

BGR ENERGY SYSTEMS LIMITED
30th ANNUAL REPORT 2015-16



RRVUNL 2x600 MW TPP Kalisindh, Rajasthan.



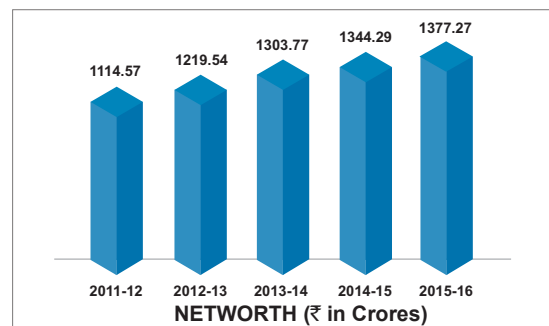
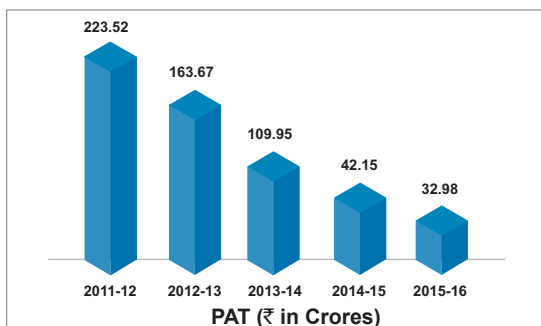
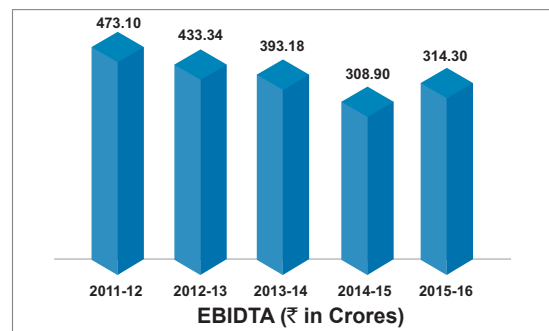
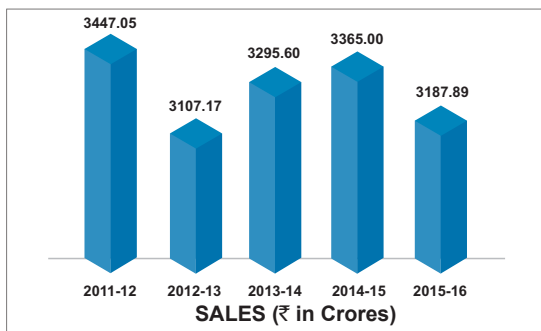
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Financial Highlights

(₹ in Crores except per share data)

DESCRIPTION	2011-12	2012-13	2013-14	2014-15	2015-16
SALES AND EARNINGS					
Sales	3447.05	3107.17	3295.60	3365.00	3187.89
Other Income	5.26	5.44	0.50	1.50	5.89
EBIDTA	473.10	433.34	393.18	308.90	314.30
PAT	223.52	163.67	109.95	42.15	32.98
ASSETS					
Fixed Assets	198.41	210.28	198.05	182.72	179.45
Investments	235.85	363.71	363.61	363.61	363.61
Other Asset (Net)	2849.78	3284.17	3272.11	3256.31	3456.54
Total Assets	3284.04	3858.16	3833.77	3802.64	3999.60
FUNDED BY					
Equity Share Capital	72.16	72.16	72.16	72.16	72.16
Reserves & Surplus	1042.41	1147.38	1231.61	1272.13	1305.11
Networth	1114.57	1219.54	1303.77	1344.29	1377.27
Deferred Taxes	401.35	424.28	510.66	346.72	373.84
Borrowings	1768.12	2214.34	2019.34	2111.63	2248.49
Total Liabilities	3284.04	3858.16	3833.77	3802.64	3999.60
EPS (₹)	30.98	22.68	15.24	5.84	4.57
Dividend per equity share (₹)	7.00	7.00	3.00	-	-



Corporate Information

BOARD OF DIRECTORS

Sasikala Raghupathy
Chairperson

A. Swaminathan
Joint Managing Director & CEO

V.R. Mahadevan
Joint Managing Director

Swarnamugi Karthik
Director – Corporate Strategy

INDEPENDENT DIRECTORS

M. Gopalakrishna

S.A. Bohra

S R. Tagat

Gnana Rajasekaran

Heinrich Bohmer

COMPANY SECRETARY

R. Ramesh Kumar

CHIEF FINANCIAL OFFICER

P. R. Easwar Kumar

STATUTORY AUDITORS

Manohar Chowdhry & Associates
Chartered Accountants
No. 27, Subramanian Street
Abhiramapuram
Chennai - 600 018

INTERNAL AUDITORS

J V Associates
V Krishnan & Co.,
Ramachandran & Murali
Raghu & Gopal.,
A. John Moris & Co.,

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Travancore
State Bank of Patiala
State Bank of Bikaner & Jaipur
State Bank of Mysore
IDBI Bank Limited
Indian Bank
Corporation Bank
Punjab National Bank
Bank of India
Axis Bank
The Karur Vysya Bank Limited
Vijaya Bank
Indian Overseas Bank
Central Bank of India
Allahabad Bank
Syndicate Bank
Andhra Bank
Kotak Mahindra Bank Ltd
Export- Import Bank of India
ICICI Bank Limited
Union Bank of India

REGISTERED OFFICE

A-5, Pannamgadu Industrial Estate,
Ramapuram Post, Sullurpet Taluk,
Nellore District,
Andhra Pradesh – 524 401

CIN : L40106AP1985PLC005318

CORPORATE OFFICE

443, Anna Salai, Teynampet
Chennai - 600 018, India

REGIONAL OFFICES

New Delhi

Plot No.1, Sector - 16A, Film City,
Noida - 201 301, Uttar Pradesh

Mumbai

401, Hitech Town Centre, IV Floor,
90 S.V. Road, Khar (West),
Next to Khar RTO
Mumbai - 400 052

Hyderabad

Plot No. 44, Sagar Society
Road No.2, Banjara Hills
Hyderabad - 500 034

Website

www.bgrcorp.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills
Compound,
L.B.S. Marg, Bhandup (W)
Mumbai - 400 078

Directors' Report

To the Members of BGR ENERGY SYSTEMS LIMITED

Your directors have pleasure in presenting their 30th Annual Report together with the audited financial statements for the year ended March 31, 2016.

FINANCIAL RESULTS

The highlights of the standalone financial performance of the Company during the financial year ended March 31, 2016 as compared with the previous financial year ended March 31, 2015 are summarized below:

(₹ Crore)

Description	2015-16	2014-15
Income from operations	3188	3365
Other income	5.89	1.50
Total income	3194	3367
Earnings before Interest, Depreciation, Tax and Amortization	320	310
Profit before tax	60	79
Tax Expense	27	37
Net Profit	33	42
Amount available for appropriation	33	42
Transfer to general reserve	3	4
Balance carried to Balance Sheet	30	38

DIVIDEND AND APPROPRIATION

The Board of Directors do not recommend dividend for the FY 2015-16 in order to augment internal accruals to fund the working capital. Your directors wish to carry an amount of ₹30 crores to the Balance Sheet after appropriation of ₹3 crores to general reserve.

OPERATING PERFORMANCE

During the year, the Company has successfully commissioned its first 2 X 660MW Super Critical Thermal Power

Plant at Krishnapatnam. Both the units have achieved commercial operation and have been handed over to the client. Your Company has also handed over both units of the 2 x 600 MW EPC Kalisindh Project and the plants are currently under commercial operation by the client, RRVUNL. During the year your Company has achieved full load operation for Unit #9 of the 2 x 500 MW Chandrapur TPS and commercial operation date (COD) was declared for Unit #1 of 2 x 500 MW Marwa project.

The Company's affairs and operations have been analyzed in the Management Discussion & Analysis report (Annexure IX) forming part of this Directors report.

STATUS OF JOINT VENTURES

BGR Boilers Private Limited and BGR Turbines Company Private Limited

These joint venture companies with Hitachi were set up in 2010 to carry on the business of design, engineering and manufacture of supercritical steam generators and supercritical steam turbine and generators of 660 MW, 800 MW and 1000 MW capacity. Until 2014 these companies have acquired substantial private lands required for setting up of manufacturing facilities and also made significant progress towards purchase of capital equipment. The setting up of manufacturing facilities of supercritical steam generators and supercritical steam turbine and generators got adversely impacted consequent to the global merger/integration of thermal power businesses of Hitachi and Mitsubishi Heavy Industries Limited through new Company in Japan viz., Mitsubishi Hitachi Power Systems Limited (MHPS) in Japan and Mitsubishi Hitachi Power Systems Europe GmbH (MHPSE) in Germany. This has created an adverse impact on the Company's business in BTG and EPC segments and in NTPC contracts for Solapur, Meja, Lara and Raghunathpur project contract with DVC. Your Company has initiated legal proceedings before the Madras High Court and Competition Commission of India against Hitachi.

During the financial year 2015-16 Hitachi and the Company have negotiated and arrived at an amicable resolution in the matters of dispute and differences, including inter-se disputes and impact on NTPC contracts. These resolution of disputes has been

settled by way of an Agreement between the Hitachi and the Company on March 30, 2016. The Agreement, inter alia, provides for, execution of NTPC contracts for Solapur (2 x 660 MW) and Meja (2 x 660 MW) of Supercritical Steam Generators (Boilers) and Lara (2 x 800 MW) Supercritical Steam Turbines and Generators (STG) (collectively referred to as "NTPC Projects") and for certain arrangement with respect to the future of the JV relationship between HTC, HPE and the Company in respect of the existing Joint Venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited after completion of the NTPC Projects in compliance of the NTPC contract and other related conditions.

The Performance and financial position of each subsidiary and JV

A report on the performance and financial position of each of the subsidiaries and joint venture as per Rule 5 of the Companies (Accounts) Rules, 2014 is provided as annexure to the consolidated financial statement and hence not repeated here for the sake of brevity as required under rule 8(1) of the Companies (Accounts) Rules, 2014.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS-21 and AS-27) form part of this Annual Report.

As required under Section 129 of the Companies Act, 2013 a separate statement containing the salient features of the financial statements of subsidiaries is attached along with the financial statement.

In terms of Section 136 of the Companies Act, 2013 the Company has placed on its website the standalone and consolidated financial statements and the separate audited and unaudited accounts of all subsidiary companies, as the case may be, and the Company will provide a copy of separate audited financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it. The disputes with Hitachi as brought out herein above has adversely affected approval of audited financial statements of BGR Boilers and BGR Turbines by the respective Board of

Directors' Report

Directors. Your Company is confident that in view of settlement of disputes the preparation, approval and adoption of financial statements will be completed very soon.

BOARD OF DIRECTORS

In accordance with the provisions of Companies Act, 2013, Mr. A. Swaminathan, Director retires by rotation and being eligible offers himself for reappointment. A brief profile of Mr. A. Swaminathan is given in the notice convening the 30th annual general meeting of the Company.

Mr.M.S. Sundara Rajan, independent director resigned from the Board of Directors of the Company with effect from July 01, 2016.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the listing agreement.

MEETINGS OF BOARD

During the year 5 Board meetings and 5 Audit Committee meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

ANNUAL EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out an annual evaluation of its own performance, individual directors separately as well as the evaluation of the working of its Audit, Committee of Directors, Stakeholders Relationship Committee and Nomination and Remuneration Committee. A comprehensive questionnaire formulated by the Nomination and Remuneration Committee covering various aspects of the functioning of the Board was circulated to all the Directors to evaluate the performance of the Board. A separate questionnaire was also circulated to each director to evaluate the performance of the other directors including the Chairman of the Board.

AUDIT COMMITTEE

The Audit Committee of the Board comprises of four directors of which three members are

independent directors and all the members of Audit Committee are financially literate. More details of the Audit Committee are provided in the Corporate Governance Report.

SHARE CAPITAL

The paid-up equity share capital of the Company as on March 31, 2016 was Rs.72.16 Crores. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In compliance with Section 205A of the Companies Act, 1956 a sum of Rs.3,56,276 being the unclaimed dividend declared by the Company for the financial year ended March 31, 2008 was transferred to the Investor Education and Protection Fund of the Central Government in October 2015 after giving sufficient notice to the concerned shareholders.

Dividend which remains unclaimed out of the dividend declared by the Company for the financial year ended March 31, 2009 at the Annual General Meeting held on September 14, 2009 will be transferred to the Investor Education and Protection Fund of the Central Government in October 2016 pursuant to the provisions of Section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividends from the shareholders.

HUMAN RESOURCES

The Company's efforts on human resources development has been analyzed in the Management Discussion & Analysis report (Annexure IX) forming part of this Directors report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided elsewhere in the Annual Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the annual report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the annual report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

EMPLOYEE STOCK OPTION SCHEME

Your Company has implemented the Employee Stock Option Scheme 2007 in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Nomination and Remuneration Committee, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2016 are attached as Annexure – I of this report.

DEPOSITS

Your Company has not accepted deposit from the public during the period under review and hence did not have outstanding deposits.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure II. During the FY 2015-16, the Foreign exchange earnings and outgo were Rs.131122 lakhs and Rs. 728 lakhs respectively.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Your Company has internal controls system which includes financial control,

Directors' Report

commensurate with the size, scale and complexity of company's operations. The internal audit function evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective and remedial action in their respective areas of responsibility and thereby strengthen the controls. Significant audit observations and corrective actions thereon are periodically reviewed by the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee was constituted by the Board of Directors with Mrs. Sasikala Raghupathy as Chairman and Mrs. Swarnamugi Karthik and Mr. Gnana Rajasekaran as members of the Committee. The CSR Policy formulated and recommended by the Committee is in place. The Policy is in line with Schedule VII of the Companies Act, 2013 and the Company will be focusing on CSR activities pertaining to education, health, skill development and destitute women care and welfare. The contents of CSR Policy is given in the Corporate Governance Report. The Annual Report on CSR activities is annexed herewith as Annexure III.

REMUNERATION POLICY

The Remuneration Policy formulated by the Nomination and Remuneration Committee is given in Annexure IV.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has established a vigil mechanism for directors and employees to report genuine concerns as required by the Companies (Meetings of Board and its Powers) Rules, 2014 and the policy/mechanism has adequate safeguards against victimization of persons who use such mechanism and provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note No.34 to the Financial Statements.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were in the ordinary course of business and on an arm's length basis except one transaction. The details of transaction which was not on arm's length basis are provided in the Annexure V (Form AOC 2). There were no other materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee for approval. A transaction not on arm's length is placed before the Board for approval subsequent to the recommendation and approval of Audit Committee. The Policy on related party transactions as approved by the Board is uploaded on Company's website.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s.B.Chitra & Co., Company Secretaries in practice to undertake the secretarial audit

of the Company. The Report of secretarial audit is annexed as Annexure VI. The audit report is unqualified and without reservation or adverse comment on compliance.

RISK MANAGEMENT POLICY

The Company as part of Standard Operating System and Procedure institutionalized risk management covering risk identification, mitigation and management measures. This Risk Charter and Policy have been brought to practice as part of internal control systems and procedures. The Management has applied the risk management policy to business activities and processes and this is reviewed to ensure that executive management manages risk through means of a properly defined framework.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors' responsibility statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the Financial year ended March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any ;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the Financial year ended on that date ;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the annual accounts for the year ended March 31, 2016 on a going concern basis.

Directors' Report

- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS AND AUDITOR'S REPORT

M/s. Manohar Chowdhry & Associates, Chartered Accountants, Chennai (Firm Regn. No. 001997S) were appointed as the Statutory Auditors of the Company at the last Annual General Meeting held on September 24, 2015 to hold office for a term of two years, i.e. till the conclusion of the 31st Annual General Meeting, subject to ratification of their appointment by the shareholders at the next following Annual General Meeting of the Company. As required under the provisions of Section 139(1) of the Act, the Company has received written consent from Manohar Chowdhry & Associates, Chartered Accountants, Chennai, informing that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment in terms of Section 141 of the Companies Act, 2013.

COST AUDITOR

The Board of Directors appointed Mr.A.N.Raman, Cost Accountant as the Cost Auditor of the Company for the Financial year 2016-17, under Section 148 of the Companies Act, 2013. The Cost Audit Report for the financial year ended March 31, 2015 issued by Mr.R.Vaidhyanathan, Cost Auditor was submitted to the Central Government on September 30, 2015.

CORPORATE GOVERNANCE

A Report on Management Discussion & Analysis of Performance (Annexure IX) and Compliance of Corporate Governance under clause 49 of the listing agreement and Certificate from auditors confirming compliance of conditions of Corporate Governance are included in this Annual Report as Annexure VII.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure VIII.

ANNEXURES FORMING PART OF DIRECTORS' REPORT

The annexures referred to in this report and other information which are required to be disclosed are annexed herewith and form part of this Report of Directors.

ANNEXURE	PARTICULARS
I	Disclosure on ESOP as per SEBI Guidelines
II	Energy conservation and Technology absorption
III	Annual Report on CSR activities
IV	Remuneration Policy
V	Related Party transactions
VI	Secretarial Audit Report
VII	Corporate Governance Report along with the Certificate of Auditors
VIII	Extract of Annual Return in Form MGT-9
IX	Management Discussion & Analysis Report

ACKNOWLEDGEMENTS

Your Directors wish to thank the customers, vendors, collaborators, business partners/ associates, statutory authorities, Central and State Governments and shareholders for their support and cooperation during the year under review.

Your Directors also record their appreciation to the bankers for their continued financial support and guidance. Your Directors place on record their sincere appreciation to all the employees of the company for their commitment and continued contribution to the Company.

For and on behalf of the Board

Sasikala Raghupathy
Chairperson

Place : Chennai

Date : July 28, 2016

Directors' Report

ANNEXURE I

DISCLOSURE IN THE DIRECTORS' REPORT AS PER SEBI GUIDELINES

Sl. No.	Particulars	2015-16	
(i)	Description of each ESOS existing during the year		
	a) Date of shareholders' approval	11/07/2007	
	b) Total number of options approved under ESOS	704770	
	c) Vesting requirements	<p>The options granted shall vest so long as the employee continues to be in the employment of the company. Vesting of the options shall take place over a maximum period of 5 years with a minimum period of 1 year from the date of grant. The Board would determine the exact proportion and period in which the options would vest.</p> <p>The Board may, in its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance based vesting, and the proportion in which options granted under the scheme would vest (subject to the minimum vesting period as specified above.)</p>	
	d) Exercise price or pricing formula	₹ 408/-	
	e) Maximum term of options granted	5 years from the date of last vesting	
	f) Source of shares (primary, secondary or combination)	Primary	
	g) Variation in terms of options	None	
(ii)	Method used to account for ESOS - Intrinsic or fair value	Intrinsic	
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, difference between the employee compensation cost so computed and the employee compensation cost shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	All the expenses on account of both the grants dated 18th July, 2007 have been taken in the books over the vesting period of the options granted.	
(iv)	a) Option movement during the year		
	Particulars	Details	Weighted Avg. Market Price
	Number of options outstanding at the beginning of the period	259178	408
	Number of options granted during the year	0	N.A
	Number of options forfeited/lapsed during the year	182461	408
	Number of options vested during the year	0	N.A
	Number of options exercised during the year	0	N.A
	Number of shares arising as a result of exercise of options	0	N.A
	Money realised by exercise of options if scheme is directly implemented by the company	0	N.A
	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.

Directors' Report

Sl. No.	Particulars	2015-16	
	Number of options outstanding at the end of the year	76,717	408
	Number of options exercisable at the end of the year	56,341	408
	b) for stock options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the enterprise may instead disclose the weighted average share price during the period.	There are no options exercised during the period.	
	c) for stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (comprising the vesting period and the exercise period). If the range of exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.	All options outstanding are at an Exercise price of ₹408. Since the date of last exercise for category I has expired on January 3, 2016 the options pertaining to Category I have lapsed. The remaining average contractual life of options pertaining to Category II is 0.76 years. All outstanding options, if not exercised, would lapse on January 4, 2017.	
(v)	Weighted-average exercise price of options whose		
	a) Exercise price equals market price	N.A.	
	b) Exercise price is greater than market price	408	
	c) Exercise price is less than market price	N.A.	
	Weighted-average fair value of options whose		
	a) Exercise price equals market price	N.A.	
	b) Exercise price is greater than market price	186	
	c) Exercise price is less than market price	N.A.	
(vi)	Employee wise details of options granted to		
	(i) Senior Managerial Personnel		
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	“N.A. No options were granted during the current year.”	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.		
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:		
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model		
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise	N.A. No options were granted during the current year.	
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and		
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.		

Directors' Report

ANNEXURE II

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

During the year the following measures were taken by the Company for energy and resource conservation at the unit of AFC division of the Company:

1. AFC has a plan to go green. In this initiative, AFC discontinued with tube cleaning system using hazardous chemical and highly labour intensive process. This has been replaced by an innovative on line tube cleaning system in the finning machine. This was developed internally and demonstrates AFC team innovation. This is a major green initiative by AFC to save environment.
2. AFC initiated a study of harmonic analysis on the power quality and are in the process of introducing active filters. With this,
 - a. the power quality will be improved ;
 - b. excess heating-up will reduce and save power ;
 - c. energy saving can be achieved is substantial.
3. To become energy efficient, usage of screw compressor has been implemented.
4. For optimum utilisation of DG power during power cut, mini DG set (30 KVA) is being planned.
5. AFC has a plan to introduce solar lighting for the plant, STP operation, sensors for all the meeting rooms to save the energy.
6. This year one more energy audit will be initiated for further improvement.
7. Major operation of AFC is in finning, which consumes huge power. AFC will be initiating a study to understand inverter based motors to save power.

Disclosure of particulars with respect to Technology absorption, adaptation and innovation

1	Efforts made towards technology absorption.	Under implementation
2	Benefits derived like product improvement, cost reduction, product development, import substitution.	N.A.
3	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) Details of technology imported (b) Year of import (c) Whether the technology been fully absorbed (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Technology relating to design, engineering and manufacture of Heat Recovery Steam Generators 2010 No Training of man power has not taken place due to business reasons.
4	Expenditure incurred on research and development	Nil

Directors' Report

ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

1. Brief outline of CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
Brief outline of CSR policy is stated herein below :
The Company as its CSR shall focus on programs / projects from the following areas as per the provisions of Schedule VII referred in the section 135 of the Companies Act, 2013:
 - a. Eradication hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
 - b. Promotion education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
 - c. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
 - d. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
 - e. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
 - f. Measures for the benefit of armed forces veterans, war widows and their dependents.
 - g. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
 - h. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
 - i. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
 - j. Rural development projects.
2. Weblink of CSR Policy: http://www.bgrcorp.com/policy/CSR_Policy.pdf
3. Composition of CSR Committee:
Mrs.Sasikala Raghupathy, Chairperson
Mrs.Swarnamaugi Karthik,
Mr.Gnana Rajasekaran
4. Average net profit of the Company for the last three financial years:
₹17223 Lakhs
5. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):
₹344 Lakhs
6. Details of CSR spent during the financial year 2015-16.
 - a) Total amount to be spent for the FY 2015-16.
₹344 Lakhs
 - b) Amount unspent, if any.
₹305 Lakhs
 - c) Manner in which the amount spent during the FY 2015-16.

CSR Project or activity identified	Sector in which Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project/program wise	Amount spent on projects or programs Sub-heads (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
Setting up old age home	Promoting setting up of old age homes, day care centres and other facilities for senior citizens	Tirukandalam Village, Tiruvallur District, Tamilnadu	₹30 lakhs	₹30 lakhs	₹30 lakhs	Implementing Agency i.e.Manonmani Trust
Disaster Relief	Eradicating hunger,poveity and promoting health care	Cuddalore, Tamilnadu	-	₹9.24 lakhs	₹9.24 lakhs	Direct

d) Reasons for not spending the amount during FY 2015-16

The Company is in the process of identifying programs/projects/agencies for spending the balance CSR funds so as to make them impactful.

7. Responsibility Statement:

The implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

A. Swaminathan
Joint Managing Director & CEO

Sasikala Raghupathy
Chairperson of CSR Committee

ANNEXURE IV

1. APPLICABILITY

This remuneration policy applies to all Directors, Key managerial Personnel and designated employees of the Company.

2. OBJECTS

This policy seeks to achieve the following objectives viz.,

- a. The directors, key managerial personnel and designated employees of the Company are governed by a compensation criteria that fosters meritocracy and industry standards.
- b. Attract and retain high calibre professionals/personnel required to manage the business, operations and strategic growth of Company successfully.
- c. The remuneration shall be competitive and based on the individual responsibilities, contribution and performance.
- d. To attract, retain and motivate talent and a balance of fixed and variable so as to incentivise high level of performance.

The Remuneration Policy is guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to determining qualifications, positives attributes, integrity and independence.

3. REMUNERATION TO DIRECTORS

- a. Fee to Non-executive directors.

A non-executive director may receive remuneration by way of sitting fee for attending meetings of the Board or Committee thereof. The amount of fees shall not exceed the amount as may be prescribed under The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and any amendment thereto.

- b. The amount of fee to Independent directors and women directors shall not be less than the fee payable to other directors.

REMUNERATION POLICY

- c. No sitting fee shall be paid to the executive directors for attending Board or Committee meetings.
- d. The Board may review the fee at reasonable length of time and in doing so consider industry trends, practices, Company's performance, shareholder's interest and regulatory provisions and environment.
- e. No director, other than Chairman of the Board shall be entitled to commission on profits of the Company and such commission shall be determined by the Board for each financial year and such payment shall be subject to the provisions of the Companies Act, 2013.
- f. Directors shall be entitled to reimbursement of expenses on travelling, lodging, boarding and other out-of-pocket expenses incurred for participation in the Board and Committee meetings and other work related to the Company's business.

4. REMUNERATION TO KEY MANAGERIAL PERSONNEL

- a. The remuneration to key managerial personnel (Joint Managing Director & Chief Executive Officer, Joint Managing Director, Whole Time Director, Company Secretary, and Chief Financial Officer) shall be determined with due regard to the individual's educational and professional qualifications, age, experience, expertise, knowledge and contribution and competition for such talents in the industry/corporate sector.
- b. The remuneration payable to key managerial personnel may comprise of
 - i. Fixed salary, variable salary, bonus/ex-gratia,
 - ii. Perquisites and Allowances, performance-linked incentive and

other compensation as the Board may determine.

- iii. Remuneration to any one executive director shall not exceed five per cent of the net profits of the Company and the total remuneration payable to all executive directors together shall not exceed ten per cent of the net profits of the Company.

5. REMUNERATION TO DESIGNATED EMPLOYEES:

- a. For the purpose of this policy, an employee, who is employed by the company and designated as a member of core management, but not a director, and all Head of functional responsibility or management and holding office one level below executive directors are Designated Employees.
- b. The remuneration shall be determined in an equitable manner having regard to qualifications, age, experience, and contribution to the Company, need to retain talent and industry/market trends.
- c. Remuneration to designated employees shall include fixed salary, variable salary, bonus/ex-gratia, perquisites and allowances, performance-linked incentive and other compensation as the Board may determine.

6. REMUNERATION TO OTHER EMPLOYEES:

The nature of job and market parity of similar talent will be key factor in pay determination for different levels of employees.

1. Wage and salary structure will be simple and easy to link performance and compensation.
2. Discretionary retention bonus may be given in deserving cases as may be decided by management.
3. Annual pay increases will be based on a combination of appraisal of competency and performance rating.

Directors' Report

ANNEXURE V

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1 (i). Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship

ENEXIO Power Cooling Solutions India Private Limited (Formerly GEA Cooling Tower Technologies India Private Limited) - Related party by virtue of common directorship of Mrs.Swarnamugi Karthik, Director.

(b) Nature of contracts/arrangements/ transactions

Purchase of goods

(c) Duration of the contracts/ arrangements/transactions

Single transaction

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

Purchase of drift Eliminators including spacers clips for Rs.2,15,15,625/- inclusive of applicable tax.

(e) Justification for entering into such contracts or arrangements or transactions.

Considering the quality of the product and reliability of supplies, the order was placed with

ENEXIO even though the pricing was marginally higher than the competitors in the market.

(f) Date(s) of approval by the Board

February 11, 2016

(g) Amount paid as advances, if any:

Not applicable

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188.

Not applicable

2. Details of material contracts or arrangement or transactions at arm's length basis

NIL

Sasikala Raghupathy
Chairperson

Secretarial Audit Report

ANNEXURE VI

Form No.MR - 3

SECRETARIAL AUDIT REPORT

for the Financial Year ended 31.03.2016

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

To
The Members,
BGR Energy Systems Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BGR ENERGY SYSTEMS LIMITED** (hereinafter called the "Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye - laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment - The Company has no Overseas Direct Investment and External Commercial Borrowings and hence not applicable.

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - The Company did not issue any security during the financial year under review and hence not applicable;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999/ Share based employee benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - During the financial year under review the Company has not issued any debt securities and hence not applicable;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - The Company is not registered as transferor to an issue and Share Transfer Agent during the financial year under review and hence not applicable;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable during the financial year under review as the Company has not delisted its equity shares from any stock exchange; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- The Company has not bought back any of its securities during the financial year under review and hence not applicable;

(vi) The other laws applicable specifically to the company: NIL.

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws including labour laws, competition laws and environment laws etc.,

In respect of financial laws like Tax laws, we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with NSE and BSE and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for securities.

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

We further report that;

The Board of Directors' of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Directors and Independent Directors.

Secretarial Audit Report

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of Directors as the case may be.

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

We further report that during the audit period the company has no major transactions/events having a major bearing on the company's affairs in pursuance of the above referred laws.

This report has to be read along with our statement furnished in Annexure A.

For Chitra & Co.,

B. CHITRA

(Partner)

FCS No.:4509

C P No.:2928

Place : Chennai

Date : July 28, 2016

Annexure 'A' to Secretarial Audit Report

To

The Members,
BGR Energy Systems Limited

Statement regarding Secretarial Audit Report for the Financial Year ended 31.03.2016

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes

and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability

of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chitra & Co.,

B. CHITRA

(Partner)

FCS No.:4509

C P No.:2928

Place : Chennai

Date : July 28, 2016

Report on Corporate Governance

ANNEXURE VII

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the erstwhile Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance, your Company is committed to practise high standards of corporate governance across all its business activities, processes and dealing with all stakeholders. The Board of Directors constantly endeavor to create an environment of fairness, equity and transparency in all its affairs. The Company's governance policy framework is designed to secure and enhance long term shareholder value, while respecting the rights and expectations of all other stakeholders viz., Customers, Vendors, Banks, Employees, Central and State Governments and the society at large. The Company is in compliance with requirements of the guidelines on corporate governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the erstwhile Clause 49 of the Listing Agreement with Stock Exchanges.

BOARD OF DIRECTORS

a) COMPOSITION OF BOARD

The Company's Board of Directors comprise of 10 directors of whom one is promoter non-executive director, one is promoter executive director, two executive directors and six independent directors. This is more than the minimum of independent directors stipulated by Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Board includes two women directors.

In line with corporate governance philosophy, all statutory and other significant material information and reports are placed before the Board of Directors ("the Board") to enable it to discharge its responsibility of superintendence, control and direction of management of strategic and affairs of the Company. The Board comprises of ten Directors drawn from diverse fields

of expertise viz., Business Management, Banking, Finance, Public Administration, Power, Technology, Arts, Culture and International Business. The Board at present consists of six independent directors, two professional whole-time directors and one non-independent whole-time director and one non-executive promoter director, who is the Chairman of the Board.

The Company has defined guidelines and established framework for the meetings of the Board and Committees. The Board critically evaluates business strategies, policies and its effectiveness. The Board reviews all strategic and operating plans, financial reporting, budgets and capital expenditure and matters of exception.

None of the Directors on the Board is a Member of more than ten Committees or Chairman of more than five Committees across all the companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors.

b) MEETINGS AND ATTENDANCE OF THE BOARD DURING THE YEAR

The Board Meetings are held at the Corporate Office. The Agenda for the meeting is prepared by the President – Corporate & Secretary in consultation with the Chairman and Joint Managing Directors of the Company. There is constant endeavor to improve the practices with regard to the Board Meetings. The agenda and the relevant papers are circulated in advance to facilitate the members of the Board to make informed decisions and discharge their responsibility effectively. Where it is not practicable to attach or forward any document/information as part of the agenda papers, the same are tabled at the meeting or presentation by the concerned President of the division to the Board. The Company is continually improving these practices so as to enable more effective strategy

formulation, direction, monitoring and reviews by active participation by the Board.

The following information are regularly placed before the Board:

- i) Appointment, resignation and retirement of directors.
- ii) Constitution and reconstitution of committees of the Board.
- iii) Disclosure of interest of Directors.
- iv) Minutes of the meetings of the Board and its Committees viz., Audit, Stakeholders relationship, Nomination and Remuneration Committee, Share Transfer and Committee of Directors.
- v) Statutory compliance report on quarterly basis.
- vi) Corporate Governance compliance report.
- vii) Action taken on the minutes of the previous meetings of the Board and Committees.
- viii) Corporate Budget including Capital expenditure budget.
- ix) Review of Project wise and division wise budget Vs actual performance.
- x) Progress of the EPC, BOP and Capital goods contracts and sales profitability.
- xi) Quarterly, Half yearly and Annual financial statements of the Company and annual financial statement of Subsidiary companies.
- xii) Appropriation of profits to dividend and reserves.
- xiii) Investment in Joint ventures and Subsidiaries.
- xiv) Progress of Joint venture companies and capital projects.
- xv) Audit Committee's recommendations on internal and statutory audits, auditor recommendation, accidents, untoward incidents and vigil mechanism.
- xvi) Show cause notices and other material legal action against the company.

During the Financial Year 2015-16, 5 (five) Board Meetings were held on May 28, 2015, August 03, 2015, November 13, 2015, February 11, 2016 and March 28, 2016 and not more

Report on Corporate Governance

than 120 days have elapsed between any two meetings. The information as specified in Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are regularly made available to the Board, wherever applicable for discussion and consideration.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors

of the Company was held on February 10, 2016 without the presence of non-independent directors and members of management. All the independent directors were present at the meeting. The following items were reviewed at the meeting of independent directors viz.,

1. Performance of non-independent directors and the Board as a whole;
2. Performance of the Chairperson of the company, taking into account the views of

the executive directors and non-executive directors;

3. Assessment of flow of information between the company management and Board.
- c) Particulars of the directors' attendance at the Board Meetings and at the Annual General Meeting held on September 24, 2015 and particulars of their directorships and committee memberships in other companies are given below:

Name & Category of the Director	Attendance at meetings during 2015-16		No. of Directorship in other Companies@	No. of Committee Membership & Chairmanship In other Companies #
	Board Meetings	At last AGM held on September 24, 2015		
Swarnamugi Karthik Director – Corporate Strategy, Promoter/Executive	5	Yes	8	-
A. Swaminathan Joint Managing Director & CEO, Executive	5	Yes	3	-
V.R. Mahadevan Joint Managing Director, Executive	4	Yes	3	-
Sasikala Raghupathy Chairman, Promoter/Non-Executive	5	Yes	9	-
Heinrich Bohmer Director, Independent	4	No	-	-
M. Gopalakrishna Director, Independent	5	No	8	3
S.A. Bohra Director, Independent	4	No	-	-
S.R. Tagat, Director, Independent	5	Yes	-	-
Gnana Rajasekaran Director, Independent	5	Yes	1	1
M. S. Sundara Rajan Director, Independent	4	Yes	8	5

Yes – Present, No – Absent

@ Excludes private companies and foreign companies.

Includes only membership of Audit Committee and Shareholders & Investors Grievances Committee.

Except Mrs. Swarnamugi Karthik, Director – Corporate Strategy, daughter of Mrs. Sasikala Raghupathy, Chairperson, no other directors have any *inter-se* relationship with other directors of the Company.

The Company has not granted stock options to any of its directors or employees during the year under review. The details of shares held by Non-executive Directors are given below:

Sasikala Raghupathy	26868450
S. R. Tagat	135
S. A. Bohra	-
M. Gopalakrishna	-
Heinrich Bohmer	-
Gnana Rajasekaran	-
M.S. Sundara Rajan	-

The company has formulated and adopted a familiarization programme for independent directors and the same is administered by the Nomination and Remuneration committee. The familiarization programme for Independent Directors is uploaded in the website of the company and web link for the same is http://www.bgcorp.com/policy/Familiariation_program.pdf.

Report on Corporate Governance

COMMITTEES OF THE BOARD

The Board constituted the following committees:

AUDIT COMMITTEE

The Audit Committee of the Board comprises of four directors of which three members are independent directors and all the members of Audit Committee are financially literate.

The members of the Audit Committee are:

S. R. Tagat	Chairman	Independent Director
M. Gopalakrishna	Member	Independent Director
S. A. Bohra	Member	Independent Director
Swarnamugi Karthik	Member	Non-Independent Director

The Composition of the Audit Committee is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Joint Managing Directors, Chief Financial Officer, Statutory Auditor of the Company are permanent invitees to the Audit Committee Meetings. The internal auditors are also invited as are relevant for consideration of audit reports. The quorum for Committee Meeting is two members or one third of the total strength of the Committee, whichever is higher, and such quorum comprise of at least two independent members present. The Committee enables the Board to discharge its responsibility for overseeing accounting, financial, auditing, disclosure and reporting process and for ensuring legal and regulatory compliance.

The Powers and terms of reference of the Audit Committee are as given below, which cover following matters specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

POWERS OF AUDIT COMMITTEE

The Audit Committee shall have such powers to effectively discharge its role and terms of reference, which includes the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.

3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Such other powers as may be necessary for due and proper discharge of role of Audit Committee.

THE ROLE AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company and scope of respective audit viz., Statutory Audit, Internal Audit, Tax Audit and Cost Audit;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Formulation and approval/adoption of new accounting policy.
 - c. Changes, if any, in accounting policies and practices and reasons for the same.
 - d. Major accounting entries involving estimates based on the exercise of judgment by management.
 - e. Significant adjustments or treatments made in the financial statements arising out of audit findings.
 - f. Compliance with listing and other legal requirements relating to financial statements.
 - g. Disclosure of related party transactions.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
7. Approval of transactions of the company with related parties, including modification thereof;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the officer heading the department, reporting structure coverage and frequency of internal audit;
13. Review with internal auditors of any significant findings and follow up action thereon;
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. To look into the reasons for substantial defaults, if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. To review the functioning of the Whistle Blower/Vigil mechanism;

Report on Corporate Governance

18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and suitability of the candidate;

19. In addition, reviewing of all other functions as envisaged under Section 177 of the Companies Act 2013 and Clause 49 of the Listing Agreement.

There were 5 (Five) meetings of the Audit Committee held during Financial Year 2015 - 16 on May 27, 2015, August 03, 2015, November 13, 2015, February 10, 2016 and March 28, 2016.

The number of meetings attended by each member of the Audit Committee is as follows:

Name of the Member	No. of Meetings attended
S.R. Tagat	5
S.A. Bohra	4
M. Gopalakrishna	5
Swarnamugi Karthik	5

The Chairman of the Audit Committee Mr. S.R. Tagat attended the previous Annual General Meeting of the Company held on September 24, 2015.

COMMITTEE OF DIRECTORS

The Committee of Directors has the following members;

Mrs. Sasikala Raghupathy – Chairperson

Mr. V. R. Mahadevan, Joint Managing Director

Mr. A. Swaminathan, Joint Managing Director & CEO

Mrs. Swarnamugi Karthik, Director – Corporate Strategy; and

Mr. R. Ramesh Kumar, President – Corporate & Secretary

The quorum for Committee meetings is three.

There were 6 (six) meetings of Committee of Directors held during Financial Year 2015- 16 on July 10, 2015, August 14, 2015, September 11, 2015, October 09, 2015, January 08, 2015 and February 4, 2016.

The number of meetings attended by each member of the Committee is as follows:

Name of the Member	No. of Meetings attended
Swarnamugi Karthik	5
A. Swaminathan	3
V. R. Mahadevan	2
Sasikala Raghupathy	6
R. Ramesh Kumar	6

The Powers delegated by the Board to the Committee of Directors are as follows:

1. To exercise superintendence, direction, guidance and control over the affairs of the company and subsidiaries and to exercise all such powers and to do all such acts and things as the Company and Board are authorised to exercise and do in respect of any business or transaction for which the respective Joint Managing Directors are not vested with power and authority or other matters of importance; provided that the Committee shall not exercise any power or do act or thing which is directed or required to be exercised or done by the Board or at a general meeting under the provisions of the Companies Act, 1956 or Memorandum and Articles of Association of the company or by any other law for the time being in force or by any statutory authority.

2. Borrowing moneys from Banks, NBFCs, companies, firms, and other institutions by way of overdraft, cash credit, hire purchase, lease and other funded and non-funded facilities (i.e., guarantees, letters of credit), lines of credit or otherwise and hire purchase, leasing, bills discounting or any other form of borrowings; provided that the total amount so borrowed and outstanding at any time shall not exceed ₹ 10,000 Crore (Rupees Ten Thousand Crore) and all such borrowings shall be in the ordinary course of business and be repayable on demand except hire purchase and lease or the like transactions.

3. To open, close banking accounts for the company; and to determine the day to day operations of all banking accounts of the company and to authorise such persons, as the Committee may determine from time to time, for operating such accounts.

4. To delegate and empower officers of the Company and its subsidiaries and other persons to do such acts, deeds and things as may be necessary in carrying on the business of and in the interest of the Company and to comply with statutory requirements and such officers and persons may be empowered by a deed of power of attorney, which shall be executed by any member of the Committee for and on behalf of the Company.

5. To affix the Common Seal of the company to any document, instrument in the presence of Mrs. Sasikala Raghupathy, Chairman or Mr.V.R. Mahadevan, Joint Managing Director or Mr.A. Swaminathan, Joint Managing Director & CEO or Mrs.Swarnamugi Karthik, Director – Corporate Strategy of the company wherever necessary and countersigned by Mr. R. Ramesh Kumar, President – Corporate & Secretary of the company in terms of article 68 of Articles of Association of the company.

6. To constitute sub-committee or working group or task force to carry into effect any business or transaction together with such power and authority and discretion in respect of matters delegated to them.

NOMINATION AND REMUNERATION COMMITTEE

In terms of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 of the listing agreement) the Compensation Committee was reconstituted as Nomination and Remuneration Committee by the Board of Directors on May 30, 2014 and the re-constituted Committee comprises of Mr. M.S. Sundara Rajan, Chairman of the Committee, Mr. S.R.Tagat, Mr.Gnana Rajasekaran and Mrs. Sasikala Raghupathy, Members of the Committee.

The terms of reference, powers and other matters in relation to the Nomination and Remuneration Committee are in accordance with the applicable provisions of the Companies Act, 2013 read with Companies (Meetings of Board & its Powers) Rules, 2014 as amended from time to time and with the SEBI (Employee Stock Option Scheme

Report on Corporate Governance

and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

The Nomination and Remuneration Committee met during the year on May 28, 2015.

The number of meetings attended by each member of the Nomination and Remuneration Committee is as follows:

Name of the Member	No. of Meetings attended
M.S.Sundara Rajan	1
S.R.Tagat	1
Gnana Rajasekaran	1
Sasikala Raghupathy	1

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

The following are the performance evaluation criteria for independent directors:

1. Ability to understand and contribute to the Board process.
2. Ability to understand and deliberate on agenda/business.
3. Ability to bring about independent judgement to the transactions.
4. Ability to resolve conflict vis-a-vis interest of the company.
5. Ability to advice, guide and provide insight into business, markets and competition.
6. Ability to see through risks, compliance, fraud, litigation, abuse of office.
7. Ability to bring and fix responsibility for operating performance/failures/accomplishments.
8. Ability to protect the interest of minority shareholders.
9. Sharing of knowledge and expertise on industry, technology, financial markets and taxation.
10. Attendance in Board Meetings and time spent.
11. Ability to critically analyse financial statements and operating performance data.

12. Ability to act as custodian of the Board and resolve conflicts interse directors and with management.

13. Confidentiality of secrets and commercial information and data.

REMUNERATION PAID TO DIRECTORS DURING FY 2015-16

₹ in lakhs

Name of the Director	Remuneration		Sitting Fees*
	Salary & Allowances	Bonus/ Ex-gratia	
Swarnamugi Karthik, Director – Corporate Strategy	86.15 *		
A. Swaminathan, Joint Managing Director & CEO	311.25**		
V.R. Mahadevan, Joint Managing Director	228.46***		
Sasikala Raghupathy, Chairman			5.40
Heinrich Bohmer, Director			4.00
M. Gopalakrishna, Director			5.80
S.A. Bohra, Director			4.80
S.R. Tagat, Director			6.00
Gnana Rajasekaran, Director			5.40
M. S. Sundara Rajan, Director			4.20

* Includes eligible reimbursements & Company's contribution to EPF.

** Includes performance linked incentive, eligible reimbursements & Company's contribution to EPF.

***Includes performance linked incentive, arrears of past salary, leave travel assistance, leave encashment, eligible reimbursements & Company's contribution to EPF.

Details of Shares of the Company held by Directors as on March 31, 2016 and Options granted under ESOS 2007 to the Directors and held by them as on March 31, 2016 are as below:

Name	Number of Shares held	Number of Options (outstanding)
Swarnamugi Karthik	-	-
V.R. Mahadevan	716	-
A. Swaminathan	18,100	-
Sasikala Raghupathy	2,68,68,450	-
Heinrich Bohmer	-	-
M. Gopalakrishna	-	-
S.A. Bohra	-	-
S.R. Tagat	135	-
Gnana Rajasekaran	-	-
M. S. Sundara Rajan	-	-

STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of the listing agreement the Shareholders and Investors Grievance Committee was reconstituted as Stakeholders Relationship Committee by the Board on May 30, 2014 and the reconstituted Committee comprises of Mr. M. Gopalakrishna, Chairman of the Committee, Mr. S.A. Bohra and Mrs. Swarnamugi Karthik, Members of the Committee. The Committee reviews and redresses all investors' grievances and complaints in general including non-receipt of dividend warrants, annual report and non-receipt of refund amount in IPO, non-credit of shares allotted in IPO, and others.

During the Financial Year, the Company received 38 complaints from investors / shareholders. All the complaints were attended to as per applicable guidelines and regulations. There are 2 complaints pending before District Consumer Forum and 1 complaint pending before a Civil Court. As at March 31, 2016, there were no pending share transfers.

Securities and Exchange Board of India (SEBI) vide its circular dated June 3, 2011, has commenced the processing of investor complaints in a centralized web based complaints redressal system 'SEBI Complaint Redressal System' ('SCORES'). Pursuant to this circular, all the complaints pertaining to

Report on Corporate Governance

the company are sent electronically through SCORES. The Company views and submits Action Taken Reports (“ATRs”) along with the supporting documents electronically in SCORES.

SHARE TRANSFER COMMITTEE

The Share transfer committee consists of Mrs. Sasikala Raghupathy, Chairperson, Mr. S.R. Tagat, Director, Mr. V. R. Mahadevan, Joint Managing Director and Mrs. Swarnamugi Karthik, Director – Corporate Strategy as members of the Committee.

The following are the terms of reference of the Share Transfer Committee.

- To approve remat request and issue physical share certificates.
- To approve and register, transfer and transmission of equity shares.
- To register power of attorney or any similar documents.
- To sub-divide, split, consolidate and issue share certificates.
- To affix or authorise affixation of Common Seal of the Company to the share certificates and
- To do all such acts, things and deeds as may be necessary and incidental for the exercise of the powers; provided that in doing so, the Committee shall comply with the provisions of the Companies Act, Depositories Act, Listing Agreement, Securities Contracts (Regulation) Act and all other applicable laws.

Company Secretary and Compliance Officer

Mr. R. Ramesh Kumar, President – Corporate & Secretary is the Compliance Officer of the Company and acts as the secretary for Committees of the Board except Committee of Directors of which he is the member and secretary.

GENERAL MEETINGS

- The last three Annual General Meetings were held as per details given below:

Financial Year	Date	Time	Venue
2014-15	September 24, 2015	3.00 P.M.	Registered Office
2013-14	September 25, 2014	3.00 P.M.	Registered Office
2012-13	September 25, 2013	3.00 P.M.	Registered Office

- Special resolution passed in the previous three annual general meetings;

Financial Year	Date of AGM	Details of special resolution
2014 - 15	24.09.2015	1. Approval for appointment of Mr. V.R. Mahadevan as Joint Managing Director of the Company from 01.06.2015 2. Approval and adoption of new Articles of Association of the Company
2013 - 14	25.09.2014	1. Approval for payment of remuneration to Mrs. Priyadarshini Raghupathy under Section 188 of the Companies Act, 2013. 2. Approval for Borrowings in excess of paidup capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.
2012 - 13	25.09.2013	1. Approval for payment of Remuneration to Ms. Vaani Raghupathy under Section 314(1)(b) of the Companies Act, 1956.

- Special resolution passed through postal ballot ;

No special resolution was passed through postal ballot during the Financial Year 2015-16. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

MEANS OF COMMUNICATION

The Company’s quarterly financial results, after the Board’s approval are promptly furnished to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). These financial results, in the prescribed format, as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 41 of the listing agreement) are published in leading English National and vernacular newspaper (Telugu) and also posted on the Company’s website www.bgrcorp.com. Press Releases made by the Company from time to time are also displayed on the Company’s website.

In line with the circular no. NSE/LIST/C/2011 dated September 29, 2011 of the National

Stock Exchange of India Limited (“NSE”), the Company from the quarter ended September 30, 2011, uploads its quarterly shareholding pattern and the Corporate Governance report through NSE Electronic Application System (“NEAPS”), which is a web based application designed by National Stock Exchange for corporates, in order to enhance the quality and speed of submission and assist in moving towards paperless submission of documents to the exchange.

With effect from February 8, 2013, BSE launched its Online Portal called BSE Corporate Compliance & Listing Centre. Periodical filings are being done through BSE Listing Centre with effect from April 6, 2013.

GENERAL SHAREHOLDER INFORMATION

Day, date, time and venue of the 30th Annual General Meeting:

AGM Date	:	September 14, 2016
Time & Venue	:	11.00 A.M. Registered Office: A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulurpet Taluk, Nellore District, Andhra Pradesh 524 401.

The details about the financial year and listing:

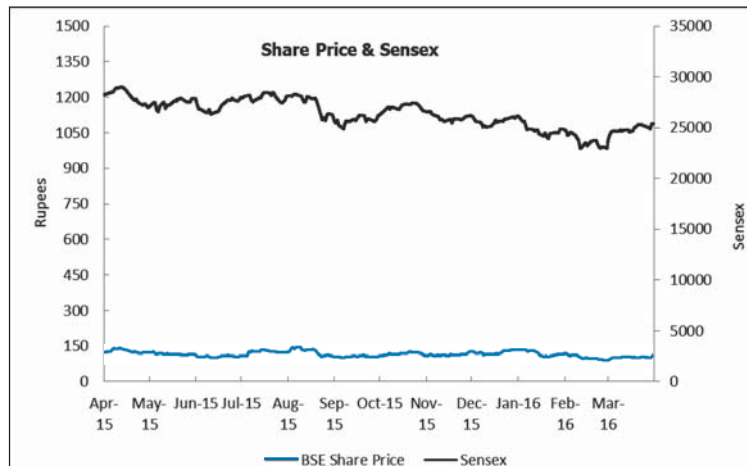
Financial Year	:	April 1, 2015 to March 31, 2016
Listing on Stock Exchanges	:	National Stock Exchange of India Limited BSE Limited The listing fees for the Financial Year 2015 - 16 have been paid to the above stock exchanges.
Stock Code	:	National Stock Exchange of India Limited – BGRENERGY BSE Limited – 532930
Demat ISIN	:	INE661I01014

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Stock Market Price Data & Stock performance in BSE:

Month	BSE		SENSEX	
	High (₹)	Low (₹)	High	Low
Apr-15	141	115	29094.61	26897.54
May-15	125	110	28071.16	26423.99
Jun-15	116	100	27968.75	26307.07
Jul-15	136	104	28578.33	27416.39
Aug-15	147	100	28417.59	25298.42
Sep-15	112	99	26471.82	24833.54
Oct-15	129	106	27618.14	26168.71
Nov-15	127	105	26824.3	25451.42
Dec-15	137	112	26256.42	24867.73
Jan-16	139	102	26197.27	23839.76
Feb-16	122	89	25002.32	22494.61
Mar-16	111	92	25479.62	23133.18

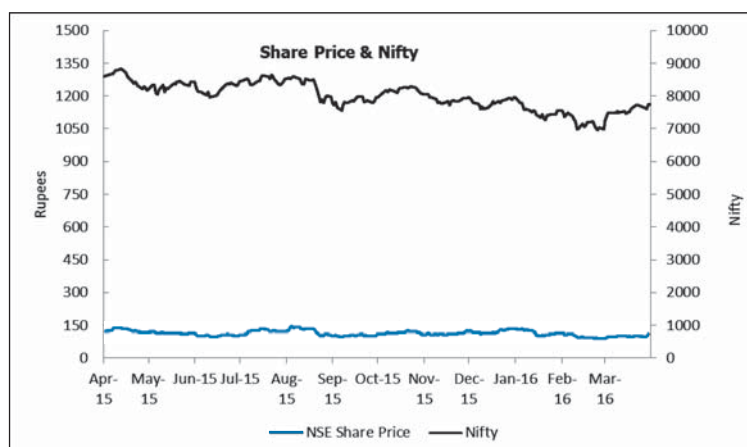
The Chart showing Share Price Performance at BSE in comparison to SENSEX is given below:



Stock Market Price Data & Stock performance in NSE:

Month	NSE		NIFTY	
	High (₹)	Low (₹)	High	Low
Apr-15	141	115	8844.8	8144.75
May-15	125	110	8489.55	7997.15
Jun-15	116	100	8467.15	7940.30
Jul-15	136	104	8654.75	8315.40
Aug-15	147	100	8621.55	7667.25
Sep-15	119	99	8055	7539.50
Oct-15	128	107	8336.3	7930.65
Nov-15	128	105	8116.1	7714.15
Dec-15	136	111	7979.3	7551.05
Jan-16	139	101	7972.55	7241.50
Feb-16	123	89	7600.45	6825.80
Mar-16	111	92	7777.60	7035.10

The Chart showing Share Price Performance at NSE in comparison to NIFTY is given below:



Registrar and Share Transfer Agent : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup West,
Mumbai - 400 078
Tel: 022 - 25946970,
Fax: 022 - 25946969
E-Mail: rnt.helpdesk@linkintime.co.in
Contact Person: Ms. Udaya Rao
Associate Client Relations – Corporate Registry

Shareholders are requested to correspond with the Registrar and Share transfer agent for transfer / transmission of shares, demat, remat, change of address, nomination, all queries pertaining to their shareholding, dividend etc., at the address given above.

SHARE TRANSFER SYSTEM

Share transfers in physical mode are processed and approved, subject to receipt of all requisite documents. The Company ensures that all transfers are approved for registration within the stipulated period. With a view to expediting the approval process, the Board of Directors has constituted Share Transfer Committee to approve registration of transfer of physical shares.

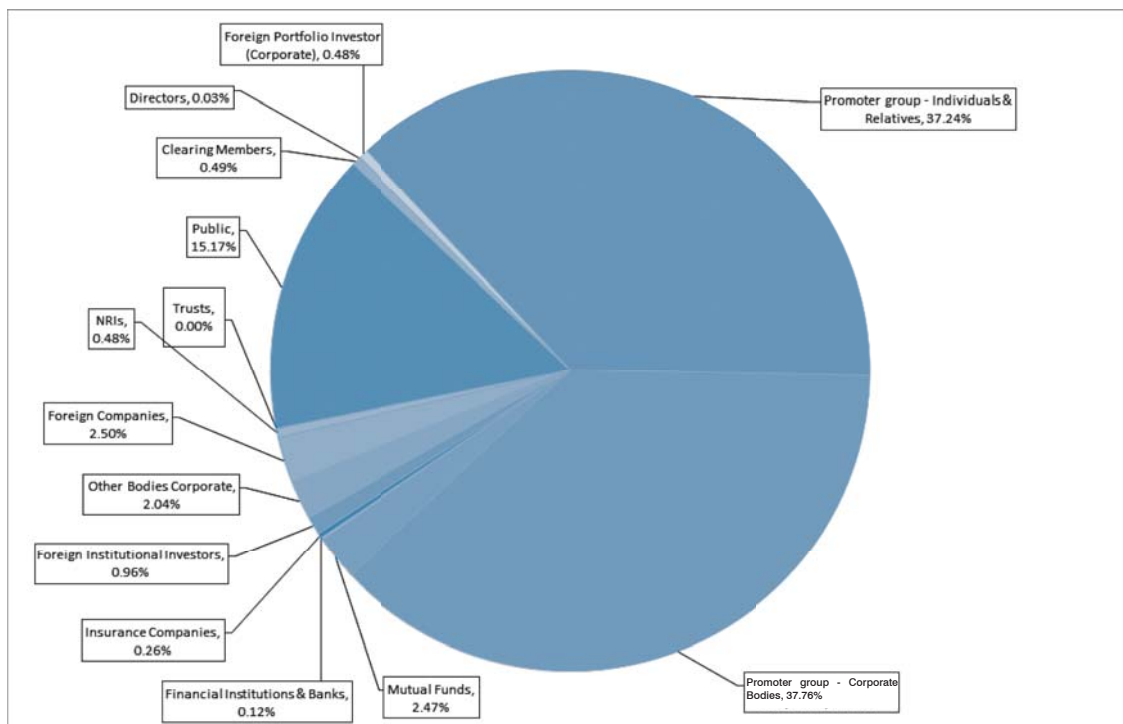
Report on Corporate Governance

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

Shareholding	No. of Shareholders	% of total	No. of Shares	% of total
1 – 500	97753	96.34	5724969	7.93
501 – 1000	2234	2.20	1756446	2.43
1001 – 2000	845	0.84	1263911	1.75
2001 – 3000	250	0.24	630523	0.87
3001 – 4000	91	0.09	325837	0.45
4001 – 5000	78	0.08	367777	0.52
5001 – 10000	115	0.11	843363	1.17
10001 and above	99	0.10	61248734	84.88
TOTAL	101465	100	72161560	100

SHAREHOLDING PATTERN AS ON MARCH 31, 2016

SI No	Category	Shares	Holders	Percent
1	Promoter group - Individuals & Relatives	26872770	2	37.24
2	Promoter group - Corporate Bodies	27248400	1	37.76
3	Mutual Funds	1780973	3	2.47
4	Financial Institutions & Banks	82056	3	0.12
5	Insurance Companies	184971	1	0.26
6	Foreign Institutional Investors	695454	9	0.96
7	Other Bodies Corporate	1474581	667	2.04
8	Foreign Companies	1804057	2	2.50
9	NRIs	351016	803	0.48
10	Trusts	98	2	0.00
11	Public	10946045	99663	15.17
12	Clearing Members	356278	297	0.49
13	Directors	18951	3	0.03
14	Foreign Portfolio Investor (Corporate)	345910	9	0.48
	Total	72161560	101465	100



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DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2016, except 1021 equity shares, the remaining entire paid up equity share capital were held in dematerialisation form of which NSDL constitutes 93.08% and CDSL constitutes 6.92%. The ISIN of the Company's equity shares is INE661I01014. The Shares of the Company are actively traded in National Stock Exchange of India Limited and BSE Limited.

Outstanding GDRs/ ADRs

The Company has not issued Global Depository Receipt / American Depository Receipt/ Warrant or convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities

The Company has the Risk management policy on foreign currency transactions adopted by the Board. During the Financial Year 2015-16, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging the required foreign exchange exposures. The details of foreign currency exposure are disclosed in Note No. 38 & 39 to the Annual Accounts.

Plant Locations

1. 171, Panjetty Village, Ponneri Taluk, Ponneri, Tamil Nadu.
2. Survey 167/1 & 173, Thurai Nallur village, Puduvoyal Arni Road, Puduvoyal Post, Ponneri Taluk, Tiruvallur District.

Major Project Locations

1. 2 x 500 MW coal based Thermal Power Plant of MAHAGENCO at Chandrapur, Maharashtra.
2. 2 x 500 MW coal based Thermal Power Plant of CSPGCL at Marwa, Chhattisgarh.
3. 2 X 300 MW coal based Thermal Power Plant of TRN Energy Private Limited at Nawapara, Chhattisgarh.

4. 2 x 660 MW Boiler and its auxillary project of NTPC at Solapur, Maharashtra.
5. 2 x 660 MW Boiler and its auxillary project of NTPC at Meja, Uttarpradesh
6. 2 x 800 MW STG and its auxillary project of NTPC at Lara, Chhattisgarh
7. 2 X 660 MW BoP project of OPGCL, Odisha.

Name of the Compliance Officer and Address for Correspondence

Mr. R. Ramesh Kumar,
President - Corporate & Secretary
BGR Energy Systems Limited
443, Anna Salai, Teynampet,
Chennai - 600 018
Tel : 044 - 24301000
Fax: 044 - 24364656
E-mail: investors@bgrenergy.com

DISCLOSURES

a) Risk Management

The Company as part of Standard Operating System and Procedure institutionalized Risk Management covering risk identification, mitigation and management measures. This Risk Charter and Policy have been brought to practice as part of internal control systems and procedures. The Management has applied the Risk Management Policy to activities and processes of the business and this is reviewed periodically by the Board to ensure that executive management manages risk through means of a properly defined framework.

b) Related Party Transactions

The company has not transacted any material significant related party transactions during the year that may have potential conflict with the interests of the company at large. The Related Party Transaction policy of the Company is uploaded in the website of the company and the web link for the same is

http://www.bgrcorp.com/policy/Related_party_transactions_policy.pdf

c) Compliance with Securities Laws

The Company diligently complies with laws relating to securities and capital markets during the last three years and no penalties or strictures have been imposed on the Company on any matters related to the capital markets by the Stock

Exchange, SEBI or any other statutory authority except the following.

As per Clause 40A of the listing agreement the Company was required to comply with the minimum public shareholding requirements specified in Rule 19 (A) of the Securities Contracts (Regulation) Rules 1957 and accordingly the Company was required to achieve the same on or before June 03, 2013. The promoter group launched an Offer for Sale on June 03, 2013 for sale of 44,22,830 shares constituting 6.13% of capital and valid bids were received for 22,47,466 shares amounting to dilution of 3.12% only. Thus the Company could not comply with the requirement to the extent of 3.01%. Consequently, SEBI in an interim order dated June 04, 2013 interalia frozen voting rights of promoters in respect of shares held over 75% and restrained the promoters and directors from holding new directorship in listed entities for non-compliance of the same. Thereafter, the promoter group launched another Offer for Sale on July 05, 2013 and divested the balance 21,75,364 shares. The company had thereby complied with the minimum public shareholding requirement on and from July 05, 2013. The compliance has been intimated to SEBI on July 11, 2013 with a request to vacate the aforesaid interim order dated June 04, 2013. Subsequently, SEBI has called for a personal hearing on August 07, 2013 and passed the final order on September 04, 2013 completely revoking the directions made in its interim order dated June 04, 2013.

d) Establishment of vigil mechanism and Whistle Blower Policy

The Company established a vigil mechanism as per Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 of the Listing agreement) and Section 177(9) of the Companies Act, 2013 for directors and employees to report genuine concerns relating to transactions and affairs of the Company. This Vigil (Whistle Blower) mechanism provides a channel to the Employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for

Report on Corporate Governance

adequate safeguards against victimization of employees and directors who avail of the mechanism and also provide for direct access to the Vigilance and Ethics Committee and Chairman of the Audit Committee in exceptional cases. The Whistle blower policy cum Vigil Mechanism of the Company is uploaded in the website of the company. The company affirms that no personnel has been denied access to the audit committee.

e) Other Disclosures

The Board of Directors reviewed periodically compliance reports pertaining to all laws applicable to the company. The Board of Directors has adopted a code of conduct applicable to the directors and to employees of the company as per the Companies Act, 2013. This has been uploaded on the company's website www.bgrcorp.com for strict compliance. All Board members and senior management personnel have affirmed compliance to the code. The declaration by JMD & CEO under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 affirming compliance with code of conduct by all members of the Board and the senior management personnel for the year ended March 31, 2016 is provided elsewhere in the annual report. The senior management disclosed to the Board of Directors relating to all material, financial and commercial transactions wherein they have personal interest that may have a potential conflict with the interest of the company at large.

f) Non Mandatory Requirements

The company is having separate post for chairperson and Chief Executive Officer. The internal auditors of the Company are reporting directly to the Audit Committee. The Company is taking steps to comply with the other non-mandatory requirements.

g) Subsidiary Companies

The Company has the following subsidiary companies:

1. Progen Systems and Technologies Limited;
2. BGR Boilers Private Limited;
3. BGR Turbines Company Private Limited and
4. Sravanaa Properties Limited.

None of the subsidiaries is a material non-listed subsidiary, as per the material subsidiary policy of the Company. The material subsidiary policy is uploaded in the website of the company and the link for the same is http://www.bgrcorp.com/policy/Material_subsidary_policy.pdf

The Company monitors the performance of its subsidiary, inter alia, by the following means:

1. The financial statements, in particular the investment made by the unlisted subsidiary companies, if any, are reviewed by the Audit Committee as well as by the Board.
2. The minutes of Board meetings of the subsidiaries are placed and noted at the Board meetings of the Company.
3. The progress of subsidiaries which are joint ventures namely BGR Boilers Private Limited and BGR Turbines Company Private Limited are placed before the Board at each meeting for review, control and monitoring.

DETAILS OF SHARES HELD IN SUSPENSE ACCOUNT

S. No.	Particulars	(in No's)
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	123 shareholders 1722 shares
2	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the year	Nil
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	123 shareholders 1722 shares

The voting rights in respect of the above shares held in suspense account shall remain frozen till the rightful owner of such shares claims the shares.

REQUEST TO INVESTORS

- (a) Investors are requested to communicate change of address, if any directly to the Registrar and Share Transfer Agent of the Company.
- (b) Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility and bank account number.
- (c) Investors holding the shares in physical form should provide the National Electronic Clearing Service (NECS) mandate to the Company and investors holding the shares in demat form should ensure that correct and updated particulars of their bank account are available with depository participant (DP). This would facilitate in receiving direct credits of dividends, refunds, etc., from the company and avoid postal delays and loss in transit. Investor must update new bank account number allotted after implementation of Core Banking Solution (CBS) to the Company in case of shares held in physical form and to the depository participant in case of shares held in demat form.
- (d) Investors should register their nomination in case of physical shares with the Company and in case of dematerialized shares with their depository participant. Nomination would help the nominees to get the shares transmitted in favour of nominees without any hassle. Investors must ensure that nomination made is in the prescribed form and must be witnessed by two witnesses in order to be effective. The Form may be obtained from Link Intime India Private Limited, Registrar & Share Transfer Agent of the Company.
- (e) The shareholders are requested to note that it is mandatory to furnish a copy of Permanent Account Number ("PAN") for registration of transfer of shares in physical mode.

**For and on behalf of
the Board of Directors**

SASIKALA RAGHUPATHY
Chairperson

Place : Chennai
Date : July 28, 2016

Report on Corporate Governance

CEO / CFO CERTIFICATION

To the Board of Directors

BGR ENERGY SYSTEMS LIMITED

We, A. Swaminathan, Joint Managing Director & CEO and P.R. Easwar Kumar, President & Chief Financial Officer of BGR Energy Systems Limited to the best of our knowledge and belief certify that;

- a) We have reviewed financial statements and the Cash flow Statement of the Company for the year 2015-16:
 - i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii) these financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee :

- i) significant changes in internal control over financial reporting during the year.
- ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
- iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

A. SWAMINATHAN

Joint Managing
Director & CEO

Place : Chennai
Date : May 30,2016

P. R. EASWAR KUMAR

President &
Chief Financial Officer

DECLARATION BY THE CEO UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015.

To

The Members of **BGR Energy Systems Limited**

I, A.Swaminathan, Joint Managing Director & CEO of BGR Energy Systems Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2016.

A. SWAMINATHAN

Place : Chennai
Date : May 30,2016

Joint Managing
Director & CEO

To

The Members of **BGR Energy Systems Limited**

We have examined the compliance of conditions of Corporate Governance by **BGR Energy Systems Limited** (hereinafter referred to as 'the Company'), for the year ended March 31, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 01st April 2015 to 30th November 2015 and as per the relevant provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 01st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

M.S.N.M. Santosh
Partner

Membership No. 221916

Place: Chennai
Date: 28th July, 2016

Extract of Annual Return

ANNEXURE VIII

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2016

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	L40106AP1985PLC005318
(ii)	Registration Date	18-02-1985
(iii)	Name of the Company	BGR ENERGY SYSTEMS LIMITED
(iv)	Category / Sub-Category of the Company	Company Limited by shares
(v)	Address of the Registered office and contact details	A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore Dist. Andhra Pradesh – 524 401. Tel : 044-27948249/27948549.
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (W), Mumbai – 400 078. Tel : 022-2594 6970 Fax : 022- 2594 6969 E-mail:rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Construction and maintenance of power plants	42201	83.42%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S. No	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Progen Systems and Technologies Limited No. 443, Anna Salai, Teynampet, Chennai - 600 018	U29141TN1994PLC026639	Subsidiary	69.67 %	2(87)(ii)
2.	BGR Boilers Private Limited No. 443, Anna Salai, Teynampet, Chennai – 600 018	U74200TN2009PTC070539	Subsidiary	70 %	2(87)(ii)
3.	BGR Turbines Company Private Limited No. 443, Anna Salai, Teynampet, Chennai – 600 018	U40300TN2009PTC070541	Subsidiary	74 %	2(87)(ii)
4.	Sravanaa Properties Limited No. 443, Anna Salai, Teynampet, Chennai – 600 018	U70200TN2002PLC049497	Subsidiary	100 %	2(87)(ii)

Extract of Annual Return

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	26872770	0	26872770	37.24	26872770	0	26872770	37.24	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	27248400	0	27248400	37.76	27248400	0	27248400	37.76	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-Total= (A) (1)	54121170	0	54121170	75	54121170	0	54121170	75	0
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-Total = (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	54121170	0	54121170	75.00	54121170	0	54121170	75.00	0
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	1781246	0	1781246	2.47	1780973	0	1780973	2.47	0.00
(b) Banks/FI	51095	0	51095	0.08	82056	0	82056	0.11	-0.04
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	277443	0	277443	0.38	184971	0	184971	0.26	0.12
(g) FIs	1367040	0	1367040	1.89	695454	0	695454	0.96	0.93
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-Total = (B)(1)	3476824	0	3476824	4.82	2743454	0	2743454	3.80	1.01
(2) Non- Institutions									
(a) Bodies Corp.									
i. Indian	1619114	0	1619114	2.24	1474581	0	1474581	2.04	0.20
ii. Overseas	1804057	0	1804057	2.50	1804057	0	1804057	2.50	0.00

Extract of Annual Return

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	9388111	1541	9389652	13.01	9788043	1021	9789064	13.52	-0.51
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	865679	0	865679	1.2	1156981	0	1156981	1.6	-0.4
(c) Others (Specify)									
(c-i) Directors	18951	0	18951	0.03	18951	0	18951	0.03	0
(c-ii) Clearing Member	430891	0	430891	0.6	356278	0	356278	0.49	0.11
(c-iii) Trust	98	0	98	0	98	0	98	0	0
(c-iv) Non-Resident Indians	332945	0	332945	0.46	299191	0	299191	0.41	0.05
(c-v) Non-Resident Indians (Non-Repatriable)	67823	0	67823	0.09	51825	0	51825	0.07	0.02
(c-vi) Foreign Portfolio Investor	34356	0	34356	0.05	345910	0	345910	0.48	-0.43
(c-vii) Foreign National	0	0	0	0	0	0	0	0	0
Sub-Total (B)(2)	14562025	1541	14563566	20.18	15295915	0	15296936	21.2	-1.07
Total Shareholding of Public = (B) (1) + (B) (2)	18038849	1541	18040390	25	18039369	1021	18040390	25	0
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	72160019	1541	72161560	100	72160539	1021	72161560	100	0

(ii) Shareholding of Promoters:

S. No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Sasikala Raghupathy	26868450	37.23	0	26868450	37.23	0	0
2	BGR Investment Holdings Company Limited	27248400	37.76	0	27248400	37.76	0	0
3	Mr.S.K. Sridhar	4320	0.01	0	4320	0.01	0	0
Total		54121170	75	0	54121170	75	0	0

(iii) Change in Promoters' Shareholding :

There is no change in the shareholding of Promoter group during the year ended March 31, 2016.

Extract of Annual Return

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	For each of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	RELIANCE CAPITAL TRUSTEE CO. LTD. A/C RELIANCE DIVERSIFIED POWER SECTOR FUND					
	At the beginning of the year		1361213	1.89		
	Date wise Increase / Decrease in Shareholding during the year		0	0	1361213	1.89
	At the end of the year				1361213	1.89
2.	CLIENT ROSEHILL LIMITED					
	At the beginning of the year		1156401	1.6		
	Date wise Increase / Decrease in Shareholding during the year		0	0	1156401	1.6
	At the end of the year				1156401	1.6
3.	CVCIGP II EMPLOYEE ROSEHILL LIMITED					
	At the beginning of the year		647656	0.9		
	Date wise Increase / Decrease in Shareholding during the year		0	0	647656	0.9
	At the end of the year				647656	0.9
4.	GOVERNMENT OF THE PROVINCE OF ALBERTA MANAGED BY COMGEST S.A					
	At the beginning of the year		339700	0.47		
	Date wise Increase / Decrease in Shareholding during the year		0	0		
	At the end of the year				339700	0.47
5.	RELIANCE EMERGENT INDIA FUND					
	At the beginning of the year		310000	0.43		
	Date wise Increase / Decrease in Shareholding during the year		0	0	310000	0.43
	At the end of the year				310000	0.43

Sl. No.	For each of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	VENTURA SECURITIES LIMITED					
	At the beginning of the year		83016	0.12		
	Date wise Increase / Decrease in Shareholding during the year					
	03-04-15	Transfer	-62	0	82954	0.11
	10-04-15	Transfer	-13020	-0.02	69934	0.1
	17-04-15	Transfer	-42911	-0.06	27023	0.04
	24-04-15	Transfer	-3906	-0.01	23117	0.03

Extract of Annual Return

Sl. No.	For each of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	01-05-15	Transfer	-1647	0	21470	0.03
	08-05-15	Transfer	308	0	21778	0.03
	15-05-15	Transfer	-389	0	21389	0.03
	22-05-15	Transfer	2265	0	23654	0.03
	29-05-15	Transfer	-1339	0	22315	0.03
	05-06-15	Transfer	-1287	0	21028	0.03
	12-06-15	Transfer	409	0	21437	0.03
	19-06-15	Transfer	-329	0	21108	0.03
	26-06-15	Transfer	6610	0.01	27718	0.04
	30-06-15	Transfer	-1630	0	26088	0.04
	03-07-15	Transfer	-299	0	25789	0.04
	10-07-15	Transfer	7945	0.01	33734	0.05
	17-07-15	Transfer	-3281	0	30453	0.04
	24-07-15	Transfer	-5135	-0.01	25318	0.04
	31-07-15	Transfer	822	0	26140	0.04
	07-08-15	Transfer	-437	0	25703	0.04
	14-08-15	Transfer	21742	0.03	47445	0.07
	21-08-15	Transfer	-23531	-0.03	23914	0.03
	28-08-15	Transfer	3604	0	27518	0.04
	04-09-15	Transfer	-3592	0	23926	0.03
	11-09-15	Transfer	-2663	0	21263	0.03
	18-09-15	Transfer	110	0	21373	0.03
	25-09-15	Transfer	3820	0.01	25193	0.03
	30-09-15	Transfer	-3066	0	22127	0.03
	09-10-15	Transfer	-1410	0	20717	0.03
	16-10-15	Transfer	955	0	21672	0.03
	23-10-15	Transfer	1435	0	23107	0.03
	30-10-15	Transfer	43317	0.06	66424	0.09
	06-11-15	Transfer	5071	0.01	71495	0.1
	13-11-15	Transfer	-1409	0	70086	0.1
	20-11-15	Transfer	-2916	0	67170	0.09
	27-11-15	Transfer	202435	0.28	269605	0.37

Extract of Annual Return

Sl. No.	For each of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	04-12-15	Transfer	-1412	0	268193	0.37
	11-12-15	Transfer	651	0	268844	0.37
	18-12-15	Transfer	5443	0.01	274287	0.38
	25-12-15	Transfer	-1994	0	272293	0.38
	31-12-15	Transfer	35217	0.05	307510	0.43
	01-01-16	Transfer	-1460	0	306050	0.42
	08-01-16	Transfer	9622	0.01	315672	0.44
	15-01-16	Transfer	-2797	0	312875	0.43
	22-01-16	Transfer	-7080	-0.01	305795	0.42
	29-01-16	Transfer	833	0	306628	0.42
	05-02-16	Transfer	-836	0	305792	0.42
	12-02-16	Transfer	-265	0	305527	0.42
	19-02-16	Transfer	5404	0.01	310931	0.43
	26-02-16	Transfer	-3588	0	307343	0.43
	04-03-16	Transfer	-804	0	306539	0.42
	11-03-16	Transfer	227	0	306766	0.43
	18-03-16	Transfer	-976	0	305790	0.42
	25-03-16	Transfer	321	0	306111	0.42
	31-03-16	Transfer	-1209	0	304902	0.42
	At the end of the year				304902	0.42
7.	R. RAJENDRAN					
	At the beginning of the year		287189	0.4		
	Date wise Increase / Decrease in Shareholding during the year		0	0	287189	0.4
	At the end of the year				287189	0.4
8.	THE ORIENTAL INSURANCE COMPANY LIMITED					
	At the beginning of the year		184971	0.26		
	Date wise Increase / Decrease in Shareholding during the year		0	0	184971	0.26
	At the end of the year				184971	0.26
9.	DIMENSIONAL EMERGING MARKETS VALUE FUND					
	At the beginning of the year		169812	0.24		
	Date wise Increase / Decrease in Shareholding during the year		0	0	169812	0.24

Extract of Annual Return

Sl. No.	For each of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the end of the year				169812	0.24
10.	MV SCIF MAURITIUS					
	At the beginning of the year		236277	0.33		
	Date wise Increase / Decrease in Shareholding during the year					
	12-06-15	Transfer	-13762	-0.02	222515	0.31
	26-06-15	Transfer	-5200	-0.01	217315	0.3
	30-06-15	Transfer	-3910	-0.01	213405	0.3
	03-07-15	Transfer	-5370	-0.01	208035	0.29
	10-07-15	Transfer	-3912	-0.01	204123	0.28
	31-07-15	Transfer	-5877	-0.01	198246	0.27
	07-08-15	Transfer	-1328	0	196918	0.27
	14-08-15	Transfer	-13720	-0.02	183198	0.25
	21-08-15	Transfer	-1960	0	181238	0.25
	28-08-15	Transfer	-7844	-0.01	173394	0.24
	25-09-15	Transfer	1728	0	175122	0.24
	30-09-15	Transfer	5883	0.01	181005	0.25
	09-10-15	Transfer	1961	0	182966	0.25
	30-10-15	Transfer	3920	0.01	186886	0.26
	20-11-15	Transfer	-3918	-0.01	182968	0.25
	04-12-15	Transfer	-7836	-0.01	175132	0.24
	11-12-15	Transfer	-19550	-0.03	155582	0.22
	25-12-15	Transfer	-5566	-0.01	150016	0.21
	31-12-15	Transfer	-1890	0	148126	0.21
	05-02-16	Transfer	1681	0	149807	0.21
	25-03-16	Transfer	-4532	-0.01	145275	0.2
	At the end of the year				145275	0.2

Extract of Annual Return

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. A. Swaminathan, Joint Managing Director & CEO				
	At the beginning of the year	18000	0.03		
	Date wise Increase / Decrease in Shareholding during the year (Acquisition)	100	0	18100	0.03
	At the end of the year			18100	0.03
2.	Mr. V.R. Mahadevan, Joint Managing Director				
	At the beginning of the year	716	0		
	Date wise Increase / Decrease in Shareholding during the year	0	0	716	0
	At the end of the year			716	0
3.	Mr. S.R. Tagat, Director				
	At the beginning of the year	135	0		
	Date wise Increase / Decrease in Shareholding during the year			135	0
	At the end of the year			135	0
4.	Mrs. Sasikala Raghupathy, Chairperson				
	At the beginning of the year	26868450	37.23		
	Date wise Increase / Decrease in Shareholding during the year	0	0	26868450	37.23
	At the end of the year			26868450	37.23
5.	Mr. R. Ramesh Kumar, Company Secretary, KMP				
	At the beginning of the year	5546	0.01		
	Date wise Increase / Decrease in Shareholding during the year	0	0	5546	0.01
	At the end of the year			5546	0.01
6.	Mr. P.R. Easwar Kumar, Chief Financial Offer, KMP				
	At the beginning of the year	7355	0.01		
	Date wise Increase / Decrease in Shareholding during the year	0	0	7355	0.01
	At the end of the year			7355	0.01

Extract of Annual Return

V. INDEBTEDNESS:

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

₹ in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	211743	0	0	211743
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	540	0	0	540
Total (i+ii+iii)	212283	0	0	212283
Change in Indebtedness during the financial year				
Addition	88413	0	0	88413
Reduction	-69941	0	0	-69941
Net Change	18472	0	0	18472
Indebtedness at the end of the financial year				
i) Principal Amount	230304	0	0	230304
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	451	0	0	451
Total (i+ii+iii)	230755	0	0	230755

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in lakhs

S. No	Particulars of Remuneration	Mr. A. Swaminathan, Joint Managing Director & CEO	Mr. V.R. Mahadevan Joint Managing Director	Mrs. Swarnamugi Karthik Director – Corporate Strategy	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	303.02	218.09	80.89	602
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.4	0.4	0	0.8
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	303.42	218.49	80.89	602.8
Ceiling as per the Act		10 % of the net profits calculated as per Section 198 of the Companies Act, 2013			

Extract of Annual Return

B. Remuneration to other Directors:

₹ in lakhs

Particulars of Remuneration	Name of Directors						Total Amount
	Mr.S.R.Tagat	Mr.S.A.Bohra	Mr. Heinrich Bohmer	Mr.M.Gopalakrishna	Mr. Gnana Rajasekaran	Mr. M.S.Sundara Rajan	
Independent Directors							
• Fee for attending board / committee meetings	6	4.8	4	5.8	5.4	4.2	30.2
• Commission	0	0	0	0	0	0	0
• Others, please specify	0	0	0	0	0	0	0
Total (1)	6	4.8	4	5.8	5.4	4.2	30.2
Other Non-Executive Directors	Mrs. Sasikala Raghupathy						
• Fee for attending board / committee meetings	5.4						5.4
• Commission	0						0
• Others, please specify	0						0
Total (2)	5.4						5.4
Total (B) = (1)+(2)	0						35.6
Total Managerial Remuneration							638.4
Overall Ceiling as per the Act	11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.						

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD:

₹ in lakhs

S. No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Mr.R. Ramesh Kumar	Chief Financial Officer Mr.P.R. Easwar Kumar	Total
1	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	166.51	168.78	335.29
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.4	0.4	0.8
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	166.91	169.18	336.09

Extract of Annual Return

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

Management Discussion & Analysis

ANNEXURE IX

HIGHLIGHTS OF FY 2015-16

During the year, the Company has successfully commissioned two units of first 2 X 660MW Super Critical Thermal Power Plant at Krishnapatnam site for TPCIL. Both the units have achieved commercial operation and have been handed over to the client.

The Company has also handed over both units of the 2 x 600 MW EPC Kalisindh Project and the plants are currently under commercial operation by the client, RRVUNL.

Unit #9 of the 2 x 500 MW Chandrapur TPS achieved full load operation, while COD for Unit #1 of 2 x 500 MW Marwa project was also declared during the year.

AIR FIN COOLER division achieved significant profit in the current tough market conditions and has obtained break-through entry and orders in overseas market through strategic tie-up with an EPC Company. Division has recorded highest production in extruded finning of 2.4 lakhs meters in March 2016 and secured 40% increase in productivity. AFC achieved 100% market share in offshore platform business during the year in India.

ELECTRICAL PRODUCTS DIVISION consolidated its position with another consistent performance for the year under review. The Division secured business from two new customers, NTPC and TSTRANSCO. The year also saw substantial completion of supplies for all the 4 units of Nuclear Power Project i.e – 2 units in Kakrapar (KAPP) in Gujarat and 2 Units in Rawathbhatta, Rajasthan. The division has achieved the budgeted profitability during the year. Overall cash flow situation has improved with closure of some old projects, collection of retention monies and recently improved payment terms. Nuclear power segment is gearing up in terms of preparation for the next round of bidding. There are 3400 MW of Nuclear Power projects for which the initial ground-breaking ceremony has been completed and civil works are being awarded. The tendering processes for downstream activities are slated to commence in the FY 2016-17 for 3400 MW. This provides opportunities for the Division given its proven credentials in Nuclear power segment.

ENVIRONMENTAL ENGINEERING DIVISION has bagged order for Deaerators (DA) for second time from L&T for their Super Critical Project, at Khargoane. EED has successfully executed deaerator orders for L & T at Chaabra and NTPC at Lara and executed an export order for Toshiba. EED has established manufacturing facility and all fabrication works of the division will be carried out in house. The division has delivered 3 deaerators in two months with U-Stamping and IBR Approval. The division successfully commissioned 11 condensate polishing units (CPU) and successfully completed PG test for Kalisindh Plant during the year under review.

The performance of **OIL & GAS EQUIPMENT DIVISION** has been muted during the year under review. Your Company is evaluating various opportunities and challenges in this business sector.

CURRENT INDUSTRY ANALYSIS

With the economy not picking up growth momentum since the last 12 months, the growth in the manufacturing sector and consumption of finished goods has been stagnant. Due to inadequate impetus by the Centre, the States and private sector in spurring growth in various segments relating to the Company, only few projects are now on the anvil for implementation.

Despite a relatively robust economy and a higher GDP growth in comparison to most of the major economies across the globe, India has seen little pickup in the demand for goods and growth in consumption over the last 2 years. So much so, all the sectors are currently operating at suboptimal levels and it may take a few more quarters for the same to reach optimal levels of utilisation before the Industry can look to add capacity. Thanks to the continuing low levels of crude price in the oil sector, the Capex budgets of oil exporting countries has been slashed/deferred leading to a large underutilization of capacities of the capital goods industry in the oil and petrochemical sector across the globe. With the natural gas reserves in the KG Basin downgraded against the original estimates, most of the gas based power plants that were set up to utilise the anticipated availability of gas have been forced to shut down operations.

The investment scenario has not changed in the current year too. With capital expenditure being put on hold across Industries in the Power, Petrochemical and process sectors due to negligible growth of demand, all major companies are strapped for orders. Many of these companies are in the downsizing mode as part of the efforts to cut cost. The lack of good projects in the country has created a situation of paucity of orders. Major players who are eager to secure contracts at any cost, could see a major erosion of the bottom line.

The Company has been fine tuning its processes and systems during these lean periods using its vast past experience, trying to optimize the design philosophy, procurement and project management methodology and skills to become leaner and more competitive.

PROSPECTS IN DOMESTIC AND INTERNATIONAL MARKETS

The “Make in India” campaign of the Central Government which was expected to give a big boost to the Indian Economy in general with consequential impact on demand growth for capital equipment in Power, Electricity, Steel and Cement industries anticipated in the FY 15-16 is yet to gain momentum.

In the infrastructure sectors of Power and Water there has been some progress on announcements of new projects, but award of contracts has made little progress. The low credit off take from the banking sector and high interest rate regime have significantly impacted investments in private sector industries. To boost the Indian economy the central government has announced big ticket investments in the Roads and Railway Sector.

Despite the process of coal mine allotment to both the Power and Industry Sectors having got completed, most of the Projects have not moved ahead due to depressed market conditions, lower international prices of coal and surplus coal stockpiles. A few of the projects that have been finalized in the past 12 months have been in the State Utility Sector where the contacts have been awarded mostly to BHEL on a nomination basis and a few of those where the BTG has been awarded are yet to award BOP Contracts.

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The agreement between Nuclear Power Corporation India Limited (NPCIL) and Areva/EDF France for construction of 6 Nuclear reactors to build a 10,000 MW Plant at Jaitapur in Maharashtra early this year is expected to facilitate fresh investments in Nuclear Power industry in the next 12-18 months. The progress of Koodankulam Phase II (2 x 1000 MW) and Hissar/Gorakhpur Haryana (4 x 700 MW) Projects which are in the advanced stage of approvals are likely to materialise in a couple of years.

FUTURE INDUSTRY OUTLOOK

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The improvement in India's economic fundamentals has accelerated in the year 2015-16 with the combined impact of strong government reforms and RBI's inflation targeting focus, supported by benign global commodity prices.

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7 - 7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecast that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power For All' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower). According to a research report, by 2030-35, energy demand in India is projected to be the highest among all countries.

Although there is an overall lull in the investment climate, there is some ray of hope that the economy will certainly see an upward push within the next 2 -3 quarters. For your company, although the prospects of business from the Private Sector is very low, the opportunities are with the investments in

new capacities undertaken by State Utilities and Central Government undertakings like NTPC, NLC. With new projects for the capacity of 21,240 MW (across 14 projects) announced, your Company is hopeful of securing contracts in the BOP and EPC segments in this financial year as also the securing of a few BOP contracts that are in the final stages of award where your Company has bid very competitively.

India's total power generation grew at a robust pace of 5.6% during the financial year 2015-16. This growth was driven by impressive performance by thermal power segment, which clocked a 7.41% growth rate. For FY14-15, against the capacity addition of 22,566.31 MW, the actual capacity addition during FY15-16 was 23,976.60 MW. With this, the total capacity addition achieved till March '16 was 84,990.72 MW, translating into 96% of the 12th Plan target. With the thrust on infrastructure sector spending in the Union budget 2016-17, new thermal power projects are likely to be taken up in the Public and the Private sector from FY 2016-17 onwards.

Major investments in the Petrochemical Sector towards capacity expansion and finer refining of the auto fuels to meet the Euro VI norms are foreseen in the forthcoming financial year and they are expected to translate into some seizable opportunities for the product divisions of the company.

OPERATIONAL PERFORMANCE

The BOP, EPC and Construction segment has achieved turnover of Rs. 3004 crores and the Capital Goods Segment achieved turnover of Rs 183 crores.

2 X 600 MW EPC – Kalisindh Project: Trial Run of Unit #2 was completed successfully and COD announced. The Provisional handing over of Unit #2 was also completed. Unit #1 had already been handed over.

2 X 500 MW BoP Chandrapur Project: Unit #8 of 2x500 MW Chandrapur TPS Expansion Project, has attained Full load Operation under Coal firing.

2 X 300 MW EPC – Nawapara Project: Unit #1 Boiler light up done successfully at Nawapara site of TRN, followed by completion of steam blowout. Plant to commence commercial operation shortly.

2 X 500 MW BoP with BTG Civil works – Marwa Project: Date of commercial operations for Marwa Unit #1 was officially notified by the client, CSPGCL.

2 X 660 MW BoP with BTG erection works – Krishnapatnam Project: BGR Energy's first 2 X 660 MW Super Critical Thermal Power Plant at Krishnapatnam site Unit #2 COD completed. Unit #1 had been handed over earlier.

Works on 2 X 660 MW Boiler and its auxiliary – NTPC Solapur and Meja projects, 2 X 800 MW STG and its auxiliary – NTPC Lara Project and 2 X 660 MW OPGCL Project, Orissa are progressing satisfactorily.

Hydraulic Test completed successfully at NTPC Solapur Boiler project, and accepted by statutory authority and customer. This is the highest Hydraulic Test pressure for boilers in India.

Meja team has achieved welding of 753 HP joints in a single day in Boiler Unit-I and also set the monthly record for welding the maximum HP joints in India.

The TG deck of Unit #3 at OPGCL site was handed over to the customer as scheduled on 16th Dec 2015. This was a critical milestone, and is the first super critical TG deck the Company has cast adopting the PRW methodology, enabling it to exercise greater control over time, cost and quality of construction.

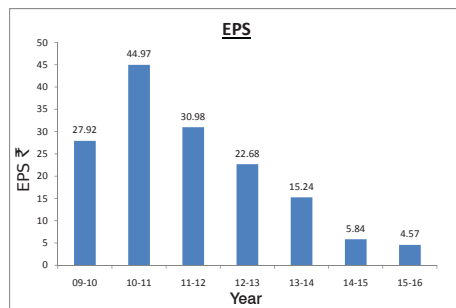
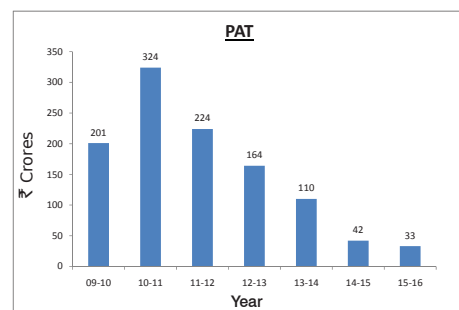
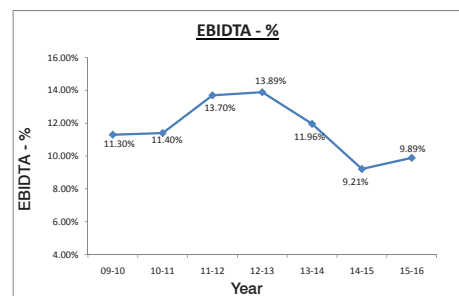
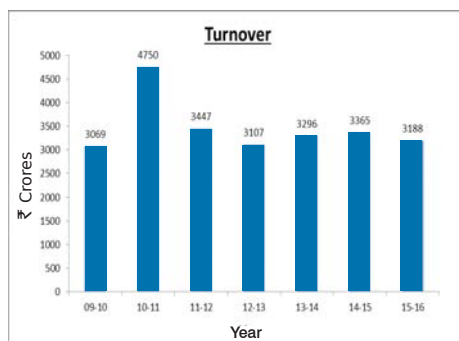
Induced Draft Cooling Tower (IDCT) for NTPC, Solapur: The Company successfully completed two cooling towers of 14 cells each for Unit I within 36 months from start of site clearance & handing over. This is one of the largest IDCT in India in terms of size - 36 M (W) x 126 M (L) x 17 m (H).

In the face of stiff competition and amidst challenging market conditions - Air Fin Cooler division (AFC) and the Environmental Engineering Division (EED) registered 53% and 38% growth in Order book during FY16 compared to last year while Electrical Projects Division (EPD) secured three EPC orders totalling ₹ 287 Crores. During the year, EPD delivered its highest annual turnover performance and registered growth in Turnover of 90% in FY16 compared to FY15. Environmental Engineering Division (EED) delivered turnover growth of 44% compared to FY15.

Management Discussion & Analysis

FINANCIAL PERFORMANCE (STANDALONE):

Description	Unit	FY 14-15	FY 15-16
Income from Operations	₹ Crores	3365	3188
EBIDTA	₹ Crores	309	314
EBIDTA	%	9.2	9.9
PBT	₹ Crores	79	60
PAT	₹ Crores	42	33
Networth	₹ Crores	1344	1377
PBT Ratio	%	2.4	1.9
PAT Ratio	%	1.3	1.0
Return on Networth	%	3.2	2.4
Employee Cost to Turnover	%	4.8	5.7
Overheads to Turnover	%	2.2	4.1
Interest Cost to Turnover	%	6.2	7.5



STRENGTH AND OPPORTUNITIES

- Track record of successful execution of large turnkey EPC, BoP and LSTK contracts.
- In-house design and engineering capability.
- In-house capability to undertake and execute BoP packages.
- Capability to manage multiple projects simultaneously.
- Professional management and expertise in project management.
- Cost Competitiveness.
- Well experienced and motivated employees with a good balance of young talent and experienced leadership team.

The company is well placed to undertake contracts based on Customer requirement both in India and overseas.

INTERNAL CONTROL SYSTEMS AND AUDIT

As part of the audit system, the company has in-house experienced system auditor and works auditor. For each division, an external firm of auditors carries out internal audit. For the Power Projects division, for each project, a separate external audit firm carries out internal audit on a monthly basis. The detailed audit plan is well documented and audit scope is reviewed every year to include key processes that need improvements and address new compliance requirements. The detailed audit plan approved by the Audit Committee is rolled out at the beginning of each year. In addition, all payments to vendors are subjected to pre-audit by an external audit team before physical release of the payment. The statutory auditors carry out the required audit and compliance

checks and review the control systems. The Chairman of audit committee, key project personnel and the finance team review the audit reports of the internal auditors, pre auditors and in-house auditors in detail every quarter and a time bound action plan is initiated to address the key audit issues that need improvement and resolution. A summary of key audit observations, action taken to fix the gaps and the status is reviewed by the Audit Committee members in the quarterly audit committee meeting. The present internal control and audit systems are considered to be adequate.

RISK MANAGEMENT

The business of the Company encompasses design at offices, manufacturing at factories and project sites, civil and mechanical construction, erection and commissioning of equipment's / packages. The company has a well-documented Standard Operating Systems and Procedures (SOSP). The SOSP mandates concerned officers of the company to review, identify and take timely mitigative steps to manage these risks on an ongoing basis. A detailed review and upgradation of the existing SOSP was undertaken during the year. Delegation of Authority is reviewed each year to ensure that the adequate controls are in place and required flexibility are available for effective operations at work site and the commitments made to customers and vendors are met on time. Periodic review of procedural checks and balances are undertaken with a view to improve operational controls and productivity matrix. An experienced team of contract specialists in the Company review all contractual documents with the customers and the vendors in detail to ensure that all risks associated with the terms of contract are fully understood, documented and reviewed for ensuring effective implementation of the contracts. The Audit Committee regularly reviews the effectiveness of the risk identification and mitigative process and the steps taken by the Company to identify, address and mitigate key operating, compliance and financial risks on a timely manner.

HUMAN RESOURCE DEVELOPMENT

The Company has, over a period of time, built a competent team of professionals across various functions who can accomplish the

Management Discussion & Analysis

Company's business objectives. Training, skill upgradation, process fine tuning and competency building continues to be an important focus area of the Company. As an outcome of the existing process of identification of training needs based on competency gap analysis, training programmes were designed and organized. 153 training programs were conducted across locations and several levels for enhancement of technical, behavioural and managerial skills.

The Company has been rolling out new initiatives to further align its HR strategies and policies to meet the highly dynamic business needs. The process of institutionalizing succession planning and leadership development for realizing the Company's

vision gained momentum. In order to build the leadership pipeline, employees who have demonstrated consistently meritorious performance and have high potential to emerge as future leaders were identified. These personnel were assessed for their leadership capability and their aspirations ascertained. They will be groomed over a period of time and be equipped to take responsibility at leadership positions.

The employee engagement initiatives such as better living conditions at project sites, work life balance which were initiated during last year based on a HR study undertaken by independent external consultants continued to receive importance. In order to enhance transparency in employee lifecycle management processes, HR

policies have been displayed on Intranet Portal "We connect" and made accessible to all employees. Employee communication sessions were organized across all work locations through which senior management team members shared Company's performance and vision with employees. In short, our effort has build a good work culture and competitiveness.

In conformity with the Company's conviction of permeating a performance driven culture, this year performance excellence were recognised with award of "Star Performer" certification. Industrial Relations at various project sites and manufacturing units were cordial through the year.

The manpower strength of the Company as on 31st March, 2016 was 1688.

Independent Auditors' Report

TO THE MEMBERS OF BGR ENERGY SYSTEMS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **BGR Energy Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation & presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

We have taken into account the provisions of the Act, the accounting and auditing standards

and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by 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, 2016, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143

of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- 2) As required by Section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**; and
 - 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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note nos. 12.1, 12.2 and 35 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material

Annexure to the Independent Auditors' Report

foreseeable losses, if any, on long-term contracts including derivative contracts; and

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration Number: 001997S

M.S.N.M. Santosh

Partner

Membership Number: 221916

Place: Chennai

Date: May 30, 2016

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report to the members of BGR ENERGY SYSTEMS LIMITED for the year ended March 31, 2016, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner on a rotational basis. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion,

this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the management has conducted the physical verification of inventory at reasonable intervals during the year. There are no material discrepancies were noticed between book stock and physical stock on physical verification conducted by the management.

- (iii) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Act during the year. Accordingly, paragraph 3(iii)(a), (b) and (c) of the Order is not applicable.

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has given guarantees to 2 parties as covered under Section 185 of the Act prior to the financial year 2015-16. The maximum amount involved and the year-end balance of these guarantees amounts to Rs. 672.94 lakhs and Rs. 669.30 lakhs respectively.

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act.

- (v) The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the rules framed there under to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.

- (vi) We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) In our opinion and according to the information given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Profession Tax, Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Profession Tax, Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Service tax, Customs Duty, Excise Duty, Cess were in arrears as at March 31, 2016, for a period of more than six months from the date they became payable; and

Annexure to the Independent Auditors' Report

(b) As per the information and explanations given to us, the following are the details of statutory dues which have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Financial year	Forum in which the Appeal is lying in
Central Sales Tax Act, 1956	Central Sales Tax	4.20	1997-98	The Honourable High Court, Andhra Pradesh.
Central Sales Tax Act, 1956	Central Sales Tax	35.03	1997-98	The Honourable High Court, Andhra Pradesh.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	0.12	1998-99	Commercial Tax officer, Andhra Pradesh.
Tamil Nadu General Sales Tax Act, 1959	Tamil Nadu Sales Tax	0.11	1999-00	Commercial Tax officer, Tamilnadu.
Tamil Nadu General Sales Tax Act, 1959	Tamil Nadu Sales Tax	2.21	2001-02	Sales Tax Appellate Tribunal, Chennai, Tamilnadu.
Central Sales Tax act, 1956	Central Sales Tax	⁽¹⁾ 5.58	2004-05	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	⁽¹⁾ 2.59	2006-07	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Kerala Value Added Tax Act, 2003	Kerala Sales Tax	⁽¹⁾ 2.65	2006-07	The Deputy Commissioner (Appeals), Ernakulam, Kerala
Central Sales Tax Act, 1956	Central Sales Tax	⁽¹⁾ 157.14	2006-07	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu.
Central Sales Tax Act, 1956	Central Sales Tax	^(1&3) 420.37	2007-08	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	⁽¹⁾ 7.43	2007-08	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Chapter V of Finance Act, 1994	Service Tax	⁽²⁾ 25.00	2007-08	CESTAT, Chennai, Tamilnadu.
Central Sales Tax Act, 1956	Central Sales Tax	^(1&3) 389.54	2008-09	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	118.43	2008-09	The Sales Tax Appellate Tribunal, Andhra Pradesh
Tamil Nadu Value Added Tax Act, 2006	Tamil Nadu Sales Tax	⁽¹⁾ 7.14	2008-09	The Appellate Deputy Commissioner (CT) North, Chennai.
Central Sales Tax Act, 1956	Central Sales Tax	⁽¹⁾ 248.74	2009-10	The Appellate Deputy Commissioner (CT) North, Chennai.
Central Sales Tax Act, 1956	Central Sales Tax	⁽¹⁾ 792.05	2010-11	The Appellate Deputy Commissioner (CT) North, Chennai.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	⁽¹⁾ 39.36	2010-11	The Appellate Deputy Commissioner. Guntur
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	⁽¹⁾ 3.94	2010-11	The Appellate Deputy Commissioner. Guntur
Income Tax Act, 1961	Income Tax	137.65	2006-07	The Honourable High Court, Andhra Pradesh
Income Tax Act, 1961	Income Tax	141.67	2007-08	The Honourable High Court, Andhra Pradesh
Income Tax Act, 1961	Income Tax	⁽¹⁾ 25.36	2007-08	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	192.15	2008-09	The Honourable High court, Andhra Pradesh
Income Tax Act, 1961	Income Tax	⁽¹⁾ 36.62	2008-09	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	⁽¹⁾ 10376.98	2009-10	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	⁽¹⁾ 120.06	2010-11	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	958.43	2011-12	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	⁽¹⁾ 97.67	2012-13	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	⁽¹⁾ 116.39	2013-14	Commissioner of Income Tax (Appeals), Chennai
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	⁽³⁾ 1926.45	2010-11	The Honourable High Court, Bombay.
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	⁽³⁾ 211.45	2010-11	The Honourable High Court, Bombay.
The Employee Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	⁽¹⁾ 521.15	2006-2010	The Honourable High Court, Hyderabad
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	^(1&4) 9866.00	2009-2010	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	⁽⁴⁾ 9541.00	2010-2011	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	⁽⁴⁾ 4334.00	2011-2012	Rajasthan Tax Board, Ajmer
Central Sales Tax ACT, 1956	Central Sales Tax	⁽¹⁾ 630.60	2011-12	The Appellate Deputy Commissioner (CT) North, Chennai.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	431.88	2011-12	The Appellate Deputy Commissioner, Guntur.
Central Sales Tax Act, 1956	Central Sales Tax	65.35	2012-13	The Appellate Deputy Commissioner (CT) North, Chennai.
Central Sales Tax Act, 1956	Central Sales Tax	⁽¹⁾ 461.07	2013-14	The Appellate Deputy Commissioner (CT) North, Chennai.
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	1,110.92	2012-13	The Appellate Authority, Ajmer

⁽¹⁾Represents gross tax liability. Out of this, a sum of Rs.5,867/- lakhs was paid as deposit/adjusted against refund due.

⁽²⁾ Excludes interest and penalty which are not ascertainable.

⁽³⁾Stay Order has been received against the amount disputed and not deposited.

⁽⁴⁾ Excludes interest and penalty.

Annexure to the Independent Auditors' Report

- (viii) According to the information and explanation given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or banks.
- (ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). As per the information and explanations provided to us and on basis of our examination of books of account, we are of the opinion that the term loans were applied for the purpose for which they were availed.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of Act where ever applicable and the details of such transactions have been disclosed in the financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examinations of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examinations of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **Manohar Chowdhry & Associates**

Chartered Accountants
Firm Registration Number: 001997S

M.S.N.M. Santosh

Partner

Membership Number: 221916

Place: Chennai

Date: May 30, 2016

Annexure to the Independent Auditors' Report

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of sub – section (3) of section 143 of the Companies Act, 2013 (“the Act)

We have audited the internal financial controls over financial reporting of **BGR Energy Systems Limited** (“the Company”) as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Act.

AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- i. Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the company;

Annexure to the Independent Auditors' Report

- ii. 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
- iii. 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 LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

For **Manohar Chowdhry & Associates**

Chartered Accountants
Firm Registration Number: 001997S

M.S.N.M. Santosh

Partner
Membership Number: 221916

Place: Chennai

Date: May 30, 2016

Balance Sheet

₹ in lakhs

	Note No.	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	7216	7216
(b) Reserves and surplus	2	130511	127213
(2) Non-current liabilities			
(a) Long-term borrowings	3	38959	35143
(b) Deferred tax liabilities (net)		37384	34672
(c) Other long-term liabilities	4	44028	32561
(d) Long-term provisions	5	16935	16684
(3) Current liabilities			
(a) Short-term borrowings	6	185890	176020
(b) Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises	7	276	157
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	121507	103282
(c) Other current liabilities	8	58202	85787
(d) Short-term provisions	9	841	886
TOTAL		641749	619621
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	17515	17359
(ii) Intangible assets	10	385	412
(iii) Capital work-in-progress		45	501
(b) Non-current investments	11	36361	36361
(c) Long-term loans and advances	12	14006	13466
(d) Other non-current assets	13	98060	51620
(2) Current assets			
(a) Inventories	14	2348	4116
(b) Trade receivables	15	268215	241563
(c) Cash and cash equivalents	16	48082	76488
(d) Short-term loans and advances	17	81399	50737
(e) Other current assets	18	75333	126998
TOTAL		641749	619621
Significant accounting policies			
Notes to financial statements	1 to 48		

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director and CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.S.N.M.SANTOSH
Partner

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

Membership No.221916

S.A.BOHRA
Director

M.S.SUNDARA RAJAN
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 30, 2016

Statement of Profit and Loss

₹ in lakhs

	Note No.	For the Year ended March 31, 2016	For the Year ended March 31, 2015
INCOME			
I Revenue from operations	19	319732	337818
Less: Excise duty		943	1318
		318789	336500
II Other income	20	589	150
III Total revenue		319378	336650
IV EXPENSES			
(a) Cost of materials consumed	21	200753	226436
(b) Cost of manufacturing and construction	22	46312	48676
(c) Other direct cost	23	7845	7434
(d) (Increase) / decrease in work in progress		1570	(443)
(e) Employee benefits expense	24	17965	16180
(f) Finance costs	25	23734	20662
(g) Depreciation and amortization expense	26	2274	2508
(h) Other expenses	27	12914	7327
Total expenses		313367	328780
V Profit before tax		6011	7870
(1) Current tax		1282	1650
(2) MAT credit entitlement		(1282)	17412
(3) Deferred tax		2081	(16395)
(4) Tax - Earlier years		632	988
VI Profit for the period		3298	4215
VII Earnings per equity share of face value of Rs. 10 each			
(1) Basic (in Rs.)		4.57	5.84
(2) Diluted (in Rs.)		4.57	5.84
Significant accounting policies			
Notes to financial statements	1 to 48		

SASIKALA RAGHUPATHY
Chairperson

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Joint Managing Director and CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
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Director

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President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 30, 2016

Cash Flow Statement

₹ in lakhs

	For the year ended March 31, 2016	For the year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	6011	7870
Adjustments for :		
Depreciation, impairment and amortization	2274	2508
Dividend from investments - quoted	(2)	-
(Profit) / Loss on sale of fixed assets (net)	(22)	9
Unrealized foreign exchange (gain) / loss	5712	(561)
Premium on forward contracts amortized	-	31
Provision for warranty and Contractual Obligation	2441	(62)
Interest expense (net)	23734	20662
Operating profit before working capital changes	34137	22587
Changes in working capital		
(Increase) / decrease in trade receivables	(26652)	34021
(Increase) / decrease in inventories	1768	924
(Increase) / decrease in current assets	12917	(26914)
(Increase) / decrease in loans and advances	(31203)	3538
Increase / (decrease) in trade payables and provisions	(5579)	(5785)
	(48749)	5784
Cash generated from operations	(8601)	36241
Direct taxes (paid) / refund (net)	(53)	(21155)
Net cash flow from operating activities	(8654)	15086
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2477)	(1044)
Sale of fixed assets	96	34
Decrease / (increase) in capital work-in-progress	456	(137)
Dividend from investments - quoted	2	-
Net cash flow from investing activities	(1923)	(1147)
C CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings (repaid) / availed	3815	34419
Payment of dividend	-	(2165)
Tax on dividend paid	-	(368)
Short term borrowings (repaid) / availed	9870	(24585)
Interest paid (net)	(23823)	(20277)
Net cash flow from financing activities	(10138)	(12976)
Net increase in cash and cash equivalents (A+B+C)	(20715)	963
Cash and cash equivalents as at April 1, 2015	29057	28094
Cash and cash equivalents as at March 31, 2016	8343	29057
Cash on hand	14	16
On current accounts	712	993
On deposit accounts	7617	28048
Significant accounting policies Notes to financial statements	1 to 48	

SASIKALA RAGHUPATHY
Chairperson

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Director

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President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 30, 2016

Notes to Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

BGR Energy Systems Limited ('the company') is a public limited company incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE'). The company is a manufacturer of capital equipments for Power Plants, Petrochemical Industries, Refineries, Process Industries and undertakes turnkey Balance of Plant ('BOP') and Engineering Procurement and Construction ('EPC') contracts for Power plants. The company has been achieving its objectives through its five business units: Power projects, Electrical projects, Oil and Gas equipment, Environmental engineering and Air Fin Coolers.

B. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting conventions

The financial statements are prepared under the historical cost convention and following the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in India ('I-GAAP') and mandatory accounting standards as notified under the relevant provisions of the Companies Act, 2013.

ii. Use of estimates

The preparation of financial statements, in conformity with I-GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized prospectively in the year in which the results are known / materialized.

iii. Fixed assets and intangible assets

Fixed assets are assets held with the intention of being used for the purpose of producing goods or rendering of services and are not held for sale in the ordinary course of business. The cost of fixed assets comprise the purchase price including import duties and other

non refundable taxes or levies and any directly attributable cost to bring the asset to working condition for intended use. Further, any trade discounts and rebates are deducted in arriving at the cost.

Intangible assets are identifiable non-monetary assets, without physical substance, held for use in producing goods or rendering of services, for rental to others, or for administrative purposes. The intangible assets are separately acquired and the costs of such intangible assets are capable of being measured reliably. The cost of intangible assets comprise the purchase price including import duties and other non refundable taxes or levies and any directly attributable cost for making the asset ready for intended use.

iv. Depreciation and amortization

Depreciation on fixed assets is provided based on useful life of the assets, on straight line method in accordance with the rates prescribed under Schedule II of the Companies Act, 2013. Intangible assets are amortized over a period of 5 years on straight line basis.

v. Investments

Investments are classified into long-term and current investments based on the intention of the management at the time of acquisition.

Long-term investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are carried at cost or fair value whichever is lower.

vi. Earnings per share ('EPS')

Basic EPS is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

vii. Revenue recognition

a) Sales are accounted on the basis of despatches in accordance with the terms of sale when significant risks and rewards are transferred to the customer.

b) Sales include equipment billed but despatch of which is withheld at the request of the customer.

c) Revenue from services is recognized in accordance with the specific terms of contract on performance.

d) Revenue from construction contracts is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method. The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.

e) Expected loss, if any, on the construction / project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included is taken into consideration.

f) In respect of construction contracts revenues include taxes and duties.

g) Other Income

i) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

ii) Dividend income is recognized when the company's right to receive dividend is established.

viii. Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined on a weighted average basis.

Notes to Financial Statements

Saleable scrap, whose cost is not identified, is valued at net realizable value.

ix. Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the rates prevailing on the reporting date. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement and also on translation of monetary items at the reporting date is recognized as income or expense, except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

For forward contracts which are entered into to hedge the foreign currency risk of the underlying outstanding on the date of entering into that forward contract, the premium or discount on such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as an income or expense for the period. The exchange difference on such a forward exchange contract is calculated as the difference between:

- a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- b) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the statement of profit and loss in the reporting period in which the exchange rates change.

x. Cash flows

Cash and cash equivalents consist of cash and cash on deposit with scheduled

banks, other than margin money deposits.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

xi. Income-taxes

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between taxable income and accounting income which are capable of reversal in subsequent periods and are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum alternate tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income-tax during the period in which the company is allowed to carry forward the MAT credit as per the provisions of the Income-tax Act, 1961 ('specified period'). The company reviews the same at each reporting date and writes down the carrying amount of MAT credit asset to the extent there is no longer convincing evidence to the effect that the company will pay normal income-tax during the specified period.

xii. Impairment of assets

At every reporting date, the company determines whether the provisions should be made for the impairment loss on assets by considering the indications that the carrying amount of the asset exceeds the recoverable amount as per recognition and measurement principles laid down in AS-28 "Impairment of Assets". All impairment losses are recognized in statement of profit and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is recognized in the statement of profit and loss.

xiii. Employee benefits

- a) Short-term employee benefits :
Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which related services are rendered.
- b) Post employment benefits:
 - i) Defined contribution plan:
Company's contributions paid/payable during the year towards provident fund, pension scheme and employees' state insurance ('ESI') scheme are recognized in the statement of profit and loss.
 - ii) Defined benefit plan:
Company's liability towards gratuity in accordance with the Payment of Gratuity Act, 1972 is determined based on actuarial valuation using the Projected Unit Credit Method as at the reporting date. The company contributes all the ascertained liabilities to SBI Life Insurance which administers the contributions and makes the payment at retirement, death, incapacitation or termination of employment."
- c) Other Long-term employee benefits:
The company provides for compensated absences subject to certain rules. The employees are entitled to accumulate such absences for availment as well as encashment. As per the regular

Notes to Financial Statements

past practice followed by the employees, it is not expected that the entire accumulated absence shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as other long-term employee benefits. The liability is recognized on the basis of the present value of the future benefit obligations as determined by actuarial valuation.”

- d) All actuarial gains/losses in respect of post employment benefits and other long term employee benefits are charged to the statement of profit and loss.

xiv. Borrowing costs

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

xv. Leases

Finance leases, which transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit interest rate or incremental borrowing rate as applicable. Finance charges are charged directly against income. The costs identified as directly attributable to activities performed for a finance lease are included as part of the amount recognized as leased assets.

If there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalized leased assets are fully depreciated over the lease term or their useful life, whichever is shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased assets, are classified as operating leases.

Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

xvi. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

xvii. Segment reporting

- a) Segment policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

- b) Identification of segments:

The risks and returns of the company are affected predominantly by differences in the products and services it produces / renders and hence the primary format for reporting segment information is its business segment.

- c) Segment Revenue and Segment Result:

Segment revenue includes revenue from operations and other income directly identifiable with / allocable to the segment. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Revenue and expenses which relate to the company as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable.

- d) Segment Assets and Liabilities:

Segment assets and liabilities include those directly identifiable

with respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

xviii. Provisions

- a) The company recognizes provision when there is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits which can be measured only by using a substantial degree of estimation.
- b) Provision for contractual obligation has been provided for in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.
- c) The company makes provision towards warranty obligation arising under the contract, while progressively recognising the revenue, based on management estimate and past experience of similar contracts. Such provision is maintained until the warranty period is completed.

xix. Contingent liabilities

The company recognizes contingent liability for disclosure in notes to accounts, if any of the following conditions is fulfilled:

- a) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
- b) a present obligation that arises from past events but is not recognized because:- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of the obligation cannot be made.”

Notes to Financial Statements

SHAREHOLDERS' FUNDS

1 SHARE CAPITAL	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Authorised 10,00,00,000 equity shares of Rs.10 each (10,00,00,000)	10000	10000
Issued, subscribed and paid up 7,21,61,560 equity shares of Rs.10 each (7,21,61,560)	7216	7216

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Issued during the year - Employee Stock Option Scheme -	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216

b. Terms/rights attached to equity shares

The company has one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share.

c. Details of shareholders holding more than 5% shares in the company

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% held	No. of Shares	% held
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76

d. The company has reserved issuance of 76717 (259178) equity shares of Rs. 10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 31)

2 RESERVES AND SURPLUS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
i. Securities premium account		
Opening balance	31895	31895
Closing balance	31895	31895
ii. General reserve		
Opening balance	13655	13232
Add: Amount transferred from statement of profit and loss	330	423
Closing balance	13985	13655
iii. Balance in statement of profit and loss		
Opening balance	81663	78034
Less : Adjustment towards depreciation	-	164
Add: Profit for the year	3298	4215
Less : Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to general reserve	330	423
Closing balance	84631	81663
	130511	127213

Notes to Financial Statements

3 LONG-TERM BORROWINGS	As at March 31, 2016		As at March 31, 2015	
	Non Current ₹ in lakhs	Current ₹ in lakhs	Non Current ₹ in lakhs	Current ₹ in lakhs
Secured term loans from banks	38959	5455	35143	580
	38959	5455	35143	580
Less : - Amount disclosed under the head "other current liabilities" (refer Note 8)	-	5455	-	580
	38959	-	35143	0

Term loan includes

- 1) Rs.143 lakhs (Rs.723 lakhs) from State Bank of Travancore and is secured by a first charge on fixed assets purchased out of the term loan and land and buildings of AFC factory of the company. The loan is repayable in 20 quarterly equal instalments starting from 30.09.2011.
- 2) Corporate loan of Rs.44271 lakhs (Rs.35000 lakhs) from Syndicate Bank and is secured by the specified receivables of the company and collateral security of the subsidiary companies and other companies\persons. The loan is repayable in 16 quarterly instalments starting from 01.07.2016.

4 OTHER LONG-TERM LIABILITIES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Trade payables	44028	32561
	44028	32561

5 LONG-TERM PROVISIONS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Provision for contractual obligation	14205	14232
Provision for warranty	2730	2452
	16935	16684

6 SHORT-TERM BORROWINGS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Secured		
Working capital loans from banks	185890	176020
	185890	176020

- a) The balance in project specific escrow,current and EEFC accounts have been netted off against respective project's working capital loan accounts.
- b) The company has availed working capital loans on pari-passu basis from State Bank of India and State Bank of Hyderabad. These loans are secured by hypothecation of inventories, trade receivables and movable assets of the capital goods segment of the company. The loans from State Bank of India and State Bank of Hyderabad are further secured by a second charge on the fixed assets of the company.
- c) The company has availed contract specific working capital loans from State Bank of India, State Bank of Hyderabad, State Bank of Travancore, State Bank of Patiala, State Bank of Bikaner & Jaipur , State Bank of Mysore, IDBI Bank, Punjab National Bank, Vijaya Bank, Indian Bank, Indian Overseas Bank , Corporation Bank, Allahabad Bank, Bank of India, Andhra Bank, Central Bank of India, Syndicate Bank, Axis Bank, ICICI Bank, Kotak Mahindra Bank Ltd, Export Import Bank of India, Union Bank of India and The Karur Vysya Bank Limited. These loans are secured by hypothecation of inventories, trade receivables and movable current assets of the respective contracts. The participating banks share the securities on pari-passu basis.

Notes to Financial Statements

7 TRADE PAYABLES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Micro and small enterprises	276	157
Others	121507	103282
	121783	103439

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

S.No.	Particulars	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
1	Principal amount remaining unpaid	243	140
2	Interest due thereon remaining unpaid	33	17
3	Interest paid to the supplier	-	-
4	Payments made to the supplier beyond the appointed day during the year	368	-
5	Interest due and payable for the period of delay in making payment without adding interest specified under this Act.	9	-
6	Interest accrued and remaining unpaid	25	-
7	Amount of further interest remaining due and payable in succeeding years	5	3

8 OTHER CURRENT LIABILITIES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Current maturities of long-term borrowings (refer Note 3)	5455	580
Advance from customers	51555	83667
Unpaid dividends	49	53
Interest accrued but not due on borrowings	451	540
Other payables *	692	947
	58202	85787

* Other payables include expenses payable, employee dues, withholding taxes and other statutory dues

9 SHORT TERM PROVISIONS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
i. Provision for employee benefits		
Provision for bonus	76	24
Provision for leave encashment	385	360
Provision for gratuity	266	385
ii. Others		
Provision for warranty	114	58
Proposed dividend	-	-
Provision for		
Tax on proposed dividend	-	-
Wealth tax	-	7
Income taxes (net)	-	52
	841	886

Notes to Financial Statements

10. FIXED ASSETS

₹ in lakhs

Particulars	Gross block			Depreciation / Amortisation				Net block		
	As at March 31, 2015	During the period		As at March 31, 2016	Upto March 31, 2015	for the year	Deletions	Upto March 31, 2016	As at	
		Additions	Deletions						March 31, 2016	March 31, 2015
Tangible assets										
Land	1527	-	-	1527	-	-	-	-	1527	1527
Buildings	2175	415	-	2590	309	77	-	386	2204	1866
Plant and equipment	19469	1670	374	20765	7001	1612	321	8292	12473	12469
Furniture and fixtures	657	96	-	753	199	67	-	266	487	458
Office fixtures	224	1	-	225	218	2	-	220	5	6
Office equipments	1143	44	-	1187	855	141	-	996	191	287
Electrical installations	298	22	-	320	121	32	-	153	167	177
Vehicles	1416	15	77	1354	847	102	56	893	461	569
Subtotal	26909	2263	451	28721	9550	2033	377	11206	17515	17359
Intangible assets *										
Technical know-how	1151	197	-	1348	1001	143	-	1144	204	150
Softwares	1857	17	-	1874	1595	98	-	1693	181	262
Subtotal	3008	214	-	3222	2596	241	-	2837	385	412
Total	29917	2477	451	31943	12146	2274	377	14043	17900	17771
As at March 31, 2015	28983	1044	110	29917	9542	2672	68	12146	17771	17771

* Both the assets are other than internally generated.

(a) Plant and equipment include original cost of Rs. 792 lakhs (Rs.792 lakhs), which are jointly owned along with a Joint Venture, of which the company is a member

(b) Office fixtures and office equipments includes original cost of Rs. 7 lakhs (Rs. 7 lakhs), which are jointly owned along with subsidiary companies.

(c) Buildings include original cost of Rs. 1642 lakhs (Rs. 1642 lakhs), which are constructed on lease hold land.

(d) Impairment loss recognised in the statement of profit and loss during the financial year for the fixed assets is Rs. Nil (Rs. Nil) (refer Note 42).

Notes to Financial Statements

11 NON-CURRENT INVESTMENTS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
(Long-term investments)		
a) Trade investments (at cost)		
i) In equity shares of subsidiary companies - unquoted, fully paid up		
42,50,000 Progen Systems and Technologies Limited (42,50,000) of Rs. 10 each	425	425
9,49,00,000 BGR Boilers Private Limited (9,49,00,000) of Rs. 10 each	9490	9490
13,61,62,900 BGR Turbines Company Private Limited (13,61,62,900) of Rs. 10 each	13616	13616
b) Other investments (at cost)		
i) In equity shares of subsidiary company - unquoted, fully paid up		
1,65,000 Sravanaa Properties Limited (1,65,000) of Rs. 10 each	12787	12787
ii) In equity shares of other company - quoted, fully paid up		
13,970 Indian Bank (13,970) of Rs.91 per share	13	13
iii) In mutual funds - quoted fully paid up - face value Rs. 10 each		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units	5	5
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units	25	25
	36361	36361
1) Aggregate market value of quoted investments	51	65
2) Aggregate book value of quoted investments	43	43
3) Aggregate book value of unquoted investments	36318	36318
12 LONG-TERM LOANS AND ADVANCES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Secured, considered good		
Advance to suppliers	31	238
Unsecured, considered good		
Deposits	1549	1559
Loans and advances to related parties	671	1228
MAT credit entitlement	2789	1507
Other loans and advances	8966	8934
	14006	13466

Notes to Financial Statements

- 12.1. Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on May 28, 2007. Consequently, the end client encashed BGs for a value of Rs.1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board, have been determined through arbitration. The Arbitral Tribunal disposed off the matter and pronounced the award on 27.12.2015 and a sum of Rs 2673 lakhs was awarded to the JV. The recoverable amount of Rs 1654 lakhs grouped under loans and advances is covered by the arbitral award. Cochin Port Road Company Ltd., (SPV of NHAI) has challenged the award.
- 12.2. Tuticorin Project: The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) terminated the contract and encashed BGs for aggregate value of Rs.2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, were reviewed by the Disputes Review Board and recommendations were granted in favour of the JV. Tuticorin Port Road Company Ltd (SPV of NHAI) challenged the recommendations before the Arbitration Tribunal. The JV and NHAI are exploring a settlement and hence arbitral proceedings remained suspended during the FY 2015-16. In view of these facts, the company has identified a sum of Rs. 83 lakhs (Rs.83 lakhs) as at March 31, 2016 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

13 OTHER NON-CURRENT ASSETS	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Unsecured				
Trade receivables - considered good			90387	42144
Trade receivables - considered doubtful	83	83		
Less:- Provision for doubtful receivables	83	83	-	-
Margin money deposit held under lien to banks - maturity more than 12 months			6883	9071
Interest accrued on margin money deposits			790	405
			98060	51620

14 INVENTORIES	As at	As at
	March 31, 2016	March 31, 2015
	₹ in lakhs	₹ in lakhs
Raw materials and components	1929	2127
Work-in-progress	419	1989
	2348	4116

15 TRADE RECEIVABLES	As at	As at
	March 31, 2016	March 31, 2015
	₹ in lakhs	₹ in lakhs
Unsecured, considered good		
Over six months	4907	3467
From related parties	2023	881
Others	261285	237215
	268215	241563

- 15.1. Trade receivables – Others, includes retention amount of Rs. 125391 lakhs (Rs.97188 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2016.
- 15.2. The company has sought confirmation of balances of major trade receivables. In cases where letters of confirmation have been received from parties, book balances have been reconciled and adjusted, if required. In other cases, balances in accounts of trade receivables have been taken as per books of account.

Notes to Financial Statements

16 CASH AND CASH EQUIVALENTS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Cash and cash equivalent:		
Balances with banks :		
- On current accounts	712	993
- On deposit accounts	7617	28048
Cash on hand	14	16
Other bank balances		
Margin money deposits held under lien to banks	39690	47378
On unpaid dividend accounts	49	53
	48082	76488

16.1 Bank balances of Rs.3 lakhs (Rs.3 lakhs) are subject to confirmation.

17 SHORT-TERM LOANS AND ADVANCES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Secured, considered good		
Advance to suppliers	5233	8359
Unsecured, considered good		
Advance to suppliers	11058	2673
Loans and advances to related parties	508	773
Other loans and advances *	62912	38798
Deposits	1688	134
	81399	50737

* Includes employee loans, travel advances, prepaid expenses, DGFT refund, CENVAT credit receivable, VAT credit receivable and forward contract valuation

* Other loans and advances includes a claim amount of Rs.17500 lakhs, that was paid to a client during the year, pending contract closure and outcome of the discussions with the client.

18 OTHER CURRENT ASSETS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Interest accrued on fixed deposits	355	1821
Contracts in progress (net)	74978	125177
[Contracts in progress comprise unbilled revenue of Rs.84306 lakhs, (Rs.129436 lakhs) and unearned revenue of Rs.9328 lakhs (Rs.4259 lakhs)] (refer Note 29)		
	75333	126998

Notes to Financial Statements

19 REVENUE FROM OPERATIONS	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Sale of manufactured goods	15750	24954
Contracting income *	299763	310855
Erection and service income	3305	901
Other operating revenue	914	1108
	319732	337818
Less: Excise duty	943	1318
	318789	336500

* Refer Note 40

20 OTHER INCOME	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Dividend from investments - quoted	2	-
Insurance claim received	-	142
Profit on sale of fixed assets (net)	22	-
Foreign exchange gain (net)	565	-
Others	-	8
	589	150

21 COST OF MATERIAL CONSUMED	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Opening inventory (Raw materials, consumables, bought outs and components)	2127	3495
Add : Purchases	200555	225068
	202682	228563
Less: Closing inventory (Raw materials, consumables, bought outs and components)	1929	2127
	200753	226436

Details of raw materials and components consumed	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Raw materials	45972	59575
Bought outs	149802	163034
Packing materials	1405	113
Consumables	1365	793
Tools and others	2209	2921
	200753	226436

Notes to Financial Statements

Value of raw material and components consumed during the year

Particulars	For the year ended March 31, 2016 ₹ in lakhs	%	For the year ended March 31, 2015 ₹ in lakhs	%
Imported	8879	4	70628	31
Indigenous	191874	96	155808	69
Total	200753	100	226436	100

1. Cost of materials consumed is net of provision of cost of Rs.4519 lakhs (Rs.4441 lakhs), warranty of Rs.Nil (Rs.519 lakhs) and provision for contractual obligations of Rs.2129 lakhs (Rs.2352 lakhs), no longer required.

2. Refer Note 40

22 COST OF MANUFACTURING AND CONSTRUCTION	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Subcontracting and processing charges	46150	48227
Power and fuel	162	449
	46312	48676

23 OTHER DIRECT COST	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Agency commission	86	97
Insurance	1005	1115
Bank charges	5718	5436
Professional fees	802	654
Packing and forwarding	234	132
	7845	7434

24 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Salaries, allowances and bonus	15683	13970
Contribution to P.F., E.S.I., and Gratuity	768	713
Workmen and staff welfare expenses	1514	1497
	17965	16180

25 FINANCE COSTS	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Interest on working capital loans (net)	17820	20394
Interest on term loans	5914	268
	23734	20662

Notes to Financial Statements

26 DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Depreciation of tangible assets (refer Note 10)	2033	2202
Amortization of intangible assets (refer Note 10)	241	306
	2274	2508

27 OTHER EXPENSES	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Rent	1285	1246
Payment to auditors (refer details below)	61	84
Bank charges	72	427
Conveyance and vehicle running expenses	497	483
Electricity charges	214	198
Foreign exchange loss (net)	-	1530
Insurance	82	67
Loss on sale of fixed assets (net)	-	9
Other administrative expenses	711	499
CSR expenses	39	-
Provision for Contractual Obligation	2102	-
Trade Receivables written off	5048	-
Professional charges	320	346
Rates and taxes	85	93
Repairs and maintenance		
- Building	30	54
- Machinery	37	49
- Others	985	926
Security charges	140	112
Selling expenses	54	43
Sitting fees	36	30
Telephone and postage expenses	174	182
Travelling expenses		
- Domestic	736	653
- Foreign	206	296
	12914	7327
Payment to auditors		
- For audit fees	50	50
- For tax matters	5	30
- For certification and others	6	4
	61	84

Notes to Financial Statements

28 EARNINGS PER SHARE (EPS)	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
The following reflects the profit and share data used in the basic and diluted EPS computation :		
Basic EPS		
Profit after tax as per accounts	3298	4215
Weighted average number of equity shares (face value Rs.10 per share) (lakh Nos.)	722	722
Basic EPS (Rs.)	4.57	5.84
Diluted EPS		
Profit for the year for basic EPS	3298	4215
Less : Adjustment	-	-
Adjusted profit for diluted EPS	3298	4215
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : Adjustment	-	-
Employee Stock Option Plan	-	-
Weighted average number of equity shares (face value Rs.10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (Rs.)	4.57	5.84

29 CONSTRUCTION CONTRACTS

In respect of all construction contracts in progress at the end of the year :

S. No.	Particulars	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
1	The aggregate amount of costs incurred and recognized profits (less recognized losses) (including amounts carried forward from previous years)	1272473	1617984
2	The amount of advances received	49559	81123
3	The amount of retentions	125391	97188
4	The gross amount due from customers for contract work as an asset (unbilled revenue)	84306	129436
5	The gross amount due to customers for contract work as a liability (unearned revenue)	9328	4259

30 EMPLOYMENT BENEFITS

As per Accounting Standard -15 " Employee Benefits", the disclosure of employee benefits are given below:

Defined contribution plan:

Particulars	2015-16	2014-15
Employer's contribution to Provident fund	348	324
Employer's contribution to pension scheme	290	179
Employer's contribution to employee's state insurance	3	2

₹ in lakhs

Notes to Financial Statements

Defined benefit plan and other long term employee benefits:

Gratuity plan

The company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

I. Reconciliation of opening and closing balances of present value of defined benefit obligation

₹ in lakhs

Particulars	Leave encashment (unfunded) 2015-16	Gratuity (funded) 2015-16	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15
Defined benefit obligation at beginning of the year	360	863	331	738
Current service cost	59	149	53	128
Interest cost	28	66	26	55
Actuarial (gain)/loss	(62)	(97)	(50)	12
Benefits paid	-	-	-	(70)
Defined benefit obligation at year end	385	981	360	863

II. Reconciliation of opening and closing balances of fair value of plan assets

Particulars	Gratuity (funded) 2015-16	Gratuity (funded) 2014-15
Fair value of plan assets at beginning of the year	477	505
Expected return on plan assets	44	32
Actuarial gain/(loss)	-	10
Employer contribution	193	-
Benefits paid	-	(70)
Fair value of plan assets at the year end	714	477
Actual return on plan asset	44	42

III. Reconciliation of fair value of plan assets and present value of defined benefit obligations

Particulars	Leave encashment (unfunded) 2015-16	Gratuity (funded) 2015-16	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15
Fair value of plan assets (a)	-	714	-	477
Present value of obligation (b)	385	981	360	863
Present Value of obligation unfunded at the end of the year recognized as liability as at March 31, 2016 (b-a)	385	267	360	386

IV. Expected employers contribution next year

Particulars	Gratuity (funded) 2015-16	Gratuity (funded) 2014-15
Expected employers contribution to gratuity next year	226	176

Notes to Financial Statements

V. Expense recognized in the statement of profit and loss during the year

₹ in lakhs

Particulars	Leave encashment (unfunded) 2015-16	Gratuity (funded) 2015-16	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15
Current service cost	59	149	53	128
Interest cost	28	66	26	55
Expected return on plan assets	-	(44)	-	(32)
Actuarial (gain) / loss	(62)	(97)	(50)	2
Net cost	25	74	29	153

VI. The amounts pertaining to defined benefit plans are as follows

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Gratuity plan (funded)					
Defined benefit obligation	981	863	738	736	650
Plan assets	714	477	505	625	519
Surplus / deficit	(267)	(386)	(233)	(111)	(131)
Experience adjustment plan liabilities	(10)	12	(2)	(60)	27
Experience adjustment plan assets	-	(10)	(4)	(4)	(2)

VII. Actuarial assumptions

Particulars	Leave encashment (unfunded) 2015-16	Gratuity (funded) 2015-16	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15
Mortality table (LIC)	(Ultimate) 06-08	(Ultimate) 06-08	(Ultimate) 06-08	(Ultimate) 06-08
Discount rate (per annum)	7.64%	7.64%	7.77%	7.79%
Expected rate of return on plan assets (per annum)	-	7.64%	-	8.00%
Rate of escalation in salary (per annum)	7.00%	7.00%	5.00%	5.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The discount rate has been chosen by reference to market yields on Government bonds. The above information is certified by an actuary.

The overall expected rate of return on assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is to be settled.

31. EMPLOYEE STOCK OPTION PLANS

Stock option granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the SEBI (Share based Employee Benefits) Regulations, 2014. The company follows the intrinsic value method of accounting for the options and accordingly, the excess of value of the stock options as determined by an independent valuer on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the statement of profit and loss.

Notes to Financial Statements

Employee Stock Option Scheme – 2007

Pursuant to the decision of the shareholders, at their meeting held on July 11, 2007, the company has established an 'Employee Stock Option Plan 2007' ('ESOS 2007' or 'the Scheme') to be administered by the Compensation Committee of the Board of Directors. ESOS 2007 provides for grant of options amounting to not more than 1.5% of the issued and paid up equity capital of the company outstanding at any point of time to officers, directors and key employees to purchase equity shares of face value of Rs.10 each, with such option conferring a right upon the employee to apply for one equity shares of the company, in accordance with the terms and conditions of such issue. The exercise price of the option is Rs.408"

Vesting schedule

For employees with 3 years of completed or more (category-1)

Date of vesting	Vesting proportion	Time based (part A)	Performance based (part B)	Earliest date of exercise	Last date of exercise
Jan 3,2009	33%	100%	0%	Jan 3,2009	Jan 3,2014
Jan 3,2010	33%	75%	25%	Jan 3,2010	Jan 3,2015
Jan 3,2011	34%	75%	25%	Jan 3,2011	Jan 3,2016

For Employees with less than 3 years of completed service (Category-2)

Date of vesting	Vesting proportion	Time based (part A)	Performance based (part B)	Earliest date of exercise	Last date of exercise
Jan 3,2009	25%	100%	0%	Jan 3,2009	Jan 3,2014
Jan 3,2010	25%	75%	25%	Jan 3,2010	Jan 3,2015
Jan 3,2011	25%	75%	25%	Jan 3,2011	Jan 3,2016
Jan 3,2012	25%	75%	25%	Jan 3,2012	Jan 3,2017

The following are the number of options outstanding during the year

Particulars	2015-16	2014-15
Number of options outstanding in the beginning of the year (a)	259178	271396
Number of options granted during the year (b)	-	-
Number of options vested during the year (c)	-	-
Number of vested options cancelled (d)	140116	9757
Number of unvested options cancelled (e)	42345	2461
Total number of options forfeited during the year (f)=(d)+(e)	182461	12218
Number of options exercised during the year (g)	-	-
Number of options outstanding at the end of the year (h)=(a)-(f)	76717	259178
Number of options exercisable at the end of the year	56341	39136

32. LEASES

Operating lease

The company has taken various residential / commercial premises and land under cancellable and non-cancellable operating leases. These lease agreements are normally renewed on expiry.

The future minimum lease payments in respect of non-cancellable leases are as follows:

Particulars	Minimum lease payments outstanding as at	
	March 31, 2016	March 31, 2015
Due within one year	171	62
Due later than one year and not later than five years	75	125
Due later than five years	-	-
Total	246	187

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: Rs. 1285 lakhs (Rs.1246 lakhs)

Notes to Financial Statements

33. SEGMENT REPORTING

Primary segment information (business segments)

Information about business segments (information provided in respect of revenue items for the year ended March 31, 2016 and in respect of assets / liabilities as at March 31, 2016) are furnished below:

₹ in lakhs

Particulars	2015-16				2014-15			
	Capital goods segment	Construction and EPC contracts segment	Inter Segment eliminations	Total	Capital goods segment	Construction and EPC contracts segment	Inter Segment eliminations	Total
a) Revenue (net)	18343	300446		318789	24626	311874		336500
b) Inter Segment sales	2635		(2635)	-	831		(831)	-
Total Revenue	20978	300446	(2635)	318789	25457	311874	(831)	336500
b) Result	913	28243		29156	2238	26144		28382
Add: Unallocated income (net of expenditure)				589				150
Profit before interest and tax				29745				28532
Interest				23734				20662
Profit before tax				6011				7870
Tax expenses								
- Current tax				1282				1650
- MAT credit entitlement				(1282)				17412
- Deferred tax				2081				(16395)
- Deferred tax - earlier years				632				988
- Total				2713				3655
Profit for the year				3298				4215
c) Assets	27771	601149		628920	33993	572796		606789
Add: Unallocated corporate assets				12830				12830
Total assets				641750				619619
d) Liabilities	5343	229988		235331	11330	226618		237948
Add: Unallocated corporate liabilities				268416				247244
Total liabilities				503747				485192
e) Capital assets acquired during the year	507	1970		2477	10	1034		1044
f) Depreciation, impairment and amortisation	229	2045		2274	252	2256		2508
g) Other non-cash charges except depreciation, impairment and amortisation	2	7487		7,489	(18)	(44)		(62)

Secondary segment information (geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
External revenue by location of Customers	317327	335368	1462	1132	318789	336500
Carrying amount of segment assets by location of assets	641746	619617	4	4	641750	619621
Capital expenditure	2473	1040	4	4	2477	1044

Notes to Financial Statements

34. PARTICULARS OF RELATED PARTIES

List of related parties

a. Subsidiary companies

- i. Progen Systems and Technologies Limited
- ii. BGR Boilers Private Limited
- iii. BGR Turbines Company Private Limited
- iv. Sravanaa Properties Limited

b. Associate company – Nil

c. Other companies (enterprises where significant influence exists and enterprises where key management personnel have significant influence)

- i. Enexio Power Cooling Solutions India Private Limited
- ii. GEA BGR Energy System India Limited
- iii. Mega Funds India Limited
- iv. Sasikala Estate Private Limited
- v. Schmitz India Private Limited
- vi. Cuddalore Powergen Corporation Limited
- vii. ANI Constructions Private Limited
- viii. Nannilam Property Private Limited
- ix. BGR Odisha Powergen Limited
- x. Pragathi Computers Private Limited
- xi. Govin Engineering and Costructions Limited
- xii. Germanischer Lloyd Industrial Services (India) Private Limited
- xiii. Accord Foundations Private Limited

d. Joint venture

Mecon – GEA Energy System (India) Limited (JV)

e. Key Management Personnel

- i. Mr. A. Swaminathan, Joint Managing Director and CEO
- ii. Mr. V.R. Mahadevan, Joint Managing Director
- iii. Mrs. Swarnamugi Karthik, Director - Corporate Strategy

f. Relatives of Key Management Personnel

- i. Mrs. Sasikala Raghupathy (Mother of Mrs.Swarnamugi Karthik)
- ii. Mrs. Priyadershini Raghupathy (Sister of Mrs.Swarnamugi Karthik)
- iii. Mrs. Vaani Raghupathy (Sister of Mrs.Swarnamugi Karthik)
- iv. Mr. Arjun Govind Raghupathy (Brother of Mrs.Swarnamugi Karthik)

Notes to Financial Statements

Related party transactions

(Information provided in respect of revenue items for the year ended March 31, 2016 and in respect of assets / liabilities as at March 31, 2016)

₹ in lakhs

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives of Key Management Personnel	2015-16	2014-15
Sales	-	5369	-	-	5369	3315
Purchases	140891	1590	-	-	142480	132598
Investments made	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-
Remuneration	-	-	626	56	682	461
Rent expenses	63	92	-	44	199	154
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	4
Others	-	-	-	25	25	25
Advances given	487	440	-	-	927	2594
Repayment of advance given	(848)	(120)	-	-	(968)	-
Guarantees	16	653	-	-	669	673
Balances outstanding	(33733)	2165	-	(29)	(31597)	(21509)

Party-wise disclosure of related party transactions:

- Sales represent, Enexio Power Cooling Solutions India Private Limited Rs. 5369 lakhs (Rs. 3315 lakhs).
- Purchases represent, Progen Systems and Technologies Limited Rs. 758 lakhs (Rs. 955 lakhs), Enexio Power Cooling Solutions India Private Limited Rs. 1163 lakhs (Rs.3655 lakhs), GEA BGR Energy System India Limited Rs. 426 lakhs (Rs. 142 lakhs), BGR Boilers Private Limited Rs. 94855 lakhs (Rs. 80354 lakhs), BGR Turbines Company Private Limited Rs. 45278 lakhs (Rs. 47430 lakhs), Schmitz India Private Limited Rs. Nil (Rs.61 lakhs)
- Remuneration to key management personnel represents, Mr. V.R. Mahadevan Rs. 229 lakhs (Rs.129 lakhs), Mr. A. Swaminathan Rs. 311 lakhs (Rs. 181 lakhs), Mr. K Chandrashekhar Rs. Nil (Rs. 24 lakhs), Mrs. Swarnamugi Karthik Rs. 86 lakhs (Rs. 88 lakhs).
- Remuneration to relatives of key management personnel represent, Mrs.Priyadershini Raghupathy Rs. 27 lakhs (Rs. 28 lakhs), Mrs. Vaani Raghupathy Rs. 6 lakhs (Rs.6 lakhs), Mr. Arjun Govind Raghupathy Rs. 23 lakhs (Rs.5 lakhs).
- Rent paid represents, GEA BGR Energy System India Limited. Rs. 0.30 lakhs (Rs. 0.30 lakhs), Sasikala Estate Private Limited Rs. 83 lakhs (Rs. 83 lakhs), ANI Construction Private Limited Rs. 9 lakhs (Rs. 9 lakhs). Mrs. Sasikala Raghupathy Rs. 44 lakhs (Rs. 44 lakhs), Sravanaa Properties Limited Rs. 18 lakhs (Rs. 18 lakhs), Progen Systems and Technologies Limited Rs. 45 lakhs (Rs. Nil).
- Sale of fixed assets represent, Progen System and Technologies Ltd Rs. Nil (Rs. 0.12 lakhs), GEA BGR Energy System India Ltd Rs. Nil (Rs. 4 lakhs).
- Others represent, royalty to Mrs. Sasikala Raghupathy Rs. 25 lakhs (Rs. 25 lakhs).
- Advances given represent, Progen Systems and Technologies Limited Rs. 370 lakhs (Rs. 1043 lakhs), GEA BGR Energy Systems India Limited Rs. 66 lakhs (Rs. 304 lakhs), Enexio Power Cooling Solutions India Private Limited Rs. 373 lakhs (Rs. 1247 lakhs), BGR Boilers Private Limited Rs. 81 (Rs. Nil), BGR Turbines Company Private Limited Rs. 37 (Rs. Nil)
- Repayment of advances given includes Progen Systems and Technologies Limited Rs. 730 lakhs (cr. bal) (Rs. Nil lakhs), BGR Boilers Private Limited Rs. 81 (cr. bal) (Rs. Nil), BGR Turbines Company Private Limited Rs. 37 (cr. bal) (Rs. Nil),Mega Funds India Limited Rs. 39 lakhs (Rs. Nil),GEA BGR Energy System India Limited Rs. 13 lakhs (Rs.Nil),Enexio Power Cooling Solutions India Private Limited Rs. 68 lakhs (Rs.Nil)
- Guarantees given (for working capital) represent, Progen Systems and Technologies Limited Rs. 16 lakhs (Rs. 20 lakhs), Enexio Power Cooling Solutions India Private Limited Rs. 653 lakhs (Rs. 653 lakhs).

Notes to Financial Statements

11. Balances outstanding (Net) represent, Progen Systems and Technologies Limited Rs. 1348 lakhs (Rs.1623 lakhs), BGR Boilers Private Limited Rs. 216 lakhs (Rs.7580 lakhs) (cr bal), BGR Turbines Company Private Limited Rs. 35305 lakhs (cr.bal) (Rs. 16378) (cr bal), Enexio Power Cooling Solutions India Private Limited Rs. 999 lakhs (Rs.595 lakhs) (cr bal), GEA BGR Energy System India Limited Rs. 5 lakhs (cr bal) (Rs.240 lakhs) , Cuddalore Powergen Corporation Limited Rs. 671 lakhs (Rs.671 lakhs), Nannilam Property Private Limited Rs. 508 lakhs (Rs.508 lakhs), Mega Funds India Limited Rs. Nil (Rs. 39 lakhs), Sravanaa Properties Limited Rs. 8 lakhs (Rs. 6 lakhs), Sasikala Estate Private Limited Rs. 7 lakhs (cr.bal) (Rs. 7 lakhs (cr.bal)), ANI Constructions Private Limited Rs.0.78 lakhs (cr.bal) (Rs.0.77 lakhs) (cr bal),Mrs. Sasikala Raghupathy Rs. 29 lakhs(cr. bal)(Rs. Rs. 36 lakhs(cr. bal))

35. CONTINGENT LIABILITIES, GUARANTEES, CAPITAL COMMITMENTS AND OTHER COMMITMENTS

₹ in Lakhs

Particulars	As at	As at
	March 31, 2016	March 31, 2015
A Contingent liabilities		
Claims against the company not acknowledged as debt		
a) On account of sales tax *	28677	29154
b) On account of income-tax	12203	10848
c) On account of service tax **	25	25
d) On account of provident fund	521	521
e) On account of contractual obligations	8149	2350
f) On account of royalty	2138	4547
g) Others	1278	-
B Guarantees		
Guarantees and counter guarantees given on behalf of subsidiary and other company	669	673
C Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	124	471
D Other commitments		
Commitments to fund subsidiaries	-	5923

* Sales tax includes an amount of Rs. 23740 lakhs (Rs. 23740 lakhs) (excluding interest and penalty) which has been contested by the VAT authorities before the Rajasthan Tax Board.

** Service tax represents a sum of Rs. 25 lakhs (Rs. 25 lakhs) (excluding interest and penalty) which has been contested by the service tax authorities before the Customs Excise and Service Tax Appellate Tribunal.

36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a. Particulars of derivative contracts entered into for hedging purpose outstanding are as under:

₹ in Lakhs / Foreign Currency in Lakhs

Particulars	As at March 31, 2016		As at March 31, 2015	
	Trade payables	Trade receivables	Trade payables	Trade receivables
Number of contracts	1	-	23	10
Value in foreign currency				
GBP	-	-	0.22	-
USD	131	-	31	43
EURO	-	-	2	75
Value in INR	8680	-	2060	7755

Notes to Financial Statements

b. Particulars of unhedged foreign currency exposure are as under :

₹ in Lakhs / Foreign Currency in Lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Assets (Trade receivables / advance to suppliers/bank balances)		
In foreign currency		
In USD \$	565.80	554.35
In EURO	360.60	114.60
In GBP	0.04	0.12
In JPY	1.15	1.15
In SEK	0.74	9.11
In CAD	-	0.37
In AED	0.02	0.02
In Indian currency		
In USD \$	37483.42	34555.62
In EURO	27211.38	7674.35
In GBP	3.59	11.53
In JPY	0.68	0.60
In SEK	6.08	65.85
In CAD	-	18.00
In AED	0.41	0.38
Liabilities (Advance from customers/trade payables/buyers credit)		
In foreign currency		
In USD \$	660.95	838.90
In EURO	320.28	341.80
In GBP	0.03	0.08
In SEK	0.29	8.21
In CAD	-	0.82
In AED	0.02	0.82
In Indian currency		
In USD \$	43787.14	52293.01
In EURO	24168.19	22889.37
In GBP	2.84	7.74
In SEK	2.35	59.32
In CAD	-	40.37
In AED	0.41	40.37

Notes to Financial Statements

37. VALUE OF IMPORTS ON CIF BASIS

₹ in lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Raw materials, components, consumables and spare parts	8891	70937
Capital items	4	167

38. EXPENDITURE IN FOREIGN CURRENCY

₹ in lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Travelling	173	277
Part processing and professional charges	1	5
Royalty	-	50
Agency commission, bank charges and others	548	783
Interest	6	10
Total	728	1125

39. EARNINGS IN FOREIGN CURRENCY

₹ in lakhs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Sales	124282	103634
Services	6840	1272
Total	131122	104906

40. During the financial year 2015-16, the Company entered into an agreement with Hitachi, Ltd., Japan (HTC) and Hitachi Power Europe GmbH, Germany (HPE) and the company's Joint Venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited which inter alia provided for (i) execution of Solapur and Meja Supercritical Steam Generators and Lara Supercritical Steam Turbines and Generators (STG) ("NTPC Projects"), (ii) arrangement with respect to the future of the JV relationship between HTC, HPE and the Company in respect of Joint Venture companies with Hitachi after completion of the NTPC projects (iii) certain payments to be made by HTC to the Company in a phased manner over a period of time on achievement of number of milestones / events / transactions and (iv) for withdrawal of pending litigations.

Subsequent to the signing of the agreement, the Company has accounted the following:

- Revenue from operations includes income of Rs.29,813 lakhs, in terms of the agreement.
- Cost of materials consumed includes reimbursement of Rs.17,888 lakhs in terms of the agreement.

41. DEFERRED TAXES

Major components of deferred tax assets and liabilities are as under:

₹ in Lakhs

Particulars	Deferred tax asset as at March 31, 2016	Deferred tax liability as at March 31, 2016	Deferred tax asset as at March 31, 2015	Deferred tax liability as at March 31, 2015
Depreciation and impairment	-	1503	-	1483
Provision for doubtful receivables	29	-	28	-
Gratuity	125	-	123	-
Compensated absences	222	-	218	-
Others	46	-	45	-
Carry forward tax loss	7674	-	-	-
Retention money	-	43977	-	33603
Total	8096	45480	414	35086
Net		37384		34672

Notes to Financial Statements

42. IMPAIRMENT OF ASSETS

a. Cash generating units :

There is no impairment loss in cash generating units and hence no provision was made in the financial statements.

b. Other assets :

The company has made a provision of Rs. Nil (Rs. Nil) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

43. In respect to construction contracts, cost of material includes value added tax, central sales tax, works contract tax and service tax.

44. Interest income from fixed deposits have been netted off with interest expense on working capital facilities.

45. As required under Section 135 of Companies Act 2013, the company is required to spend Rs.344 Lakhs (Rs.510 lakhs) towards Corporate Social Responsibility (CSR) activities. Expenses incurred during the year is Rs.39 Lakhs and no provision is made for balance amount during the financial year 2015-16.

46. During the current financial year, Income Tax block assessment was completed and orders received in respect of assessment years 2008-09 to 2013-14. Against certain disallowances made in the assessment orders, the company has filed necessary appeals. Pending outcome of the appeals, no adjustment has been made in the books.

47. PROVISIONS

a) The company has made a provision / transfer of Rs.2447 lakhs, (Rs.2335 lakhs) (reversal) towards warranty and contractual obligations on the products supplied / contracts executed by the company during the year. The expenses on account of provision for warranty is grouped under other administrative expenses.

Movement in provisions

₹ in Lakhs

Particulars	Provision for Warranty	Provision for Contractual Obligations	Provision for Warranty	Provision for Contractual Obligations
	15-16	15-16	14-15	14-15
Opening balance	2509	14232	2598	18149
Add :Addition / transfers	345	7150	536	-
Less : (a) Provision utilised	10	2129	105	1565
(b) Provision reversed		5048	519	2352
Closing balance	2844	14205	2509	14232

48. PREVIOUS YEAR FIGURES

Figures of previous year have been regrouped / rearranged, wherever required to conform to the current year presentation.

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director and CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.S.N.M.SANTOSH
Partner

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

Membership No.221916

S.A.BOHRA
Director

M.S.SUNDARA RAJAN
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 30, 2016

Independent Auditors' Report

TO THE MEMBERS OF BGR ENERGY SYSTEMS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BGR ENERGY SYSTEMS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries and unincorporated joint venture (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by 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 consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 42 to the consolidated financial statements, which describe the restatement of the unaudited financial statements of two of the subsidiary companies, namely, BGR Boilers Private Limited & BGR Turbines Company Private Limited, for the financial year 2014-15 and the impact of such restatement amounting to Rs. 15,505 lakhs on account of write off of certain items, namely, capital work in progress, service tax receivable and other adjustments, in the consolidated financial statements for the financial year 2014-15.

Other Matters

1. We did not audit the financial statements of two subsidiaries, namely, Progen Systems and Technologies Limited and Sravanaa Properties Limited, whose financial statements reflect total assets of Rs. 21,305 lakhs as at March 31, 2016, total revenue of Rs.863 lakhs and cash inflows amounting to Rs.15.56 lakhs for the year then ended. We also did not audit the financial statements of the unincorporated joint venture, namely, Mecon-GEA Energy System (India) Limited (JV) whose financial statements reflect total assets of Rs. 1,669 lakhs as at March 31, 2016 and total loss of Rs. 0.21 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.

Independent Auditors' Report

2. We have relied on the unaudited financial statements of two of the subsidiaries, namely, BGR Boilers Private Limited & BGR Turbines Company Private Limited whose financial statements reflect total assets of Rs. 1,13,030 lakhs as at March 31, 2016, total revenue of Rs. 1,41,483 lakhs and cash outflows amounting to Rs. 1,078 lakhs for the year then ended on that date. These unaudited financial statements as taken on record by the Board of Directors of the respective subsidiary companies, have been furnished to us by the Holding Company and our report insofar as it relates to the amounts included in respect of these subsidiaries are based solely on such unaudited financial statements.

Our report is not qualified in respect of other matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company

as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director of that company in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in Annexure; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer notes. 12.1, 12.2 and 29 to the consolidated financial statements.
 - ii. provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration Number: 001997S

M.S.N.M. SANTOSH

Partner

Membership Number: 221916

Place: Chennai

Date: May 30, 2016

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of BGR Energy Systems Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company and its Subsidiary Companies, which are incorporated in India, are 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 the respective 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.

Auditor's 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") issued by the ICAI

Independent Auditors' Report

and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

- a. Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies incorporated in India, namely, Progen Systems and Technologies Limited and Sravanaa Properties Limited, is based on the corresponding reports of the auditors of such companies incorporated in India.
- b. In respect of two subsidiary companies incorporated in India, namely, BGR Boilers Private Limited & BGR Turbines Company Private Limited, which have been included in the consolidated financial statements based on the unaudited financial statements of such subsidiary companies as taken on record by the Board of Directors of the respective subsidiary companies, have been furnished to us by the Holding Company and hence no report under Internal Financial Controls over Financial Reporting is available, and accordingly, the possible effects of the same on our reporting under Internal Financial Controls over Financial Reporting has not been considered.

Our report is not qualified / modified in respect of other matters.

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration Number: 001997S

M.S.N.M. SANTOSH

Partner

Membership Number: 221916

Place: Chennai

Date: May 30, 2016

Consolidated Balance Sheet

₹ in lakhs

	Note No.	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	7216	7216
(b) Reserves and surplus	2	121772	113919
(2) Minority interest		5461	3528
(3) Non-current liabilities			
(a) Long-term borrowings	3	38959	35176
(b) Deferred tax liabilities (net)	41	36952	34241
(c) Other long-term liabilities	4	44095	37824
(d) Long-term provisions	5	17062	16811
(4) Current liabilities			
(a) Short-term borrowings	6	185890	176020
(b) Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises		276	160
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	160215	152510
(c) Other current liabilities	8	58399	86005
(d) Short-term provisions	9	849	896
TOTAL		677146	664306
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	48983	41572
(ii) Intangible assets	10	461	515
(iii) Capital work-in-progress		45	501
(b) Non-current investments	11	43	43
(c) Long-term loans and advances	12	15058	14962
(d) Other non-current assets	13	98060	51620
(2) Current assets			
(a) Inventories	14	2621	5114
(b) Trade receivables	15	268217	241567
(c) Cash and cash equivalents	16	55608	85074
(d) Short-term loans and advances	17	112435	94854
(e) Other current assets	18	75615	128484
TOTAL		677146	664306
Significant accounting policies	1 to 44		
Notes to financial statements			

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director and CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.S.N.M.SANTOSH
Partner

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

Membership No.221916

S.A.BOHRA
Director

M.S.SUNDARA RAJAN
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 30, 2016

Consolidated Statement of Profit and Loss

₹ in lakhs

	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
I Revenue from operations	19	319790	338069
Less: Excise duty		950	1444
		318840	336625
II Other income	20	1666	711
III Total revenue		320506	337336
IV EXPENSES			
(a) Cost of materials consumed	21	198105	225233
(b) Cost of manufacturing and construction	22	46451	49082
(c) Other direct cost	23	7845	7434
(d) (Increase) / decrease in work in progress		2084	(519)
(e) Employee benefits expense	24	19566	18094
(f) Finance costs	25	24791	20681
(g) Depreciation and amortization expense	26	2352	2709
(h) Other expenses	27	13902	23887
Total expenses		315096	346601
V Profit before tax		5410	(9265)
VI Tax expense			
(1) Current tax		1500	1650
(2) MAT credit entitlement		(1282)	17412
(3) Deferred tax		2079	(16406)
(4) Tax - Earlier years		632	988
VII Profit for the year (before adjustment for Minority Interest)		2481	(12909)
Less: Share of profit / (loss) transferred to / (from) Minority Interest		(282)	(4918)
VIII PROFIT FOR THE YEAR		2763	(7991)
IX Earnings per equity share of face value of Rs. 10 each			
(1) Basic Rs.	31	3.83	(11.07)
(2) Diluted Rs.	31	3.83	(11.07)
Significant accounting policies			
Notes to financial statements	1 to 44		

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President and Chief Financial Officer

Chennai
May 30, 2016

Consolidated Cash Flow Statement

₹ in lakhs

		For the year ended March 31, 2016		For the year ended March 31, 2015	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit before tax and extraordinary items		5410		(9265)
	Adjustments for :				
	Depreciation, impairment and amortization	2352		2709	
	Dividend from investments - quoted	(2)		-	
	(Profit) / Loss on sale of fixed assets (net)	(22)		9	
	(Profit) / loss on unrealized foreign exchange gain	5712		(561)	
	Premium on forward exchange contract amortized	-		31	
	Provision for warranty and Contractual Obligation	2441		(62)	
	Share of minority interest	282		4918	
	Interest expense (net)	24791	35554	20681	27725
	Operating profit before working capital changes		40964		18460
	(Increase) in trade receivables	(26650)		34135	
	(Increase) in inventories	2493		926	
	(Increase) in current assets	14120		(28363)	
	(Increase) / decrease In loans and advances	(12588)		(1691)	
	Increase in trade payables and provisions	(19389)		(2801)	
			(42014)		2206
	Cash generated from operations		(1050)		20666
	Direct taxes (paid) / refund (Net)		(270)		(21155)
	Net cash flow from operating activities		(1319)		(489)
B	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of fixed assets	(9781)		(1053)	
	Sale of fixed assets	95		34	
	(Increase) in capital work-in-progress	456		15191	
	Dividend from investments - quoted	2		-	
	Net cash flow from investing activities		(9228)		14172
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Long term borrowings (repaid)	3783		34398	
	Payment of dividend	-		(2165)	
	Tax on dividend paid	-		(368)	
	Short term borrowings (repaid) / availed	9870		(24588)	
	Interest paid (net)	(24880)		(20295)	
	Net cash flow from financing activities		(11227)		(13018)
	Net increase in cash and cash equivalents (A+B+C)		(21775)		665
	Cash and cash equivalents as at April 1, 2015		37644		36979
	Cash and cash equivalents as at March 31, 2016		15869		37644
	Cash on hand		15		16
	On current accounts		855		1742
	On deposit accounts		14999		35886
	Significant accounting policies Notes to financial statements		1 to 44		

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President and Chief Financial Officer

Chennai
May 30, 2016

Notes to Consolidated Financial Statements

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting conventions

The consolidated financial statements of the group have been prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures”. The consolidated financial statements are prepared under the historical cost convention and following the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in India (“I-GAAP”) and mandatory accounting standards as notified under the relevant provisions of the Companies Act, 2013.

b. Principles of consolidation:

The basis of preparation of the consolidated financial statements is as follows:

- i. The financial Statements (Balance sheet, Statement of Profit and Loss and Cash Flow statement) of the group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group transactions and the resulting unrealized profits or losses.
- ii. The difference between the cost of investment in the subsidiaries over the Company’s share of net assets at the time of acquisition of subsidiary is recognized as Goodwill or Capital Reserve, as the case may be. Minorities’ share of net assets is identified and disclosed separately in the Consolidated Balance Sheet.
- iii. Interest in the assets, liabilities, income and expense of the Joint Ventures are consolidated using proportionate consolidation method. The differential with respect to the cost of investments in the jointly controlled entity over the Company’s share of its net assets of the jointly controlled entity is recognized as Goodwill or Capital Reserve, as the case may be.

The consolidated Financial Statements are prepared using the uniform accounting policies for like transactions and other events in similar circumstances except stated otherwise

c. Use of estimates

The preparation of financial statements, in conformity with I-GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized prospectively in the year in which the results are known / materialized.

d. Fixed assets and intangible assets

Fixed assets are assets held with the intention of being used for the purpose of producing goods or rendering of services and are not held for sale in the ordinary course of business. The cost of fixed assets comprise the purchase price including import duties and other non refundable taxes or levies and any directly attributable cost to bring the asset to working condition for intended use. Further, any trade discounts and rebates are deducted in arriving at the cost.

Intangible assets are identifiable non-monetary assets, without physical substance, held for use in producing / supplying goods or rendering of services, for rental to others, or for administrative purposes. The intangible assets are separately acquired and the costs of such intangible assets are capable of being measured reliably. The cost of intangible assets comprises the purchase price including import duties and other non refundable taxes or levies and any directly attributable cost on making the asset ready for intended use.

e. Depreciation and amortization

Depreciation on fixed assets is provided based on useful life of the assets, on straight line method in accordance with the rates prescribed under Schedule II of the Companies Act, 2013. Intangible assets are amortized over a period of 5 years on straight line basis.

In the financial statements of BGR Boilers Private Limited and BGR Turbines Company Private Limited, depreciation is being measured and recognised using written down value method unlike straight line method used by the Group. The proportion of such assets is as follows:

Assets	Proportion of		Proportion of	
	Net block	Depreciation	Net block	Depreciation
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
Furniture & fixtures	5%	17%	9%	24%
Vehicles	1%	5%	2%	3%
Office equipments	1%	4%	3%	9%

Notes to Consolidated Financial Statements

f. Investments

Investments are classified into long-term and current investments based on the intent of management at the time of acquisition.

Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are carried at cost or fair value whichever is lower.

g. Earnings per share (EPS)

Basic and diluted EPS are computed in accordance with Accounting standard (AS) 20 – “Earnings per share”

Basic EPS is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

h. Revenue recognition

- a) Sales are accounted on the basis of despatches in accordance with the terms of sale when significant risks and rewards are transferred to the customer.
- b) Sales include equipment billed but despatch of which is withheld at the request of the customer.
- c) Revenue from services is recognized in accordance with the specific terms of contract on performance.
- d) Freight reimbursements are recognized as income on dispatching goods to customer and such freight income is reduced by the actual freight expenses incurred.
- e) Revenue from construction contracts is recognized by reference to the stage of completion of the contract activity at the reporting date of the financial statements on the basis of percentage of completion method. The stage of completion of contracts is measured by reference to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs for each contract.
- f) Expected loss, if any, on the construction / project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included is taken into consideration.
- g) In respect of construction contracts revenues include taxes and duties.
- h) Other Income – i) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable, ii) Dividend income is recognized when the company's right to receive dividend is established.

i. Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at lower at cost and net realizable value. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined on a weighted average basis

Saleable scrap, whose cost is not identified, is valued at net realizable value

j. Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the rates prevailing on the reporting date. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement and also on translation of monetary items at the reporting date is recognized as income or expense. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

For forward contracts which are entered into to hedge the foreign currency risk of the underlying outstanding on the date of entering into that forward contract, the premium or discount on such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as an income or expense for the period. The exchange difference on such a forward exchange contract is calculated as the difference between : -

Notes to Consolidated Financial Statements

- a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- b) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the statement of profit and loss in the reporting period in which the exchange rates change.

k. Cash flows

Cash and cash equivalents consist of cash and cash on deposit with scheduled banks, other than margin money deposits.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

l. Income taxes

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between taxable income and accounting income which are capable of reversal in subsequent periods and are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period in which the company is allowed to carry forward the MAT credit as per the provisions of the Income-tax Act, 1961 ("specified period"). The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit asset to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

m. Impairment of assets

At every balance sheet date, the company determines whether the provisions should be made for the impairment loss on assets by considering the indications that the carrying amount of the asset exceeds the recoverable amount as per recognition and measurement principles laid down in AS-28 "Impairment of Assets". All impairment losses are recognized in statement of profit and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is recognized in the statement of profit and loss.

n. Employee benefits

a) Short term employee benefits :

Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which related services are rendered.

b) Post employment benefits:

i) Defined contribution plan:

Company's contributions paid/payable during the year towards provident fund, pension scheme and employees' state insurance (ESI) scheme are recognized in the statement of profit and loss.

ii) Defined benefit plan:

Company's liability towards gratuity in accordance with the Payment of Gratuity Act, 1972 is determined based on actuarial valuation using the projected unit credit method as at the balance sheet date. The company contributes all the ascertained liabilities to SBI Life Insurance which administers the contributions and makes the payment at retirement, death, incapacitation or termination of employment."

Notes to Consolidated Financial Statements

c) Other long-term employee benefits:

The company provides for compensated absences subject to certain rules. The employees are entitled to accumulate such absences for availment as well as encashment. As per the regular past practice followed by the employees, it is not expected that the entire accumulated absence shall be encashed or availed by the employees during the next twelve months and accordingly the benefit is treated as other long-term employee benefits. The liability is recognized on the basis of the present value of the future benefit obligations as determined by actuarial valuation.”

d) All actuarial gains/losses in respect of post employment benefits and other long term employee benefits are charged to the statement of profit and loss.

o. Borrowing costs

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

p. Leases

Finance leases, which transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit interest rate or incremental borrowing rate as applicable. Finance charges are charged directly against income. The costs identified as directly attributable to activities performed for a finance lease are included as part of the amount recognized as leased assets.

If there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, capitalized leased assets are fully depreciated over the lease term or their useful life, whichever is shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased assets, are classified as operating leases.

Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

q. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

r. Provisions

- i) The company recognizes provision when there is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits which can be measured only by using a substantial degree of estimation.
- ii) Provision for contractual obligation has been provided for in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.
- iii) The company makes provision towards warranty obligation arising under the contract, while progressively recognising the revenue, based on management estimate and past experience of similar contracts. Such provision is maintained until the warranty period is completed.

s. Contingent liabilities

The company recognizes contingent liability for disclosure in notes to accounts, if any of the following conditions fulfilled:

- i) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
- ii) a present obligation that arises from past events but is not recognized because: - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or - a reliable estimate of the amount of the obligation cannot be made.”

Notes to Consolidated Financial Statements

B. NOTES TO ACCOUNTS

The consolidated financial statements present the consolidated accounts of the company, which consists of the accounts of the company and its subsidiaries and joint venture, indicated below

Subsidiary companies

S.No.	Name of the company	Country of Incorporation	Extent of holding (%) as on March 31, 2016	Goodwill or (capital reserve) on account of consolidation	Extent of holding (%) as on March 31, 2015	Goodwill or (capital reserve) on account of consolidation
1	Progen Systems and Technologies Limited	India	69.67%	59	69.67%	59
2	BGR Boilers Private Limited	India	70%	---	70%	---
3	BGR Turbines Company Private Limited	India	74%	---	74%	---
4	Sravanaa Properties Limited	India	100%	(242)	100%	(242)

Joint ventures

S.No.	Name of the company	Country of incorporation	Extent of interest (%) as on March 31, 2016	Goodwill or (capital reserve) on account of consolidation	Extent of interest (%) as on March 31, 2015	Goodwill or (capital reserve) on account of consolidation
1	Mecon - GEA Energy System (India) Limited (JV)	India	10% & 30% on two different construction projects	Nil	10% & 30% on two different construction projects	Nil

Shareholders' funds

1	SHARE CAPITAL	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
	<u>Authorised</u> 10,00,00,000 equity shares of Rs.10 each (10,00,00,000)	10000	10000
	<u>Issued, subscribed and paid up</u> 7,21,61,560 Equity shares of Rs.10/- each (7,21,61,560)	7216	7216

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Issued during the year - Employee Stock Option Scheme	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216

b. Terms/rights attached to equity shares

The company has one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share.

Notes to Consolidated Financial Statements

c. Details of shareholders holding more than 5% shares in the company

	As at March 31, 2016 ₹ in lakhs		As at March 31, 2015 ₹ in lakhs	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76

d. The company has reserved issuance of 76717 (259178) equity shares of Rs. 10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 33)

2 RESERVES AND SURPLUS		As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
i.	Capital reserve on consolidation	242	242
ii.	Securities Premium Account		
	Opening balance	31895	31895
	Closing balance	31895	31895
iii.	General reserve		
	Opening balance	13654	13232
	Add: Amount transferred from statement of profit and loss	330	422
	Closing balance	13984	13654
iv.	Revaluation Reserve		
	Opening Balance		
	Add: Amount transferred from Statement of Profit and Loss	5090	-
v.	Balance in statement of profit and loss		
	Opening balance	68128	76803
	Add: Profit for the year	2763	(7991)
	Less : Adjustment towards depreciation	-	262
	Less :- Appropriations		
	Proposed dividend	-	-
	Tax on proposed dividend	-	-
	Transfer to general reserve	330	422
	Closing balance	70561	68128
	TOTAL	121772	113919

3 LONG-TERM BORROWINGS	As at March 31, 2016 ₹ in lakhs		As at March 31, 2015 ₹ in lakhs	
	Non Current	Current	Non Current	Current
Secured				
i. Term loans from banks	38959	5455	35143	580
Unsecured				
ii. Deferred payment liabilities - Interest free sales tax loan	-	-	33	-
	38959	5455	35176	580
Less : - Amount disclosed under the head "other current liabilities" (refer Note 8)	-	5455	-	580
	38959	-	35176	-

Notes to Consolidated Financial Statements

Term loan includes

- 1) Rs.143 lakhs (Rs.723 lakhs) from State Bank of Travancore and is secured by a first charge on fixed assets purchased out of the term loan and land and buildings of AFC factory of the company. The loan is repayable in 20 quarterly equal instalments starting from 30.09.2011.
- 2) Corporate loan of Rs.44271 lakhs (Rs.35000 lakhs) from Syndicate Bank and is secured by the specified receivables of the company and collateral security of the subsidiary companies and other companies\persons. The loan is repayable in 16 quarterly instalments starting from 01.07.2016.

4 OTHER LONG-TERM LIABILITIES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Trade payables	44028	37757
Other payables	67	67
	44095	37824

5 LONG-TERM PROVISIONS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Provision for contractual obligation (refer Note 40)	14205	14232
Provision for warranty (refer Note 40)	2730	2452
Provision for leave encashment	58	66
Employee benefit - gratuity	69	61
	17062	16811

6 SHORT-TERM BORROWINGS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Secured		
Working capital loans from banks	185890	176020
	185890	176020

- a) The balance in project specific escrow,current and EEFC accounts have been netted off against respective project's working capital loan accounts.
- b) The company has availed working capital loans on pari-passu basis from State Bank of India and State Bank of Hyderabad. These loans are secured by hypothecation of inventories, trade receivables and movable assets of the capital goods segment of the company. The loans from State Bank of India and State Bank of Hyderabad are further secured by a second charge on the fixed assets of the company.
- c) The company has availed contract specific working capital loans from State Bank of India, State Bank of Hyderabad, State Bank of Travancore, State Bank of Patiala, State Bank of Bikaner & Jaipur , State Bank of Mysore, IDBI Bank, Punjab National Bank, Vijaya Bank, Indian Bank, Indian Overseas Bank , Corporation Bank, Allahabad Bank, Bank of India, Andhra Bank, Central Bank of India, Syndicate Bank, Axis Bank, ICICI Bank, Kotak Mahindra Bank Ltd, Export Import Bank of India, Union Bank of India and The Karur Vysya Bank Limited. These loans are secured by hypothecation of inventories, trade receivables and movable current assets of the respective contracts. The participating banks share the securities on pari-passu basis.

7 TRADE PAYABLES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Micro and small enterprises	276	160
Others	160215	152510
	160491	152670

Notes to Consolidated Financial Statements

8 OTHER CURRENT LIABILITIES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Current maturities of long term borrowings (refer Note 3)	5455	580
Advance from customers	51662	83774
Interest accrued but not due on borrowings	451	540
Unpaid dividends	49	53
Other payables *	782	1058
	58399	86005

* Other payables include Expenses payable, Employee dues, withholding taxes and other Statutory dues

9 SHORT TERM PROVISIONS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
i. Provision for employee benefits		
Provision for bonus	76	24
Provision for leave encashment	393	370
Provision for gratuity	266	385
ii. Others		
Provision for warranty (refer Note 40)	114	58
Proposed dividend	-	-
Provision for		
Tax on proposed dividend	-	-
Wealth tax	-	7
Income taxes (net)	-	52
	849	896

Notes to Consolidated Financial Statements

10. FIXED ASSETS

₹ in lakhs

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at March 31, 2015	During the year		As at March 31, 2016	Up to March 31, 2015	Additions / Adjustments	Deletions	Up to March 31, 2016	As at	
		Additions / Adjustments	Deletions						March 31, 2016	March 31, 2015
Tangible Assets										
Land	25390	7305	-	32695	-	-	-	-	32695	25390
Buildings	2548	415	-	2964	484	89	-	573	2390	2064
Plant & Equipment	20043	1670	374	21339	7512	1618	322	8808	12531	12531
Furniture & Fixtures *	775	96	-	871	273	81	-	354	516	502
Office Fixtures	224	1	-	225	218	2	-	220	5	6
Office Equipments *	1321	44	-	1365	1017	149	-	1166	199	304
Electrical Installations	386	22	-	408	201	33	-	234	174	185
Vehicles	1494	15	77	1432	904	111	56	959	473	590
Intangible Assets										
Goodwill on consolidation	59	-	-	59	-	-	-	-	59	59
Technical Know - How **	1151	197	-	1348	1002	143	-	1145	203	149
Software **	2149	17	-	2167	1842	126	-	1968	199	307
TOTAL	55540	9781	451	64871	13453	2351	378	15427	49444	42087
As at 31.03.2015	54602	1053	110	55545	10554	2971	67	13458	42087	

* Impairment loss recognised in the statement of profit and loss during the financial year for the fixed assets is Rs. Nil (Rs.Nil) (Refer Note 35)

** Both the assets are other than internally generated.

Notes to Consolidated Financial Statements

11 NON-CURRENT INVESTMENTS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
i. (Long-term investments)		
a) Trade investments (at cost)		
In Equity shares of other companies - Unquoted, fully paid up	-	-
ii. b) Other investments (at cost)		
i) In Equity shares of other companies - Quoted, fully paid up		
13,970 Indian Bank (13,970) of Rs.91 per share	13	13
ii) In Mutual funds - Quoted fully paid up - face value Rs 10 each		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units	5	5
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units	25	25
	43	43
1) Aggregate market value of quoted investments	51	65
2) Aggregate book value of quoted investments	43	43
12 LONG-TERM LOANS AND ADVANCES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
i. Secured considered good		
Advance to suppliers	31	238
ii. Unsecured considered good		
Deposit	554	1572
Loans and advance to related parties (refer Note 31)	671	721
Capital advance	1523	1523
MAT credit entitlement	2789	1507
Other loans and advances *	9490	9401
	15058	14962

* Other loans and advances include dues from customers and tax refund (net of provision for taxation) from the Government.

12.1. Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on May 28, 2007. Consequently, the end client encashed BGs for a value of Rs.1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board, have been determined through arbitration. The Arbitral Tribunal disposed off the matter and pronounced the award on 27.12.2015 and a sum of Rs 2673 lakhs was awarded to the JV. The recoverable amount of Rs 1654 lakhs grouped under loans and advances is covered by the arbitral award. Cochin Port Road Company Ltd., (SPV of NHAI) has challenged the award.

12.2. Tuticorin Project: The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) terminated the contract and encashed BGs for aggregate value of Rs.2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, were reviewed by the Disputes Review Board and recommendations were granted in favour of the JV. Tuticorin Port Road Company Ltd (SPV of NHAI) challenged the recommendations before the Arbitration Tribunal. The JV and NHAI are exploring a settlement and hence arbitral proceedings remained suspended during the FY 2015-16. In view of these facts, the company has identified a sum of Rs. 83 lakhs (Rs.83 lakhs) as at March 31, 2016 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

Notes to Consolidated Financial Statements

13 OTHER NON-CURRENT ASSETS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Unsecured				
Trade receivables - considered good			90387	42144
Trade receivables - considered doubtful	83	83		
Less:- Provision for doubtful receivable	83	83	-	-
Margin money deposits held under lien to banks - maturity more than 12 Months			6883	9071
Interest accrued on margin money deposits			790	405
			98060	51620

14 INVENTORIES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Raw materials and components	1929	2312
Consumables	-	24
Work-in-progress	688	2773
Loose tools	4	5
	2621	5114

15 TRADE RECEIVABLES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
(Unsecured and considered good)		
Over six months	4909	3467
From related parties	2023	881
Others	261285	237219
	268217	241567

- 15.1. Trade receivables – Others, includes retention amount of Rs. 125391 lakhs (Rs.97188 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2016
- 15.2. The company has sought confirmation of balances of major trade receivables. In cases where letters of confirmation have been received from parties, book balances have been reconciled and adjusted, if required. In other cases, balances in accounts of trade receivables have been taken as per books of account.

Notes to Consolidated Financial Statements

16 CASH AND CASH EQUIVALENTS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Cash and cash equivalent:		
Balances with banks :		
- On current accounts	855	1742
- On deposit accounts	14999	35886
Cash on hand	15	16
Other bank balances		
Margin money deposits held under lien to banks	39690	47377
On unpaid dividend accounts	49	53
	55608	85074

16.1 Bank balances of Rs.3 Lakhs (Rs.3 Lakhs) are subject to confirmation.

17 SHORT-TERM LOANS AND ADVANCES	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Secured considered good		
Advance to suppliers	35262	8359
Unsecured considered good		
Advance to suppliers	12212	8520
Loans and advances to related parties (refer Note 31)	508	773
Other loans and advances *	62757	77061
Deposits	1696	141
	112435	94854

* Includes employee loans, travel advances, prepaid expenses, DGFT refund, CENVAT credit receivable, VAT credit receivable and forward contract valuation

* Other loans and advances includes a claim amount of Rs.17500 lakhs, that was paid to a client during the year, pending contract closure and outcome of the discussions with the client.

18 OTHER CURRENT ASSETS	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
Interest accrued on deposit accounts	361	1850
Contracts in progress (net)	75254	126634
[Contracts in progress comprise unbilled revenue of Rs.84306 lakhs, (Rs.129436 lakhs) and unearned revenue of Rs.9328 lakhs (Rs.4259 lakhs)]		
	75615	128484

19 REVENUE FROM OPERATIONS	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Sale of manufactured goods	15795	25203
Contracting income *	299763	310855
Erection and service income	3305	901
Other operating revenue	927	1110
	319790	338069
Less: Excise duty	950	1444
	318840	336625

* Refer Note 28

Notes to Consolidated Financial Statements

20 OTHER INCOME	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Dividend from investments - quoted	2	-
Insurance claim received	-	142
Foreign Exchange Variation (Net)	1164	-
Interest on advances / refunds / deposit	478	554
Profit on sale of fixed assets	22	-
Others	-	15
	1666	711

21 COST OF MATERIAL	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Opening inventory (Raw materials, consumables, bought outs and components)	2337	3783
Add : Purchases	197697	223787
	200034	227570
Less: Closing inventory (Raw materials, consumables, bought outs and components)	1929	2337
	198105	225233

1. Cost of materials consumed is net of provision of cost of Rs.4519 lakhs (Rs.4441 lakhs), warranty of Rs.Nil (Rs.519 lakhs) and provision for contractual obligations of Rs.2129 lakhs (Rs.2352 lakhs), no longer required.

2. Refer Note 28

22 COST OF MANUFACTURING AND CONSTRUCTION	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Subcontracting and processing charges	46259	48554
Power and fuel	192	528
	46451	49082

23 OTHER DIRECT COST	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Agency commission	86	97
Insurance	1005	1115
Bank charges	5718	5436
Professional fees	802	654
Packing and forwarding	234	132
	7845	7434

24 EMPLOYEE BENEFITS EXPENSES	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Salaries, allowances and bonus	17273	15806
Contribution to P.F., E.S.I., and Gratuity	766	771
Workmen and staff welfare expenses	1527	1517
	19566	18094

Notes to Consolidated Financial Statements

25 FINANCE COSTS	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Interest on working capital loans (net)	18877	20413
Interest on term loans	5914	268
	24791	20681
26 DEPRECIATION AND AMORTIZATION EXPENSE	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Depreciation of tangible assets (refer Note 10)	2083	2331
Amortization of intangible assets (refer Note 10)	269	378
	2352	2709
27 OTHER EXPENSES	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
Rent (refer Note 33)	1263	1268
Payment to auditors (Refer details below)	99	119
Bank charges	72	514
Conveyance and vehicle running expenses	503	490
Provision for Contractual Obligation	2102	-
Trade receivables written off	5048	-
Electricity charges	228	214
Foreign exchange loss	473	1685
Insurance	88	78
Loss on sale of fixed asset (net)	-	9
Other administrative expenses	826	705
CSR expenses	39	-
Professional charges	393	435
Rates and taxes	107	138
Repairs and maintenance		
- Building	32	58
- Machinery	39	62
- Others	1067	1013
Security charges	157	135
Selling expenses	54	55
Sitting Fees	36	30
Telephone and postage expenses	183	192
Travelling expenses		
- Domestic	887	832
- Foreign	206	296
Prior period items	-	552
Provision for loss on other assets	-	995
Capital work in progress written off	-	14012
	13902	23887
Payment to auditors		
For audit fees	87	84
For tax matters	6	31
For certification	6	4
	99	119

Notes to Consolidated Financial Statements

28 During the financial year 2015-16, the Company entered into an agreement with Hitachi, Ltd., Japan (HTC) and Hitachi Power Europe GmbH, Germany (HPE) and the company's Joint Venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited which inter alia provided for (i) execution of Solapur and Meja Supercritical Steam Generators and Lara Supercritical Steam Turbines and Generators (STG) ("NTPC Projects"), (ii) arrangement with respect to the future of the JV relationship between HTC, HPE and the Company in respect of Joint Venture companies with Hitachi after completion of the NTPC projects (iii) certain payments to be made by HTC to the Company in a phased manner over a period of time on achievement of number of milestones / events / transactions and (iv) for withdrawal of pending litigations.

Subsequent to the signing of the agreement, the Company has accounted the following:

- Revenue from operations includes income of Rs.29,813 lakhs, in terms of the agreement.
- Cost of materials consumed includes reimbursement of Rs.17,888 lakhs in terms of the agreement.

29 CONTINGENT LIABILITIES, GUARANTEES AND CAPITAL COMMITMENTS

Particulars	As at March 31, 2016 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs
A CONTINGENT LIABILITIES		
Claims against the company not acknowledged as debt		
a) On account of sales tax *	28677	29154
b) On account of income tax	12688	10949
c) On account of service tax **	25	25
d) On account of provident fund	521	521
e) On account of contractual obligations	26903	9942
f) On account of royalty	2138	4547
g) Others	1278	-
GUARANTEES		
Guarantees and counter guarantees given on behalf of other company	653	653
B CAPITAL COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account	38459	33671

* Sales tax includes an amount of Rs. 23740 lakhs (Rs. 23740 lakhs) (excluding interest and penalty) which has been contested by the VAT authorities before the Rajasthan Tax Board.

** Service tax represents a sum of Rs. 25 lakhs (Rs. 25 lakhs) (excluding interest and penalty) which has been contested by the service tax authorities before the Customs Excise and Service Tax Appellate Tribunal.

Notes to Consolidated Financial Statements

30 SEGMENT REPORTING

Primary segment information (Business segments)

Information about Business Segments (information provided in respect of revenue items for the 12 months period ended March 31, 2016 and in respect of assets / liabilities as at March 31, 2016) are furnished below:

₹ in lakhs

Particulars	2015-16				2014-15			
	Capital Goods segment	Construction and EPC contracts segment	Inter Segment eliminations	Total	Capital Goods segment	Construction and EPC contracts segment	Inter Segment eliminations	Total
a) Revenue	18395	300445		318840	24751	311874		336625
Inter Segment sales	2635		(2635)	-	831		(831)	-
Total Revenue	21030	300445	(2635)	318840	25582	311874	(831)	336625
b) Result	292	28243		28535	(15439)	26144		10705
Add: Unallocable income (net of expenditure)"				1666				711
Profit before interest and tax				30201				11416
Interest				24791				20681
Profit before tax				5410				(9265)
Tax expenses								
- Current tax				1500				1650
- MAT credit entitlement				(1282)				17412
- Deferred tax				2079				(16406)
- Deferred tax - earlier years				632				988
- Total				2929				3644
Net profit after tax				2481				(12909)
c) Assets	62943	601109		664052	78422	572796		651218
Add: Unallocable corporate assets				13094				13088
Total assets				677146				664306
d) Liabilities	44412	230225		274637	65649	227078		292727
Add: Unallocable corporate liabilities				268060				246916
Total liabilities				542697				539643
e) Capital assets acquired during the year	7811	1970		9781	18	1035		1053
f) Depreciation, amortisation & impairment	307	2045		2352	453	2256		2709
g) Other non cash charges except depreciation, amortisation & impairment	2	7487		7489	(18)	(44)		(62)

Secondary segment information (Geographic segments)

₹ in lakhs

Particulars	Domestic		Overseas		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
External revenue by location of customers	317378	335493	1462	1132	318840	336625
Carrying amount of segment assets by location of assets	677141	664302	4	4	677146	664306
Capital expenditure	9777	1049	4	4	9781	1053

Notes to Consolidated Financial Statements

31 PARTICULARS OF RELATED PARTIES

List of related parties

a. Other companies (enterprises where significant influence exists and enterprises where key management personnel have significant influence)

- i. Enexio Power Cooling Solutions India Private Limited
- ii. GEA BGR Energy System India Limited
- iii. Mega Funds India Limited
- iv. Sasikala Estate Private Limited
- v. Schmitz India Private Limited
- vi. Cuddalore Powergen Corporation Limited
- vii. ANI Constructions Private Limited
- viii. Nannilam Property Private Limited
- ix. BGR Odisha Powergen Limited
- x. Pragathi Computers Private Limited
- xi. Govin Engineering and Costructions Limited
- xii. Germanischer Lloyd Industrial Services (India) Private Limited
- xiii. Accord Foundations Private Limited

b. Key management personnel

- i. Mr. A. Swaminathan, Joint Managing Director and CEO
- ii. Mr. V.R. Mahadevan, Joint Managing Director
- iii. Mrs. Swarnamugi Karthik, Director - Corporate Strategy

c. Relatives of key management personnel

- i. Mrs. Sasikala Raghupathy (Mother of Mrs.Swarnamugi Karthik)
- ii. Mrs. Priyadershini Raghupathy (Sister of Mrs.Swarnamugi Karthik)
- iii. Mrs. Vaani Raghupathy (Sister of Mrs.Swarnamugi Karthik)
- iv. Mr. Arjun Govind Raghupathy (Brother of Mrs.Swarnamugi Karthik)

Related party transactions

₹ in lakhs

Particulars	Other companies	Key managerial personnel	Relatives of key management Personnel	For the year ended March 31, 2016	For the year ended March 31, 2015
Sales	5369	-	-	5369	3315
Purchases	1590	-	-	1590	3858
Investments made	-	-	-	-	-
Sale of Investments	-	-	-	-	-
Remuneration	-	626	56	682	461
Rent expenses	92	-	44	136	136
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	4
Others	-	-	25	25	25
Advances given	440	-	-	440	1551
Repayment of advance given	(120)	-	-	(120)	-
Guarantees	653	-	-	653	653
Balances outstanding	2812	-	(29)	2783	819

Notes to Consolidated Financial Statements

Disclosure in respect of related party transactions during the year :

- Sales represent, Enexio Power Cooling Solutions India Private Limited Rs. 5369 lakhs (Rs. 3315 lakhs).
- Purchases represent, Enexio Power Cooling Solutions India Private Limited Rs. 1163 lakhs (Rs.3655 lakhs), GEA BGR Energy System India Limited Rs. 426 lakhs (Rs. 142 lakhs), Schmitz India Private Limited Rs. Nil (Rs.61 lakhs)
- Remuneration to key management personnel represents, Mr. V.R. Mahadevan Rs. 229 lakhs (Rs.129 lakhs), Mr. A. Swaminathan Rs. 311 lakhs (Rs. 181 lakhs), Mr. K Chandrashekhara Rs. Nil (Rs. 24 lakhs), Mrs. Swarnamugi Karthik Rs. 86 lakhs (Rs. 88 lakhs).
- Remuneration to relatives of key management personnel represent, Mrs.Priyadarshini Raghupathy Rs. 27 lakhs (Rs. 28 lakhs), Mrs. Vaani Raghupathy Rs. 6 lakhs (Rs.6 lakhs), Mr. Arjun Govind Raghupathy Rs. 23 lakhs (Rs.5 lakhs).
- Rent paid represents, GEA BGR Energy System India Limited. Rs. 0.30 lakhs (Rs. 0.30 lakhs), Sasikala Estate Private Limited Rs. 83 lakhs (Rs. 83 lakhs), ANI Construction Private Limited Rs. 9 lakhs (Rs. 9 lakhs). Mrs. Sasikala Raghupathy Rs. 44 lakhs (Rs. 44 lakhs),
- Sale of fixed assets represent, GEA BGR Energy System India Ltd Rs. Nil (Rs. 4 lakhs).
- Others represent, royalty to Mrs. Sasikala Raghupathy Rs. 25 lakhs (Rs. 25 lakhs).
- Advances given represent, GEA BGR Energy Systems India Limited Rs. 66 lakhs (Rs. 304 lakhs), Enexio Power Cooling Solutions India Private Limited Rs. 373 lakhs (Rs. 1247 lakhs).
- Repayment of advances given includes Mega Funds India Limited Rs. 39 lakhs (Rs. Nil),GEA BGR Energy System India Limited Rs. 13 lakhs (Rs.Nil),Enexio Power Cooling Solutions India Private Limited Rs. 68 lakhs (Rs.Nil)
- Guarantees given (for working capital) represent, Enexio Power Cooling Solutions India Private Limited Rs. 653 lakhs (Rs. 653 lakhs).
- Balances outstanding (Net) represent, Enexio Power Cooling Solutions India Private Limited Rs. 999 lakhs (Rs.595 lakhs) (cr bal), GEA BGR Energy System India Limited Rs. 5 lakhs (cr bal) (Rs.240 lakhs) , Cuddalore Powergen Corporation Limited Rs. 671 lakhs (Rs.671 lakhs), Nannilam Property Private Limited Rs. 508 lakhs (Rs.508 lakhs), Mega Funds India Limited Rs. Nil (Rs. 39 lakhs), Sasikala Estate Private Limited Rs. 7 lakhs (cr.bal) (Rs. 7 lakhs (cr.bal)), ANI Constructions Private Limited Rs.0.78 lakhs (cr.bal) (Rs.0.77 lakhs) (cr bal),Mrs. Sasikala Raghupathy Rs. 29 lakhs(cr. bal)(Rs. Rs. 36 lakhs(cr. bal))

32 EARNINGS PER SHARE (EPS)	For the year ended March 31, 2016 ₹ in lakhs	For the year ended March 31, 2015 ₹ in lakhs
The following reflects the profit and share data used in the basic and diluted EPS computations :		
Basic EPS		
Profit after tax as per accounts	2763	(7991)
Weighted average number of equity shares (Face value Rs.10 per share) (lakhs Nos.)	722	722
Basic EPS (Rs.)	3.83	(11.07)
Diluted EPS		
Profit for the year for basic EPS	2763	(7991)
Less : Adjustment	-	-
Adjusted profit for diluted EPS	2763	(7991)
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : -Adjustment		
Weighted average number of equity shares (face value Rs.10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (Rs.)	3.83	(11.07)

Notes to Consolidated Financial Statements

33 EMPLOYEE STOCK OPTION PLANS

Stock option granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the SEBI (Share based Employee Benefits) Regulations, 2014. The company follow the intrinsic value method of accounting for the options and accordingly, the excess of value of the stock options on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the statement of profit and loss account.

Employee Stock Option Scheme – 2007

Pursuant to the decision of the shareholders, at their meeting held on July 11, 2007, the company has established an 'Employee Stock Option Plan 2007' ('ESOS 2007' or 'the Scheme') to be administered by the Compensation Committee of the Board of Directors. ESOS 2007 provides for grant of options amounting to not more than 1.5% of the issued and paid up equity capital of the company outstanding at any point of time to officers, directors and key employees to purchase equity shares of face value of Rs.10 each, with such option conferring a right upon the employee to apply for one equity shares of the company, in accordance with the terms and conditions of such issue. The exercise price of the option is Rs.408.

Vesting Schedule

For Employees with 3 years of completed service or more (Category-1)

Date of vesting	Vesting proportion	Time based (part A)	Performance based (part B)	Earliest date of exercise	Last date of exercise
Jan 3,2009	33%	100%	0%	Jan 3,2009	Jan 3,2014
Jan 3,2010	33%	75%	25%	Jan 3,2010	Jan 3,2015
Jan 3,2011	34%	75%	25%	Jan 3,2011	Jan 3,2016

For Employees with less than 3 years of completed service (Category-2)

Date of vesting	Vesting proportion	Time based (part A)	Performance based (part B)	Earliest date of exercise	Last date of exercise
Jan 3,2009	25%	100%	0%	Jan 3,2009	Jan 3,2014
Jan 3,2010	25%	75%	25%	Jan 3,2010	Jan 3,2015
Jan 3,2011	25%	75%	25%	Jan 3,2011	Jan 3,2016
Jan 3,2012	25%	75%	25%	Jan 3,2012	Jan 3,2017

The following are the number of options outstanding during the year:

Particulars	2015-16	2014-15
Number of options outstanding in the beginning of the year (a)	259178	271396
Number of options granted during the year (b)	-	-
Number of options vested during the year (c)	-	-
Number of vested options cancelled (d)	140116	9757
Number of unvested options cancelled (e)	42345	2461
Number of vested options forfeited during the year (f)=(d)+(e)	182461	12218
Number of options exercised during the year (g)	-	-
Number of options outstanding at the end of the year (h)=(a)-(f)	76717	259178
Number of options exercisable at the end of the year	56341	39136

Notes to Consolidated Financial Statements

34 LEASES

Operating lease

The company has taken various residential / commercial premises and land under cancellable and non-cancellable operating leases. These lease agreements are normally renewed on expiry.

The future minimum lease payments in respect of non-cancellable leases as at March 31, 2016 are as follows:

₹ in lakhs

Particulars	Total minimum lease payments outstanding as at	
	March 31,2016	March 31,2015
Due within one year	171	62
Due later than one year and not later than five years	75	125
Due later than five years	-	-
Total	245	187

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: Rs.1263 lakhs (Rs.1268 lakhs)

35 IMPAIRMENT OF ASSETS

a. Cash generating units :

There is no impairment loss in cash generating units and hence no provision was made in the financial statements.

b. Other Assets :

The company has made a provision of Rs. Nil (Rs. Nil) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

36 In respect to construction contracts, cost of material includes value added tax, central sales tax, works contract tax and service tax.

37 Interest income from fixed deposits have been netted off with interest expense on working capital facilities.

38 As required under Section 135 of Companies Act 2013, the company is required to spend Rs.344 Lakhs (Rs.510 lakhs) towards Corporate Social Responsibility (CSR) activities. Expenses incurred during the year is Rs.39 Lakhs and no provision is made for balance amount during the financial year 2015-16.

39 During the current financial year, Income Tax block assessment was completed and orders received in respect of assessment years 2008-09 to 2013-14. Against certain disallowances made in the assessment orders, the company has filed necessary appeals. Pending outcome of the appeals, no adjustment has been made in the books.

40 PROVISIONS

a)The company has made a provision / transfer of Rs.2447 lakhs, (Rs.2335 lakhs) (reversal) towards warranty and contractual obligations on the products supplied / contracts executed by the company during the year. The expenses on account of provision for warranty is grouped under other administrative expenses.

Movement in provisions

₹ in lakhs

Particulars	Provision for warranty	Provision for contractual obligations	Provision for warranty	Provision for contractual obligations
	15-16	15-16	14-15	14-15
Opening Balance	2509	14232	2598	18149
Add :Addition / Transfers	345	7150	536	-
Less : a) Provision utilised	10	2129	105	1565
b) Provision reversed		5048	519	2352
Closing Balance	2844	14205	2509	14232

Notes to Consolidated Financial Statements

41. DEFERRED TAXES

Major components of deferred tax assets and liabilities are as under:

₹ in lakhs

Component	Deferred tax asset as at March 31, 2016	Deferred tax liability as at March 31, 2016	Deferred tax asset as at March 31, 2015	Deferred tax liability as at March 31, 2015
Depreciation and Impairment	-	1071	-	1052
Provision for bad debts	29	-	28	-
Gratuity	125	-	123	-
Compensated absences	222	-	218	-
Others	46	-	45	-
Carry forward tax loss	7674	-	-	-
Retention money	-	43977	-	33603
TOTAL	8096	45048	414	34655
Net		36952		34241

42. The company while preparing consolidated financial statements for FY 2014-15, adopted unaudited financial statements of two joint venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited on May 28, 2015 based on respective Board's representation. Subsequently, in FY 2015-16 these joint venture companies entered into an agreement amongst Hitachi, Ltd., Hitachi Power Europe GmbH and the Company.

Consequently these subsidiary companies have revised the unaudited financial statements for FY 2014-15 and capital work in progress of Rs. 14012 lakhs, service tax receivable of Rs. 995 lakhs and other adjustments of Rs.498 lakhs have been written off in their respective books. This restatement has resulted in a change in the reported consolidated profit before tax of Rs.6240 lakhs for the FY 2014-15 into a loss of Rs.9265 lakhs as per the restated financial statements. Accordingly, the carrying value of the 'Balance in Statement of profit and loss' is reduced to the extent of Rs.11013 lakhs.

The Board of directors of both subsidiary companies have taken on record, the restated unaudited financial statements for the FY 2014-15 as well as the unaudited financial statements for FY 2015-16. The audited financial statements have not been made available to the Company.

The company has adopted these unaudited financial statements for FY 2014-15 and FY 2015-16 for the purpose of preparation of consolidated financial statement of the Company. The consolidated financial statement published on May 28, 2015 have been restated to conform to the restated unaudited financial statements of both subsidiary companies.

₹ in lakhs

S. No.	Particulars	Impact	Holding Company's Share
	Impact on Profitability		For the Year 2014-15
1	Total Revenue	Increase	0
2	Total Expenses	Increase	10854
3	Net Profit	(Decrease)	(10853)
	Impact on Financial Position		As on 31.03.2015
1	Share Holder's Fund	Increase	(11014)
2	Non-current liabilities	(Decrease)	3840
3	Current liabilities	Increase	(3548)
	Total Equity & Liabilities	(Decrease)	(10722)
4	Non-current assets	(Decrease)	(11594)
5	Current assets	Increase	872
	Total Assets	(Decrease)	(10722)

Notes to Consolidated Financial Statements

- 43.(a) For the current year, the following entities were consolidated based on unaudited financials and the assets, revenues and cashflows of these entities considered in consolidated financial statements are given below..

₹ in lakhs

Name of the entity	Assets	Revenue	Cashflows
1) BGR Boilers Private Limited	63306	95245	(1048)
2) BGR Turbines Company Private Limited	49724	46238	(30)

- (b) In the previous year 2014-15, the following entities were consolidated based on unaudited financials and the assets, revenues and cashflows of these entities considered in consolidated financial statements are given below

₹ in lakhs

Name of the entity	Assets	Revenue	Cashflows
1) BGR Boilers Private Limited	63231	76303	(145)
2) BGR Turbines Company Private Limited	33634	53791	(132)

44 PREVIOUS YEAR FIGURES

Figures of previous year have been regrouped / rearranged, wherever required to conform to the current year presentation.

SASIKALA RAGHUPATHY Chairperson	A.SWAMINATHAN Joint Managing Director and CEO	As per our report of even date for M/s MANOHAR CHOWDHRY & ASSOCIATES Chartered Accountants
V.R.MAHADEVAN Joint Managing Director	SWARNAMUGI KARTHIK Director - Corporate Strategy	M.S.N.M.SANTOSH Partner Membership No.221916
S.R.TAGAT Director	M.GOPALAKRISHNA Director	
S.A.BOHRA Director	M.S.SUNDARA RAJAN Director	
HEINRICH BOHMER Director	GNANA RAJASEKARAN Director	
R.RAMESH KUMAR President - Corporate and Secretary	P.R.EASWAR KUMAR President and Chief Financial Officer	Chennai May 30, 2016

Notes to Consolidated Financial Statements

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

Part "A": Subsidiaries

₹ in lakhs

Sl. No.	Name of the subsidiary	Reporting period	Reporting currency	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of share holding
1	Progen Systems and Technologies Limited	15-16	INR	610	6088	8254	8254	-	798	(273)	(2)	(271)	-	69.67%
2	BGR Boilers Private Limited	15-16	INR	13558	(13898)	63306	63306	-	95130	(1416)	-	(1416)	-	70.00%
3	BGR Turbines Company Private Limited	15-16	INR	18400	(4820)	49724	49724	-	45278	1083	217	866	-	74.00%
4	Sravanaa Properties Limited	15-16	INR	17	13026	13051	13051	-	18	7.15	1.59	5.56	-	100.00%

Notes to Consolidated Financial Statements

Form AOC-I

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part “B”: Associates and Joint Ventures

	Name of Associates/Joint Ventures	Mecon-Gea Energy System (India) Ltd (JV)
1	Latest audited Balance Sheet Date	March 31, 2016
2	Shares of Associate /Joint Ventures held by the company on the year end	
	No.	
	Amount of Investment in Associates/Joint Venture	
	Extend of Holding %	10% & 30% on two different construction projects
3	Description of how there is significant influence	
4	Reason why the associate/joint venture is not consolidated	Consolidated
5	Networth attributable to Shareholding as per latest audited Balance Sheet	
6	Profit / (Loss) for the year	₹ (0.21) Lakhs
	i. Considered in Consolidation	₹ (0.21) Lakhs
	ii. Not Considered in Consolidation	₹ Nil

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director and CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.S.N.M.SANTOSH
Partner
Membership No.221916

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

S.A.BOHRRA
Director

M.S.SUNDARA RAJAN
Director

HEINRICH BOHMER
Director

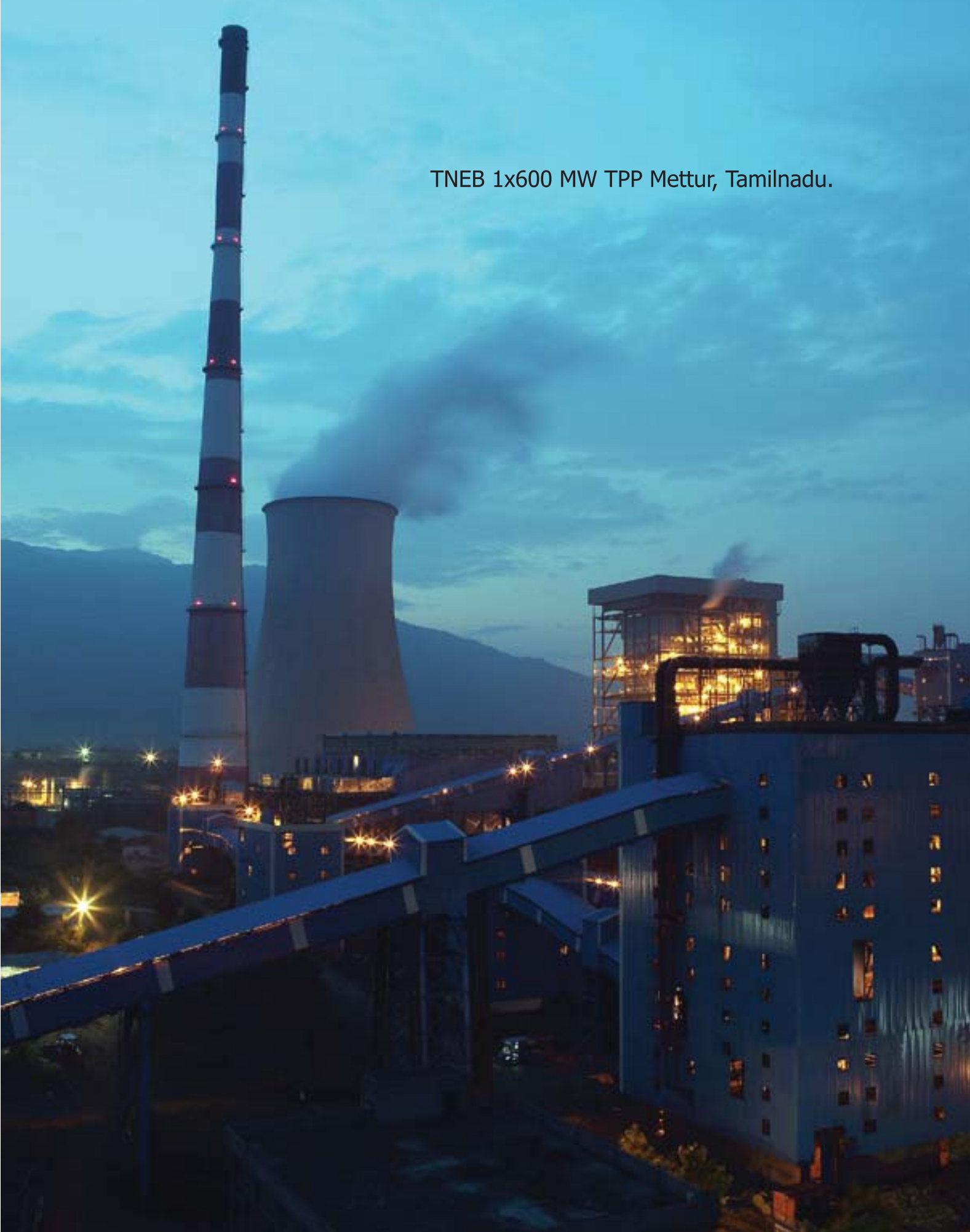
GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 30, 2016

TNEB 1x600 MW TPP Mettur, Tamilnadu.





BGR ENERGY SYSTEMS LIMITED

Registered Office

A-5, Pannamgadu Industrial Estate, Ramapuram Post,
Sullurpet Taluk, Nellore District, Andhra Pradesh - 524401

Corporate Office

443, Anna Salai, Teynampet, Chennai - 600018 India

Phone : 91 44 24301000 | Fax : 91 44 24364656

Email : investors@bgrenergy.com

Website : www.bgrcorp.com



BGR ENERGY SYSTEMS LIMITED

Regd. Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District.
Andhra Pradesh - 524 401, Corporate Identity No. : L40106AP1985PLC005318
Ph : 044-27948249 Email : investors@bgrenergy.com, website : www.bgrcorp.com

Notice to the Members of

BGR Energy Systems Limited

Notice is hereby given that the 30th Annual General Meeting of the Members of BGR Energy Systems Limited will be held at the Registered Office at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh – 524 401 at 11.00 a.m. on Wednesday, September 14, 2016 to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt:
 - the audited standalone financial statements of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon.
 - the audited consolidated financial statements of the Company for the financial year ended March 31, 2016 and the report of Auditors thereon.
- To appoint a director in the place of Mr. A.Swaminathan, who retires by rotation and being eligible offers himself for re-appointment.
- To consider and, if deemed fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force), the appointment of M/s. Manohar Chowdhry & Associates, Chartered Accountants, (Firm Reg. No.001997S) No.27, Subramanian Street, Abhiramapuram, Chennai 600 018 as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting to be held in the year 2017, and the remuneration as determined by the Board be and is hereby ratified.”

SPECIAL BUSINESS

- To consider and, if deemed fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

“**RESOLVED** that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder the remuneration of Rs.1,50,000/- plus reimbursement of out of pocket expenses payable

to Mr.A.N.Raman, Cost Accountant, as Cost Auditor to audit the cost records maintained by the Company for the Financial Year 2016-17 as approved by the Board be and is hereby ratified.”

- To consider and, if deemed fit, to pass the following resolution, with or without modification as a Special Resolution:

“**RESOLVED** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 the consent of the Company be and is hereby accorded to the Board of Directors, including any Committee of the Board, to create charge or charges, including mortgage or mortgages on any of its immovable and /or moveable, whether tangible or otherwise, properties or assets or undertakings of the Company wheresoever situated, present and future, and the whole of one or more or all the undertakings of the Company separately or jointly all of such undertakings to or in favour of any bank(s)/financial institutions / body(ies) corporate or person(s) (“who are severally and jointly referred to as lenders”) or trustees for the lenders of the Company to secure financial assistance granted / to be granted by the lenders to the Company up to an amount in the aggregate not exceeding ₹10,000 Crores, together with interest thereon, commitment charge, costs, charges, expenses, including any increase as a result of devaluation/ revaluation/ fluctuation in the rates of foreign currencies involved and all other moneys payable by the Company to the lenders in terms of the respective facility/ loan /security agreements entered into by the Company in respect of the aforesaid financial assistances.”

“**RESOLVED** further that for the purpose of giving effect to the above resolutions, the Board and / or Committee of Directors be and are hereby authorized to finalise, settle and execute such documents, deeds, writings, papers and agreements as may be required and do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to creating mortgages or charges or other security as may be required.”

By order of the Board

Place : Chennai

Date : July 28, 2016

R. RAMESH KUMAR

President-Corporate & Secretary

Notes :

- i) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member. Proxy in order to be valid shall be deposited at the Registered Office of the company at least 48 hours before the time fixed for the commencement of the meeting.**

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a Member.

- ii) The relevant statement as required under Section 102 of the Companies Act, 2013 in respect of the special business in the notice is appended herewith.
- iii) All documents referred to in the above notice and statement are available for inspection at the Registered office of the Company on all working days (except Saturdays, Sundays and Public holidays) between 10.00 a.m. and 5.00 p.m. upto the date of the 30th Annual General Meeting.
- iv) Members holding shares in physical form are requested to notify any change in their address to the Registrar and Share Transfer Agent - Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078.
- v) Members holding shares in electronic form should update their details with their respective depository participants. The bank particulars registered in their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the members.
- vi) For any assistance or guidance for dematerialization, shareholders are requested to contact the Company's Registrar and Share Transfer Agent or Investors Relations Centre at the Corporate Office of the Company.
- vii) Members who have not encashed the dividend warrants for the FY 2008-09, FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 are requested to write to the Company giving necessary and sufficient details.
- viii) **Dividend which remains unclaimed out of the dividend declared by the Company for the year ended March 31, 2009 at the Annual General Meeting held on September 14, 2009 will be transferred to the Investor education and protection fund of the Central Government in October 2016 in terms of the provisions of Section 205A of the Companies Act, 1956. Thereafter, no claim shall lie on these dividends from the shareholders. Hence, the shareholders who have not encashed/claimed the dividend for FY 2008-09 are advised to claim the same immediately without any further delay.**
- ix) Members are requested to forward their queries on annual accounts and other sections of the annual report to the Company Secretary at least 10 days in advance for enabling the Company to furnish replies / clarifications at the 30th Annual General Meeting.

- x) The Certificate from the Auditors of the Company certifying that the Employee Stock Option Scheme ("ESOS") of the Company is being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 will be placed at the 30th Annual General Meeting and will be open for inspection.

- xi) Members are requested to bring their copy of the annual report to the meeting along with duly signed attendance slip.

xii) Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended vide Companies (Management and Administration) Amendment Rules, 2015 with effect from March 19, 2015 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members facility of voting by electronic means in respect of businesses to be transacted at the 30th Annual General Meeting which includes remote e-voting (i.e. voting electronically from a place other than the venue of the general meeting) and voting at the AGM through an electronic voting or ballot or poll paper. The Company has engaged the services of National Securities Depository Limited (NSDL) for facilitating the voting by electronic means.

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with Depository Participant(s)]:
- Open email and open PDF file viz.; "bgrenergy.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - Click on Shareholder – Login
 - Put user ID and password as initial password/PIN noted in step (i) above. Click Login. If you are already registered with NSDL for e-voting, you can use your existing user ID and password for casting your vote.
 - Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - Select "EVEN" of BGR Energy Systems Limited.
 - Now you are ready for e-voting as Cast Vote page opens.
 - Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - Upon confirmation, the message "Vote cast successfully" will be displayed.
 - Once you have voted on the resolution, you will not be allowed to modify your vote.

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to rsaevoting@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Depository Participant(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
------------------------------	---------	--------------

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above, to cast your vote.

Other Instructions:

- I. Persons who acquired shares and became Members of the Company after the dispatch of the Notice of the AGM but before the cut-off date of September 07, 2016 may obtain their user ID and password for e-voting by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- II. The remote e-voting period commences on September 11, 2016 at 9.00 a.m. and ends on September 13, 2016 at 5.00 p.m. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of September 07, 2016 may cast their votes electronically. The remote e-voting module will be disabled by NSDL for voting thereafter at 5.00 p.m. on September 13, 2016. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 07, 2016.
- V. Members attending the meeting who have not already cast their vote by remote e-voting shall alone be able to exercise their voting right at the meeting through ballot or polling paper. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- VI. CS R. Sridharan, Practising Company Secretary (Membership No.4775) of M/s. R.Sridharan & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize both the remote e-voting and the physical voting at the meeting in a fair and transparent manner.

VII. The Results of e-voting will be declared not later than 48 hours of conclusion of the AGM i.e. September 16, 2016. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.bgrcorp.com and on the website of NSDL and the results will be communicated to BSE Limited and National Stock Exchange of India Limited. Subject to receipt of requisite number of votes, the resolutions set out in the Notice shall be deemed to be passed on the date of the AGM.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4

The proposal for appointment of Mr. A.N. Raman as Cost Auditor for Financial Year 2016 -17 was recommended by the Audit Committee to the Board and the Board appointed him to be the Cost Auditor for FY 2016-17 at the meeting held on May 30, 2016. Copy of certificate dated May 03, 2016 issued by Mr.Raman regarding his eligibility for appointment as cost auditor will be available for inspection at the registered office of the Company during the office hours and shall be available at the meeting. As per the Rule 14 of the Companies (Audit and Auditors) Rules, 2014 the appointment and remuneration payable to the cost auditors require ratification by the shareholders of the Company.

Mr. Raman is a member of Institute of Cost and Works Accountants of India, Institute of Chartered Accountants of India and Fellow member of Institute of Certified Management Accountants of Srilanka. He has wide experience in the field of cost accounting, management accounting and enterprise governance. He is in practice as a Cost and Management Accountant since 1993.

The Board recommends that the appointment and remuneration be ratified by the shareholders. None of the directors and key managerial personnel or their relatives are interested in the resolution.

Item No.5

As per Section 180(1)(a) of the Companies Act, 2013, the consent of the Company is required by way of a special resolution to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. The various financial assistance (working capital/term loans and other facilities) availed/ to be availed by the Company from Banks/financial institutions and other lenders have to be secured by the mortgage and charge of the assets of the Company both present and future. The consent of the members is therefore being sought for creation of charges/mortgages in respect of financial assistance under various arrangements entered into/to be entered into by the Company with lenders for an amount not exceeding ₹10,000 Crores by way of a special resolution as set out in the notice of the meeting. The proposal is in the interest of the Company and the Board recommends the resolution for approval of members.

None of the directors and key managerial personnel of the Company and their relatives is concerned or interested in the resolution.

By order of the Board

Place : Chennai

Date : July 28, 2016

R. RAMESH KUMAR

President-Corporate & Secretary

The particulars of Director, who is proposed to be appointed / re-appointed at this Annual General Meeting, are given below, as required pursuant to Clause 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

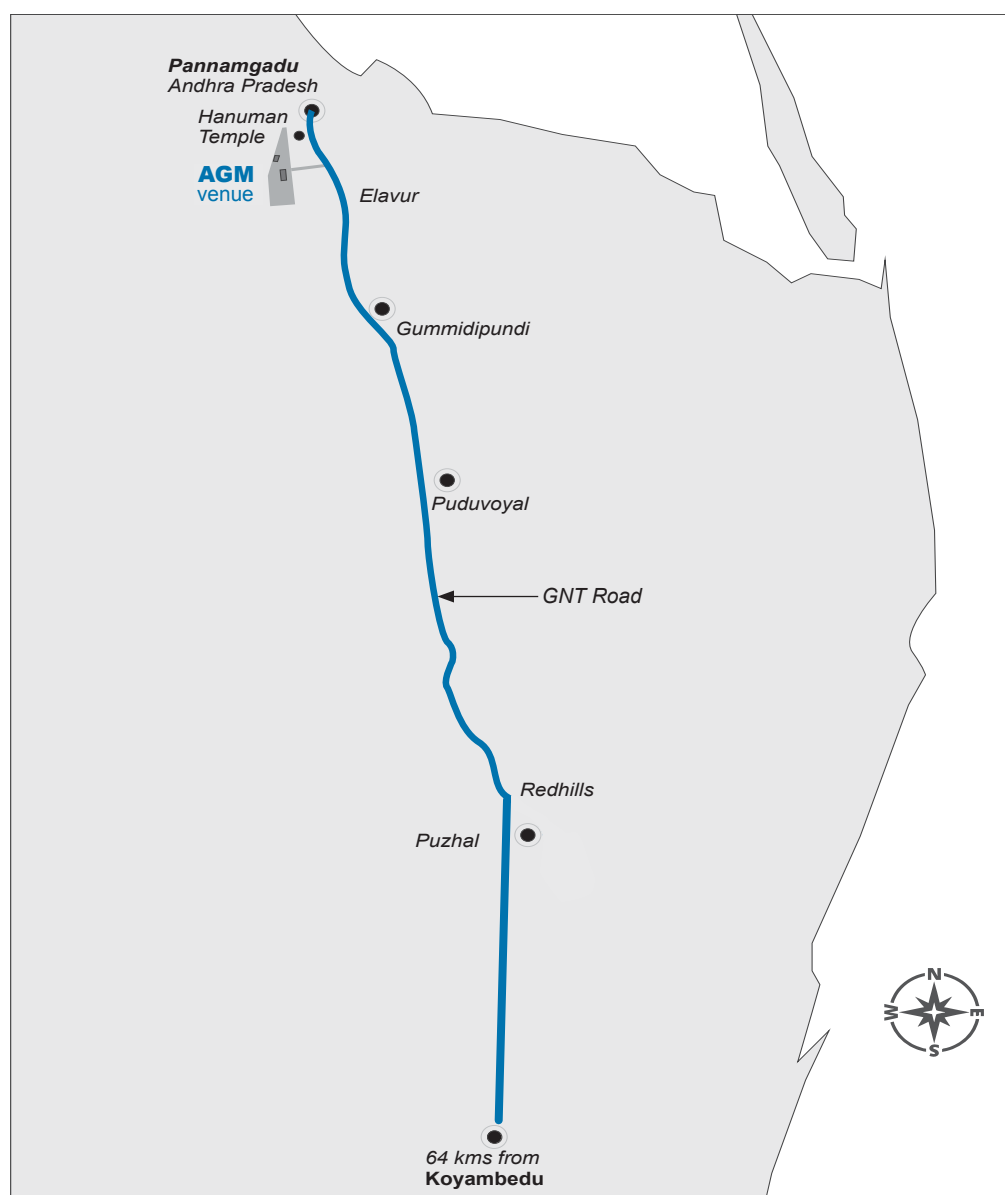
Mr. A. Swaminathan has joined the Company in May, 1997 and associated with the company for more than 18 years. Mr. Swaminathan has contributed immensely in making the Company as market leader in Balance of Plant (“BOP”) segment business in India and company’s strategic foray in Engineering, Procurement and Construction (“EPC”) segment business and was heading the Power projects division of the Company as President & CEO before elevated as Director (Sales & Marketing) on 5th February 2010. He now holds a leadership position in the Company as Joint

Managing Director & Chief Executive Officer. Prior to joining the Company, Mr. Swaminathan served TATA Power Limited as General Manager - Projects and has more than three decades of experience in design, engineering, construction, erection, commissioning, operation and maintenance of Power projects.

Mr. A. Swaminathan holds a Bachelor’s degree in Technology in Mechanical Engineering from the Indian Institute of Technology, Mumbai.

Mr. A. Swaminathan holds directorship in unlisted Companies namely Cuddalore Powergen Corporation Limited and BGR Boilers Private Limited and he is not holding directorship in any other listed Company. He holds 18100 shares in the Company and he is a member of Committee of Directors of the Company. He is not related to any other director on the Board of the Company.

ROUTE MAP FOR AGM VENUE



AGM Venue: A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulerpet Taluk, Nellore District, Andhra Pradesh-524401
Prominent Landmark: Hanuman Temple on GNT Road



BGR ENERGY SYSTEMS LIMITED

Regd. Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulurpet Taluk, Nellore Dist. Andhra Pradesh – 524 401,

Ph : 044-27948249 Email : investors@bgrenergy.com, website : www.bgrcorp.com

CIN : L40106AP1985PLC005318

Form No. MGT -11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :
Registered Address :
Email ID :
Folio No. / Client ID :
DP ID :

I/We, being the member(s) holding Shares of the above named company, hereby appoint

- 1. Name :Address :
Email ID :Signature :
or failing him
- 2. Name :Address :
Email ID :Signature :
or failing him
- 3. Name :Address :
Email ID :Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the company, to be held on Wednesday, the September 14, 2016 at 11.00 a.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business :

- 1. Adoption of Standalone Audited Financial Statements, Reports of Auditors and Board of Directors for the year ended March 31, 2016 and Audited Consolidated Financial Statements for the year ended March 31, 2016.
- 2. Appointment of Mr. A.Swaminathan as Director, who retires by rotation and, being eligible offers himself for re-appointment.
- 3. Ratification of appointment of Statutory Auditors.

Special Business :

- 4. Ratification of remuneration payable to the Cost Auditor of the Company for the FY 2016-17.
- 5. Creation of charge on the assets of the Company.

Signed this ____ day of September, 2016

Signature of shareholder

Signature of proxy holder (s)



Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



BGR ENERGY SYSTEMS LIMITED

Regd. Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore Dist. Andhra Pradesh – 524 401,
Ph : 044-27948249 | Email : investors@bgrenergy.com | website : www.bgrcorp.com
Corporate Identity No. : L40106AP1985PLC005318

ATTENDANCE SLIP

Shareholder / Proxy holder wishing to attend the meeting must bring the duly signed Attendance Slip to the meeting and handover at the entrance of the meeting venue.

FOLIO NO. / DP CLIENT ID	
NAME AND ADDRESS OF THE SHAREHOLDER(S)	
JOINT HOLDER 1 JOINT HOLDER 2	

1. I hereby record my presence at the 30th ANNUAL GENERAL MEETING held at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh - 524 401 on Wednesday, September 14, 2016 at 11.00 a.m

2. Signature of the Shareholder/Proxy present

Note : PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING.



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ELECTRONIC VOTING PARTICULARS

E-VOTING EVENT NUMBER (EVEN)	USER ID	PASSWORD

NOTE : Please read the instructions printed under the Note No. (xii) to the Notice dated July 28, 2016 of the 30th Annual General Meeting. The voting period starts from 9.00 a.m. on Sunday the September 11, 2016 and ends at 5.00 p.m. on Tuesday the September, 13, 2016. The voting module shall be disabled for voting thereafter.