



49th

वार्षिक प्रतिवेदन Annual Report



भारत पम्प्स एण्ड कम्प्रेसर्स लिमिटेड
(भारत सरकार का उपक्रम)

Bharat Pumps & Compressors Ltd.
(A Government of India Enterprise)

2018-2019

भारत पम्प्स एण्ड कम्प्रेसर्स लिमिटेड



Visit of Mr. Arjun Ram Meghwal, Ho'nable MOS Parliamentary affair and Heavy industry & Public Enterprises, Union of India along with Mrs. Reeta Bahuguna Joshi, MP Allahabad



Review meeting of Company by Mr. Arjun Ram Meghwal, Ho'nable MOS Parliamentary affair and Heavy industry & Public Enterprises, Union of India at BPCL Naini, Allahabad.



CMD, BPCL addressing HODs of the Company during celebration of Vigilance awareness week.



Celebration of 50th foundation day of the Company



VISION

To become an Indian MNC in the field of Fluid handling Gas Compression, Gas storage equipment, services & Project management.

MISSION

To provide quality products and services to core sector industries with special thrust on Oil and Natural Gas, Petrochemicals, Refineries, Nuclear and Thermal power Plants, Fertilizers and Public Transport Services complying to health & safety requirements.

OBJECTIVES

- To increase market share of our products and services.
- To maximize customer's satisfaction by providing quality products and services within stipulated delivery.
- To increase the business of spares and rendering prompt after sale services including refurbishment.

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BOARD OF DIRECTORS

- | | |
|---------------------------|--|
| 1. SHRI SUNIL PARWANI | - CHAIRMAN & MANAGING DIRECTOR (FROM 25.08.2018) |
| 2. SHRI R.K. PAUL | - CHAIRMAN & MANAGING DIRECTOR (UPTO 24.08.2018) |
| 3. SHRI ARVIND KUMAR | - DIRECTOR (FROM 30.05.2016) |
| 4. SHRI V.J. PANDYA | - DIRECTOR (UPTO 30.11.2018) |
| 5. SHRI S. BALA KRISHANAN | - DIRECTOR (UPTO 17.06.2019) |
| 6. SHRI G. UDAY KUMAR | - DIRECTOR (FROM 17.06.2019) |
| 7. SHRI R.K. TRIVEDI | - DIRECTOR (FROM 17.06.2019) |
-

PRINCIPAL EXECUTIVES

- | | |
|---------------------|---|
| SHRI RATAN PRAKASH | - CHIEF GENERAL MANAGER |
| SHRI SANJAY KUMAR | - GENERAL MANAGER (WORKS) |
| SHRI P.G. CHAUDHARY | - GENERAL MANAGER (MM/PEX) |
| SHRI INDRASEN SINGH | - DY. GENERAL MANAGER (F&A) AND COMPANY SECRETARY |
-

AUDITORS

M/S BALRAM CHANDRA & ASSOCIATES,
CHARTERED ACCOUNTANTS,
60-B/44, NAWAB YUSUF ROAD,
BEHIND SANGAM PLACE, CIVIL LINES,
ALLAHABAD - 211001

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

NAINI, ALLAHABAD
UTTAR PRADESH - 211010

BOARD OF DIRECTORS



SHRI SUNIL PARWANI
Chairman & Managing Director
(From 25.08.2018)



SHRI R.K. PAUL
Chairman & Managing Director
(Upto 24.08.2018)



SHRI ARVIND KUMAR
Director
(From 30.05.2016)



SHRI V. J. PANDYA
Director
(Upto 30.11.2018)



SHRI S. BALA KRISHNAN
Director
(Upto 17.06.2019)



SHRI G. UDAY KUMAR
Director
(From 17.06.2019)



SHRI R.K. TRIVEDI
Director
(From 17.06.2019)



SHRI INDRASEN SINGH
Company Secretary

DIRECTORS' REPORT

To,

The Shareholders,
Gentlemen,

Your Directors present the 49th Annual Report of the business and operation of the company together with the audited accounts, Auditors Report and comments of Comptroller & Auditor General of India thereon for the year ended 31st March 2019.

1. PERFORMANCE HIGHLIGHTS:

Our Company after achieving profitable performance for the continuous six years up to 2011-12, has started incurring losses from the financial year 2012-13 due to sluggish market condition and working capital crunch. During the year 2018-19, the Company has incurred a loss (after tax) of Rs 33.48 crores on turnover of Rs 68.66 crores as against loss (after tax) of Rs.43.92 crores and Turnover of Rs.77.12 crores respectively during the previous year.

In spite of continued fund crisis, financial performance of the company has started improving (loss reduced by 24% in comparison to last year). The interest burden of Govt. loan, fund crisis and non-receipt of orders/delay in finalization of orders for spares and main equipment by the customers have prevented better performance in 2018-19. During the year orders under execution involved very strict stage wise inspection by the customer/ inspecting agency, which has resulted into delays in positioning of inputs. During the year 2018-19 net worth of the Company was Rs. (-) 186.62 crores as against Rs.(-)148.21 crores during the previous year 2017-18. The salient features of performance during the year 2018-19 are summarized below:

(₹ In crore)

Sl. No.	Particulars	2018-19	2017-18
1.	Production	54.56	76.28
2.	Turnover	68.66	77.12
3.	Net Profit/(Loss) after tax(PBT)	(38.42)	(46.30)
4.	Net Profit/(Loss) after tax(PAT)	(33.48)	(43.92)
5.	Value addition	33.48	48.03
6.	Value Added per Employee (₹ in lacs)	0.16	0.16
7.	Net Worth	(186.62)	(148.21)

2. DIVIDEND:

Since the company has incurred losses, no dividend was recommended by your Directors for the year 2018-19.

3. SHARE CAPITAL:

The issued, subscribed and paid up share capital of the Company as on 31st March 2019 was Rs.53.53 Crores against authorized capital of Rs.65.00 Crores.

4. ORDER BOOK STATUS:

(₹ in crore)

A. ORDER BOOKED	2018-19	2017-18
Pumps & Compressors	4.57	11.58
Spare Parts	36.02	37.99
Gas Cylinders	0.00	0.38
Total Orders Booked	40.59	49.95
B. ORDER BOOK OUTSTANDING		
	2018-19	2017-18
Order Book Outstanding at the end of the year	50.26	91.11

The order book position at the end of the year under review is Rs. 50.26 crores, which along with some of the orders booked during the current year i.e. 2019-20 will help in achieving the turnover target of year 2019-20.

For achieving the current year's target for order booking, major emphasize is being made for increasing spare parts business as well as to obtain business related to refurbishing/ up-gradation and overhauling of earlier supplied Pumps & Compressors to various customers, specially to ONGC.

The company is confident of getting substantial business from spare parts, overhauling and refurbishing of Mud Pumps from ONGC and service contracts of earlier supplied products from various customers.

5. FUTURE OUTLOOK:

In order to meet stiff International competition, the company is continuously making efforts for cost reduction through design changes as well as sourcing material from alternative sources. Extra efforts are also being made to change the product mix to generate better margins to improve the bottom line.

Business for Mud Pumps from ONGC, are likely to increase substantially in coming years, due to replacement of old pumps as well as purchase of new oil rigs by ONGC wherein our Mud Pumps shall be required as one of the equipment. Business for Mud Pumps from ONGC is likely to be low as ONGC has placed bulk order last year for the replacement of old pumps as well as purchase of new oil rigs by ONGC wherein our Mud Pumps were not considered There is need to target other business to compensate the Mud Pump business.

Government is emphasizing on establishing more Nuclear Power plants, which in turn, shall result in better order booking of our Pumps required for nuclear application in power plants. In near future following Opportunities are expected-

- Oil Sector PSUs and NPCIL are the major Customers of BPCL. There is continuous requirement of Pumps and Compressors and their spare parts for expansion projects, renewals and old equipment, refurbishment and Operation and Maintenance (O&M)
- Major new Projects in pipeline:
 - Rajasthan Refineries (Joint Venture Project of HPCL & Govt of Rajasthan)
 - Capacity augmentation of IOCL/ Panipat Refineries
 - Capacity augmentation of IOCL Pipelines
 - 5 Projects (2x700 MW each) of NPCIL
- Replacement of Old Pumps and Compressors at ONGC/ Mehsana, Ahmedabad, Uran etc
- O&M Spares and refurbishment of various assets of ONGC, IOCL and OIL
- Pumps and Compressors requirements of Lump sum Turnkey (LSTK) jobs.

EIL has put Company on Holiday on 24.11.2015. Accordingly company is not allowed to participate in bidding/receiving orders from/for EIL projects directly or indirectly. This is adversely affecting the order book position of the company. However Company is making all out efforts to resolve the issue.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information in accordance with the provisions of Section 134 of the Companies Act 2013 and related rules (to the extent applicable) regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given below :

6.1 CONSERVATION OF ENERGY:

We are continuously in process to save electricity and reduced the consumption of fuel (HSD) for

generators by proper utilization and maintenance of generator sets. We are in process to replace the conventional lights (fluorescent, incandescence, mercury etc.) by energy efficient LED light fittings (used to illuminate offices and shop) which will reduce the electricity consumption by 1/4th in light loads. We also continuously maintain the power factor above 0.90(lagging) to minimize the power losses. Our machines are also being maintained in such a way to run with minimum power losses. We also conduct awareness program to educate people to switch off light, fan, computers & machines when they are not in use.

6.2 TECHNOLOGY ABSORPTION:

The company has absorbed technology from following world's renowned manufactures through technology transfer collaboration:

S.No.	Product	Collaborator
1.	Centrifugal Pumps	Pompes Guinard, France
2.	Reciprocating Pumps	Oil Well, USA
3.	Reciprocating Compressors	NuovoPignone, Italy
4.	Ammonia & Carbamate Pumps	URACA, Germany
5.	Cementing Units	B. J. Hughes, USA
6.	Sucker rod pump	Rom Consultant, Romania
7.	High pressure Industrial Gas Cylinder	Showa Koatsu, Japan

Its collaborators had vast experience in the field of rotating equipment and Company has completely absorbed technology for execution of orders for its complete range of products and its engineering division has been regularly upgrading the technology and design to meet upgraded, International code requirement.

In most of the cases, the collaboration period has expired, but Company had already absorbed complete technology and is meeting most of the customer's requirements with available technology. During the year, any new technological collaboration has not been done.

6.3 TECHNOLOGY UP-GRADATION/ ACQUISITION & PRODUCT DESIGN AND DEVELOPMENT:

Company is committed for continual up gradation and design improvement of its products to face stiff competition in the market and also for meeting objective of client satisfaction. The progress made in some important areas of technology up-gradation, design and development during the year 2018-19 are as follows:-

a) Vertical pump model VB 840x25 was offered to IOCL pipe line, Paradeep project for pumping of

highly viscous crude oil. In order to meet the desired operating parameters, the pump BKW & other parameters are exceeding the design parameters of the existing pump. We have internally reviewed the component drgs. of the pump and opined that there is scope to increase the pump BKW & other operating parameters.

In case of receipt of order, the design analysis of pump components has to be carried out by an outside agency for increased pump BKW & other operating parameters. It will establish the existing pump model for increased BKW & other operating parameters for future also.

b) In order to cater increasing depth of oil drilling service, the required working pressure of mud pumps may go up to 7500 psi in place of existing 5000 psi maximum. Keeping in view the increased pressure requirement, the existing design of mud pump was reviewed and noted that design change shall be required in fluid end side of pump & associated accessories.

Accordingly design analysis of existing fluid end & associated parts for suitability up to 7500 psi pressure from an outside agency was completed & analysis report submitted was approved by us.

In order to validate the analysis report, one no. fluid end manufactured against spares order was hydro-tested at BPCL shop 1.5 times of working pressure i.e at 11,250 psi successfully. It is also proposed to get it witnessed by ONGC Inspector in future. After that BPC can request ONGC to facilitate the field testing of fluid end at higher working pressure.

Parallely a separate order was placed to an outside agency to check the suitability of power end components of mud pump for increased rod load coming due to increased working pressure of the pump. The study is completed and After completion of this analysis, BPC is capable to manufacturer the mud pumps at increased working pressure of 7500 PSI.

6.4 FOREIGN EXCHANGE EARNING AND OUTGO:

Details of outgo and earning in foreign currency is as under-

(₹ in lakh)

Sl.No.	Particulars	2018-19	2017-18
A.	Value of imports calculated on CIF basis		
	i. Raw Materials	209.12	118.61
	ii. Store & Spares	0.00	0.00
	iii. Capital Goods	0.00	0.00
B.	Expenditure in Foreign Currency on		
	i. Analog Study	9.62	16.04
	ii. Tours and Travels	0.00	0.00
	iii. Contracts	0.00	0.00

Earnings in Foreign Exchange		
i. Consultancy	0.00	0.00
ii. Interest	0.00	0.00
Value of Raw Materials & Components, spare parts and store consumed	0.00	0.00
i. Imported	135.93	258.70
ii. Indigenous	1153.09	1477.28
7. CAPITAL EXPENDITURE		

For enhancement of plant capacity a capital expenditure plan was approved in the year 2007-08. Thereafter Company had so far spent Rs.67.61 crores towards the capital expenditure. Under this plan 20 new machines were procured along with supporting equipments and 20 old machines had been refurbished. Any notable capital projects has not been taken up during the year 2018-19.

8. QUALITY IMPROVEMENT:

With the Total Quality Management tools company is stepping ahead in its journey of quality with strong backup of quality assurance for the commitment to provide quality products. The company has been accredited for the latest Quality Management system (ISO 9001:2015), Environment Management System (ISO 14001:2015) and Occupation Health and Safety Assessment Series (OHSAS 18001:2007).

The customer requirement of quality has been fulfilled by improvement in the field of casting, forging and finished product. For the above purpose, fresh vendor assessment has been made. Also our quality personnel are imparted training of latest technologies/ awareness time to time and are well equipped to carry out inspection.

The surveillance audit of IMS by outside agency is conducted during the year to have regular check of Quality Management System.

Complying to stringent quality requirement of NPCIL, BPCL has executed nuclear jobs like FM supply Pumps, ECCS Pumps and PPP for major power project to the full satisfaction of NPCIL.

9. CONTRIBUTION TO EXCHEQUER:

Your Company has paid to the public exchequer Rs. 624.43 lakh during the Year 2018-19, the details are given below:

(₹ in Lakh)

Excise Duty	93.76
Custom Duty	52.06
Sales Tax/VAT	54.14
Service Tax	0.00
GST	424.47
Total	624.43

10. HUMAN RESOURCE DEVELOPMENT:

10.1 The Company is concerned with the development and implementation of people strategies which are integrated with corporate strategies and ensure that the culture, value, skills, motivation and the human resource development activities aimed at improving employees' productivity, attitude, skill and knowledge. In order to improve skills of employees, various training programs were conducted through Central Board of Workers Education. Efforts are being made to ensure participation of all level of employees towards the growth of organization.

10.2 During the year Cordial Industrial relations were maintained in the organization for better productivity and improved efficiency.

10.3 MAN POWER: Total Employees strength of the Company was 218 as on 31.03.2019 against 296 as on 31.03.2018.

11. TRAINING: During the year 2018-19, Training Department had conducted various Training Programs and in this process, earned revenue of Rs.38.81 lakhs. Details of such training programs are as under:

a) Vocational Training- 1129 trainees from various Institutes.

b) Customers Training Programs- 73 Participant trained during the year.

In addition to above, in-plant training were given to employees and for this purpose, programs for 108 man days were organized.

12. SCHEDULED CASTE/SCHEDULED TRIBE /OBC/DISABLED PERSONS:

Government directives relating to Scheduled Caste/Scheduled Tribe/OBC and Disabled persons are being complied with.

13. OFFICIAL LANGUAGE:

During the year under review, effort continued for enhancing use of Hindi by effectively and vigorously implementing the provisions of Official Language Implementation Act and various directives received from the Govt. of India from time to time. Hindi Divas/ Hindi Pakhwara was organized from 14th September to 28th September, 2018. All important circulars and advertisement were released in Hindi also.

14. RIGHT TO INFORMATION (RTI):

BPCL has implemented the provisions of Right to Information Act 2005 and an appropriate mechanism has been set up. During the year, all applications were processed and suitable replies were given.

15. PARTICULARS OF EMPLOYEES:

During the year under review, there were no such employees whose particulars are required to be given under Section 197(12) of the Companies Act,

2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel).

16. FIXED DEPOSIT:

The company has not invited deposits from Public under Section 2(31), 73 and 74 of the Companies Act, 2013.

17. POLLUTION AND ENVIRONMENT:

The statutory requirement for discharge of air under section 21 of air (prevention control of pollution) Act 1981 is fully complied by closing all oil furnaces and prevention of oil leakage. By which all the statutory requirements for discharge of air & water are maintained within the permissible limit of the board and deposited all necessary water cess charges to UPPCB. Central pollution control board (CPCB), New Delhi has issued directions on 11/10/2010 under section 5 of environment (Protection) Act 1986 on BPCL regarding compliance of some points in order to control pollution of Ganga River being caused by discharge of untreated waste water. Efforts are being made by BPCL by implementing the directions given by CPCB and matter has been taken suitably with CPCB in order to comply the direction issued by CPCB.

Our Company is taking a number of initiatives towards preservation of all elements of environment by adopting various pollution control systems, strict environment monitoring and judicious use of natural resources (coal, gas, water and land). To preserve nature and our commitment towards conservation of environment, several tree-plantation drives were organized in the company time to time and nearly 700 saplings have been planted.

18. VIGILANCE:

Vigilance Department of the company is committed to improve the vigilance administration in the company by creating better awareness about CVC Guidelines, by introducing transparent and simplified procedures. Routine and surprise inspections have been made effective to control and deter the corrupt practices. Strict vigil was exercised over various activities as part of preventive Vigilance measures. Necessary recommendations are being made to management for improving the systems on the basis of investigations. Improvement in purchase policy of the company and transparency in tendering/ procurement activities have been the focus point by the vigilance department in the current year.

During the year 2018-19, following Vigilance activities were conducted:-

Regular Inspection	- 48
Surprise Inspection	- 118
Scrutiny of APR	- 53
Job rotation	- 09

A Vigilance awareness week was organized in the company from 29th October to 3rd November, 2018 as per directive of Central Vigilance commission, New Delhi and during the week following activities were undertaken:

1. Display of hoardings, banners, posters etc. within and outside of the organization.
2. Taking of Integrity pledge by officers and employees.
3. Essay & Slogan competition.
4. Quiz competition.
5. At the end of Occasion prize distribution were made to the winners of the Competition by CMD, BPCL.

19. SECURITY:

The security of the Company is being managed by CISF. The security of Regional and Branch offices is being looked after by private agencies deployed by owners of premises. During the year no major case of theft/loss/damage was reported.

20. STATUS OF STRATEGIC DISINVESTMENT:

Company has received a letter dated 13th October 2016 from Government wherein it was mentioned that Cabinet Committee on Economic Affairs (CCEA) of GOI has approved release of Rs.111.59 crores towards statutory dues, terminal dues to retired employees and CISF dues along with strategic disinvestment of the company in principle. Further, company has received above amount in two parts (Rs.99.30 crores in December 2016 and Rs 11.29 crores in June 2017) and same has been utilized/underutilization in line with terms and conditions of sanctioned letters received from Govt.

Subsequently based on CCEA decision, DIPAM (Department of Investment and Public Asset Management of Ministry of Finance/GOI) has started step wise proceedings for disinvestment of the company. Accordingly, transaction advisor and legal advisor had been appointed by DIPAM and Asset valuer has been appointed by DHI.

After completion of asset valuation and finalization of Preliminary Information Memorandum (PIM) transaction advisor M/s. Resurgent India has issued EOI (Expression of Interest) along with PIM on 15.04.2018 and after three times extension Response of some bidders has been received. Thereafter Request for Proposal (RFP) was issued for eligible bidders. However No response received against Request for Proposal (RFP) due on 1st Aug 2019.

21. CORPORATE SOCIAL RESPONSIBILITY:

Since past few years, the company has acknowledged its responsibility towards society at large and CSR policy in line with DPE Guidelines is already formulated in the year 2011. The company has also acknowledged mandatory provisions of

Companies Act 2013 relating to compliance of CSR activity. However, due to continuous incurring of losses, since 2011-12 any major CSR activity has not been taken up.

22.1 AUDITORS:

M/s. Balram Chandra & Associates, Chartered Accountants, Allahabad, has been appointed by the Comptroller & Auditor General of India, as Statutory Auditors for auditing the accounts of the Company for the year 2018-19, holds the office until the conclusion of the ensuing Annual General Meeting.

22.2 AUDITOR'S REPORT:

The statutory Auditors in their report on the account of the company for the year 2018-19 have made certain observations. The reply of your Directors on the observations are furnished below:

Observations of the Auditors	Replies of the Management
(Para No. of the Report)	
(a)	Company has already disclosed all the facts by way of Note No. 28 (xiii). Company has made provision of 2415.62 lakh towards LD etc for more than 5 years old sundry debtors except of the amount lying in the head of balance payment and clear collection in line with management decision. Company is hopeful with reasonable certainty for realization of the rest of the sundry debtors.
(b)	Accounting of DGFT claims has been done based on certainty of refund Claims of refund will be lodged after receipt of payment certificate of balance amount/ project completion certificate in line with DGFT's Guidelines, which are under process.
(c)	Facts relating to interest liability claimed by CISF has already been disclosed by way of Note No. 28 (xvi)(a)(5).
(d)	Noted for compliance.
(e)	There is no agreement between the company and the co-operative society that interest is payable on delayed payment of society dues. However, the same is considered as Contingent liability and disclosed by way of Note No. 28 (xvi)(a)(9).
(f)	These transactions will be reviewed and if required the same will be complied /regrouped in the next year.
(g)	This is very old pending issue and matter is still under correspondence with UP Govt.
(h)	Noted for compliance

(i)	Figures of accounting records as well as e-GST returns are matched. As such there will not be any material impact of reconciliation. However observation is noted for compliance from next year.
(j), (k), (l)	These will be reviewed for necessary compliance.
(m)	Noted for compliance
(n)	Quantifications of pending cases has already been done, so far as possible.
(o)	Noted for compliance
(p) & (q)	Proper accounting has been done based on available records and facts. However the same is noted for further review in the next year.
(r)	Accounting of inventory valuation has already been done in line with AS-2. However as observed by audit regarding gas cylinder inventory, the same is noted for further review in the next year.
(s)	Noted for compliance.

23. COMMENTS OF THE C & AG:

The Comptroller & Auditor General of India has decided to conduct the supplementary audit of the financial statements of Bharat Pumps & Compressors Limited for the year ended 31st March 2019 u/s 143(6) of the Comptroller & Auditor General of India on the Accounts of the Company for the year 2018-19 is attached.

24. RISK MANAGEMENT:

Company is always following principles of risk management during planning. There is an adequate internal financial control in place and such controls are reviewed time to time and also audited by the independent Internal Auditors.

25. EXTRACT OF ANNUAL RETURN:

As required under the provisions of Section 92(3) of the Companies Act 2013, the extract of annual return of the year 2018-19 is enclosed.

26. DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP):

The details of directors is as under:

Shri R. K. Paul, Executive Director BHEL, has taken over additional charge of CMD, w.e.f. 25.05.2017 and continued till his superannuation on 24.08.2018. Further, Shri Sunil Parwani, Executive Director BHEL has taken over additional charge of CMD, w.e.f. 25.08.2018 and is still continuing.

Shri Arvind Kumar, Dy. Secretary, Deptt. of Heavy Industry, Govt. of India has taken over the charge of part-time Official Director on the Board of BPCL w.e.f. 30.05.2016 or until further orders and is still continuing.

Shri V.J. Pandya, ED, ONGC has been ceased as a director on the board of BPCL due to superannuation from ONGC on 30.11.2018. However, any other nomination has not been received from ONGC.

Shri G Uday Kumar ED BHEL has been appointed as part time nominee director of BHEL w.e.f. 17.06.2019 vice Shri S. Balakrishanan, Director-BHEL. His tenure is upto his superannuation ie. on 31.12.2019 or until further orders whichever is earlier.

Shri R.K.Trivedi Executive Director EIL has been appointed as a part time nominee director on 17.06.2019 till his superannuation ie. On 30.04.2020 or until further orders whichever is earlier.

Any non-official part-time directors are also not appointed on the Board of BPCL since 26.03.2016.

27. REPORT ON CORPORATE GOVERNANCE:

27.1 BPCL is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. BPCL is maintaining full transparency and ethical behavior to all stake holders as required by all applicable laws, rules & regulation.

27.2 Board of Directors- For composition of Board of Directors in the line with DPE Guidelines, the Company had requested DHI for appointment of three part-time non-official directors on its Board. Accordingly two Non-official part-time Director had been appointed w.e.f. 26.03.2013 whose tenure has already been completed on 26.3.2016 and thereafter, appointment of non-official part-time directors is yet to be done on the Board of BPCL.

27.3 The Company has laid down formal code of business conduct and ethics for all Board Members and Senior Management Team w.e.f. 1.4.2008.

27.4 Dates of meeting held during the year 2018-19 are as under:-

B.M. No.	Date of Meeting
236 th	29.06.2018
237 th	08.08.2018
238 th	19.12.2018
239 th	16.02.2019

Attendance of Directors is attached

27.5 Audit Committee & Remuneration Committee-

On appointment of two Non-official part-time Director on 26.03.2013, Audit Committee and Remuneration Committee were reconstituted on

17.05.2013 with composition of three members and Shri N. C. Sridharan , Non-official part-time Director had been nominated chairman of the audit committee and Shri Ashok Anand, Non-official part-time Director had been nominated chairman of the remuneration committee . The terms of reference of audit committee and remuneration committee was also approved by the Board of Directors. However after completion of tenure of appointment of non officials part time Directors on 25.03.2016 Audit committee was reconstituted with available directors.

During the year 2018-19, one meeting of audit committee was held on 08.08.2018. Audit committee had reviewed all matters as required as per Companies Act and also in line with terms of reference approved by the Board.

27.6. Annual General Meetings of the Shareholders for last three years were held at registered office as per following details :

AGM No.	Date of Meeting
46 th	31.12.2016
	28.04.2017
47 th	30.12.2017
	26.02.2017
48 th	30.12.2018
	16.02.2019

27.7. Disclosures- Company has made required disclosures in the annual accounts including remuneration to key Management Personnel and details of related party transaction as per Indian Accounting standard mentioned in the Companies Act 2013.

27.8 Means of communication- The Company communicates with its shareholders through its Annual Report, General Meeting and disclosures through web site. All significant information and events can be accessed at Company's website www.bharatpumps.co.in

28. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance to Section 134 (3) (c) of Companies Act, 2013, the Directors confirmed as under in respect of Annual Accounts for the year 2018-19:

- (i) That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 2018-19 and of the profit or loss of the Company for that period.

- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors had prepared the Annual Accounts for the financial year ended 31st March, 2019 on a going concern basis.
- (v) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

29. ACKNOWLEDGEMENT:

The Board places on record its sincere thanks to the valued customers for the support and confidence reposed by them in the organization and look forward to the continuance of this mutually supportive relationship in future.

The Board of Directors wish to place on record their gratitude and appreciation of the continued support, guidance and cooperation received from the Govt. of India, particularly Department of Heavy Industry, Ministry of Heavy Industry & Public Enterprises, Department of Public Enterprises (DPE) and from the State Government.

Your Directors also convey their deep sense of appreciation for the co-operation and support received from BHEL, EIL and ONGC.

The Directors also place on record their appreciation for the co-operation extended by the Principal Director of Commercial Audit & Ex-officio Member Audit Board, the Statutory Auditors, Internal Auditors and Bankers.

The Directors also take this opportunity to express their appreciation for the efforts and contributions made by all the employees at all levels to ensure that Company continues to grow and excel.

For and on behalf of the Board of Directors of
Bharat Pumps & Compressors Ltd.



(Sunil Parwani)
Chairman & Managing Director



ENCLOSURE

EXTRACT OF ANNUAL RETURNAs on Financial Year ended 31st March 2019

[Pursuant to Section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014] Form No. MGT 9

I. Registration and other details :

CIN	U28991UP1970GOI003577
Registration Date	01/01/1970
Name of the Company	Bharat Pumps & Compressors Ltd.
Address of Registered Office and contract details	Mirzapur Road, Naini, Allahabad-211010 Fax: 0532-2687075, Website: www.bharatpumps.co.in
Whether listed company	NO
Name, address and contact details of Registrar and Transfer Agent, if any	Not applicable

II. Principal Business Activities of the Company:

All the business activities contributing 10% or more of the total turn over of the company shall be stated :

Sr.No.	Name and description of main products/ services	NIC code of products/ services	% to total turnover of the company
1	Pumps	8413	85
2	Compressors	8414	15
3	Cylinders for compressed Gases	7311	0

III. Particulars of Holding, Subsidiary and Associate Companies:

Not Applicable

IV. Share Holding Pattern (Equity Share Capital as percentage of total Equity):

Presently, all shares of total paid up capital is held in the name of President of India through Nominee of Department of Heavy Industry of Ministry of Heavy Industries and Public Enterprises except one share which is held in the name of CMD, BPCL.

Category of shareholders	Number of shares held at the beginning of the year 01.04.2018				No. of shares held at the end of the year 31.03.2019				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
A. Indian									
1. GOI	-	5,35,309	5,35,309	99.99	-	5,35,309	5,35,309	99.99	-
2. CMD BPCL	-	1	1	00.01	-	1	1	00.01	-
3. Total	-	5,35,310	5,35,310	100	-	5,35,310	5,35,310	100	-

V. Indebtedness:

Indebtedness of the Company including interest outstanding/ accrued but not due for payment:

	Secured loans excluding deposits (Rs. in lakh)	Unsecured loans (Rs. in lakh)	Deposits (Rs. in lakh)	Total Indebtedness (Rs. in lakh)
Indebtedness at the beginning of the financial year				
i) Principal amount	3986.52	11159.00	0.00	15145.52
ii) Interest due but not paid	460.56	1340.55	0.00	1801.11
iii) Interest accrued but not due	0.00	558.44	0.00	558.44
Total	4447.08	13057.99	0.00	17505.07
Change in indebtedness during the financial year				
- Addition	153.10	1634.23	0.00	1787.33
- Reduction	11.05	0.00	0.00	11.05
Net change	142.05	1634.23	0.00	1776.28
Indebtedness at the end of the financial year				
i) Principal Amount	4024.40	11159.00	0.00	15183.40
ii) Interest due but not paid	564.73	2938.50	0.00	3503.23
iii) Interest accrued but not due	0.00	594.72	0.00	594.72
Total (i+ii+iii):	4589.13	14692.22	0.00	19281.35

ATTENDANCE OF THE DIRECTORS DURING THE YEAR 2018-19

Sl.	Name & Designation of Director	Total nos. of Board Meetings held during tenure	Total no. of Board Meetings attended
1.	Shri R.K. Paul Chairman & Managing Director	02	02
2.	Shri Sunil Parwani Chairman & Managing Director	02	02
3.	Shri Arvind Kumar, Director	04	04
4.	Shri S. Bala Krishnan Director	04	02
5.	Shri V. J. Pandya, Director	02	01



संख्या / No. : MAB-II/A/cs/BPCL/38-41/2019-20/417

भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-II,
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF
COMMERCIAL AUDIT & EX-OFFICIO MEMBER,
AUDIT BOARD - II, NEW DELHI

दिनांक / DATE 16.01.2020

सेवा में,

अध्यक्ष एवं प्रबंध निदेशक,
भारत पम्प्स एंड कंप्रेसर्स लिमिटेड
नैनी प्रयागराज, उत्तर प्रदेश - 211010

विषय : कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अधीन 31 मार्च 2019 को समाप्त वर्ष के लिए भारत पम्प्स एंड कंप्रेसर्स लिमिटेड के लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ ।

वर्ष के लिए भारत पम्प्स एंड कंप्रेसर्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अशेषित की जा रही हैं । कृपया इन टिप्पणियों को कंपनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए ।

भवदीय,

(कमलजीत सिंह रामुवालिया)

प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड - II
नई दिल्ली

संलग्नक:- यथोपरि

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF BHARAT PUMPS & COMPRESSORS LIMITED FOR THE YEAR ENDED 31ST MARCH 2019.

The preparation of financial statement of Bharat Pumps & Compressors Limited for the year 31st March 2019 in accordance with the financial reporting frame work prescribed under the Companies Act 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by Comptroller & Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statement under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their audit report dated 21.10.2019.

I, on behalf of the Comptroller & Auditor General of India, have conducted a supplementary audit of the financial statement of Bharat Pumps & Compressors Ltd. for the year ended 31st March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without assess to the working papers of the statutory auditor and is limited primarily to enquiries of statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matter under section 143(6)(b) of the Act which have come to my attention and which is in my view is necessary for enabling a better understanding of financial statement and the related audit report.

A. Comments on profitability

A.1 Balance Sheet

Deferred Tax Liability (Note No. 11)-Nil

The above does not includes Rs. 3.81 crore on account of Deferred Tax Liability (DTL) which was to be recognized as per the provisions of Accounting Standard 22- (Accounting for Taxes on Income).The company stopped recognizing Deferred Tax Assets (DTA) from the year 2015-16 as there was no virtual certainty of future taxable income but was recognizing DTL upto 2017-18. However, during FY 2018-19, the company reversed the DTL recognized upto the year 2017-18 and netted off the DTL of Rs. 3.81 crores (which was to be recognized during current year). Against DTA (though DTA cannot be recognized by the company as there was no virtual certainty of future taxable income), which is in violation of para 13 of AS-22 which stipulates "Deferred tax should be recognized for all the timing difference, subject to consideration of prudence in respect of Deferred Tax Assets".

This has resulted in understatement of Deferred Tax Liability and of losses for the year by Rs. 3.81 crores.

**For and On the behalf of the
Comptroller & Auditor General of India**

(Kamaljit Singh Ramuwalia)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-II,
New Delhi.

Place : New Delhi
Date : 16.01.2020

REPLY OF THE MANAGEMENT ON THE COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF BHARAT PUMPS & COMPRESSORS LTD. FOR THE YEAR ENDED 31ST MARCH 2019.

A. Comments on profitability

A.1 Balance Sheet

Deferred Tax Liability (Note No. 11)-Nil

The above does not includes Rs. 3.81 crore on account of Deferred Tax Liability (DTL) which was to be recognized as per the provisions of Accounting Standard 22- (Accounting for Taxes on Income). The company stopped recognizing Deferred Tax Assets (DTA) from the year 2015-16 as there was no virtual certainty of future taxable income but was recognizing DTL up to 2017-18. However, during FY 2018-19, the company reversed the DTL recognized up to the year 2017-18 and netted off the DTL of Rs. 3.81 crores (which was to be recognized during current year). Against DTA (though DTA cannot be recognized by the company as there was no virtual certainty of future taxable income), which is in violation of para 13 of AS-22 which stipulates "Deferred tax should be recognized for all the timing difference, subject to consideration of prudence in respect of Deferred Tax Assets".

This has resulted in understatement of Deferred Tax Liability and of losses for the year by Rs. 3.81 crores

As per Para 13 of AS-22 Deferred tax should be recognized for all the timing difference, subject to consideration of prudence in respect of Deferred Tax Assets. During the year 2018-19, the company reviewed the interpretation of AS-22 and observed that as per the generally accepted accounting principles, any calculation, if required to be made at a Balance sheet date, then we need to take into account all the components/items of the Balance sheet as on that date. Accordingly it is factually correct to calculate net deferred tax assets considering all components of DTA and DTL. There is no mention in AS-22 that in case of virtual uncertainty of earning profit, calculation of DTA to be done ignoring those items that form DTA and take into account those items that form DTL only. There is only mention that company should create DTA only in case of virtual certainty of future profit.

Since earlier adopted practice (upto 2017-18) of not considering the components of DTA and only considering components of DTL, was not in line with correct interpretation of AS-22, company has decided to rectify the mistakes of earlier practice of ignorance of components of DTA during the year 2018-19. In other words, net DTA (DTA – DTL) was calculated and ignored due to virtual uncertainty of profit. As per calculation, all components of DTA was Rs. 847.54 lakh and DTL was Rs. 381.03 lakh and net amount of DTA amounting to Rs. 466.50 lakh was ignored as the same is not required to be reflected in books of accounts due to virtual uncertainty of earning of profit and existing DTL as on 31.03.2018 was required to be reversed for rectifying the wrong adopted accounting practices which was part of cumulative calculation of the year 2018-19.

On the basis of above facts and comprehensive interpretation of AS-22, it is clear that company has not violated any Para including Para 13 of AS-22. In fact company has rectified mistakes of earlier years and correctly accounted for ignorance of net DTA (DTA – DTL in place of recognizing DTL only in isolation) due to virtual uncertainty of earning profit in future.

INDEPENDENT AUDITORS' REPORT

To,
The Members of Bharat Pumps & Compressors Limited
Report on the Audit of the Standalone Financial Statements
Opinion

We have audited the accompanying standalone financial statements of **Bharat Pump & Compressors Limited** ("the Company"), which comprise the balance sheet as at **31st March 2019**, statement of Profit and Loss and statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory notes for the year ended on that date (collectively hereinafter referred to as the standalone financial statements).

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the basis for qualified opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") 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, 2019, its Loss and its cash flows for the year ended on that date.

Basis for qualified Opinion

(a) Short provision of old debts amounting to Rs. 2958.92 lakhs

Attention is drawn to Note No. 28 (xiii) with regard to Sundry Debtors amounting to Rs.10100.13 lakhs which includes Rs.5030.71 Lakhs held towards deductions/LD/shortages till 31.3.2019 and Rs. 343.83 Lakhs due towards withhold money till 2011-12 aggregating to Rs. 5374.54 Lakhs in respect of which company's ability to make ultimate collection thereof with reasonable certainty is lacking. Company has made provision of Rs.2415.62 lakhs only against old debts amounting to Rs.5374.54 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 liquidated damages aggregating to Rs. 154.32 Lakhs included in Rs. 5030.71 Lakh inspite of the fact that output liability w.r.t. GST on those LD has been reversed.

(b) Non reversal of DGFT claims amounting to Rs.262.05 lakhs

Attention is drawn to sub-head "Statutory/ Govt. Authorities/ Bodies" amounting to Rs.282.27 lakhs under Note No. 17 which includes a sum of Rs.262.05 lakhs towards claim from DGFT from financial year 2012-13 to 2017-18 without any evidence of claims lodged/ acknowledgement thereof.

(c) Non provision of interest claimed by CISF amounting to Rs.809.68 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.809.68 lakhs for which no provision has been made in respect of such undisputed liability.

(d) Non-provision of interest liability on delayed payment of indirect taxes ,non compliance of TDS provisions

No provision has been made for interest which have accrued on delayed payment of indirect taxes i.e. GST and non compliance of TDS provisions of Income Tax Act. The aggregate amount of such interest could not be quantified for want of relevant information.

(e) Non provision of interest amounting to Rs.102.42 lakhs payable to Co-operative society

Attention is drawn to Note No. 28 (xvi)(a)(9) relating to

contingent liabilities with regard to interest liability amounting to Rs.102.42 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 accounting 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 accounting principles generally accepted in India:

- (i) Attention is drawn to Note No. 17 " Short term Loans and Advances" wherein advance made for capital expenditure for Rs.79.03 lakhs has wrongly been shown under the head "short term advances" instead under the head "long term advances".
- (ii) Attention is drawn to Note No. 22 " Employees Welfare- Medical Expenses of Rs.165.96 Lakhs which includes a sum of Rs.23.33 lakhs towards medical expenses of CISF. These expenses should have been clubbed/disclosed under Note: 23 Other Expenses – Expenses on CISF of Rs.552.62 Lakhs.
- (iii) Attention is drawn to Note No. 23 "Other Expenses- other administration Expenses amounting to Rs.311.92 lakhs" wherein major amount of Rs.215.64 Lakhs relates to contract labour which require separate disclosure.

(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 standalone financial statements is not ascertainable.

(h) Current liabilities and current assets are overstated

Constituents of Current Liabilities aggregating to Rs.30038.80 lakhs as well as constituents of Current Assets aggregating to Rs.13075.19 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) Impact of pending Reconciliation of e-GST returns/records with accounting records:

Company's accounting records vis-à-vis e-GST returns/records are subject to confirmation, reconciliation and adjustments, if any. The impact thereof, if any, on the standalone financial statements could not be quantified for want of such reconciliation.

(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) Attention is drawn to point no. (iii),(v),(vii) and (x) of Note no.28, the impact thereof, if any, on the standalone financial statement is not ascertainable for want of relevant information.
- (m) **Non-compliance of notification dated 11th October,2018 issued by Ministry of Corporate Affairs regarding amendment in Schedule-III**
While preparing the Financial statements, amendments made regarding disclosure, are not complied with.
- (n) **Non-Quantification of pending court cases under Contingent Liabilities**
Attention is drawn to Note No. 28 (xvi)(a)(4) relating to contingent liabilities with regard to civil suits for 5 cases amounting to Rs.34.70 lakhs, out of 44 cases. No quantification is done for remaining 39 cases.
- (o) **Over statement of Contingent Liability –outstanding Bank Guarantee:**
Attention is drawn to Note No. 28 (xvi)(a)(8) relating to contingent liabilities with regard to outstanding bank guarantees (Expired), which is overstated by Rs.1465.16 lakhs.
- (p) **Provision of Deficit in P.F.Trust**
Attention is drawn to Note No. 7 Statutory Liabilities of Rs.6647.19 Lakhs which includes shortfall of P.F. Trust amounting to Rs.933.83 Lakhs (comprising provision of Rs.180.00 Lakhs for the year 2018-19, based on provisional financial statements of B.P.C.L.E.P.F.Trusts as on 31.3.2019).
- (q) **Non accountal of Refund/adjustment of Rs.900.43 Lakhs**
No accounting/adjustment has been made towards refund of Rs.900.43 lakhs appearing in Form 26AS and excluded from Contingent Liabilities.
- (r) **Deviations in complying the AS-2**
Attention is drawn to Note No.14 indicating the same value of Gas cylinders of Rs.95.66 lakhs and Rs.34.00 lakhs under Work-in-process and Finished Goods respectively as on 31.3.2018 and 31.3.2019 that too without any movement during the year. No evidence of Net realizable value thereof was made available to us.
- (s) **Non-provision of GST Liability on Liquidated damages:**
Attention is drawn to Note No.19 indicating the amount of Liquidated damages recovered from suppliers/contractors of Rs.9.39 lakhs including Rs.8.84 lakhs towards Liquidated damages attracting GST.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

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 (DIPAM) 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.18662.30 Lakhs as on 31.03.2019. The current liability exceeded the current assets. Moreover, admitted statutory dues to the tune of Rs. 6647.19 Lakhs are also pending for payment as on 31.03.2019. 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.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises of the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for Standalone 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 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 relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of "the Act" for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether

the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 "we give Annexure-A" a statement on the matter specified in paragraph 3 & 4 of the Order, to the extent applicable.
- 2) Directions issued by CAG under Section 143(5) of the Companies Act, 2013 has been compiled and set out in the Annexures "B".
- 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 purposes 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 statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, except for the effects of the matters described in the "Basis for qualified opinion" paragraph & Emphasis of matter paragraph, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of "the Act", read with relevant rules made thereunder.
 - (e) As per notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 164(2) of the Companies Act, 2013 is not applicable to the Company;
 - (f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, as per section 143(3)(i) of the Companies Act 2013, we give our separate report in Annexure "C" 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 2019 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.

For Balram Chandra & Associates
Chartered Accountants
(Firm Registration No. 002817C)


(BALRAM CHANDRA)

Partner

(Membership No. 070875)

UDIN- 19070875AAACA216

Date: 21st October, 2019

Place: Prayagraj

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

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, 2019 :

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, 2019 for the period of more than six months, from the date it became payable are as under :

(₹ in lakh)

SNo.	Particulars	Amount
1	Employer's Contribution to Provident Fund	509.70
2	Employee's Contribution to Provident Fund	1264.10
3	Deficit of Provident Fund Trust	753.83
4.	Excise Duty	577.93
5.	Sales Tax/VAT/CST	20.83

- b) The disputed statutory dues aggregating to Rs. 1684.24 lakh that have not been deposited on account of matters pending before appropriate authorities are as under :

(₹ in lacs)

Sl. No.	Name of Statute	Nature of dues	Forum where dispute is pending	Amount
1.	Central Sales/Entry Tax Including Intrest	Sales Tax/ET Act & UP Trade Tax Act, 1948	Jt. Comm. (Corporate) /Addl. Comm. (Appeal) -High Court	23.88 256.88
2.	Income Tax Act,	Income Tax	I.T. Appellate Tribunal	1403.48
			Total	1684.24

8. According to the information and explanation given to us and based on documents and records produced before us, the Company has defaulted in repayment of Government Loan including interest of Rs.7074.82 Lakhs and repayment of borrowing availed against discounting of supply bills amounting to Rs.110.41 Lakhs from State Bank of India.
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 2018-19. 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 Nichi 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
Chartered Accountants
(Firm Registration No. 002817C)

(BALRAM CHANDRA)
Partner
(Membership No. 070875)

Date: 21st October, 2019
Place: Prayagraj

COMMENTS ON DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 IN RESPECT OF BHARAT PUMPS & COMPRESSORS LTD., NAINI, ALLAHABAD FOR THE YEAR ENDED 31ST MARCH, 2019

ANNEXURE – B

Sl.No.	Directions	Comments
1.	Whether the company has system in place to process all the accounting transaction through IT? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any, may be stated.	Yes. Accounting of the company is computerized in Oracle Operating System. All transactions are finally routing through IT System. As such, there is neither any impact on integrity of accounts nor any financial impact.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	NO
3.	Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions? List of cases of deviation.	Yes

For Balram Chandra & Associates Chartered Accountants
(Firm Registration No. 002817C)

(BALRAM CHANDRA)

Partner

(Membership No. 070875)

Date: 21st October, 2019

Place: Prayagraj

ANNEXURE "C" TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BHARAT PUMPS & COMPRESSORS LIMITED.

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, 2019.

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

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 2019 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.

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.

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, 2019 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.

For Balram Chandra & Associates
Chartered Accountants
(Firm Registration No. 002817C)

(BALRAM CHANDRA)

Partner

(Membership No. 070875)

Date: 21st October, 2019
Place: Prayagraj

Balance Sheet as at 31st March, 2019

(₹ in Lakh)

PARTICULARS	Note No.	As at	
		31st March, 2019	31st March, 2018
1	2	3	4
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	5353.10	5353.10
(b) Reserves and Surplus	2	(24015.40) (18662.30)	(20667.06) (15313.96)
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	4709.40	6941.20
(b) Other Long Term Liabilities	4	8.32	9.29
(c) Long Term Provisions	5	1711.88 6429.60	2463.96 9414.45
(3) Current Liabilities			
(a) Short Term Borrowings	6	2824.40	2786.52
(b) Trade Payables		3303.22	3519.07
(c) Other Current Liabilities	7	22758.44	16732.14
(d) Short Term Provisions	8	1152.74 30038.80	1391.03 24428.76
(4) Deferred Tax Liability	11		0.00 493.43
TOTAL :		17806.10	19022.68
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		3396.42	3823.89
(ii) Intangible Assets		2.85	2.04
		3399.27	3825.93
(b) Non Current Investments	10	0.00	0.00
(c) Long Term Loans and Advances	12	1331.64	1348.97
(d) Other Non Current Assets	13	0.00 4730.91	0.00 5174.90
(2) Current Assets			
(a) Inventories	14	3232.50	4403.33
(b) Trade Receivables	15	7684.51	7293.88
(c) Cash and Cash Equivalents	16	444.46	528.62
(d) Short Term Loans and Advances	17	1713.72 13075.19	1621.95 13847.78
TOTAL :		17806.10	19022.68

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

In terms of our report of even dated 21.10.2019
For Balram Chandra & Associates
Chartered Accountants

On behalf of the Board


(BALRAM CHANDRA)
Partner


(RATAN PRAKASH)
Chief General Manager


(ARVIND KUMAR)
Director


(SUNIL PARWANI)
Chairman and
Managing Director

M.No. 070875
UDIN No. 19070875AAACA1216


(INDRASEN SINGH)
DGM (F & A) &
Co. Secretary

Place : New Delhi
Date : 23.09.2019

Statement of Profit & Loss for the year ended 31st March, 2019

(₹ in Lakh)

PARTICULARS	Note No.	For the year ended 31st March, 2019	For the year ended 31st March, 2018
1	2	3	4
(I) Revenue from operations :	18		
Gross revenue from sale of products and services		6866.29	7712.20
Less : GST		<u>646.37</u>	<u>841.50</u>
Net revenue from sale of products and services		6219.92	6870.70
Other operating revenue		5.13	(0.09)
(II) Other Income	19	536.16	104.74
(III) Total Revenue		<u>6761.21</u>	<u>6975.35</u>
(IV) Expenses :			
Cost of materials consumed	20	1289.02	1735.97
Changes in inventories of Finished goods and Work-in-progress	21	1410.24	84.19
Employee benefits expenses	22	3211.51	4982.07
Finance costs		2675.12	2639.44
Depreciation and amortisation expenses	9	465.09	478.45
Other expenses	23	1245.07	1302.45
Provision for bad & doubtful debts		306.93	383.02
Total Expenses		<u>10602.98</u>	<u>11605.59</u>
Profit before exceptional and extra ordinary items and tax		<u>(3841.77)</u>	<u>(4630.24)</u>
Prior Period Adjustment (Net)	24	0.00	0.00
Profit before Tax		<u>(3841.77)</u>	<u>(4630.24)</u>
Tax expense :			
Current Tax		0.00	0.00
Deferred Tax		<u>(493.43)</u>	<u>(238.73)</u>
Profit for the year		<u>(3348.34)</u>	<u>(4391.51)</u>
Earning per share (Face value ₹ 1000.00 each)			
Basic		₹ (625.50)	₹ (820.37)
Diluted		₹ (625.50)	₹ (820.37)

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

In terms of our report of even dated 21.10.2019
For Balram Chandra & Associates
Chartered Accountants

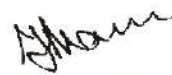

(BALRAM CHANDRA)
Partner

M.No. 070875
UDIN No. 19070875AAACA1216


(RATAN PRAKASH)
Chief General Manager

On behalf of the Board


(ARVIND KUMAR)
Director


(SUNIL PARWANI)
Chairman and
Managing Director


(INDRASEN SINGH)
DGM (F & A) &
Co. Secretary

Place : New Delhi
Date : 23.09.2019

Cash Flow Statement for the year ended 31st March, 2019

(₹ in Lakh)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
A. Cash Flows from Operating Activities :		
Profit Before Tax	(3841.77)	(4630.24)
Adjustments for :-		
Depreciation	441.88	449.44
Interest Income	(489.34)	(70.65)
Interest Expenditure	2675.12	2639.44
Depreciation written back	0.00	0.00
Operating Profit Before Working Capital Changes	(1214.11)	(1612.01)
Change in Working Capital :		
(Increase) / Decrease in Stock	1170.83	424.18
(Increase) / Decrease in Trade Receivables, Loans and Advances and other assets	(478.09)	155.51
Increase / (Decrease) in Trade payables and other Liabilities	1830.80	(2723.37)
Total Working Capital Changes - Decreased / (Increased)	2523.54	(2143.68)
Cash generated from Operating Activities	1309.43	(3755.69)
Tax Paid	17.06	43.83
Tax Adjusted	33.09	0.00
Net Cash from Operating Activities (A)	1325.46	(3799.52)
B. Cash Flows from Investing Activities :		
Purchase of Fixed Assets & DRE Expenses	(15.22)	(14.39)
Interest Received	485.03	109.40
Net Cash from Investing Activities (B)	469.81	95.01
C. Cash Flows from Financing Activities :		
Increase / (Decrease) in Share Capital	0.00	0.00
Increase / (Decrease) in Provisions	(990.37)	(153.75)
Increase / (Decrease) in Reserves & Surplus	0.00	0.00
(Increase) / Decrease in Long Term Loans and Advances	1.30	65.53
Increase / (Decrease) in Other Long Term Liabilities	(0.97)	0.27
Interest Paid	(927.27)	(1057.58)
Repayment of Short Term Borrowings	0.00	0.00
Dividend and Dividend Tax Paid	0.00	0.00
Net Cash from Financing Activities (C)	(1917.31)	(1145.53)
Net Increase in Cash and Cash Equivalents (A+B+C)	(122.04)	(4850.04)
Cash & Cash Equivalents at beginning of the year	(2257.90)	2592.14
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	(2379.94)	(2257.90)

NOTE :

Components of Cash & Cash Equivalents :

Cash & Bank Balances	444.46	528.62
Secured Loans (Cash Credit)	(2824.40)	(2786.52)
Cash & Cash Equivalents as stated above	(2379.94)	(2257.90)

(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 even dated 21.10.2019
For Balram Chandra & Associates
Chartered Accountants

(BALRAM CHANDRA)

Partner

M.No. 070875

UDIN No. 19070875AAACA1216

Place : New Delhi
Date : 23.09.2019

(RATAN PRAKASH)

Chief General Manager

On behalf of the Board

(ARVIND KUMAR)

Director

(INDRASEN SINGH)

DGM (F & A) &
Co. Secretary

(SUNIL PARWANI)

Chairman and
Managing Director

Notes to the financial statements

(₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018
(1) Share Capital :		
AUTHORISED :		
6,50,000 Equity Shares of ₹1000/-each (Previous Year 6,50,000 Equity shares of ₹1,000/- each)	<u>6500.00</u>	<u>6500.00</u>
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- passu in all respect including voting right and entitlement to dividend. The President of India is only Shareholder, holding more than 5 % Shares.		
TOTAL :	<u>5353.10</u>	<u>5353.10</u>
(2) RESERVES & SURPLUS :		
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	(23668.76)	(19277.25)
Add : Profit for the year	(3348.34)	(4391.51)
At the end of the year	(27017.10)	(23668.76)
TOTAL :	<u>(24015.40)</u>	<u>(20667.06)</u>

Notes to the financial statements

(₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018
(3) LONG-TERM BORROWINGS :		
Loans and advances from related parties		
Unsecured		
Loan from Government of India	4709.40	6941.20
TOTAL :	4709.40	6941.20

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 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, 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 :

	2018-19 Loan From BHEL	2018-19 Loan From GOVT.	2017-18 Loan From BHEL	2017-18 Loan From GOVT.
Borrowings repayable				
in the first year (Note No. 7)	1200.00	6449.60	1200.00	4217.80
Current maturities of long term debt	1200.00	6449.60	1200.00	4217.80
in the second year	0.00	2231.80	0.00	2231.80
in the third to fifth year	0.00	2477.60	0.00	4709.40
after five years	0.00	0.00	0.00	0.00
Long -term borrowings	0.00	4709.40	0.00	6941.20

	As at 31st March, 2019	As at 31st March, 2018
(4) OTHER LONG TERM LIABILITIES :		
Others Deposits	8.32	9.29
TOTAL :	8.32	9.29

	As at 31st March, 2019	As at 31st March, 2018
(5) LONG-TERM PROVISIONS :		
Provision for employee benefits		
Provision for Gratuity	1270.76	1842.15
Provision for Leave Encashment	441.12	621.81
TOTAL :	1711.88	2463.96

Notes to the financial statements

(₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018
(6) SHORT-TERM BORROWINGS :		
Secured		
Loans from Bank		
Cash credit facilities from SBI Naini (Cash Credit limit from SBI Naini is secured by hypothecation of entire current assets)	2687.45	2656.35
Overdraft facilities from Corporation Bank (Secured by hypothecation of Fixed deposit Receipts)	136.95	130.17
TOTAL :	2824.40	2786.52
(7) OTHER CURRENT LIABILITIES :		
Current maturities of long-term debts (Note No. 3)	7649.60	5417.80
Interest accrued on borrowings	4107.41	2359.55
Sundry deposits	95.67	101.56
Payables for fixed assets	106.71	108.30
Statutory liabilities	6647.19	4895.15
Advance received from customers	371.78	442.22
Others	3780.08	3407.56
TOTAL :	22758.44	16732.14
(8) SHORT-TERM PROVISIONS :		
Current portion of long-term employee benefits		
Provision for Gratuity	835.86	1050.84
Provision for Leave Encashment	316.88	340.19
TOTAL :	1152.74	1391.03

Notes to the financial statements

(9) FIXED ASSETS :

(₹ in Lakh)

Particulars	Gross Block			Depreciation and Amortisation			Net Book Value		
	As at 31.03.2018	Additions	Withdrawals and adjustments	As at 31.03.2019	Upto 31.03.2018	For the year and adjustments	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
Tangible assets :									
Land (Free Hold)	10.04	0.00	0.00	10.04	0.00	0.00	0.00	10.04	10.04
Site Levelling & Development	5.72	0.00	0.00	5.72	0.00	0.00	0.00	5.72	5.72
Roads and Bridges	15.04	0.00	0.00	15.04	14.29	0.00	14.29	0.75	0.75
Buildings	529.07	0.00	0.00	529.07	395.25	5.06	400.31	128.76	133.82
Drain., sewer.& water supply	39.59	0.00	0.00	39.59	30.42	1.81	32.23	7.36	9.17
Plant & Machinery	8211.65	4.60	0.00	8216.25	4845.28	400.82	5246.10	2970.15	3366.37
Elect.fitting & Instal.(Factory)	160.29	0.00	0.00	160.29	156.75	1.04	157.79	2.50	3.54
Elect.Fitting & Instal. (Office)	74.10	0.24	0.00	74.34	65.01	3.11	68.12	6.22	9.09
Data Processing Elect.Equip.	245.81	0.10	0.00	245.91	239.91	0.43	240.34	5.57	5.90
Vehicle	21.26	0.00	0.00	21.26	20.63	0.00	20.63	0.63	0.63
Office & Misc. Equipments	274.45	0.84	0.00	275.29	262.37	1.65	264.02	11.27	12.08
Furniture and fixtures	65.95	0.00	0.00	65.95	64.92	0.29	65.21	0.74	1.03
Tele Exchange & Fax Machine	23.31	0.02	0.00	23.33	22.58	0.03	22.61	0.72	0.73
Pattern & Dies	741.03	8.58	0.00	749.61	476.01	27.61	503.62	245.99	265.02
TOTAL :	10417.31	14.38	0.00	10431.69	6593.42	441.85	7035.27	3396.42	3623.89
Previous year	10402.92	38.23	23.84	10417.31	6144.00	449.42	5593.42	3823.89	4283.01
Intangible assets :									
Computer Software	89.78	0.84	0.00	90.62	87.74	0.03	87.77	2.85	2.04
TOTAL :	89.78	0.84	0.00	90.62	87.74	0.03	87.77	2.85	2.04
Previous year	89.78	0.00	0.00	89.78	87.72	0.02	87.74	2.04	2.06
GRAND TOTAL :	10507.09	15.22	0.00	10522.31	6681.16	441.88	7123.04	3399.27	3825.93
Previous Year :	10492.70	38.23	23.84	10507.09	6231.72	449.44	6681.16	3825.93	4285.07

Note :

(1) Details of depreciation and Amortisation charged to Profit and Loss Statement :

(a) Depreciation on Tangible Assets as above

(b) Depreciation on Intangible Assets as above

* (c) Depreciation on Petty Assets charged off

(d) Depreciation on Loose Tools

TOTAL :

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

(2) Gross block excludes ₹ 7.21 lacs (Previous year ₹ 7.20 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.

(₹ in Lacs)

2017-18

449.42

0.02

0.05

28.96

478.45

2018-19

441.85

0.03

0.01

23.20

465.09

Notes to the financial statements

(₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018
(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 :	0.00	0.00

NOTE : Investments are to the tune of ₹ 250/- (Previous year ₹ 250/-) due to rounding off in Lakhs, figure has been shown as ₹ 0.00 lacs.

	As at 31st March, 2019	As at 31st March, 2018
(11) DEFERRED TAX ASSETS (NET) :		
Deferred tax assets :		
Provision for employee benefits		
Gratuity	526.66	867.90
Leave encashment	189.50	288.60
Employers Contribution to Provident Fund	48.72	76.52
Employees Contribution to Provident Fund	82.66	160.29
	<u>847.54</u>	<u>1393.31</u>
Deferred tax liabilities :		
On fiscal allowances on fixed assets	381.03	493.43
	<u>381.03</u>	<u>493.43</u>
TOTAL (NET) :	0.00	(493.43)

	As at 31st March, 2019	As at 31st March, 2018
(12) LONG-TERM LOANS AND ADVANCES :		
Capital advances	3.50	3.50
Unsecured, considered good		
Deposits	190.87	187.42
Unsecured, considered good		
Other loans and advances	2.45	7.20
Unsecured, considered good		
Advance tax (net of provisions)	1134.82	1150.85
TOTAL :	1331.64	1348.97

	As at 31st March, 2019	As at 31st March, 2018
(13) OTHER NON CURRENT ASSETS :		
Interest accrued on deposits	0.00	0.00
TOTAL :	0.00	0.00

Notes to the financial statements

(₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018
(14) INVENTORIES :		
(As taken, valued & certified by the Management)		
Raw Materials (at cost)	1140.11	887.48
Work-in-progress : (at cost or realisable value whichever is lower)		
Pumps & Compressors	1132.32	2818.16
Gas Cylinders	<u>95.66</u>	<u>95.66</u>
	1227.98	2913.82
Finished goods (manufactured) : (At cost or realisable value whichever is lower)		
Pumps & Compressors	275.60	0.00
Gas Cylinders	<u>34.00</u>	<u>34.00</u>
	309.60	34.00
Stores and Spares (at cost)	418.87	409.01
Loose Tools (at cost less depreciation)	92.80	115.83
Scrap (at estimated realisable value)	43.14	43.19
	<u>3232.50</u>	<u>4403.33</u>
 The above includes goods in transit as under :		
Raw materials	0.00	0.00
Stores and Spares	<u>0.00</u>	<u>0.00</u>
TOTAL :	<u>0.00</u>	<u>0.00</u>
 (15) TRADE RECEIVABLES :		
Outstanding for a period exceeding six months from the date they are due for payment	6860.76	7068.30
Unsecured, considered good		
Others	3239.37	2334.27
Unsecured, considered good		
	<u>10100.13</u>	<u>9402.57</u>
Less : Provisions for bad & doubtful debts	<u>2415.62</u>	<u>2108.69</u>
TOTAL :	<u>7684.51</u>	<u>7293.88</u>
 (16) CASH AND CASH EQUIVALENTS :		
Balance with Banks		
Current / Saving Accounts	53.06	134.69
Margin money Accounts	213.82	215.71
Deposit Accounts	175.33	175.23
Cash / Postage Stamps on hand	<u>2.25</u>	<u>2.99</u>
TOTAL :	<u>444.46</u>	<u>528.62</u>

Notes to the financial statements

(₹ in Lakh)

	As at 31st March, 2019	As at 31st March, 2018
(17) SHORT TERM LOANS AND ADVANCES :		
Others (Unsecured, considered good)		
Advances to employees	37.87	28.22
Advances for purchases	1239.58	1173.88
Advances for purchase of fixed assets	79.03	81.12
Advances others	72.88	56.08
Commercial advances and deposits with Statutory / Government authorities / bodies	282.27	280.56
Other deposits	2.09	2.09
TOTAL :	1713.72	1621.95

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(18) REVENUE FROM OPERATIONS :		
Gross revenue from :		
Sale of products	6622.85	7497.70
Sale of services	243.44	214.50
	6866.29	7712.20
Less : GST	646.37	841.50
Net revenue from sale of products and services	6219.92	6870.70
Other operating revenue :		
Scrap sales (Gross)	6.10	11.17
Less : GST	0.93	1.70
Scrap sales (Net)	5.17	9.47
Accretion /(decretion) to scrap stock	(0.04)	(0.09)
TOTAL :	5.13	(0.09)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(19) OTHER INCOME :		
Interest income	489.34	70.65
Liquidated damages recovered from Suppliers / Contractors	9.39	(44.64)
Other non-operating income :		
Liabilities written back	3.15	10.01
Miscellaneous income	34.28	68.72
TOTAL :	536.16	104.74
Interest income comprises interest from :		
Deposits with Banks	17.38	70.65
Others	471.96	0.00

Notes to the financial statements

(₹ in Lakh)

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
(20) COST OF MATERIALS CONSUMED :				
Consumption of Raw Materials		1273.11		1715.25
Consumption of Stores and Spares		15.91		20.72
TOTAL :		1289.02		1735.97
(21) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS :				
Finished goods manufactured (PC)				
Opening stock	0.00		0.00	
Closing stock	275.60	(275.60)	0.00	0.00
Finished goods manufactured (GC)				
Opening stock	34.00		81.06	
Closing stock	34.00	0.00	34.00	47.06
Work-in-progress (PC)				
Opening stock	2818.16		2864.29	
Closing stock	1132.32	1685.84	2818.16	46.13
Work-in-progress (GC)				
Opening stock	95.66		95.66	
Closing stock	95.66	0.00	95.66	0.00
		1410.24		93.19
Excise duty/GST on increase / (decrease) of finished goods		0.00		(9.00)
TOTAL :		1410.24		84.19
(22) EMPLOYEE BENEFITS EXPENSE :				
1. EMPLOYEES REMUNERATION :				
(i) Salaries, Wages & Allowances	1978.33		2644.48	
(ii) Contribution to Funds :				
Provident Fund & Family Pension	218.16		282.48	
Employee's State Insurance	0.12	2196.61	0.11	2927.07
2. EMPLOYEES WELFARE :				
(i) Staff Welfare Expenses	46.53		40.65	
(ii) Medical Expenses	165.96	212.49	230.5	271.15
3. SOCIAL OVERHEADS :				
(i) Canteen Expenses (Net)	51.38		46.43	
(ii) Subsidised Transport (Net)	57.84		48.72	
(iii) Leave Travel Concession	19.97	129.19	9.02	104.17
4. RETIREMENT BENEFITS :				
(i) Gratuity	351.25		1330.51	
(ii) Leave Encashment	321.97	673.22	349.17	1679.68
TOTAL :		3211.51		4982.07

Notes to the financial statements

(₹ in Lakh)

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
(23) OTHER EXPENSES :				
Power	165.76		241.31	
Fuel	7.00	172.76	6.86	248.17
Repairs and Maintenance to :				
Building	14.87		8.51	
Plant & Machinery	15.68		33.72	
Others	9.91	40.46	13.28	55.51
Rent (Net)		14.74		14.67
Rates and Taxes		6.81		72.45
Insurance		2.81		3.84
Payment to Auditors :				
Audit Fees	0.95		0.95	
Fees for other Services	0.35	1.30	0.35	1.30
Printing and Stationery		6.46		4.97
Postage and Telephone		9.90		11.95
Travelling & Conveyance - Inland	39.65		46.27	
- Foreign	0.00	39.65	0.00	46.27
Bank Charges		65.75		69.23
Training Expenses		1.12		0.95
Expenses on C.I.S.F.		552.62		439.65
Exchange Rate Variation		10.35		32.10
Other Administration Expenses		311.92		291.67
Entertainment Expenses		0.65		0.49
Advertisement & Publicity Expenses		0.32		0.49
Other Selling Expenses		7.45		8.74
TOTAL :		1245.07		1302.45

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
(24) PRIOR PERIOD ADJUSTMENTS (NET) :				
Expenses	0.00		0.00	
Income	0.00		0.00	
TOTAL :		0.00		0.00

Notes to the financial statements

25. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

These financial statements have been prepared on the historical cost basis applying going concern concept and in accordance with Generally Accepted Accounting Principles in India (Indian GAPP), including 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 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 / GST.
- 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.

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,

Notes to the financial statements

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.
- 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.

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.

Notes to the financial statements

26. Related Party Disclosures :

In compliance with the Accounting Standard 18 "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.

FELLOW SUBSIDIARY / ASSOCIATES :

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

	2018-19			2017-18		
	BHEL	ONGC	EIL	BHEL	ONGC	EIL
A. Purchases made from	3.63	0.00	0.00	142.42	0.00	0.00
B. Sales made to	723.41	3273.22	0.00	722.40	3303.26	0.00
C. Amount realisable from	1169.90	2332.67	241.21	1353.91	2010.65	241.21
D. Amount payable to	691.96	0.00	0.00	689.85	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	1764.73	0.00	0.00	1660.56	0.00	0.00

(₹ in Lakh)

Notes to the financial statements

27. SEGMENT INFORMATION :

Primary Segment - Business Segment

(₹ in Lakh)

	For the year ended 31.03.2019				For the year ended 31.03.2018			
	PUMPS	COMPRESSORS	GAS CYLINDERS	TOTAL	PUMPS	COMPRESSORS	GAS CYLINDERS	TOTAL
A. SEGMENT REVENUE :								
(i) Segment Revenue	5361.56	910.31	0.00	6271.87	5964.07	856.37	0.05	6820.49
(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)	5361.56	910.31	0.00	6271.87	5964.07	856.37	0.05	6820.49
B. SEGMENT RESULTS :								
(i) Segment Results	(1834.33)	547.76	(62.49)	(1349.06)	(1383.63)	(185.97)	(108.83)	(1678.43)
(ii) Unallocated Expenses (Net) (Expenses)				(2493.24)				(2951.81)
(iii) Profit before Tax				(3842.30)				(4630.24)
(iv) Income Tax/FB/MAT/Deferred Tax				493.43				238.73
(v) Profit after Tax				(3348.87)				(4391.51)
C. ASSETS & LIABILITIES :								
(i) Segment Assets	11655.95	2889.32	1127.49	15672.76	13229.29	2378.77	1217.9	16825.96
(ii) Unallocated Assets				2133.34				2196.72
(iii) Total Assets				17806.10				19022.68
(iv) Segment Liabilities	21024.43	5046.08	0.00	26070.51	17431.75	2586.90	0.00	20018.65
(v) Unallocated Liabilities				(8264.41)				-995.97
(vi) Total Liabilities				17806.10				19022.68
D. OTHER INFORMATIONS :								
(i) Cost incurred during the period to acquire fixed assets (incl. Capital WIP)	9.90	2.38	2.94	15.22	26.82	4.01	7.4	38.23
(ii) Depreciation	302.57	72.62	89.90	465.09	335.60	50.23	92.62	478.45
(iii) Non Cash Expenses (other than Dep.)	234.69	72.24	0.00	306.93	318.21	64.81	0.00	383.02

Notes to the financial statements

(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 ₹ 809.68 lakhs (previous year ₹ 684.83 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.
- (viii) The Company, at present, is not having any scheme for post-retirement medical benefits.
- (ix) In order to comply with the Accounting Standard 28 – “ 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 ₹ 16.48 lakhs is outstanding for more than 45 days payable to Micro and Small Enterprises as at 31st March, 2019 (previous year ₹ 22.50 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

Notes to the financial statements

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 (Transaction Advisor) appointed by DIPAM/ Govt. of India.
- (xiii) Sundry Debtors as on 31.03.2019 amounting to ₹ 10100.13 lakhs (Previous Year ₹ 9402.57 lakhs) includes ₹ 5030.71 lakhs (Previous Year ₹ 4894.97 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 ₹ 306.93 lakhs during the year (Previous year ₹ 383.02 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.

Notes to the financial statements

(₹ in Lakh)

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

	As at 31st March, 2019	As at 31st March, 2018
(xvi) Contingent liabilities and commitments :		
(a) Contingent liabilities :		
Claims against the Company not acknowledged as debts :		
(1) Sales tax liability including interest pending appeal	317.14	401.41
(2) Electricity bill liabilities due to revised tariff and penalty pending appeal	32.61	51.97
(3) Excise duty liability pending appeal *	0.00	22.04
(4) In respect of civil suits	34.70	35.10
(5) Interest liability claimed by CISF	809.68	684.83
(6) Income Tax liability pending appeal *	1403.48	2303.91
(7) Outstanding Letter of Credit *	217.69	170.21
(8) Outstanding Bank Guarantees *	2571.59	1401.06
(9) Interest on BPC Employees Co-operative Society dues	102.42	95.47
(10) Liability related to Arrear of Wage revision 1997 (Estimated)	3000.00	3000.00
(11) 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		
(xvii) Social overheads :		
	2018-19	2017-18
	Canteen	Transport
Total Expenditure	53.46	59.42
Less : Total Income	2.08	1.58
Net Expenditure	51.38	57.84
	2018-19	2017-18
	Canteen	Transport
Total Expenditure	48.91	50.99
Less : Total Income	2.48	2.27
Net Expenditure	46.43	48.72

Notes to the financial statements

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

(xviii) Details of Provisions as per Accounting Standard - 29 :

(₹ in Lakh)

SL	Particulars of Provisions	Op. Balance as on 01.04.2018	Additions during the year	Paid/ Adjustments during the year	Reversed during the year	Closing Balance as on 31.03.2019
1	Gratuity	2892.99	351.25	1137.62	0.00	2106.62
2	Leave Encashment	962.00	247.74	451.74	0.00	758.00
	TOTAL :	3854.99	598.99	1589.36	0.00	2864.62
	Previous Year	4008.74	1679.68	1833.43	0.00	3854.99

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.

Notes to the financial statements

(₹ in Lakh)

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

	2018-2019	2017-2018
(xix) CIF VALUE OF IMPORTS :		
Raw materials and components	209.12	118.61
(xx) EXPENDITURE IN FOREIGN CURRENCY: (on cash basis)		
Analog Study	9.62	16.04
(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	135.93	258.70
B. Value of all indigenous raw materials & components, stores & spare parts consumed	1153.09	1477.27
C. Percentage of each to total consumption	11 % & 89 %	15 % & 85 %

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) :

	2018-2019		2017-2018	
	Quantity (Nos)	Value (₹ in Lakh)	Quantity (Nos)	Value (₹ in Lakh)
A. Compressors	00 No.+spares	911.88	00 No.+spares	1677.57
B. Pumps :				
1. R.P.	03 Nos+spares	3820.31	14 Nos+spares	3502.08
2. C.P.	07 Nos+spares	1890.66	17 Nos+spares	2273.96
C. Gas Cylinders	00 Nos.	0.00	653 Nos.	44.09
D. Execution of erection & other jobs	-	243.44	-	214.50
TOTAL :		6866.29		7712.20

(xxiv) BREAKUP OF RAW MATERIALS & COMPONENTS CONSUMED :

	2018-2019		2017-2018	
	Quantity (Nos)	Value (₹ in Lakh)	Quantity (Nos)	Value (₹ in Lakh)
A. INDIGENOUS :				
1. Steel plates	6.10 MT	2.71	49.01 MT	20.15
2. Boughtout materials for PC*	-	683.27	-	674.45
3. Other Misc. items*	-	451.20	-	761.96
TOTAL :		1137.18		1456.56
B. IMPORTED :				
1. Components for PC*	-	124.22	-	225.93
2. Other Misc. items*	-	11.71	-	32.76
TOTAL :		135.93		258.69
Total Raw Materials and components consumed		1273.11		1715.25

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

Notes to the financial statements

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

(xxv) STOCK OF GOODS PRODUCED :

	CLOSING STOCK		CLOSING STOCK	
	Quantity (Nos)	Value (₹ in Lakh)	Quantity (Nos)	Value (₹ in Lakh)
A. PUMPS :				
1. Centrifugal	00 Nos (00 Nos)	0.00 (0.00)	00 Nos (00 Nos)	0.00 (0.00)
2. Reciprocating	02 Nos (00 Nos)	275.60 (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 (400 Nos)	34.00 (34.00)	400 Nos (1053 Nos)	34.00 (81.06)

SUB NOTE :

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

In terms of our report of even dated 21.10.2019
For Balram Chandra & Associates
Chartered Accountants

(BALRAM CHANDRA)

Partner

M.No. 070875

UDIN No. 19070875AAACA1216

(RATAN PRAKASH)

Chief General Manager

On behalf of the Board

(ARVIND KUMAR)

Director

(SUNIL PARWANI)

Chairman and

Managing Director

(INDRASEN SINGH)

DGM (F & A) &

Co. Secretary

Place : New Delhi

Date : 23.09.2019

TEN YEAR DIGEST

(₹ in Lakh)

SL	PARTICULARS	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
1	VALUE OF PRODUCTION	5456.1	7628.0	7601.1	6967.5	7769.0	15012.6	15274.4	15829.8	20908.6	28193.8
2	SALES	6866.3	7712.2	7490.9	7851.9	10223.5	14705.8	12902.3	15215.3	21021.3	27111.8
3	GROSS PROFIT/(LOSS) / PBDIT	(394.6)	(1129.3)	(4152.5)	(4696.0)	(3471.6)	(583.9)	(1883.9)	792.7	2867.0	4993.7
4	DEPRECIATION / DRE	465.1	478.5	506.0	515.0	705.0	485.2	493.9	381.7	439.0	266.1
5	INTEREST	2675.1	2639.4	1805.3	789.5	599.5	498.7	298.7	261.1	525.9	674.0
6	(a) PROFIT/(LOSS) BEFORE TAX	(3841.8)	(4630.2)	(7137.1)	(5534.8)	(4776.0)	(1567.9)	(2676.4)	149.9	1902.1	4053.5
	ON CURRENT OPERATIONS *	306.9	383.0	1725.7	0.0	0.0	0.0	0.0	23.9	0.0	2.6
	(b) (i) PROVISIONS	0.0	0.0	1052.3	775.8	0.0	0.0	0.0	30.9	(1.1)	71.2
	(ii) NET PRIOR PERIOD ADJ.	0.0	0.0	0.0	-310.1	0.0	0.0	0.0	0.0	475.5	1012.7
	(iii) EXTRA ORDINARY ITEM	(3841.8)	(4630.2)	(8189.4)	(6000.5)	(4776.0)	(1567.9)	(2676.4)	156.9	1425.5	3109.4
7	(c) PROFIT/(LOSS) BEFORE TAX	-493.4	-238.7	208.0	1590.1	727.7	-1043.6	114.7	248.2	472.6	544.4
8	PROVISION FOR TAX	(3348.3)	(4391.5)	(8397.4)	(7590.5)	(5503.8)	(524.3)	(2791.1)	(91.4)	952.9	2565.0
9	NET PROFIT/(LOSS) AFTER TAX	10522.3	10507.1	10468.9	10444.8	10435.8	8777.5	8648.7	8126.7	7003.3	5137.9
10	GROSS BLOCK	3399.3	3825.9	4237.1	4682.9	5145.3	4281.9	4584.5	4501.6	3702.9	2100.1
11	NET BLOCK	(16963.6)	(10581.0)	(4478.6)	(3742.1)	1828.5	5781.9	7883.8	11139.7	10886.8	17851.0
12	WORKING CAPITAL	(13564.3)	(6755.1)	(241.4)	940.8	6973.8	10063.8	12468.3	15641.3	14589.7	19951.1
13	CAPITAL EMPLOYED	3347.9	4802.4	3600.7	3149.5	3754.6	6543.6	5127.8	6909.5	9612.4	10842.5
14	VALUE ADDED	(18662.3)	(14820.5)	(10190.3)	(2000.9)	3999.6	8923.5	10491.3	13167.7	13040.8	12405.6
15	NET WORTH	3102.3	4886.9	5958.6	6517.2	6308.8	6702.5	6661.8	6267.0	5760.0	4097.6
16	SALARIES, WAGES AND BENEFITS	624.4	649.8	380.8	686.7	947.2	1441.0	1403.0	1777.0	1840.0	3230.0
17	CONTRIBUTION TO EXCHEQUER	(2576.3)	(3036.6)	(5433.5)	(6861.4)	(4071.1)	(1082.6)	(2182.6)	532.6	1493.0	3862.4
18	INTERNAL RESOURCE GENERATION	0.0	155.3	175.3	976.4	1202.5	710.4	1993.7	1315.5	7798.3	465.6
19	EXPORT INCLUDING DEEMED EXPORT	218	296	391	523	638	780	889	984	1072	1073
20	NO. OF EMPLOYEES	15.4	16.2	9.2	6.0	5.9	8.4	5.8	7.0	9.0	10.1
21	VALUE ADDED PER EMPLOYEE	1.1	1.0	0.6	0.5	0.6	1.0	0.8	1.1	1.7	2.7
22	VALUE ADDED PER RUPEE OF WAGES	0.2	0.3	0.8	3.8	(1.4)	(0.1)	(0.3)	0.0	0.1	0.2
23	NET PROFIT/(LOSS) TO NET WORTH	(0.0)	(0.1)	(0.4)	(0.4)	(0.3)	(0.1)	(0.2)	0.1	0.4	1.0
24	GROSS MARGIN TO GROSS BLOCK	(0.1)	(0.2)	(0.7)	(0.7)	(0.6)	(0.1)	(0.3)	0.1	0.5	1.2
25	PBDIT TO EMPLOYEES COST	0.5	0.6	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4
26	VALUE ADDED TO GROSS SALES	0.0	0.2	17.2	(5.0)	(0.5)	(0.1)	(0.2)	0.1	0.2	0.3
27	GROSS PROFIT TO CAPITAL EMPLOYED	408.5	345.2	363.5	361.1	269.6	254.9	226.6	203.4	138.0	111.5
28	SUNDRY DEBTORS TO NO. OF DAYS OF TURNOVER	216.2	210.7	231.8	249.4	270.5	201.3	199.6	126.5	90.4	86.9
	INVENTORY TO NUMBER OF DAYS OF PRODUCTION										



Different Products of BPCL



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NEW DELHI

Bharat Pumps & Compressors Ltd.
Flat No. 1309, 13th Floor,
HEMKUNT HOUSE,
6th Rajendra Place,
New Delhi - 110 008
Phone No. : 011-25753452, 011-25753453
E-mail : bpcdelhi@gmail.com

MUMBAI

Bharat Pumps & Compressors Ltd.
C/o Richardson & Cruddas (1972) Ltd.
Mulund Works,
LBS Marg, "R" Mall,
Mulund West,
Mumbai - 400 080
Phone : 022-25918779, 25917342
Telefax No. : 022-25918825
E-mail : bpcmumbai@gmail.com

VODADARA

Bharat Pumps & Compressors Ltd.
4, Manusmurthi Flats,
14, J.P. Nagar,
Opp. Avishkar Complex,
Old Paddara Road,
Vodadara - 390 015
Phone No. : 0265-2330435
Telefax No. : 0265-2336193
E-mail : bpcvadodara@gmail.com

KOLKATA

Bharat Pumps & Compressors Ltd.
Room No. 222,
2nd Floor,
Karmani Mansion,
25, Park Street,
Kolkata - 700 016
Telefax No. : 033-22269917
E-mail : bpckolkata@gmail.com

CHENNAI

Bharat Pumps & Compressors Ltd.
"Sreepuram" 1st Floor,
Old No. 4, New No. 5,
Thiruvengadam First Street,
Karambakkam Porur,
Chennai - 600 116
Phone No. : 044-24761405
FAX No. : 044-24761406
E-mail : bpcchennai@vsnl.net

DIBRUGARH

Bharat Pumps & Compressors Ltd.
Vijai Nagar,
Near Ajit Nirtya Kala Kendra,
Dibrugarh - 786 003
Phone No. : 0373-2314324
FAX No. : 0373-2323418

Bharat Pumps & Compressors Ltd.

(A Government of India Enterprise)

Naini, Allahabad - 211010 (U.P.) India

CIN - U28991UP1970GOI003577

Tel. : 0532-2687412, Fax : 0532-2687075 E-mail : bpclindia@sancharnet.in