors | 0.00 | 0.00 |
| Gas Cylinders | 34.00 | 81.06 |
| Stores and Spares (at cost) | 409.01 | 413.76 |
| Loose Tools (at cost less depreciation) | 115.83 | 144.54 |
| Scrap (at estimated realisable value) | 43.19 | 52.75 |
| | <u>4403.33</u> | <u>4827.51</u> |
| Less: Provision for estimated loss on Inventories | 0.00 | 0.00 |
| TOTAL : | <u><u>4403.33</u></u> | <u><u>4827.51</u></u> |
| The above includes goods in transit as under : | | |
| Raw materials | 0.00 | 0.00 |
| Stores and Spares | 0.00 | 0.00 |
| TOTAL : | <u><u>0.00</u></u> | <u><u>0.00</u></u> |
| (15) TRADE RECEIVABLES : | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 7068.30 | 6178.18 |
| Unsecured, considered good | | |
| Others | 2334.27 | 3007.80 |
| Unsecured, considered good | | |
| | <u>9402.57</u> | <u>9185.98</u> |
| Less : Provisions for bad & doubtful debts | 2108.69 | 1725.67 |
| TOTAL : | <u><u>7293.88</u></u> | <u><u>7460.31</u></u> |
| (16) CASH AND CASH EQUIVALENTS : | | |
| Balance with Banks | | |
| Current / Saving / Cash Credit accounts | 134.69 | 293.45 |
| Margin money accounts | 215.71 | 206.58 |
| Deposit accounts | 175.23 | 4834.49 |
| Remittance in Transit | 0.00 | 535.73 |
| Cash / Postage Stamps on hand | 2.99 | 2.81 |
| TOTAL : | <u><u>528.62</u></u> | <u><u>5873.06</u></u> |

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

| | <u>AS AT 31.03.2018</u> | <u>(₹ in Lakhs)</u> <u>AS AT 31.03.2017</u> |
|---|--|--|
| (17) SHORT TERM LOANS AND ADVANCES : | | |
| Others (Unsecured, considered good) | | |
| Advances to employees | 28.22 | 43.99 |
| Advances for purchases | 1173.88 | 1176.59 |
| Advances for purchase of fixed assets | 81.12 | 79.62 |
| Advances others | 56.08 | 37.11 |
| Commercial advances and deposits with | | |
| Statutory / Government authorities / bodies | 280.56 | 310.38 |
| Other deposits | 2.09 | 2.09 |
| TOTAL : | <u>1621.95</u> | <u>1649.78</u> |
| | | |
| | <u>For the year ended</u> <u>31.03.2018</u> | <u>(₹ in Lakhs)</u> <u>For the year ended</u> <u>31.03.2017</u> |
| (18) REVENUE FROM OPERATIONS : | | |
| Gross revenue from : | | |
| Sale of products | 7497.70 | 6906.81 |
| Sale of services | 214.50 | 584.13 |
| | <u>7712.20</u> | <u>7490.94</u> |
| Less : Excise duty, GST and Service tax | 841.50 | 808.30 |
| Net revenue from sale of products and services | <u>6870.70</u> | <u>6682.64</u> |
| Other operating revenue : | | |
| Scrap sales (Gross) | 11.17 | 30.86 |
| Less : Excise duty / GST | 1.70 | 3.42 |
| Scrap sales (Net) | 9.47 | 27.44 |
| Accretion /(decretion) to scrap stock | (9.56) | (18.05) |
| Exchange rate variation | 0.00 | 26.99 |
| TOTAL : | <u>(0.09)</u> | <u>36.38</u> |
| | | |
| (19) OTHER INCOME : | | |
| Interest income | 70.65 | 146.49 |
| Liquidated damages recovered from Suppliers / Contractors | (44.64) | 6.54 |
| Other non-operating income : | | |
| Liabilities written back | 10.01 | 0.84 |
| Miscellaneous income | 68.72 | 41.49 |
| TOTAL : | <u>104.74</u> | <u>195.36</u> |
| Interest income comprises interest from : | | |
| Deposits with Banks | 70.65 | 146.49 |
| Others | 0.00 | 0.00 |



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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

| | For the year ended | | (₹ in Lakhs) | |
|---|--------------------|---------|---------------|----------|
| | 31.03.2018 | | 31.03.2017 | |
| (20) COST OF MATERIALS CONSUMED : | | | | |
| Consumption of Raw Materials | | 1715.25 | | 2997.42 |
| Consumption of Stores and Spares | | 20.72 | | 10.6 |
| TOTAL : | | 1735.97 | | 3008.02 |
| (21) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS : | | | | |
| Finished goods manufactured (PC) | | | | |
| Opening stock | 0.00 | | 0.00 | |
| Closing stock | 0.00 | 0.00 | 0.00 | 0.00 |
| Finished goods manufactured (GC) | | | | |
| Opening stock | 81.06 | | 121.05 | |
| Closing stock | 34.00 | 47.06 | 81.06 | 39.99 |
| Work-in-progress (PC) | | | | |
| Opening stock | 2864.29 | | 2718.57 | |
| Closing stock | 2818.16 | 46.13 | 2864.29 | (145.72) |
| Work-in-progress (GC) | | | | |
| Opening stock | 95.66 | | 95.66 | |
| Closing stock | 95.66 | 0.00 | 95.66 | 0.00 |
| | | 93.19 | | (105.73) |
| Excise duty/GST on increase / (decrease) of finished goods | | (9.00) | | (4.45) |
| TOTAL : | | 84.19 | | (110.18) |
| (22) EMPLOYEE BENEFITS EXPENSE : | | | | |
| 1. EMPLOYEES REMUNERATION : | | | | |
| (i) Salaries, Wages & Allowances | | 2644.48 | | 3359.28 |
| (ii) Contribution to Funds : | | | | |
| Provident Fund & Family Pension | 282.48 | | 363.23 | |
| Employee's State Insurance | 0.11 | 2927.07 | 0.11 | 3722.62 |
| 2. EMPLOYEES WELFARE : | | | | |
| (i) Staff Welfare Expenses | 40.65 | | 34.87 | |
| (ii) Medical Expenses | 230.50 | 271.15 | 260.13 | 295.00 |
| 3. SOCIAL OVERHEADS : | | | | |
| (i) Canteen Expenses (Net) | 46.43 | | 56.76 | |
| (ii) Subsidised Transport (Net) | 48.72 | | 48.44 | |
| (iii) Special Incentive & LTC | 9.02 | 104.17 | 0.00 | 105.20 |
| 4. RETIREMENT BENEFITS : | | | | |
| (i) Gratuity | 1330.51 | | 1376.60 | |
| (ii) Leave Encashment | 349.17 | 1679.68 | 564.35 | 1940.95 |
| TOTAL : | | 4982.07 | | 6063.77 |

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

25. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

These financial statements have been prepared on the historical cost basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAPP), including Indian Accounting Standards notified under Section 133 read with Rule 7 of the Companies (Accounts) Rules, 2014, and other relevant provisions of the Companies Act, 2013. Further, the Guidance Notes/Announcements issued by The Institute of Chartered Accountant of India (ICAI) are also considered wherever applicable, as adopted consistently by the company.

1.2 USE OF ESTIMATES :

The preparation of the financial statements in conformity with the generally accepted accounting principles and Indian Accounting Standards requires estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reported period and the reported amounts of assets, liabilities and disclosures of contingent liabilities on the date of financial statements. Actual results could differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are crystallized.

2.0 FIXED ASSETS :

- 2.1 Land given by the Government of Uttar Pradesh is valued notionally at value shown in the records of Land Acquisition Officer, Allahabad and the corresponding amount credited to Capital Reserve Account.
- 2.2 Fixed assets including intangible assets are shown at their acquisition cost / historical cost including allocation from expenditure during construction of the company wherever so applicable.
- 2.3 Capitalization out of inter-plant transfer is made at factory cost including excise duty.
- 2.4 In the case of assets put to use, where final settlement of bills with contractors are yet to be effected, capitalization is done subject to necessary adjustment in the year of final settlement.
- 2.5 Grant-in-aid and CENVAT/ITC received against capital cost of fixed assets are reduced from the total cost of the concerned fixed assets.
- 2.6 Subsequent expenditures related to an item of fixed assets are added to its book value only if they increase the life of existing fixed assets beyond its previous life.
- 2.7 Fixed assets which are not ready for their intended use, are disclosed under Capital Work –in-Progress.



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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.0 DEPRECIATION :

- 3.1 Depreciation on Fixed assets is charged / provided on Straight Line Method based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013. However, where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortized depreciable amount is provided over the residual / remaining / increased useful life of the asset.
- 3.2 Depreciation on addition / deletion during the year is provided on pro-rata basis with reference to the date of additions / deletions.
- 3.3 Fixed Assets costing Rs .5000/- or less each are depreciated fully in the year of purchase.

4.0 FOREIGN CURRENCY :

- 4.1 Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.
- 4.2 Monetary items denominated in foreign currencies are translated at exchange rates as at the reporting date.
- 4.3 Foreign Exchange differences arising in respect of monetary item relating to acquisition of fixed assets are adjusted to the carrying cost of related fixed asset/Capital Work-in-Progress prior to capitalization. Other exchange differences are recognized as income or expense in the period in which they arise.

5.0 IMPAIRMENT OF ASSETS :

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impaired loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of the recoverable amount,

6.0 VALUATION OF INVENTORY:

- 6.1 The pricing of issues of raw materials, components and stores & spares as well as valuation there of is done on periodical weighted average cost method.
- 6.2 Stores in Transit and Material with Fabricators / Contractors are valued at cost.
- 6.3 Loose Tools valuing Rs.500/- or above are depreciated @ 20% p.a. on written down value and below Rs.500/- are charged off to revenue.

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- 6.4 Work in Progress of the products manufactured by the company are valued at absorption cost or estimated realisable value whichever is lower. Jobs done internally for use in capital works are valued at factory cost.
- 6.5 The finished goods are valued at absorption cost or realisable value whichever is lower. Valuation of finished goods is inclusive of excise duty.
- 6.6 Scrap is valued at estimated realizable value.
- 6.7 Based on technical assessment, necessary provision is made for identified obsolete/surplus/ non moving items of inventory to reflect the current status there of.

7.0 REVENUE RECOGNITION:

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer. Revenue from operations includes sale of goods & services, Excise duty, service tax and GST. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

8.0 CLAIMS:

8.1 BY THE COMPANY:

Claims for price escalation on sale contracts, export incentives and other fiscal incentives etc. are accounted for on accrual basis. However, claims for liquidated damages/ penalty against suppliers are taken as income in the year of deductions from their bills.

8.2 AGAINST THE COMPANY:

8.2.1 Liability arising as a result of final assessment in respect of Customs Duty, Central Excise, Income Tax, Sales Tax, GST etc is provided during the year in which final assessments are made and/or decided.

8.2.2 Contingent liability is accounted for in the year in which it becomes evidentially estimatable and / or crystallized as payable.

9.0 RESEARCH & DEVELOPMENT EXPENDITURE:

Research and Development expenditure is charged to Profit & Loss Account in the year of incurrance. However, R & D expenditure on fixed assets is treated in the same way as other fixed assets of the Company.

10.0 FOREIGN EXCHANGE:

Liability for foreign currency loan and / or deferred credit payments is realigned as per the year's end exchange rates. Any loss or gain arising thereon, is charged to Profit & Loss Account.



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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

25. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

11.0 PROVISIONS:

11.1 GRATUITY:

The Gratuity liability of the Company has been taken into account based on Actuarial Valuation at the end of the year.

11.2 LEAVE ENCASHMENT:

The liability on account of Leave Encashment of the Company has been taken into account based on Actuarial Valuation at the end of the year.

12.0 TAXATION :

12.1 Income Tax is determined in accordance with the provisions of the Income Tax Act, 1961.

12.2 Deferred Tax expense or benefit is recognized on timing differences being the difference 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 and liabilities are measured using the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

13.0 GOVERNMENT GRANTS :

Government Grants are accounted when there is reasonable certainty of their receipts. Grants received against fixed assets are treated as per Accounting Policy No. 2.5. Grants related to revenue, unless received as compensation for expenses / losses, are recognized as revenue over the period to which these are related on the principal of matching costs to revenue.

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

26. Related Party Disclosures :

In compliance with the Indian Accounting Standard 24 "Related Party Disclosure" transactions with related parties are disclosed as under :-

(a) M/s Bharat Heavy Electricals Ltd. (BHEL) :

M/s BHEL has provided management support in line with the decision of Govt. of India, by providing Chairman & Managing Director of BPCL. In addition to this, BHEL has also provided a part time Director on BPCL Board.

(b) M/s Oil & Natural Gas Corpn.Ltd. (ONGCL) :

M/s ONGCL has provided one part time Director on BPCL Board.

(c) M/s Engineers India Ltd. (EIL) :

M/s EIL has provided one part time Director on BPCL Board. However, no one has been nominated/ appointed Director in BPCL Board since 01.04.2016.

FELLOW SUBSIDIARY / ASSOCIATES :

The Company has made the following transactions with fellow subsidiary/associated Companies :

(₹ in Lakhs)

| | 2017-18 | | | 2016-17 | | |
|--------------------------------|-------------|-------------|------------|-------------|-------------|------------|
| | <u>BHEL</u> | <u>ONGC</u> | <u>EIL</u> | <u>BHEL</u> | <u>ONGC</u> | <u>EIL</u> |
| A. Purchases made from | 142.42 | 0.00 | 0.00 | 47.74 | 0.00 | 0.00 |
| B. Sales made to | 722.40 | 3303.26 | 0.00 | 37.88 | 3151.24 | 0.00 |
| C. Amount realisable from | 1353.91 | 2010.65 | 241.21 | 942.66 | 1736.62 | 274.29 |
| D. Amount payable to | 689.85 | 0.00 | 0.00 | 676.56 | 0.00 | 0.00 |
| E. Loan received from | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| F. Loan repaid to | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| G. Loan & Interest outstanding | 1660.56 | 0.00 | 0.00 | 1584.43 | 0.00 | 0.00 |

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(₹ in Lakhs)

27. SEGMENT INFORMATION :
Primary Segment - Business Segment

| | For the year ended 31.03.2018 | | | | For the year ended 31.03.2017 | | | |
|---|-------------------------------|-------------|---------------|-----------|-------------------------------|-------------|---------------|-----------|
| | PUMPS | COMPRESSORS | GAS CYLINDERS | TOTAL | PUMPS | COMPRESSORS | GAS CYLINDERS | TOTAL |
| A. SEGMENT REVENUE : | | | | | | | | |
| (i) Segment Revenue | 5964.07 | 856.37 | 0.05 | 6820.49 | 4180.85 | 3315.64 | 43.66 | 7540.15 |
| (ii) Inter Segment Revenue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Operating Revenue - External (i - ii) | 5964.07 | 856.37 | 0.05 | 6820.49 | 4180.85 | 3315.64 | 43.66 | 7540.15 |
| B. SEGMENT RESULTS : | | | | | | | | |
| (i) Segment Results | (1383.63) | (185.97) | (108.83) | (1678.43) | (2092.44) | (1254.13) | (406.14) | (3752.71) |
| (ii) Unallocated Expenses (Net) (Expenses) | | | | (2951.81) | | | | (4436.73) |
| (iii) Profit before Tax | | | | (4630.24) | | | | (8189.44) |
| (iv) Income Tax/FBT/MAT/Deferred Tax | | | | 238.73 | | | | (207.96) |
| (v) Profit after Tax | | | | (4391.51) | | | | (8397.40) |
| C. ASSETS & LIABILITIES : | | | | | | | | |
| (i) Segment Assets | 13229.29 | 2378.77 | 1217.90 | 16825.96 | 11008.14 | 5423.73 | 1417.13 | 17849.00 |
| (ii) Unallocated Assets | | | | 2196.72 | | | | 7593.31 |
| (iii) Total Assets | | | | 19022.68 | | | | 25442.31 |
| (iv) Segment Liabilities | 17431.75 | 2586.90 | 0.00 | 20018.65 | 10446.84 | 9613.46 | 338.64 | 20398.94 |
| (v) Unallocated Liabilities | | | | (995.97) | | | | 5043.37 |
| (vi) Total Liabilities | | | | 19022.68 | | | | 25442.31 |
| D. OTHER INFORMATIONS : | | | | | | | | |
| (i) Cost incurred during the period to acquire fixed assets (incl. Capital WIP) | 26.82 | 4.01 | 7.40 | 38.23 | 10.43 | 9.02 | 4.64 | 24.09 |
| (ii) Depreciation | 335.60 | 50.23 | 92.62 | 478.45 | 219.16 | 189.48 | 97.40 | 506.04 |
| (iii) Non Cash Expenses (other than Dep.) | 318.21 | 64.81 | 0.00 | 383.02 | 1305.93 | 419.74 | 0.00 | 1725.67 |

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(28) Additional Notes to the Financial Statements :

- (i) The Government of Uttar Pradesh has given 295.45 acres of land free of cost against actual allotment of 300 acres of land. Further a sum of ₹ 3.50 lakhs (Previous year ₹ 3.50 lakhs) (shown under Long term loans and advances) has been paid by the Central Government to the Government of Uttar Pradesh for acquisition of 87.50 acres of land for pumps and compressors project. Thus 92.05 acres (4.55 acres plus 87.50 acres) of land has to be taken from U.P. Government for which the matter is still under correspondence.
- (ii) Conveyance deeds in respect of 295.45 acres of land have not yet been executed and the matter is still under correspondence. This has provisionally been capitalised by debiting land and crediting capital reserve account in terms of Bureau of Public Enterprises, New Delhi, Letter No. BPE/159/Adv dated 7th Nov. 1969 at the valuation of ₹10.04 lakhs (Previous Year ₹ 10.04 lakhs) being the value shown in the records of Land Acquisition Officer, Allahabad. Valuation certificate from the Land Acquisition Officer, Allahabad is still awaited.
- (iii) Confirmation in respect of balances in various accounts of Sundry debtors, Loans and advances, Current liabilities including Sundry creditors, Advances from customers, Material with fabricators / contractors, Govt. loans and Fixed deposits / Margin money with banks are awaited and accordingly, the balances in these accounts are subject to confirmation / reconciliation, if any.
- (iv) Paper security received from suppliers / contractors / employees amounts to ₹ 0.16 lakhs (previous year ₹ 0.16 lakhs).
- (v) Provisions have not been made for Stamp duty and registration fees that may be payable on conveyance deeds for acquisition of land as the same is indeterminable at this stage.
- (vi) Central Industrial Security Force (CISF) has raised bills for their services which includes interest liability amounting to ₹ 684.83 lakhs (previous year ₹ 578.74 lakhs) due to non / delayed payment. CISF is a Central Government Agency and has accepted delayed payment with out interest in past. Accordingly, present claim of interest amount are shown as contingent liability.
- (vii) Advances to suppliers include balances (including old items) some of which are yet to be linked and set off with the corresponding credit appearing under the head Sundry Creditors.



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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(28) Additional Notes to the Financial Statements (Contd.) :

- (viii) The Company, at present, is not having any scheme for post-retirement medical benefits.
- (ix) In order to comply with the Indian Accounting Standard 36 – “ Impairment of assets” issued by the Regulatory Authority, the Company has formed a committee consisting of representatives of Finance, Planning, Purchase and Common services departments to assess the impairment of assets. Based on recommendations of the committee, there is no material impairment of assets of the Company and accordingly, no provision is required to be made in the books of accounts for this purpose.
- (x) A sum of ₹ 22.50 lakhs is outstanding for more than 45 days payable to Micro and Small Enterprises as at 31st March,2018 (previous year ₹ 36.63 lakhs). This has been determined to the extent such parties have been identified on the basis of information available with the Company. No provision for interest for delay in payment has been made since generally bills are submitted / presented late by the suppliers.
- (xi) (A) Government of India vide letter No. 2(9)/2006-PE-IV dated 07.09.2009 has permitted the company to consider making disbursement of arrear of 1997 pay revision upto 25 % of profit before tax. The company has not made any provision in this regard during the year in view of loss before tax. However, estimated amount of wage revision arrear amounting to ₹ 3000.00 lakhs (previous year ₹ 3000.00 lakhs) has been shown as contingent liability.
- (B) Estimated amount of subjudice case of fitment benefit to Executive employees for wage revision 2007 amounting to ₹ 800.00 lakhs (previous year ₹ 800.00 lakhs) has also been shown as contingent liability.
- (C) Regarding Wage Revision arrear 2007 relating to workmen, it was decided by the Board of Directors in its meeting held on 29.10.2010 that the matter will be kept in abeyance till generation of adequate internal resources and improved performance of the company. Since the company is incurring continuous losses and earlier arrear is also pending, any consideration for recognizing this arrear is not being done by the company.
- (xii) Department of Heavy Industries (DHI) vide letter dated 13.10.2016 informed that Cabinet Committee on Economic Affairs (CCEA) has approved release of ₹ 111.59 crores towards statutory dues, terminal dues to retired employees and CISF dues (₹ 99.30 crores released during the year) along with strategic disinvestment of the company in principle. Accordingly, Department of Investment and Public Asset Management of Ministry of Finance, Govt. of India (DIPAM) has started step wise proceedings for disinvestment of the company. Application of Expression of Interest (EOI) has been invited by entrusted agency (Transation Advisor) appointed by DIPAM/ Govt. of India.



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BHARAT PUMPS & COMPRESSORS LIMITED

(A Government of India Enterprise)

NAINI : ALLAHABAD

(28) Additional Notes to the Financial Statements (Contd.) :

- (xiii) Sundry Debtors as on 31.03.2018 amounting to ₹ 9402.57 lakhs (Previous Year ₹ 9185.98 lakhs) includes ₹ 4894.97 lakhs (Previous Year ₹ 4314.20 lakhs) towards amount deducted / with hold by customers on account of liquidated damages, shortages, Tax differences, freight & insurance, job done by customers etc. Since the matters have been taken up by the Company with the respective customers, for delivery extension / refund of deducted amount, and company is quite hopeful of refund of deducted / with hold amount. Accordingly, deductions made by customers, have not been accounted for in the books of accounts. However, the Company has made provisions for bad and doubtful debts amounting to ₹ 383.02 lakhs during the year (Previous year ₹ 1725.67 lakhs).
- (xiv) There are certain inventory items under the head raw materials, components and stores and spares which were old and non moving against which provisions were made totaling to ₹ 1040.48 lakhs in different earlier years upto the year 2005-06. These were written off in the year 2006-07 in the books of accounts and as such, these items are appearing in the records at zero value as realizable value is yet to be ascertained. However, these items are being sold as scrap items / used wherever possible with proper accounting for removal from records.
- (xv) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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Dr. P. S. Singh

BHARAT PUMPS & COMPRESSORS LIMITED*(A Government of India Enterprise)***NAINI : ALLAHABAD****(28) Additional Notes to the Financial Statements (Contd.) :****(xvi) Contingent liabilities and commitments :**

(₹ in Lakhs)

AS AT 31.03.2018AS AT 31.03.2017**(a) Contingent liabilities :**Claims against the Company not acknowledged
as debts :

| | | |
|--|---------|---------|
| (1) Sales tax liability including interest pending appeal | 401.41 | 792.23 |
| (2) Electricity bill liabilities due to revised tariff and penalty pending appeal | 51.97 | 51.97 |
| (3) Excise duty liability pending appeal * | 22.04 | 22.04 |
| (4) In respect of civil suits | 35.10 | 34.70 |
| (5) Interest liability claimed by CISF | 684.83 | 578.74 |
| (6) Income Tax liability pending appeal * | 2303.91 | 3299.87 |
| (7) Outstanding Letter of Credit * | 170.21 | 403.84 |
| (8) Outstanding Bank Guarantees * | 1401.06 | 1618.36 |
| (8) Interest on BPC Employees Co-operative Society dues | 95.47 | 59.61 |
| (9) Liability related to Arrear of Wage revision 1997 (Estimated) | 3000.00 | 3000.00 |
| (10) Subjudice case of fitment benefit of Wage revision 2007 of Executive employees (Estimated) | 800.00 | 800.00 |

(b) Commitments :Estimated amount of contracts remaining to be
executed on capital accounts and not provided for

205.64 205.64

* Excluding interest liability

(₹ in Lakhs)

(xvii) Social overheads :

| | <u>2017-18</u> | | <u>2016-17</u> | |
|---------------------|----------------|------------------|----------------|------------------|
| | <u>Canteen</u> | <u>Transport</u> | <u>Canteen</u> | <u>Transport</u> |
| Total Expenditure | 48.91 | 50.99 | 59.27 | 51.54 |
| Less : Total Income | 2.48 | 2.27 | 2.51 | 3.11 |
| Net Expenditure | 46.43 | 48.72 | 56.76 | 48.43 |

(24)

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BHARAT PUMPS & COMPRESSORS LIMITED
(A Government of India Enterprise)
NAINI : ALLAHABAD

(28) Additional Notes to the Financial Statements (Contd.) :

(xviii) Details of Provisions as per Indian Accounting Standard - 37 :

(₹ in Lakhs)

| SL | Particulars of Provisions | Op. Balance as on 01.04.2017 | Additions during the year | Paid/ Adjustments during the year | Reversed during the year | Closing Balance as on 31.03.2018 |
|---------------|---------------------------|------------------------------|---------------------------|-----------------------------------|--------------------------|----------------------------------|
| 1 | Gratuity | 2773.06 | 1330.51 | 1210.58 | 0.00 | 2892.99 |
| 2 | Leave Encashment | 1235.68 | 349.17 | 622.85 | 0.00 | 962.00 |
| TOTAL : | | 5320.26 | 1679.68 | 1833.43 | 0.00 | 3854.99 |
| Previous Year | | 5320.26 | 1940.95 | 1528.63 | 1723.84 | 4008.74 |

Brief Description :

Gratuity & Leave Encashment : The provisions for Gratuity and Leave encashment have been made on the basis of actuarial valuation obtained for the purpose. The payment of these items is made at the time of retirement/separation from the company. There is no uncertainty about these outflows. There is also no expected reimbursement.

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BHARAT PUMPS & COMPRESSORS LIMITED

(A Government of India Enterprise)

NAINI : ALLAHABAD

| | | | |
|--|------------------|------------------|--|
| (28) Additional Notes to the Financial Statements (Contd.): | | (₹ in Lakhs) | |
| (xix) CIF VALUE OF IMPORTS : | <u>2017-2018</u> | <u>2016-2017</u> | |
| Raw materials and components | 118.61 | 407.24 | |
| Stores and spares | 0.00 | 0.00 | |
| (xx) EXPENDITURE IN FOREIGN CURRENCY: (on cash basis) | | | |
| A. Analog Study | 16.04 | 19.12 | |
| B. Travelling Expenses | 0.00 | 0.00 | |
| (xxi) F O B VALUE OF EXPORT : | | | |
| Exports of goods | 0.00 | 0.00 | |
| (xxii) CONSUMPTION OF IMPORTED & INDIGENOUS MATERIALS : | | | |
| A. Value of all imported raw materials & components, stores & spare parts consumed | 258.70 | 409.86 | |
| B. Value of all indigenous raw materials & components, stores & spare parts consumed | 1477.27 | 2598.16 | |
| C. Percentage of each to total consumption | 15 % & 85 % | 14 % & 86 % | |

SUB NOTE :

In absence of separate figures available for spares, combined figures of stores and spares consumed have been included in giving the consumption of materials.

| | | | | |
|---------------------------------------|------------------|----------------|------------------|----------------|
| (xxiii) TURNOVER (GROSS) : | <u>2017-2018</u> | | <u>2016-2017</u> | |
| | <u>Quantity</u> | <u>Value</u> | <u>Quantity</u> | <u>Value</u> |
| | (Nos) | (₹ in Lakhs) | (Nos) | (₹ in Lakhs) |
| A. Compressors | 00 No.+spares | 1677.57 | 04 No.+spares | 3113.72 |
| B. Pumps : | | | | |
| 1. R.P. | 14 Nos+spares | 3502.08 | 03 Nos+spares | 2945.07 |
| 2. C.P. | 17 Nos+spares | 2273.96 | 06 Nos+spares | 804.36 |
| C. Gas Cylinders | 653 Nos. | 44.09 | 726 Nos. | 43.66 |
| D. Execution of erection & other jobs | - | 214.50 | - | 584.13 |
| TOTAL : | | <u>7712.20</u> | | <u>7490.94</u> |

(xxiv) BREAKUP OF RAW MATERIALS & COMPONENTS CONSUMED :

| | | | | |
|--|------------------|----------------|------------------|----------------|
| | <u>2017-2018</u> | | <u>2016-2017</u> | |
| | <u>Quantity</u> | <u>Value</u> | <u>Quantity</u> | <u>Value</u> |
| | | (₹ in Lakhs) | | (₹ in Lakhs) |
| A. INDIGENOUS : | | | | |
| 1. Steel plates | 49.01 MT | 20.15 | 15.93 MT | 6.47 |
| 2. Boughtout materials for PC * | - | 674.45 | - | 1611.34 |
| 3. Other Misc. items * | - | 761.96 | - | 969.75 |
| TOTAL : | | <u>1456.56</u> | | <u>2587.56</u> |
| B. IMPORTED : | | | | |
| 1. Components for PC * | - | 225.93 | - | 409.86 |
| 2. Seamless tubes | - | 0.00 | - | 0.00 |
| 3. Other Misc. items * | - | 32.76 | - | 0.00 |
| TOTAL : | | <u>258.69</u> | | <u>409.86</u> |
| Total Raw Materials and components consumed | | <u>1715.25</u> | | <u>2997.42</u> |

* There are thousands of items of different denominations and values, individual details are not possible to be given.



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BHARAT PUMPS & COMPRESSORS LTD

(A Government of India Enterprise)

NAINI : ALLAHABAD

(28) Additional Notes to the Financial Statements (Contd.):

(xxv) STOCK OF GOODS PRODUCED :

| | <u>CLOSING STOCK</u> | | <u>CLOSING STOCK</u> | |
|------------------|--------------------------|------------------------------|--------------------------|------------------------------|
| | <u>Quantity</u> (Nos) | <u>Value</u> (₹ in Lakhs) | <u>Quantity</u> (Nos) | <u>Value</u> (₹ in Lakhs) |
| A. PUMPS : | | | | |
| 1. Centrifugal | 00 Nos (00 Nos) | 0.00 0.00 | 00 Nos (00 Nos) | 0.00 0.00 |
| 2. Reciprocating | 00 Nos (00 Nos) | 0.00 0.00 | 00 Nos (00 Nos) | 0.00 0.00 |
| B. COMPRESSORS : | | | | |
| 1. Reciprocating | 00 Nos (00 Nos) | 0.00 0.00 | 00 Nos (00 Nos) | 0.00 0.00 |
| C. CYLINDERS : | | | | |
| Various Types | 400 Nos (1053 Nos) | 34.00 (81.06) | 1053 Nos (1779 Nos) | 81.06 (121.05) |

SUB NOTE :

Quantity and value in bracket indicate figures for the previous year.

In terms of our report
For Balram Chandra & Associates
Chartered Accountants

(BALRAM CHANDRA)
Partner
M.No. 070875

Place : *Near Delhi*

Date : *08.08.2018*

On behalf of the Board

MK
(MOHAN KUMAR)
GM (Mktg/QC)

Arvind K
(ARVIND KUMAR)
Director

R.K. Paul
(R.K. PAUL)
Chairman and Managing Director

Indrasen Singh
(INDRASEN SINGH)
SR. Manager (F&A) & Co. Secretary