



POWERING UP

BGR ENERGY SYSTEMS LIMITED
31st ANNUAL REPORT 2016-17



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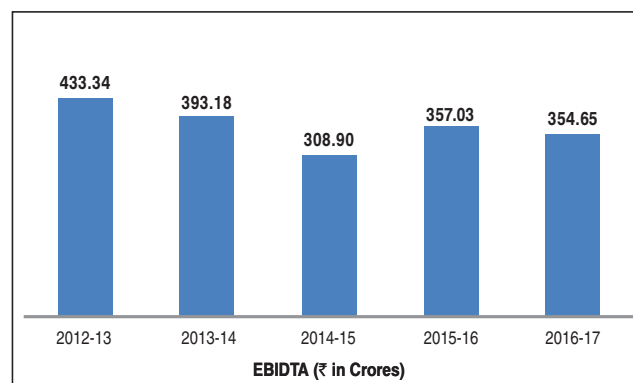
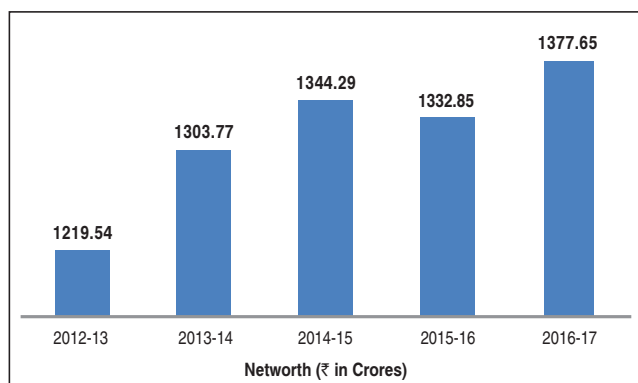
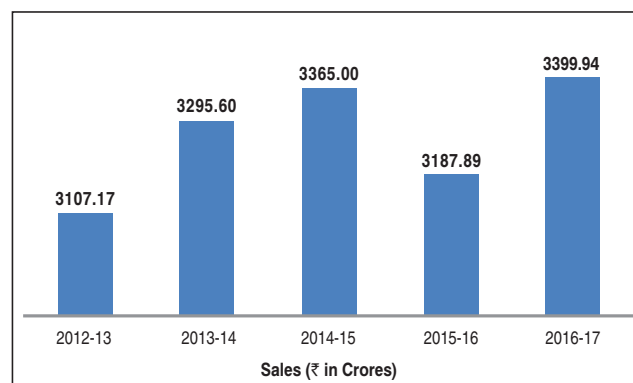
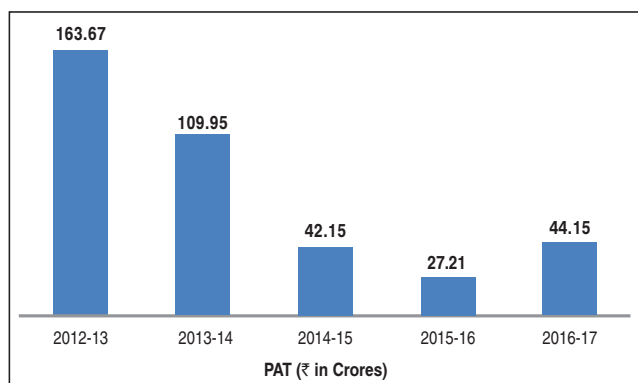
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Financial Highlights

(₹ in Crores except per share data)

DESCRIPTION	2012-13	2013-14	2014-15	2015-16	2016-17
SALES AND EARNINGS					
Sales	3107.17	3295.60	3365.00	3187.89	3399.94
Other Income	5.44	0.50	1.50	5.89	0.01
EBIDTA	433.34	393.18	308.90	357.03	354.65
PAT	163.67	109.95	42.15	27.21	44.15
ASSETS					
Fixed Assets	210.28	198.05	182.72	179.45	172.42
Investments	363.71	363.61	363.61	363.69	364.02
Other Asset (Net)	3284.17	3272.11	3256.31	3381.72	3124.11
Total Assets	3858.16	3833.77	3802.64	3924.86	3660.55
FUNDED BY					
Equity Share Capital	72.16	72.16	72.16	72.16	72.16
Reserves & Surplus	1147.38	1231.61	1272.13	1260.69	1305.49
Networth	1219.54	1303.77	1344.29	1332.85	1377.65
Deferred Taxes	424.28	510.66	346.72	343.52	357.12
Borrowings	2214.34	2019.34	2111.63	2248.49	1925.78
Total Liabilities	3858.16	3833.77	3802.64	3924.86	3660.55
EPS (₹)	22.68	15.24	5.84	3.77	6.12
Dividend per equity Share (₹)	7.00	3.00	–	–	–



Corporate Information

BOARD OF DIRECTORS

Sasikala Raghupathy

Chairperson

A. Swaminathan

Joint Managing Director & CEO

V.R. Mahadevan

Joint Managing Director

Arjun Govind Raghupathy

Deputy Managing Director & COO

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

REGISTERED OFFICE

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

Andhra Pradesh – 524401

CIN : L40106AP1985PLC005318

CORPORATE OFFICE

443, Anna Salai, Teynampet,
Chennai, Tamil Nadu – 600018.

Phone : 91 44 24301000

Email : investors@bgrenergy.com

REGIONAL OFFICES

New Delhi

Plot No.1, Sector – 16A, Film City
Noida – 201301, Uttar Pradesh

Mumbai

Room Numbers 301 & 304

Vinayak Chambers

4th Road, Khar (West)

Mumbai – 400052

Hyderabad

Plot No. 44, Sagar Society

Road No.2, Banjara Hills

Hyderabad – 500034

WEBSITE

www.bgrcorp.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park, L B S Marg

Vikhroli (west)

Mumbai – 400083

STATUTORY AUDITORS

Manohar Chowdhry & Associates

Chartered Accountants, Chennai

No. 27, Subramanian Street

Abhiramapuram

Chennai – 600018

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 KarurVysya 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

Boards' Report

To the Members of

BGR ENERGY SYSTEMS LIMITED

Your directors have pleasure in presenting their 31st Annual Report together with the audited financial statements for the year ended March 31, 2017.

FINANCIAL RESULTS (AS PER IND AS)

The highlights of the standalone financial performance of the Company during the financial year ended March 31, 2017 as compared with the previous financial year ended March 31, 2016 are summarized below:

(₹ in Crores)

Description	2016-17	2015-16
Income from operations	3447	3247
Other income	0.01	6
Total Income	3448	3253
Earnings before Interest, Depreciation, Tax and Amortization	334	363
Profit before exceptional item and tax	48	50
Exceptional item	20	0
Tax Expense	24	22
Net Profit after tax	44	28
Other Comprehensive income (net)	0.64	0.52
Transfer to general reserve	4	3
Net Worth	1378	1333

The financial year gone-by has been an yet another challenging period for all players in the thermal power sector in India. With significant slowdown and very limited opportunities your Company faced with pressures on most of the performance metrics. However, it is heartening that your Company even amidst this scenario, recorded an increase of 6% in revenue from operations at ₹ 3447 Crores.

No material changes and commitments have occurred after the closure of the Financial Year 2016-17 till the date of this Report,

which would affect the financial position of your Company.

DIVIDEND AND APPROPRIATION

The Board of Directors do not recommend dividend for the FY 2016-17 with an objective of augmenting long term financial resources of the Company. Your directors wish to carry an amount of ₹ 41 Crores to the Balance Sheet after appropriation of ₹ 4 Crores to the general reserve.

OPERATING PERFORMANCE

The Company's affairs, operations review and future outlook have been discussed and analyzed in the Management Discussion & Analysis report (Annexure VIII) forming part of this Board's report.

SUBSIDIARIES AND JOINT VENTURES

The Settlement Agreement entered into with Hitachi in respect of joint venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited became effective and binding during financial year under review and certain transactions have been completed. BGR Boilers Private Limited has supplied super critical steam generators to the Company and thus made operating income of ₹ 678.46 Crores and the profit before tax for the year was ₹ 46.68 Crores. BGR Turbines Company Private Limited has supplied super critical steam turbine and generator components to the Company and thus made operating income of ₹ 129.79 Crores and the profit before tax for the year was ₹ 0.44 Crore.

These JV companies have carried necessary and significant accounting adjustments consequent to the Settlement Agreement and such adjustments have been duly dealt with in the respective company's books of account and has had no impact on your Company's financial statements.

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

In accordance with Companies Act, 2013 and implementation requirements of Indian Accounting Standards (Ind AS) Rules on accounting and disclosure requirements, which is applicable from the current financial year, and as prescribed by Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audited Consolidated Financial Statements are provided in 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 statements.

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.

BOARD OF DIRECTORS

Mr.M.S.Sundara Rajan, independent director resigned from the Board of Directors of the Company with effect from July 01, 2016. In accordance with the provisions of Companies Act, 2013. Mrs. Swarnamugi Karthik, Director retires by rotation and being eligible offers herself for reappointment. A brief profile of Mrs.Swarnamugi Karthik is given in the notice convening the 31st Annual General Meeting of the Company.

On November 11, 2016, the Board of Directors, with an objective of strengthening the management team with a representative of the promoter group, has co-opted

Board's Report

Mr.Arjun Govind Raghupathy as an additional director. He was appointed as Deputy Managing Director & Chief Operating Officer of the Company for a period of 5 years with effect from November 11, 2016. As per the provisions of Section 161 of the Companies Act, 2013 Mr.Arjun Govind Raghupathy holds office only upto the date of forthcoming Annual General Meeting and seeks appointment. The Company has received a notice under Section 160 of the Companies Act, 2013 proposing Mr.Arjun Govind Raghupathy for appointment to the office of Director.

The profile of Mr.Arjun Govind Raghupathy and the terms and conditions of his appointment including remuneration are given in the Notice of 31st Annual General Meeting of the Company.

Consequent to expiry of the term of appointment, on May 30, 2017, Mr.V.R.Mahadevan, was re-appointed as Joint Managing Director of the Company for a period of 2 years with effect from June 01, 2017. His appointment is subject to the approval of the shareholders in the ensuing AGM. The profile of Mr.V.R.Mahadevan and the terms and conditions of his appointment including remuneration are given in the Notice of 31st Annual General Meeting of the Company.

The Board of Directors recommends these proposed appointments.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

MEETINGS OF BOARD

During the year 7 Board meetings and 6 Audit Committee meetings were convened and held. The details of these meetings 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 and having due regard to the SEBI's Guidance Note on Board Evaluation dated January 05, 2017, 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, Committee of Directors, Stakeholders Relationship Committee and Nomination and Remuneration Committee. A comprehensive evaluation process was formulated by the Nomination and Remuneration Committee covering various aspects of the functioning of the Board and the same was circulated to all the Directors to evaluate the performance of the Board. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairperson of the Company was also carried out by the independent directors, taking into account the views of the executive and non-executive directors. The Directors expressed their satisfaction with the evaluation process.

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. All key recommendations and observations of the Audit were accepted and acted upon the management and compliance thereof are regularly reviewed by the Committee.

SHARE CAPITAL

The paid-up equity share capital of the Company as on March 31, 2017 was ₹ 72.16 Crores. During the year under review, the Company has not issued new shares, 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 ₹ 4,07,076 being the unclaimed dividend declared by the Company for the financial year ended March 31, 2009 was transferred to the Investor Education and Protection Fund of the Central Government in October 2016 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, 2010 at the Annual General Meeting held on September 24, 2010 will be transferred to the Investor Education and Protection Fund of the Central Government in November 2017 pursuant to the provisions of Section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividends from the shareholders.

Pursuant to the General Circulars issued by the Ministry of Corporate Affairs with respect to Section 124(6) of the Companies Act, 2013 read with Rules made thereunder in relation to transfer of unclaimed shares to Investor Education and Protection Fund (IEPF), the matter is under due consideration. The Company will comply with the formalities, as may be necessary in this regard.

HUMAN RESOURCES

An overview on the Company's human resources development and efforts to acquire and nurture talent is given in the Management Discussion & Analysis report (Annexure VIII) forming part of this Board's report.

For prevention, prohibition and redressal of sexual harassment of Women at Workplace the Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding

Board's Report

sexual harassment. All employees are covered under this Policy. The Policy is gender neutral. During the year under review, no complaint was received by ICC with allegations of sexual harassment.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 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 Companies Act, 2013 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

All the vested options but not exercised and unvested options of the Company aggregating to 5,43,210 numbers issued under the Employee Stock Option Scheme 2007 (ESOS 2007) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 had lapsed on January 4, 2017 as per clause 3.4 of ESOS 2007 due to expiry of time limit. The Nomination and Remuneration Committee considered and recorded its intention of not to re-issue the lapsed options and the ESOS 2007 stood terminated effective January 4, 2017.

DEPOSITS

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

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 I. During the FY 2016-17, the Foreign exchange earnings and outgo were ₹ 552 Crores and ₹ 10 Crores respectively.

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

Your Company has in place adequate internal control system which includes financial control 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. During the year no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

INDIAN ACCOUNTING STANDARDS (IND AS) ADOPTION

Your Company has adopted Indian Accounting Standards for the accounting period beginning on April 1, 2016 pursuant to Ministry of Corporate Affairs Notification dated February 16, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee was constituted by the Board of Directors with Mrs. Sasikala Raghupathy as Chairperson 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 is focusing on CSR activities pertaining to education, health, skill development and destitute women care and welfare. The Annual Report on CSR activities is annexed herewith as Annexure II.

REMUNERATION POLICY

The Remuneration Policy formulated under Section 178 of the Companies Act, 2013 by the Nomination and Remuneration Committee is given in Annexure III.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has established a vigil mechanism for directors and employees to report genuine concerns as required by Section 177 of the Companies Act, 2013 read with 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 disclosed in the note No.41 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 IV (Form AOC 2). There were no

Board's Report

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. 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.

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. The Company has initiated steps to make risk management process more robust in the current year.

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, 2017, 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, 2017 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, 2017 on a going concern basis.

(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 29th Annual General Meeting held on September 24, 2015 to hold office until the conclusion of the 31st Annual General Meeting in terms of Section 139 of the Companies Act, 2013. The maximum tenure of appointment of Manohar Chowdhry & Associates under Section 139 of the Companies Act, 2013 expires at the ensuing AGM and hence a new Auditor is required to be appointed in their place. The Board of Directors on the recommendation of the Audit Committee has

approved and recommended to the Members the appointment of N.R. Doraisami & Co., Chartered Accountants (Firm Registration Number 000771S). The Members are requested to appoint N.R. Doraisami & Co., as Statutory Auditors of the Company in place of M/s. Manohar Chowdhry & Associates at the ensuing Annual General Meeting for a period of 5 years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 36th Annual General Meeting. As required under the provisions of Section 139(1) of the Companies Act, 2013 the Company has received written consent from N.R. Doraisami & Co., Chartered Accountants, Coimbatore, 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 appointment in terms of Section 141 of the Companies Act, 2013.

COST AUDITORS

The Board of Directors appointed Mr. A.N. Raman, Cost Accountant as the Cost Auditor of the Company for the Financial year 2017-18, under Section 148 of the Companies Act, 2013. The Cost Audit Report for the financial year ended March 31, 2016 issued by Mr. A.N. Raman, Cost Auditor was submitted to the Central Government on August 25, 2016.

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 V. The audit report is unqualified and without reservation or adverse comment on compliance.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instance of fraud committed in the Company by its

Board's Report

officers or employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be reported in the Board's Report.

CORPORATE GOVERNANCE

A Report on Management Discussion & Analysis of Performance (Annexure VIII) and Compliance of Corporate Governance under SEBI (LODR) and the certificate from the auditors confirming compliance of the conditions of Corporate Governance are included in this Annual Report as Annexure VI.

EXTRACT OF ANNUAL RETURN

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

ANNEXURES FORMING PART OF BOARD'S 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 the Board.

ANNEXURE	PARTICULARS
I	Energy conservation and Technology absorption
II	Annual Report on CSR activities
III	Remuneration Policy
IV	Related Party transactions
V	Secretarial Audit Report
VI	Corporate Governance Report along with the Certificate of Auditors
VII	Extract of Annual Return in Form MGT-9
VIII	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 continued support and co-operation during the year under review.

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

For and on behalf of the Board

Sasikala Raghupathy
Chairperson

Place : Chennai
Date : August 11, 2017

Board's Report

ANNEXURE I

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

AFC Division is driving energy conservation measures and alternate source of energy. During the FY 2016 - 17, the following energy saving measures were taken up:

- I. Energy efficient welding machine with inverter technology has been introduced in place of old high power consuming conventional welding rectifiers.
- II. Energy audit has been conducted during this year and the audit suggestions are being implemented.
- III. Harmonic study has been carried out and planned to introduce harmonic filter to improve power quality.
- IV. Study has been carried out to convert the old finning machine with high power consuming DC motors to AC synchronous motor with VFD drives.
- V. Conventional Tube Light Fittings used at various locations have been replaced with energy efficient LED lights.

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	Technology relating to design, engineering and manufacture of Heat Recovery Steam Generators
	(b) Year of import	2010
	(c) Whether the technology been fully absorbed	No
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Training of man power has not taken place due to business reasons.
4	Expenditure incurred on research and development	Nil

Board's Report

ANNEXURE II

ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

- 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:
The Company's CSR policy has been uploaded in the website of the Company under the weblink: http://www.bgrcorp.com/policy/CSR_Policy.pdf. The Company, through its CSR programs, is committed to contribute to the cause of social, economic and infrastructural development of places and locations where its operations are carried on and thereby seeks to support and promote such society and community and earn goodwill of the public and authorities concerned. The projects under taken will be within the broad frame work of Schedule VII to the Companies Act, 2013. The Company is presently engaged on CSR activities pertaining to Education, Health and care of destitute women.
- Composition of CSR Committee:
Mrs. Sasikala Raghupathy, Chairperson
Mrs. Swarnamaugi Karthik
Mr. Gnana Rajasekaran
- Average net profit of the Company for the last three financial years:
₹ 110.30 Crores
- Prescribed CSR Expenditure (two percent of the amount as in item 3 above):
₹ 2.21 Crores
- Details of CSR spent during the Financial Year 2016-17:
 - Total amount to be spent for the Financial Year 2016-17
₹ 2.21 Crores
 - Amount unspent, if any.
₹ 2.05 Crores
 - Manner in which the amount spent during the Financial Year 2016-17

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	Support to the setting up of old age home, day care centre and such other facilities for senior citizens	Tirukandalam Village, Tiruvallur District, Tamilnadu	₹ 10 lakhs	₹ 10 lakhs	₹ 40 lakhs	Implementing Agency i.e., Manonmani Trust
Protection of National heritage	Promotion of Arts and Culture	Chennai, Tamilnadu	₹ 1 lakh	₹ 1 lakh	₹ 1 lakh	Implementing Agency i.e., Kaladiksha
Support to a home for old aged and destitute children	Supporting old age people and taking care of parentless and destitute children	Eraiur Village, Sriperumbudur Taluk, Kanchipuram District	₹ 5 lakhs	₹ 5 lakhs	₹ 5 lakhs	Implementing Agency, i.e., New Life Charitable Trust

- Reasons for not spending the amount during Financial Year 2016-17

The Company's CSR initiatives involve setting the foundation of some programs at a small scale to learn from on-ground realities and then making enhanced sustainable efforts to ensure maximum benefit to the community. For this reason, during the year, the Company's spend on the CSR activities has been less than the amounts prescribed under Companies Act, 2013. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavour to spend on CSR activities in accordance with the limits prescribed under the Act.

- 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

Board's Report

ANNEXURE III

REMUNERATION POLICY

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, positive 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.

- 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 Chairperson 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.

Board's Report

ANNEXURE IV

FORM NO. AOC-2 PARTICULARS OF RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 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.

BGR Boilers Private Limited – Subsidiary company and a related party by virtue of common directorship of Mrs. Sasikala Raghupathy, Chairperson and Mr. V.R.Mahadevan, Joint Managing Director.

(b) Nature of contracts / arrangements / transactions

Modification of contract for purchase of components for steam generators

(c) Duration of the contracts / arrangements / transactions

Single transaction

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

Increase of value of contract by ₹ 89 Crores.

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

In order to compensate the higher cost incurred by BGR Boilers due to outsourcing of most of items of steam generators from qualified vendors at cost higher than original estimates.

(f) Date of approval by the Board

May 13, 2016

(g) Amount paid as advances, if any:

Nil

(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013.

Not applicable

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

Not applicable since the Company has not entered into material contracts or arrangements or transactions during the year ended March 31, 2017.

Sasikala Raghupathy
Chairperson

Secretarial Audit Report

ANNEXURE V

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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
Chennai

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 March 31, 2017, 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 March 31, 2017 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. In respect of Consolidation of Financial Statements, we have relied on the non-qualified / unmodified opinion in

Secretarial Audit Report

the report of the statutory auditors as applicable, notes made in the Financial Statements by the Company and the explanations provided to us.

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) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We observed that the Company is required to spend ₹ 221 Lakhs on CSR activities as per the provision of Section 135(5) of the Companies Act, 2013 for the

Financial Year 2016-17 and against the same the Company has incurred expenses of ₹ 16 Lakhs during the year resulting in balance unspent amount of ₹ 205 Lakhs.

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.

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.

Majority decision of the Board and its Committee meetings are carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 / exceptions other than the items detailed below the following.

The Board of Directors has appointed Mr. Arjun Govind Raghupathy as Deputy Managing Director and Chief Operating Officer with effect from November 11, 2016.

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

For B. Chitra & Co

B. CHITRA

Place: Chennai

FCS No.:4509

Date: August 11, 2017

C P No.:2928

Annexure 'A' to Secretarial Audit Report

To,
The Members,
BGR Energy Systems Limited
Chennai

Statement regarding Secretarial Audit Report for the Financial Year ended March 31, 2017.

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.

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.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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.

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 B. Chitra & Co

B. CHITRA

Place: Chennai

FCS No.:4509

Date: August 11, 2017

C P No.:2928

Report on Corporate Governance

ANNEXURE VI

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance, your Company is committed to practice 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 the requirements of the guidelines on corporate governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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, two are promoter executive directors, two professional executive directors and five independent directors. The composition of the Board is in conformity with the requirements stipulated under the 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 the business, management and strategic affairs of the Company. The Board comprises of ten Directors drawn from diverse fields of

expertise viz., Business Management, Finance, Public Administration, Power, Technology, Arts, Culture and International Business. The Board at present consists of five independent directors, two professional whole-time directors and two non-independent whole-time directors and one non-executive promoter director, who is the Chairperson 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, performance, 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 chairperson 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, 2017 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 Chairperson and Joint Managing Directors of the Company. There is a constant endeavor to improve the practices with regard to the Board and its Committee meetings. The agenda and the relevant papers are circulated in advance to facilitate the members of the Board and Committees to make informed decisions and discharge their fiduciary responsibility effectively. Where it is not practicable to attach or forward any document / information as part of the agenda papers, the same is 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 Company Secretary records minutes of proceedings of each Board and Committee meetings. Draft minutes are circulated to the Board / Committee members within 15 days from the meeting for their comments. Directors communicate their comments, if any on the draft minutes within seven days from the date of circulation. The minutes are then entered in the minutes book within 30 days from the conclusion of the meeting and signed by the Chairperson. Then the certified copy of the approved minutes are circulated to all the Board / Committee members.

The Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board / Committee meetings are communicated promptly to the concerned President or Executive. Action-taken report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board / Committee for noting.

Apart from Board members and the Company Secretary, the Board and Committee meetings are also attended by the Chief Financial Officer and wherever required by the heads of business divisions and corporate functions.

c) BOARD PROCESS, DECISION MAKING AND REVIEW

The following information are regularly placed before the Board to enable the Board to make decision and review of operating and strategic performance of the Company:

- i) Appointment, resignation and retirement of directors.
- ii) Constitution and reconstitution of committees of the Board.

Report on Corporate Governance

- iii) Disclosure of interest of Directors.
- iv) Minutes of the meetings of the Board and its Committees viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Committee of Directors.
- v) Statutory compliance.
- vi) Corporate Governance compliance.
- 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 business segments.
- 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 and progress of Joint ventures and Subsidiaries.
- xiv) Audit Committee's recommendations on internal and statutory audits, auditor recommendation, accidents, untoward incidents and vigil mechanism.
- xv) Show cause notices and other material legal action against the company.
- xvi) Approval of related party transactions, where approval of the Board is required.

MEETINGS OF THE BOARD

During the Financial Year 2016-17, 7 (seven) Board Meetings were held on May 13, 2016, May 30, 2016, July 28, 2016, September 12, 2016, November 11, 2016, December 02, 2016 and February 13, 2017 and not more 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.

MEETING OF INDEPENDENT DIRECTORS

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on February 13, 2017 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 quality, quantity and timeliness of flow of information between the company management and the Board.
- 4) Guidance note issued by SEBI vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017 on Board evaluation.

D) PARTICULARS OF THE DIRECTORS' ATTENDANCE AT THE BOARD MEETINGS AND AT THE ANNUAL GENERAL MEETING HELD ON SEPTEMBER 14, 2016 AND PARTICULARS OF THEIR DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS IN OTHER COMPANIES ARE GIVEN BELOW:

Name & Category of the Director	Attendance at meetings during the Financial Year 2016-17		No. of Directorship in other Companies®	No. of Committee Membership & Chairmanship in other Companies#
	Board Meetings	At last AGM held on September 14, 2016		
Swarnamugi Karthik, Director – Corporate Strategy, Promoter / Executive	7	Yes	8	-
Swaminathan Joint Managing Director & CEO, Executive	5	No	3	-
V.R. Mahadevan Joint Managing Director, Executive	6	Yes	3	-
Arjun Govind Raghupathy Deputy Managing Director & COO Promoter / Executive	2	NA	7	-
Sasikala Raghupathy, Chairperson, Promoter / Non-Executive	7	Yes	7	-
Heinrich Bohmer Director, Independent	7	Yes	-	-

Report on Corporate Governance

Name & Category of the Director	Attendance at meetings during the Financial Year 2016-17		No. of Directorship in other Companies [@]	No. of Committee Membership & Chairmanship in other Companies [#]
	Board Meetings	At last AGM held on September 14, 2016		
M. Gopalakrishna Director, Independent	7	Yes	8	3
S.A. Bohra Director, Independent	7	Yes	-	-
S.R. Tagat Director, Independent	7	Yes	-	-
Gnana Rajasekaran Director, Independent	7	Yes	1	1
M. S. Sundara Rajan* Director, Independent	1	NA	NA	NA

Yes – Present, No – Absent, NA – Not Applicable

@ Excludes private companies and foreign companies.

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

* Resigned effective July 01, 2016.

Except Mrs. Swarnamugi Karthik, Director – Corporate Strategy, and Mr. Arjun Govind Raghupathy, Deputy Managing Director & COO, daughter and son of Mrs. Sasikala Raghupathy, Chairperson respectively, 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. Except Mr. S.R. Tagat, who holds 135 shares, no independent director holds shares in the Company.

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.bgrcorp.com/policy/Familiariation_program.pdf.

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	Chairperson	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, Deputy Managing Director & Chief Operating Officer, Chief Financial Officer, Statutory Auditor of the Company are invited to the Audit Committee Meetings, where found necessary

and essential. The internal auditors are also invited as are relevant for consideration of audit reports and review of compliance. 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 and oversight.

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.

Report on Corporate Governance

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 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 services other than statutory audit 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.
- h) Qualifications, observations and adverse comments if any in the draft audit report and response or explanations therefor.

- 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 necessary.
- 10) Evaluation of internal financial controls and risk management systems and process.
- 11) Reviewing, with the management, performance of statutory and internal auditors, and 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.
- 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 Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There were 6 (Six) meetings of the Audit Committee held during Financial Year 2016-17 on May 13, 2016, May 30, 2016, July 28, 2016, September 12, 2016, December 02, 2016 and February 13, 2017.

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	6
S.A. Bohra	6
M. Gopalakrishna	6
Swanamugi Karthik	6

The Chairperson of the Audit Committee Mr. S.R.Tagat attended the previous Annual General Meeting of the Company held on September 14, 2016.

Report on Corporate Governance

COMMITTEE OF DIRECTORS

The Committee of Directors was reconstituted by the Board of Directors at their meeting held on December 02, 2016 to induct Mr.Arjun Govind Raghupathy, Deputy Managing Director & Chief Operating Officer as a member of the Committee of Directors.

The Committee of Directors comprise of the following members;

- i) Mrs. Sasikala Raghupathy – Chairperson
- ii) Mr. V. R. Mahadevan, Joint Managing Director
- iii) Mr. A. Swaminathan, Joint Managing Director & CEO
- iv) Mr. Arjun Govind Raghupathy, Deputy Managing Director & COO
- v) Ms. Swarnamugi Karthik, Director – Corporate Strategy; and
- vi) Mr. R. Ramesh Kumar, President – Corporate & Secretary

The quorum for Committee meetings is three.

There were 19 (Nineteen) meetings of Committee of Directors were held during Financial Year 2016- 17 on April 11, 2016, May 21, 2016, June 18, 2016, July 08, 2016, August 09, 2016, August 12, 2016, August 19, 2016, August 24, 2016, October 03, 2016, October 14, 2016, November 11, 2016, November 22, 2016, November 25, 2016, December 02, 2016, December 16, 2016, January 20, 2017, February 09, 2017, February 24, 2017 and March 10, 2017.

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

Name of the Member	No. of Meetings attended
V. R. Mahadevan	12
A. Swaminathan	14
Arjun Govind Raghupathy	4*
Swarnamugi Karthik	19
R. Ramesh Kumar	16
Sasikala Raghupathy	19

* Mr.Arjun Govind Raghupathy was inducted as a member of the Committee of Directors on December 02, 2016.

SCOPE OF THE COMMITTEE

The Board has delegated the following powers to the Committee of Directors :

- 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 Crores (Rupees Ten Thousand Crores) 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, Chairperson or Mr.V.R.Mahadevan, Joint Managing Director or Mr.A.Swaminathan, Joint Managing Director & CEO or Ms.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 63 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 the Nomination and Remuneration Committee was reconstituted by the Board of Directors at their meeting held on July 28, 2016 consequent to the resignation of Mr.M.S.Sundara Rajan, Chairperson of the Committee. The re-constituted Committee comprises of Mr.S.A.Bohra, Chairperson 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 and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

Report on Corporate Governance

The Nomination and Remuneration Committee met once during the year on November 11, 2016.

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
S.A.Bohra	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 judgment 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
- 12) Performance data.
- 13) Ability to act as custodian of the Board and resolve conflicts.

- 14) Inter-se directors and with management.
- 15) Confidentiality of secrets and commercial information and data.

REMUNERATION PAID TO DIRECTORS DURING FY 2016-17

(₹ in Lakhs)

Name of Director	Remuneration		Sitting Fees*
	Salary & Allowances	Bonus/ Ex-gratia	
Swarnamugi Karthik, Director – Corporate Strategy	88.15*	–	–
A.Swaminathan Joint Managing Director & CEO	286.37**	–	–
V.R. Mahadevan, Joint Managing Director	205.43***	–	–
Arjun Govind Raghupathy, Deputy Managing Director & COO	27.00#	–	–
Sasikala Raghupathy, Chairperson	–	–	7.20
Heinrich Bohmer, Director	–	–	7.00
M. Gopalakrishna, Director	–	–	8.40
S.A. Bohra, Director	–	–	8.40
S.R. Tagat, Director	–	–	8.60
Gnana Rajasekaran, Director	–	–	7.20
M. S. Sundara Rajan, Director	–	–	1.00

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

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

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

Remuneration received with effect from November 11, 2016 (date of appointment as Deputy Managing Director & Chief Operating Officer), includes Company's contribution to EPF.

Details of Shares of the Company held by Directors as on March 31, 2017.

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

No option granted under ESOS 2007 to the Directors were outstanding as on March 31, 2017.

STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Shareholders and Investors Grievance Committee was constituted by the Board on May 30, 2014 and the Committee comprises of Mr. M. Gopalakrishna, Chairperson 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 28 complaints from investors / shareholders. All the complaints were

Report on Corporate Governance

attended to as per applicable guidelines and regulations. Out of 3 complaints pending for long time before District Consumer Forum, one complaint has been settled as per the order of the Consumer Forum at Jaipur during the year and 2 complaints are still pending before a Civil Court and Consumer Forum. As at March 31, 2017, 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 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.Swamamugi Karthik, Director – Corporate Strategy as members of the Committee.

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

- To approve re-mat 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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

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
2015 - 16	September 14, 2016	11.00 A.M.	Registered Office
2014 - 15	September 24, 2015	3.00 P.M.	
2013 - 14	September 25, 2014	3.00 P.M.	

Special Resolutions passed in the last three Annual General Meetings;

Financial Year	Date of AGM	Details of Business
2015 - 16	September 14, 2016	For Creation of charge on the assets of the Company
2014 - 15	September 24, 2015	1. Approval for appointment of Mr. V.R. Mahadevan as Joint Managing Director of the Company from June 01, 2015 2. Approval and adoption of new Articles of Association of the Company
2013 - 14	September 25, 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 paid up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.

No special resolution was passed through postal ballot during the Financial Year 2016-17. 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

Results: The quarterly, half-yearly and annual results are normally published in one leading national (English) business newspaper and in one vernacular (Telugu) newspaper. The results and presentations are also displayed on the Company's website www.bgrcorp.com.

Website: The Company's website contains a dedicated section "Investors" which displays details / information of interest to various stakeholders.

News releases: Material information and official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.

GENERAL SHAREHOLDER INFORMATION

Day, date, time and venue of the 31st Annual General Meeting:

AGM Date	:	September 27, 2017
Time & Venue	:	3.00 p.m. Registered Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh 524 401.

The details about the financial year and listing:

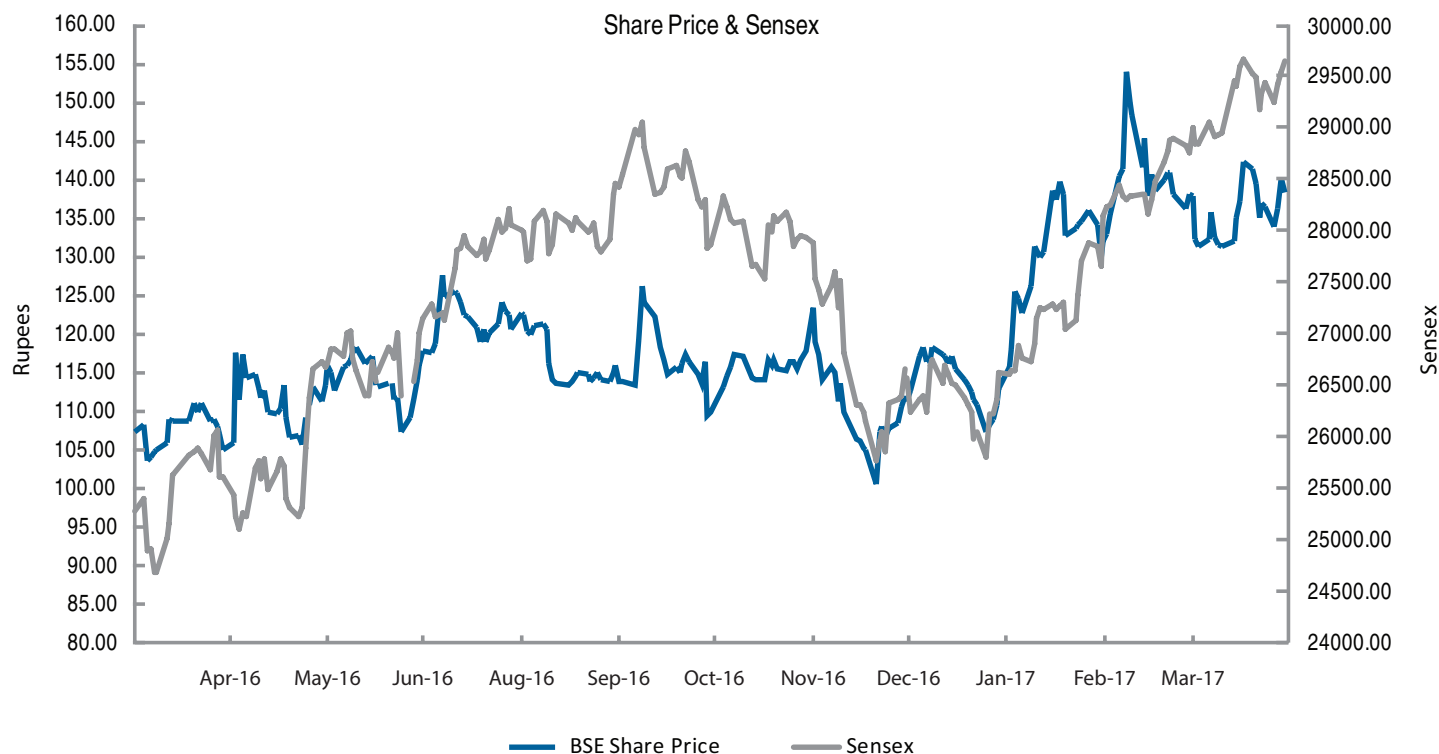
Financial Year	:	April 1, 2016 to March 31, 2017
Listing on Stock Exchanges	:	National Stock Exchange of India Limited BSE Limited The listing fees for the Financial Year 2016 – 17 have been paid to the above stock exchanges.
Stock Code	:	National Stock Exchange of India Limited – BGRENERGY BSE Limited – 532930
Demat ISIN	:	INE661101014

Report on Corporate Governance

Stock Market Price Data & Stock performance in BSE:

Month	BSE		SENSEX	
	High (₹)	Low (₹)	High	Low
Apr-16	113.70	103.00	26100.54	24523.20
May-16	124.90	104.75	26837.20	26561.58
Jun-16	122.25	102.00	27105.41	26872.59
Jul-16	133.50	115.80	28240.20	28037.87
Aug-16	127.00	112.10	28532.25	28363.10
Sep-16	128.80	108.00	29077.28	27716.78
Oct-16	119.50	112.00	28477.65	27890.14
Nov-16	128.30	98.70	28029.80	26395.50
Dec-16	120.90	106.50	26803.76	26406.53
Jan-17	143.60	113.10	27980.39	27624.54
Feb-17	155.45	128.55	29065.31	28721.12
Mar-17	143.95	130.25	29824.62	29552.61

Chart showing the closing Share Price at BSE in comparison to SENSEX is given below:



Report on Corporate Governance

Stock Market Price Data & Stock performance in NSE:

Month	NSE		NIFTY	
	High (₹)	Low (₹)	High	Low
Apr-16	113.80	103.30	7992.00	7788.70
May-16	124.85	112.80	8213.60	8134.30
Jun-16	121.95	114.00	8308.15	8242.10
Jul-16	133.80	120.15	8674.70	8631.15
Aug-16	127.40	114.60	8819.20	8754.05
Sep-16	128.90	108.05	8968.70	8555.20
Oct-16	119.70	116.90	8806.95	8616.25
Nov-16	128.60	110.15	8669.60	8139.25
Dec-16	121.00	111.25	8274.95	8114.75
Jan-17	143.50	129.05	8672.70	8552.40
Feb-17	155.80	134.75	8982.15	8867.60
Mar-17	143.90	138.00	9218.40	9152.10

Chart showing the closing Share Price at NSE in comparison to NIFTY is given below:



Report on Corporate Governance

Registrar and Share Transfer Agent : Link Intime India Private Limited
 C 101, 247 Park, L.B.S. Marg, Vikhroli (West),
 Mumbai – 400083
 Phone No: 022-49186000
 E-Mail: mt.helpdesk@linkintime.co.in
 Contact Person: Ms. Udaya Rao
 Senior 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, shares transferred to the Demat Account of IEPF Authority 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.

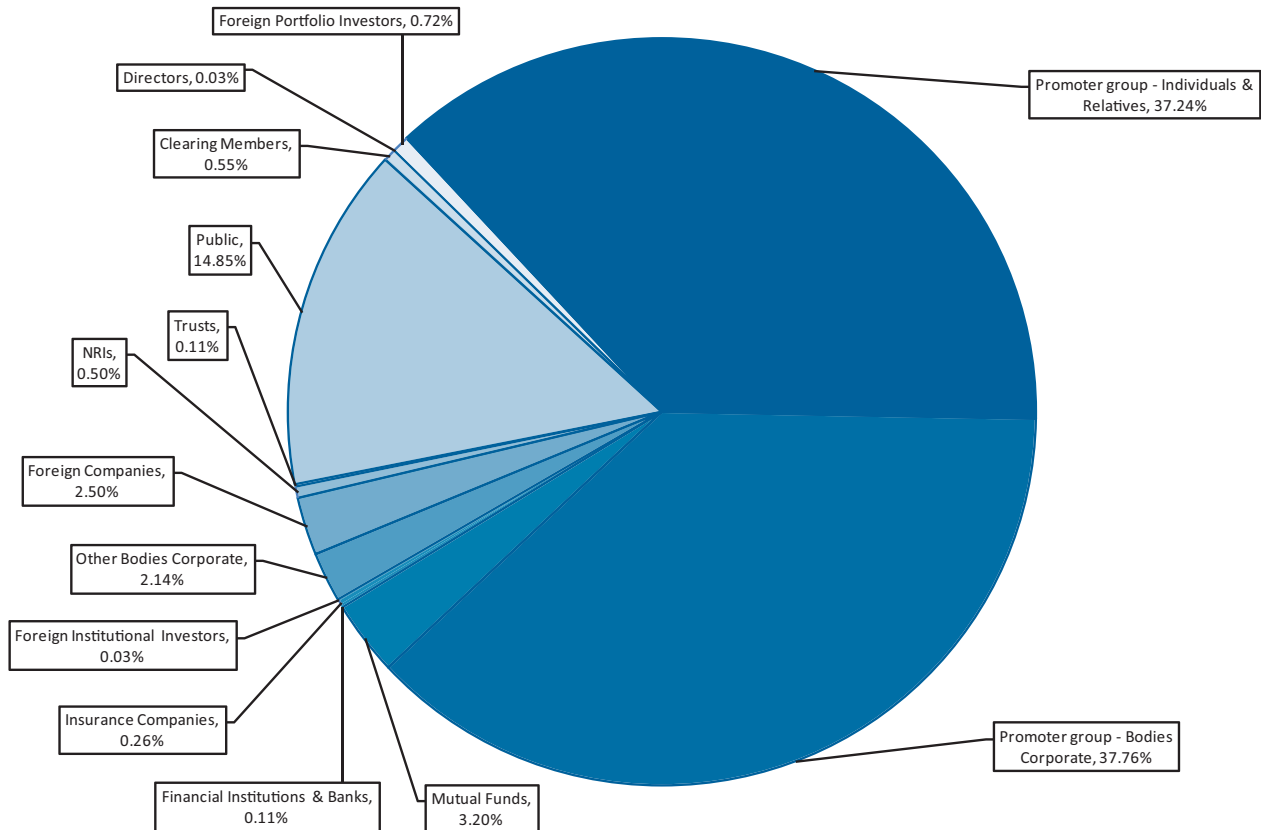
DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2017

Shareholding	No. of Shareholders	% of total	No. of Shares	% of total
1 – 500	90159	96.19	5273813	7.31
501 – 1000	2104	2.25	1664796	2.31
1001 – 2000	812	0.87	1222452	1.69
2001 – 3000	237	0.25	602631	0.84
3001 – 4000	101	0.10	359541	0.50
4001 – 5000	92	0.10	435255	0.60
5001 – 10000	113	0.12	824889	1.14
10001 and above	115	0.12	61778183	85.61
TOTAL	93733	100	72161560	100

SHAREHOLDING PATTERN AS ON MARCH 31, 2017

SI No	Category	Shares	Holders	Percentage (%)
1	Promoter group - Individuals	26872770	2	37.24
2	Promoter group - Corporate Bodies	27248400	1	37.76
3	Mutual Funds	2306580	2	3.20
4	Financial Institutions & Banks	82337	3	0.11
5	Insurance Companies	184971	1	0.26
6	Foreign Institutional Investors	23985	2	0.03
7	Other Bodies Corporate	1541900	551	2.14
8	Foreign Companies	1804057	2	2.50
9	NRIs	363967	748	0.50
10	Trusts	79333	4	0.11
11	Public	10715711	92144	14.85
12	Clearing Members	399348	258	0.55
13	Directors	18951	3	0.03
14	Foreign Portfolio Investor (Corporate)	519250	12	0.72
	Total	72161560	93733	100

Report on Corporate Governance



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, 2017, except 1041 equity shares, the entire paid up equity share capital were held in dematerialisation form of which NSDL constitutes 93.25% and CDSL constitutes 6.75%. The ISIN of the Company's equity shares is INE66101014. 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 Risk management policy on foreign currency transactions adopted by the Board. During the Financial Year 2016-17, 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. 39 & 40 to the stand alone financial statements.

Plant Locations

- 1) 171, Panjetty Village, Ponneri Taluk, Ponneri, Tamil Nadu.
- 2) Survey 167/1 & 173, Thurai Nallur village, Puduvoiyal Ami Road, Puduvoiyal Post, Ponneri Taluk, Tiruvallur District.

- 3) 22, Kamaraj Salai, Thattanchavadi Industrial Estate, Oulgaret Municipality, Puducherry.

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 660 MW BoP project of OPGCL at Banaharpalli Village, Jhasarguda District, Odisha.

Report on Corporate Governance

- 7) 1 x 800 MW – Dr.Narla Tata Rao Thermal Power Station, Stage – V (1X800 MW), Unit-8 at Ibrahimpattanam, Krishna District, Andhra Pradesh.
- 8) 1 x 800 MW – North Chennai Supercritical Thermal Power Project, Stage – III, in Puzhuthivakkam village Ponneri Taluk, Tiruvallur District, Tamil Nadu.
- 9) 3 x 660 MW – Super Critical Ghatampur Thermal Power Project at Ghatampur, Kanpur Nagar District, Uttar Pradesh.
- 10) 2 x 800 MW STG and its auxiliary plant at NTPL at Lara, Chhattisgarh.

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. The Company is now recalibrating these systems and process so as to make a more robust risk management.

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://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 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.

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 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 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 Chairperson 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, 2017 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 has complied with certain non-mandatory requirements viz., the post of Chairperson and Chief Executive Officer separate and 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 unlisted 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:

Report on Corporate Governance

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, including material developments, of the subsidiaries which are joint ventures namely BGR Boilers Private Limited and BGR Turbines Company Private Limited are placed before the Board for review, control and monitoring.

DETAILS OF SHARES HELD IN SUSPENSE ACCOUNT

S. No.	Particulars	(in Nos.)
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 dematerialised 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 : August 11, 2017

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 2016 – 17:
 - 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

Report on Corporate Governance

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 **P. R. EASWAR KUMAR**
Joint Managing Director & CEO President & Chief Financial Officer

Place : Chennai
Date : May 30, 2017

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, 2017.

A.Swaminathan

Place : Chennai Joint Managing Director & CEO
Date : May 30, 2017

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, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations.

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 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 : August 11, 2017

Extract of Annual Return

ANNEXURE VII

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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	:	February 18, 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 : 044-27900181, Fax:044-27948249
(vi)	Whether listed company	:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083. Tel : 022-4918 6000 Fax : 022-4918 6060

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	83.49

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 - 600018	U29141TN1994PLC026639	Subsidiary	69.67	2(87)(ii)
2.	BGR Boilers Private Limited No. 443, Anna Salai, Teynampet, Chennai – 600018	U74200TN2009PTC070539	Subsidiary	70.00	2(87)(ii)
3.	BGR Turbines Company Private Limited No. 443, Anna Salai, Teynampet, Chennai – 600018	U40300TN2009PTC070541	Subsidiary	74.00	2(87)(ii)
4.	Sravanaa Properties Limited No. 443, Anna Salai, Teynampet, Chennai – 600018	U70200TN2002PLC049497	Subsidiary	100.00	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	75.00	54121170	0	54121170	75.00	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	1780973	0	1780973	2.47	2306580	0	2306580	3.20	0.73
(b) Banks / FI	82056	0	82056	0.11	82337	0	82337	0.11	0
(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	184971	0	184971	0.26	184971	0	184971	0.26	0
(g) FIs	695454	0	695454	0.96	543235	0	543235	0.75	-0.21
(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)	2743454	0	2743454	3.80	3117123	0	3117123	4.32	0.52

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	
(2) Non- Institutions									
(a) Bodies Corp									
i. Indian	1474581	0	1474581	2.04	1541900	0	1541900	2.14	0.10
ii. Overseas	1804057	0	1804057	2.50	1804057	0	1804057	2.50	0.00
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	9788043	1021	9789064	13.57	8964470	1041	8965511	12.42	-1.15
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1156981	0	1156981	1.60	1404290	0	1404290	1.95	0.35
(c) Others (Specify)	18951	0	18951	0.03	18951	0	18951	0.03	0.00
(c-i) Directors									
(c-ii) Clearing Member	356278	0	356278	0.49	399348	0	399348	0.55	0.06
(c-iii) Trust	98	0	98	0.00	79333	0	79333	0.11	0.11
(c-iv) Non-Resident Indians	299191	0	299191	0.42	308495	0	308495	0.43	0.01
(c-v) Non-Resident Indians (Non-Repatriable)	51825	0	51825	0.07	55472	0	55472	0.08	0.01
(c-vi) Foreign Portfolio Investor	345910	0	345910	0.48	345910	0	345910	0.48	0.00
(c-vii) Foreign National	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(2)	15295915	1021	15296936	21.20	14922226	1041	14923267	20.69	-0.51
Total Shareholding of Public = (B) (1) + (B) (2)	18039369	1021	18040390	25.00	18039349	1041	18040390	25.00	0.00
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	72160539	1021	72161560	100.00	72160519	1041	72161560	100.00	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	0.00	26868450	37.23	0.00	0.00
2	BGR Investment Holdings Company Limited	27248400	37.76	0.00	27248400	37.76	0.00	0.00
3	Mr. S.K. Sridhar	4320	0.01	0.00	4320	0.01	0.00	0.00
Total		54121170	75	0	54121170	75	0	0

Extract of Annual Return

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

There is no change in the shareholding of Promoter group during the year ended March 31, 2017.

(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		
	29-07-2016	Transfer	100000	0.14	1461213	2.02
	12-08-2016	Transfer	62930	0.09	1524143	2.11
	02-09-2016	Transfer	127458	0.18	1651601	2.29
	09-12-2016	Transfer	211001	0.29	1862602	2.58
	16-12-2016	Transfer	70306	0.10	1932908	2.68
	06-01-2017	Transfer	38072	0.05	1970980	2.73
	10-02-2017	Transfer	25600	0.04	1996580	2.77
	At the end of the year				1996580	2.77
2.	CLIENT ROSEHILL LIMITED					
	At the beginning of the year		1156401	1.60		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	1156401	1.60
	At the end of the year				1156401	1.60
3.	CVCIGP II EMPLOYEE ROSEHILL LIMITED					
	At the beginning of the year		647656	0.90		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	647656	0.90
	At the end of the year				647656	0.90
4.	VENTURA SECURITIES LIMITED					
	At the beginning of the year		304902	0.42		
	Date wise Increase / Decrease in Shareholding during the year					
	08-04-2016	Transfer	1651	0.00	306553	0.42
	15-04-2016	Transfer	(1275)	0.00	305278	0.42
	22-04-2016	Transfer	(118)	0.00	305160	0.42
	29-04-2016	Transfer	1075	0.00	306235	0.42
	06-05-2016	Transfer	20737	0.03	326972	0.45
	13-05-2016	Transfer	(6221)	-0.01	320751	0.44
	20-05-2016	Transfer	(12180)	-0.02	308571	0.43
	27-05-2016	Transfer	(2222)	0.00	306349	0.42
	03-06-2016	Transfer	(806)	0.00	305543	0.42
	10-06-2016	Transfer	3234	0.00	308777	0.43
	17-06-2016	Transfer	(2244)	0.00	306533	0.42
	24-06-2016	Transfer	1462	0.00	307995	0.43
	30-06-2016	Transfer	1315	0.00	309310	0.43
	01-07-2016	Transfer	(670)	0.00	308640	0.43
	08-07-2016	Transfer	(1307)	0.00	307333	0.43
	15-07-2016	Transfer	10117	0.01	317450	0.44

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
	22-07-2016	Transfer	(6748)	-0.01	310702	0.43
	29-07-2016	Transfer	(6403)	-0.01	304299	0.42
	05-08-2016	Transfer	1420	0.00	305719	0.42
	12-08-2016	Transfer	2194	0.00	307913	0.43
	19-08-2016	Transfer	1629	0.00	309542	0.43
	26-08-2016	Transfer	(4401)	-0.01	305141	0.42
	02-09-2016	Transfer	443	0.00	305584	0.42
	09-09-2016	Transfer	5258	0.01	310842	0.43
	16-09-2016	Transfer	78	0.00	310920	0.43
	23-09-2016	Transfer	(4701)	-0.01	306219	0.42
	30-09-2016	Transfer	(503)	0.00	305716	0.42
	07-10-2016	Transfer	(1006)	0.00	304710	0.42
	14-10-2016	Transfer	948	0.00	305658	0.42
	21-10-2016	Transfer	277	0.00	305935	0.42
	28-10-2016	Transfer	(704)	0.00	305231	0.42
	04-11-2016	Transfer	3427	0.00	308658	0.43
	11-11-2016	Transfer	(2036)	0.00	306622	0.42
	18-11-2016	Transfer	5430	0.01	312052	0.43
	25-11-2016	Transfer	(3047)	0.00	309005	0.43
	02-12-2016	Transfer	(1872)	0.00	307133	0.43
	09-12-2016	Transfer	(438)	0.00	306695	0.43
	16-12-2016	Transfer	(1084)	0.00	305611	0.42
	23-12-2016	Transfer	(531)	0.00	305080	0.42
	30-12-2016	Transfer	908	0.00	305988	0.42
	06-01-2017	Transfer	4558	0.01	310546	0.43
	13-01-2017	Transfer	(375)	0.00	310171	0.43
	20-01-2017	Transfer	14346	0.02	324517	0.45
	27-01-2017	Transfer	565	0.00	325082	0.45
	03-02-2017	Transfer	(4229)	-0.01	320853	0.44
	10-02-2017	Transfer	(9349)	-0.01	311504	0.43
	17-02-2017	Transfer	1573	0.00	313077	0.43
	24-02-2017	Transfer	(1561)	0.00	311516	0.43
	03-03-2017	Transfer	5265	0.01	316781	0.44
	10-03-2017	Transfer	(447)	0.00	316334	0.44
	17-03-2017	Transfer	(8165)	-0.01	308169	0.43
	24-03-2017	Transfer	1183	0.00	309352	0.43
	31-03-2017	Transfer	(2707)	0.00	306645	0.42
	At the end of the year				306645	0.42
5.	R. RAJENDRAN					
	At the beginning of the year		287189	0.40		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	287189	0.40
	At the end of the year				287189	0.40

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
6.	THE ORIENTAL INSURANCE COMPANY LIMITED					
	At the beginning of the year		184971	0.26		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	184971	0.26
	At the end of the year				184971	0.26
7.	DIMENSIONAL EMERGING MARKETS VALUE FUND					
	At the beginning of the year		169812	0.24		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	169812	0.24
	At the end of the year				169812	0.24
8.	MV SCIF MAURITIUS					
	At the beginning of the year		145275	0.20		
	Date wise Increase / Decrease in Shareholding during the year					
	22-04-2016	Transfer	14649	0.02	159924	0.22
	29-04-2016	Transfer	5493	0.01	165417	0.23
	24-06-2016	Transfer	5769	0.01	171186	0.24
	19-08-2016	Transfer	(1891)	0.00	169295	0.23
	23-09-2016	Transfer	937	0.00	170232	0.24
	23-12-2016	Transfer	(8473)	-0.01	161759	0.22
	06-01-2017	Transfer	(1810)	0.00	159949	0.22
	03-02-2017	Transfer	(581)	0.00	159368	0.22
	03-03-2017	Transfer	(2337)	0.00	157031	0.22
	24-03-2017	Transfer	2918	0.00	159949	0.22
	At the end of the year				159949	0.22
9.	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAIDG)					
	At the beginning of the year		131573	0.18		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	131573	0.18
	At the end of the year				131573	0.18
10.	SANJAY AMILAL SHAH					
	At the beginning of the year		65000	0.09		
	Date wise Increase /Decrease in Shareholding during the year					
	03-06-2016	Transfer	7000	0.01	72000	0.10
	10-06-2016	Transfer	7000	0.01	79000	0.11
	30-06-2016	Transfer	1738	0.00	80738	0.11
	15-07-2016	Transfer	17000	0.02	97738	0.14
	22-07-2016	Transfer	5000	0.01	102738	0.14
	04-11-2016	Transfer	1000	0.00	103738	0.14
	11-11-2016	Transfer	1276	0.00	105014	0.15
	At the end of the year				105014	0.15

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	18100	0.03		
	Date wise Increase / Decrease in Shareholding during the year (Acquisition)	0	0.00	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	0.00		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	716	0.00
	At the End of the year			716	0.00
3.	Mr. S.R. Tagat, Director				
	At the beginning of the year	135	0.00		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	135	0.00
	At the End of the year			135	0.00
4.	Mrs. Sasikala Raghupathy, Chairperson				
	At the beginning of the year	26868450	37.23		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	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 Officer, 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

(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	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
Change in Indebtedness during the financial year				
Addition	57604	0	0	57604
Reduction	(86271)	0	0	(86271)
Net Change	(28667)	0	0	(28667)
Indebtedness at the end of the financial year				
i) Principal Amount	200110	0	0	200110
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1978	0	0	1978
Total (i+ii+iii)	202088	0	0	202088

Extract of Annual Return

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	Name of MD / WTD / Manager				Total Amount
		Mr. A. Swaminathan, Joint Managing Director & CEO	Mr. V.R. Mahadevan Joint Managing Director	Mr. Arjun Govind Raghupathy Deputy Managing Director & COO	Mrs.SwarnamugiKarthik Director – Corporate Strategy	
1	Gross Salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	278.16	197.11	35.04	83.28	593.59
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	3.48	0.00	4.28
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
Total (A)		278.56	197.51	38.52	83.28	597.87
Ceiling as per the Act		10% of the net profits calculated as per Section 198 of the Companies Act, 2013.				

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	8.60	8.40	7.00	8.40	7.20	1.00	40.60
• Commission	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-
Total (1)	8.60	8.40	7.00	8.40	7.20	1.00	40.60

Particulars of Remuneration	Name of Director	
	Mrs. Sasikala Raghupathy	Total Amount
Other Non-Executive Directors		
• Fee for attending board / committee meetings	7.20	7.20
• Commission	-	-
• Others, please specify	-	-
Total (2)	7.20	7.20
Total (B) = (1) + (2)	-	47.80
Total Managerial Remuneration = (A) + (B)	-	645.67
Overall Ceiling as per the Act	11% of the net profits calculated as per Section 198 of the Companies Act, 2013.	

Extract of Annual Return

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

(₹ in Lakhs)

S. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr.R. Ramesh Kumar, CS	Mr. P.R.Easwar Kumar, CFO	Total
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	139.48	138.66	278.14
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	0.80
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
Total		139.88	139.06	278.94

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			NIL		
Compounding			NIL		
B. DIRECTORS					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		

Management Discussion & Analysis

ANNEXURE VIII

HIGHLIGHTS OF FY 2016-17

During the year, the Company successfully completed COD of Unit I of Nawapara TRN Energy, 2 X 300 MW Thermal Power Project and synchronized Unit II successfully.

Subsequent to completion of erection works pertaining to Unit #1 of 2x 660 MW Boiler and its auxiliary for NTPC Solapur project, the major milestones such as Chemical Cleaning, Steam Blowing and synchronization were successfully completed during the year. The erection activity of Turbine Generator was completed in respect of Unit # 1 of 2 x 800 MW Lara Super Thermal Power Project and commissioning activity commenced.

In the case of Chandrapur, COD for both Unit # 8 and Unit # 9 of 2 x 500 MW Chandrapur expansion project and in respect of Marwa, COD of Unit # 2 of 2 x 500 MW Marwa Thermal Power Project, were declared during the year.

Air Fin Cooler (AFC) division achieved significant breakthrough in International market and obtained milestone orders from PDO, Oman valued at ₹ 41 Crores and a ₹ 20 Crores order from Petrofac. AFC manufacturing plant had also reached a record of one million safe man-hours performance during the year.

Electrical Products Division (EPD) consolidated its position with another consistent performance for the year under review. Supplies for Unit 3 of NPCIL-Kakrapar 1 x 700 Mhz. Main Plant Electricals were completed by EPD team. The Project is a first of its kind in the country and the Supplies which included extensive special tests on Electronics as well as design requirements involving seismic tests were done. 80% physical progress of Unit 3 of NPCIL-Kakrapar was achieved and slated for commissioning by March 2018. The performance of EPD with respect to NPCIL as a whole is acknowledged and rated as "Very Good" by the customer. EPD commissioned 2 EHV substations and an Optic Fibre network for TANTRANSOCO.

Environmental Engineering Division (EED) bagged two large size orders during the year. The first order from Chennai Metro Water for Tertiary treatment of sewage water at Kodungaiyur valuing ₹ 440 Crores and 45 MLD Desalination plant at Krishnapattinam from Tata Projects Ltd valuing ₹ 210 Crores.

The division successfully executed Deaerators (DA) orders. The division for the second time bagged DA order from Siemens for their Super Critical Project, Bolivia. PG test was completed for Condensate Polishing Units (CPU) for BHEL, Vizag., 2 X 520 MW and for BHEL, Avantha 1 X 500 MW. Commissioning was completed in respect of CPU for BHEL, Singareni 2 X 660 MW and for BHEL, Mouda 2 X 660 MW for Unit 4. Auto commissioning was completed at BHEL, Tuticorin 2 X 500 MW and BHEL, Yermarus 2 X 800 MW.

The performance of Oil & Gas Equipment division (OGED) has improved during the year under review. OGED executed the export contract for the liquid hydrocarbon tank farm comprising of 19 storage tanks with a total storage capacity of 85,000 cubic meters. OGED was enlisted with ONGC Offshore as an approved vendor for Gas Conditioning Skids & IUG Skids and for Onshore projects OGED is approved for Pipeline equipment.

CURRENT INDUSTRY ANALYSIS

India has the fifth largest power generation capacity in the world and ranks third globally in terms of electricity production. However, India's per capita power consumption at 1,075 kWh is among the lowest in the world. Around 280 million people in the country do not have access to electricity. In comparison, China has a per capita consumption of 4,000 kWh, with developed nations averaging around 15,000 kWh per capita, reaching the 1,010 kWh consumption barrier was an achievement in itself, but there are challenges.

The popular belief of having achieved power surplus in India does not mean the country generates more power than it needs. It simply means the country's capacity to generate power is now more than the demand at present. Demand is in turn determined by

access to electricity and the ability to pay for it. The limited access to power and the high price of electricity is resulted in a fallacy of being power surplus. While at the same time the actual demand is more than the power generated.

Investment in India's conventional energy sector is slowing down and there is lot of excitement around renewables. It is reasonable to believe that when the economy turns around, when village coverage extends to electricity reaching every household and when people have enough purchasing capacity to buy electricity there would not be adequate power generation capacity in the country. The Company believes that renewable energy sources can play an instrumental and supplemental role in meeting the power demand and the backbone of the power infrastructure has to be built by thermal power sector, which can ensure 24/7 availability of reliable power to one and all.

India's conventional total power generation grew at 4.7% during the financial year 2016-17, with thermal power segment registering a 5.34% growth. (Against a targeted capacity addition of 9,914 MW, actual capacity addition was 14,324.50 MW.) With this, the total capacity addition achieved till March 2017 was 99,209.47 MW, translating into 112.05% of the 12th Plan target. The total installed capacity as on March 31, 2017 stood at 329,205 GW with Central installations having a share of 25%, States accounting for 32%, while private entities with 43%.

PROSPECTS IN DOMESTIC AND INTERNATIONAL MARKETS

Renewable Energy and the need to reduce the carbon footprint is the current "Power" flavour across the World including India. With abundance of sunlight in varying degrees of intensities around the globe, the focus is more on solar energy and to a lesser extent on wind due to its seasonal and location specific limitations.

The declining trend in the solar power tariffs which is getting lower than the conventional

Management Discussion & Analysis

thermal power tariffs due to the exponentially decreasing costs of the solar panels has come as a revelation for the power utilities as a whole universally. It is expected that many countries including India would witness surge in the per capita consumption of electricity in the near future and such surge in power demand cannot be met by additional capacity in the renewable energy sector. The recent shift of policy focus in favour of renewable energy has impacted addition of capacities in thermal energy and thus reducing prospects for the Company.

For the Environmental Engineering Division, water supply and sewage treatment plant projects, offer huge potential in Indian Market.

The Company's thrust is on the following segments:

- Desalination
- Water Treatment Plants
- Sewage Treatment Plants
- TTRO (Tertiary Treated Reverse Osmosis)

Water projects and sewage treatment plants (STP) in the municipal sector in domestic market offers exciting opportunities.

The Ganga Action plan (Namami Ganga) envisages an outlay of ₹ 51000 Crores for STP projects over the next five-year period.

The division has identified and is expected to make joint venture and consortium arrangements with companies having proven track record to participate in large size desalination plants and STPs.

FUTURE INDUSTRY OUTLOOK

India continues to be the fastest growing G20 Nations. In fact, recently released data suggest that the economy has gained traction and as per the forecast of International Monetary Fund (IMF), India is set to achieve a GDP growth of 7.2% in FY 2017-18.

India has undertaken the biggest structural tax reforms in the form of GST. Although in the long-run a simpler tax regime would be positive for the country's business environment, the transition may witness a temporary slowdown

in economic activity as companies adapt to the new tax regime. The Company however remains confident that true potential of India's power demand and opportunities would play out in future. The growth forecast ranking of International Monetary Fund on the gross domestic product metric for the year 2017 and 2022 indicates that Indias' growth will be of the order of 9.9% a year in nominal terms and thus becoming the world's fourth largest economy.

Currently a \$2 trillion economy, India is growing at around 7-7.5 % CAGR. With full implementation of the various reforms that have been undertaken and a few more that are in the offing, India has the capacity to cross the double-digit growth mark and the country needs to augment power generation capacity to support this growth trajectory.

OPERATIONAL PERFORMANCE

The BOP, EPC and Construction segment has achieved turnover of ₹ 3186 Crores and the Capital Goods Segment achieved turnover of ₹ 262 Crores.

Super Critical BTG: Final stage works are progressing in respect of Unit #1 of 2 x 660 MW Solapur project on war-footing towards achieving full load trial run and major supplies of Unit #2 of 2 x 660 MW Solapur project have been completed satisfactorily. Also, erection works are progressing to achieve upcoming milestones.

Hydraulic Test was completed successfully for Unit #1 at MUVNL - Meja 2 x 660 MW Boiler Project and accepted by the Customer and Statutory Authorities. Subsequently, Chemical cleaning and Initial light up was also completed successfully. The 2 x 800 MW Lara Super Thermal Power Project, Chattisgarh are progressing satisfactorily.

BoP: The Power Projects Division during the year has bagged three major BOP contracts totalling to ₹ 7688 Crores from APGENCO for 800MW DR.NTTPS, Vijayawada, Andhra Pradesh, TANGEDCO For 800 MW North Chennai Thermal Power Project, Tamilnadu and Neyveli Uttar Pradesh Power Ltd for 3 X 660 MW. Ghatampur Thermal Power Project Uttar Pradesh.

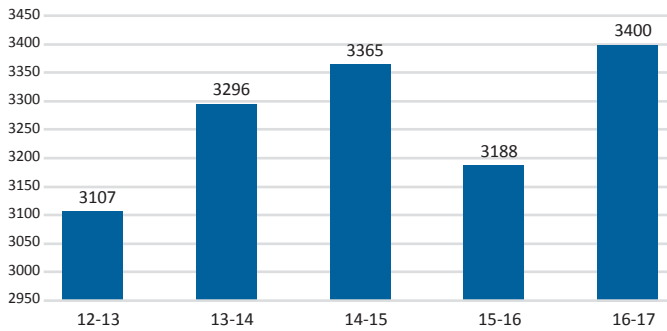
Capital Goods: In the face of stiff competition and amidst challenging market conditions - Air Fin Cooler Division (AFC) and the Environmental Engineering Division (EED) registered 38% and 948% growth in Order book during 2016-17 compared to last year while Electrical Projects Division (EPD) secured EPC orders totalling ₹ 114 Crores. Environmental Engineering Division (EED) delivered turnover growth of 48% compared to FY 2015-16. OGED Division bagged orders for Hydro-carbon Vaporizer, 6 Nos Instrument Utility Gas Skids for ONGC Offshore Platforms, Pilot Gas Dehydration System from Oil India Ltd., and 9 Nos of High Pressure Pig Traps of sizes ranging from 18"x 24" to 36" x 42" for GSPL Pipeline projects.

FINANCIAL PERFORMANCE (STANDALONE)

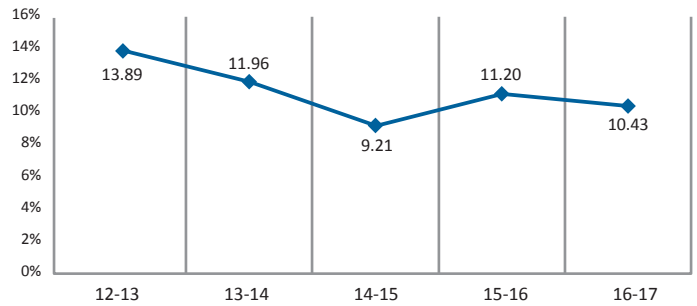
DESCRIPTION	Unit	FY 15-16	FY 16-17
Income from Operations	₹ Crores	3188	3400
EBIDTA	₹ Crores	357	355
EBIDTA	%	11.2	10.4
PBT	₹ Crores	50	68
PAT	₹ Crores	27	44
Networth	₹ Crores	1333	1378
PBT Ratio	%	1.6	2.0
PAT Ratio	%	0.9	1.3
Return on Networth	%	2.1	3.3
Employee Cost to Turnover	%	5.7	5.5
Overheads Cost to Turnover	%	4.3	4.4
Interest Cost to Turnover	%	9.1	7.7

Management Discussion & Analysis

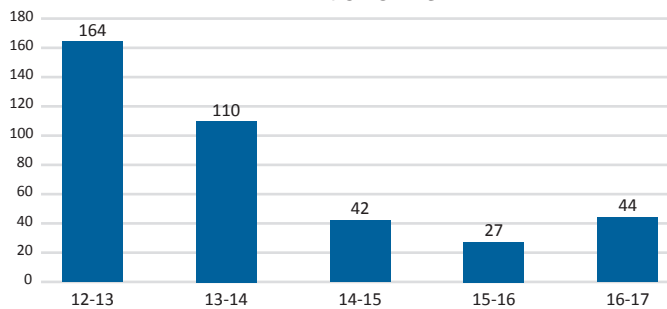
TURNOVER ₹ CRORES



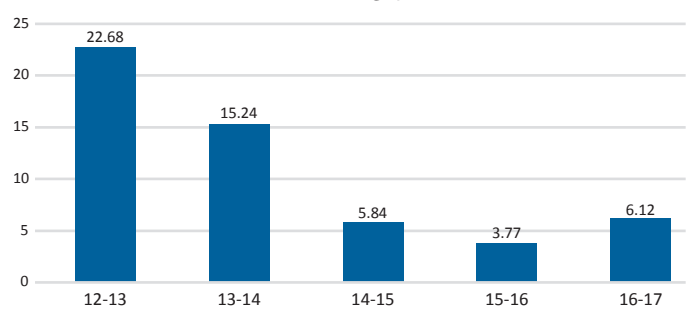
EBIDTA %



PAT ₹ CRORES



EPS ₹



STRENGTH AND OPPORTUNITIES

- Proven 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 of equipment and civil works.
- Capacity 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 wellplaced to undertake contracts based on customer requirements, both within 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 Chairperson 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 in its quarterly meeting. The present internal control and audit systems are considered 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 steps to manage these risks on an ongoing basis. A detailed review and upgradation of the existing SOSP is under progress. Delegation of authority is reviewed each year to ensure that the adequate controls

Management Discussion & Analysis

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 risks associated with the terms of contract are fully understood, documented and reviewed for ensuring effective implementation of the contracts.

The Company's activities are exposed to various financial risks like commodity risk, market risk, credit risk and liquidity risk. These financial risks have a bearing on the operating profit of the Company. The Company's senior management oversees the management of these risks. 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 always had a strong conviction that the human capital is the pivotal force behind the organization's success and therefore has considered people development to be a vital need. With the Company securing three major orders during the Financial Year 2016-17, the focus was more on ramping up the experienced manpower for the new projects. Being an EPC organization, project management and construction management capabilities are vital for project execution and accordingly, the focus of talent building has been to substantially strengthen these functional areas. With proven track record in project execution, the Company has been able to attract highly competent talent from the market and have in place a strong team of experienced and talented professionals to manage these upcoming projects.

Last year, as part of the plan to build Leadership pipeline through 'home grown' leaders, the Company had identified High Performers (HiPo) who have the potential to emerge as future leaders, through a rigorous selection process. As part of their grooming process, an

Individual Developmental Plan (IDP) has been developed for each such individual employee. Such employees have been imparted short term "Management Education Programme" through a reputed Business School so as to get equipped to take responsibilities at leadership positions in future.

Employee Training & Development initiatives were continued through the year with the objective of enhancing employee's capabilities and 132 training programmes were designed and organized during the year covering technical, behavioural and managerial skills across locations.

The focus of the Company's Reward and Recognition Policy has been to motivate employees to maximise their contribution to the Organization in a competitive business environment. Accordingly, 34 employees whose performance and contribution was of high order were awarded 'Star Performer Awards'. Industrial Relation at various project sites and manufacturing units remained cordial through the year.

The manpower strength of the Company as on March 31, 2017 was 1935.

Independent Auditors' Report

TO THE MEMBERS OF BGR ENERGY SYSTEMS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of BGR Energy Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS 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 of standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind

AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS 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 as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditors' Report

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 Auditor's Report in accordance with the 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 standalone Ind AS financial statements – Refer Note nos. 4.c.(i), 4.c.(ii) and 37 to the standalone Ind AS financial statements;

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the audit procedures and relying on the management

representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management- Refer note 48 to the standalone Ind AS financial statements.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No: 001997S

M.S.N.M. Santosh

Partner
Membership No: 221916

Place: Chennai
Date: May 30, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS 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, 2017, 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 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 not granted loans and guarantees to any parties covered under Section 185 of the Act.

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.

Independent Auditors' Report

- 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. Therefore, the provisions of clause (v) of the Companies (Auditors' Report) Order, 2016, are not applicable to the Company.
- 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 and explanations 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, 2017, for a period of more than six months from the date they became payable; and

- (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 Due	Disputed tax amount (₹ in Lakhs)	Financial year	Forum in which the dispute 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 ⁽¹⁾	2001-02	Sales Tax Appellate Tribunal, Chennai, Tamilnadu.
Central Sales Tax Act, 1956	Central Sales Tax	5.58 ⁽¹⁾	2004-05	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	2.59 ⁽¹⁾	2006-07	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Kerala Value Added Tax Act, 2003	Kerala Sales Tax	2.65 ⁽¹⁾	2006-07	The Deputy Commissioner (Appeals), Ernakulam, Kerala
Central Sales Tax Act, 1956	Central Sales Tax	157.14 ⁽¹⁾	2006-07	Appellate Deputy Commissioner, Kancheepuram, Tamilnadu.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	7.43 ⁽¹⁾	2007-08	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Chapter V of Finance Act, 1994	Service Tax	25.26 ⁽²⁾	2007-08	CESTAT, Chennai, 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	7.14 ⁽¹⁾	2008-09	The Appellate Deputy Commissioner (CT) North, Chennai.
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	1926.45 ⁽³⁾	2010-11	The Honourable High Court, Bombay.
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	211.45 ⁽³⁾	2010-11	The Honourable High Court, Bombay.

Independent Auditors' Report

Name of the Statute	Nature of Due	Disputed tax amount (₹ in Lakhs)	Financial year	Forum in which the dispute is lying in
The Employee Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	521.15 ⁽¹⁾	2006-2010	The Honourable High Court, Hyderabad
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	9865.96 ^(1 & 4)	2009-10	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	9541.31 ^(1 & 4)	2010-11	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	4333.66 ^(1 & 4)	2011-12	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	1,110.92	2012-13	The Appellate Authority, Ajmer
Central Sales Tax Act, 1956	Central Sales Tax	261.76 ⁽¹⁾	2014-15	The Appellate Deputy Commissioner (CT) North, Chennai.
Maharashtra Value Added Tax Act	Maharashtra Sales Tax	59.19	2011-12	The Joint Commissioner of Sales Tax, Appeal VII, Mumbai
Chapter V of Finance Act, 1994	Service Tax	38,708.45 ⁽⁴⁾	2007-08 to 2014-15	Refer foot note (5) below the table
Income-tax Act, 1961	Income tax	137.65 ⁽¹⁾	2006-07	The Honourable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax	141.67 ⁽¹⁾	2007-08	The Honourable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax	192.15 ⁽¹⁾	2008-09	The Honourable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax	10,343.41 ^(1 & 6)	2009-10	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	120.06 ⁽¹⁾	2010-11	Commissioner of Income Tax (Appeals - 19), Chennai
Income-tax Act, 1961	Income tax	914.87 ⁽¹⁾	2011-12	Commissioner of Income Tax (Appeals), Chennai
Income-tax Act, 1961	Income tax	97.67 ⁽¹⁾	2012-13	Commissioner of Income Tax (Appeals - 19), Chennai
Income-tax Act, 1961	Income tax	116.39 ⁽¹⁾	2013-14	Commissioner of Income Tax (Appeals - 19), Chennai
Income-tax Act, 1961	Income tax	1,445.30 ⁽¹⁾	2014-15	Commissioner of Income Tax (Appeals - 19), Chennai

⁽¹⁾ Represents gross tax liability. Out of this, a sum of ₹ 4580.41/- lakhs was paid as deposit / adjusted 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.

⁽⁵⁾ The company is in the process of filing appeal before CESTAT and due date for filing the appeal is not lapsed as on the date of this report.

⁽⁶⁾ Two appeals are pending before the Income Tax Appellate Tribunal-Chennai Bench. One filed by the Company and the other filed by the Income Tax Department.

viii) According to the information and explanations 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) and term loan. Accordingly paragraph 3(ix) of the order is not applicable.

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 we have been informed of such case by the management.

Independent Auditors' Report

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 the Act where ever applicable and the details of such transactions have been disclosed in the standalone Ind AS financial Statements as required by the applicable accounting standards.

xv) According to the information and explanations given to us and based on our examination 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 No: 001997S

M.S.N.M. Santosh

Partner
Membership No: 221916

Place: Chennai
Date: May 30, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS 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, 2017, in conjunction with our audit of the standalone Ind AS 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

Independent Auditors' Report

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 standalone Ind AS 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;
- (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, 2017, 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 No: 001997S

M.S.N.M. Santosh

Partner
Membership No: 221916

Place: Chennai

Date: May 30, 2017

Balance Sheet

₹ in lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I Non Current Assets				
(a) Property, plant and equipment	1	17056	17515	17359
(b) Capital work in progress	2	-	45	501
(c) Other Intangible assets	3	186	385	412
(d) Financial assets				
(i) Investments	4 (a)	36402	36369	36383
(ii) Trade receivables	4 (b)	80386	88127	41090
(iii) Loans	4 (c)	13455	13376	12553
(iv) Other financial assets	4 (d)	15156	7673	9476
		162641	163490	117774
II Current Assets				
(a) Inventories	5	6113	2348	4116
(b) Financial assets				
(i) Trade receivables	6 (a)	216368	262702	235524
(ii) Cash and cash equivalent	6 (b)	50418	48082	76488
(iii) Loans	6 (c)	46642	55553	29217
(iv) Other financial assets	6 (d)	2623	9035	11412
(c) Other current assets	7	136867	92763	138015
		459031	470483	494772
TOTAL ASSETS		621672	633973	612546
EQUITY AND LIABILITIES				
I Equity				
(a) Equity Share Capital	8	7216	7216	7216
(b) Other Equity		130549	126069	123296
Total Equity		137765	133285	130512
II Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	9 (a)	27355	38959	35143
(ii) Trade Payables	9 (b)	8914	44028	32561
(b) Provisions	10	6363	16632	16198
(c) Deferred tax liabilities (net)	30	35712	34352	31999
		78344	133971	115901
III Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	9 (a)	165223	185890	176020
(ii) Trade payables	9 (b)	128139	121783	103439
(iii) Other financial liabilities	11	9555	5955	1173
(b) Other Current Liabilities	12	101367	52248	84615
(c) Provisions	13	1279	841	834
(d) Current tax liabilities (net)	14	-	-	52
Total Liabilities		405563	366717	366133
TOTAL EQUITY AND LIABILITIES		621672	633973	612546

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director & CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants
FRN: 001997S

V.R.MAHADEVAN
Joint Managing Director

ARJUN GOVIND RAGHUPATHY
Deputy Managing Director and COO

SWARNAMUGI KARTHIK
Director - Corporate Strategy

S.R.TAGAT
Director

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

M.GOPALAKRISHNA
Director

S.A.BOHRA
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate & Secretary

P.R.EASWAR KUMAR
President & Chief Financial Officer

Chennai
May 30, 2017

Statement of Profit and Loss

₹ in lakhs

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I (a) Revenue from operations	15	344794	324752
II (b) Other income	16	1	589
III Total Income		344795	325341
IV Expenses			
(a) Cost of raw materials and components consumed	17	195281	200753
(b) Cost of manufacturing and construction	18	76836	47200
(c) Other direct cost	19	6959	6925
(d) Changes in inventories of finished goods, stock in trade and work in progress		(2317)	1570
(e) Excise Duty on sale of goods		990	943
(f) Employee benefits expense	20	18614	18124
(g) Depreciation and amortization expense	21	2396	2274
(h) Finance costs	22	26268	29004
(i) Other expenses	23	15010	13534
Total expenses (IV)		340037	320327
V Profit before exceptional items and tax (III-IV)		4758	5014
VI Exceptional items		2043	-
VII Profit/(Loss) before tax (V)+(VI)		6801	5014
VIII Tax expenses			
(i) Current tax		1270	1282
(ii) MAT credit entitlement		(209)	(1282)
(iii) Deferred tax		1325	1661
(iv) Tax - Earlier years		-	632
IX Profit for the period (VII)-(VIII)		4415	2721
X Other Comprehensive Income			
(i) items that will not be reclassified to profit or loss	25	67	95
(ii) items that will be reclassified to profit or loss	25	(3)	(43)
XI Total Comprehensive Income for the Period (IX+X) (Comprising Profit (Loss) and other Comprehensive Income for the Period)		4479	2773
XII Earnings per Equity Share (for Continuing Operation):			
1. Basic		6.12	3.77
2. Diluted		6.12	3.77

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Chennai
May 30, 2017

Cash Flow Statement

₹ in lakhs

	For the year ended March 31, 2017		For the year ended March 31, 2016	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extraordinary items		6801		5014
Adjustments for :				
Depreciation, impairment and amortization	2396		2274	
Dividend from investments - quoted	(1)		(2)	
(Profit) / Loss on sale of fixed assets (net)	4		(22)	
Unrealized foreign exchange (gain) / loss	(7109)		5712	
Premium on forward contracts amortized	-		-	
Provision for warranty and Contractual Obligation	3961		2441	
Interest expense	26267	25518	29004	39407
Operating profit before working capital changes		32319		44421
Changes in working capital				
(Increase) / decrease in trade receivables	54076		(74215)	
(Increase) / decrease in inventories	(3765)		1768	
(Increase) / decrease in current assets	(43465)		57124	
(Increase) / decrease in loans and advances	8838		(27158)	
Increase / (decrease) in trade payables and provisions	12152		(10172)	
		27835		(52653)
Cash generated from operations		60154		(8232)
Direct taxes (paid) / refund (net)		(1001)		66
Net cash flow from operating activities		59153		(8166)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1767)		(2477)	
Sale of fixed assets	25		97	
Decrease / (increase) in capital work-in-progress	45		456	
Dividend from investments - quoted	1		2	
Net cash flow from investing activities		(1696)		(1922)
C CASH FLOW FROM FINANCING ACTIVITIES				
Long term borrowings (repaid) / availed	(11604)		3815	
Payment of dividend	-		-	
Tax on dividend paid	-		-	
Short term borrowings (repaid) / availed	(17067)		14652	
Interest paid	(24740)		(29093)	
Net cash flow from financing activities		(53411)		(10626)
Net increase in cash and cash equivalents (A+B+C)		4046		(20714)
Cash and cash equivalents as at April 1, 2016		8343		29057
Cash and cash equivalents as at March 31, 2017		12389		8343
Cash on hand		24		14
On current accounts		815		712
On deposit accounts		11550		7617

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Chennai
May 30, 2017

Notes to Financial Statements

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) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The company has adopted all Ind AS standards applicable to the Company and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The Financial statements up to year 31 March 2016 were prepared in accordance with accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the company under

Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Policy no: xxix. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard require a change in the accounting policy hitherto in use.

ii) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the applications of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed below:

1. Recognition of revenue
2. Recognition of deferred tax asset : availability of future taxable profit
3. Measurement of defined benefit obligations : Key actuarial assumptions
4. Recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources
5. Estimation of useful life of property, plant and equipments and intangible assets
6. Estimation of current tax expense and payable

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as and when management becomes aware of changes in circumstances surrounding

the estimates. Changes in the estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

iii) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').

The financial statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

iv) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

Fair value categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to Financial Statements

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair values are included in fair value measurement forming part of notes to accounts.

v) Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the profit or loss.

vi) 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 avilment 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 Other Comprehensive Income.

vii) Financial instruments

a) Recognition and initial measurement

i) Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

ii) The company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

b) Financial assets - Classification

On initial recognition, a financial asset is classified as, measured at

1. Amortised cost;
2. Fairvalue through other comprehensive income (FVOCI) - debt instrument;
3. Fairvalue through other comprehensive income (FVOCI) - equity instrument;
4. Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

1. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

1. The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and
2. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment by investment basis.

Notes to Financial Statements

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise from recognising them as measured at amortised cost or at FVOCI.

c) Financial assets - Subsequent measurement

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVTOCI - Debt investments:

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign gains and losses and impairment are recognised in profit or loss. Other net gains or losses are recognised in OCI.

On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets measured at FVTOCI - Equity investments:

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of cost the cost of the investment. Other net gains or losses are recognised in OCI and are not reclassified to profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

d) Financial assets - Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which subsequently all of the risk and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transaction whereby it transfers asset recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

e) Financial liabilities - Classification

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition.

f) Financial liabilities - Subsequent measurement

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

g) Financial liabilities - Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its term are modified and the cash flows under the modified terms are substantially different, where a new financial liability based on the modified terms is recognised at fair value. Any gain or loss on derecognition in these cases, shall be recognised in profit or loss.

h) Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

viii) Investments in subsidiaries and joint venture

Investment in subsidiaries and joint ventures is carried at cost in the separate financial statements.

ix) Cash flow hedge

The company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument

Notes to Financial Statements

recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

x) Property, Plant and Equipment

a) Recognition & Measurement

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost of Property, plant and equipment comprises its purchase cost, including import duties and non-refundable taxes or levies and any directly attributable cost to bring the item to working condition as intended by management. Further, any trade discounts and rebates are deducted. Any gain or loss on disposal of property, plant and equipment is recognised as profit or loss. Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress" at cost, less impairment losses, if any.

b) Transition to Ind AS

On transition to Ind AS, the company has decided to continue with the carrying value of all its property, plant and equipment recognised as at April 01, 2015, measured as per previous GAAP and use that carrying amount as the deemed cost of such property, plant and equipment.

c) Subsequent Recognition

Expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

d) Depreciation

The company depreciates the property, plant and equipment over their estimated useful life of the items using Straight-line method. Freehold land is not depreciated. The useful life of the property, plant and equipment are as follows:

Assets	Estimate of Useful Life in Years
Tangible Assets	
Buildings	30
Furniture & Fixtures	10
Plant & Equipment*	7.50 - 15
Office Fixtures	5
Office equipments	3, 5
Electrical Installations	10
Vehicles	8

* The Management believes that the useful lives as given above best represents the period over which Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

xi) Intangible Assets

a) Recognition & Measurement

Intangible assets are stated at cost, less accumulated depreciation and impairment losses, if any.

b) Transition to Ind AS

On transition to Ind AS, the company has decided to continue with the carrying value of all its Intangible asset recognised as at April 1, 2015, measured as per previous GAAP and use that carrying amount as the deemed cost of such Intangible asset.

c) Subsequent Recognition

Expenditure is capitalised only if it increases the future economic benefits embodied in the related specific asset. All other expenditure is recognised in profit or loss as incurred.

d) Amortisation

The company amortises the intangible assets over their estimated useful life using Straight-line method, and is included in Depreciation and amortisation in the Statement of Profit and Loss.

The useful life of the intangible assets are as follows:

Intangible Assets	
Asset	Estimate of Useful Life in Years
Technical Know-How	6
Softwares	5

xii) Inventories

Raw materials, 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. Saleable scrap, whose cost is not identified, is valued at net realizable value. In the case of manufactured inventory, cost includes an appropriate share of fixed production overhead based on normal operating capacity.

xiii) Impairment

a) Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair value through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust

Notes to Financial Statements

the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

b) Non-financial assets (Intangible assets and property, plant and equipment)

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

xiv) Provisions

(other than for employee benefits)

- a) A Provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is

probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

- 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.

xv) Revenue

- a) Sale of goods and services

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts. Revenue is recognised on the basis of despatches in accordance with the terms of sale when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risk and rewards varies depending on the individual terms of

sale. Revenue from sale of goods includes excise duty.

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

Other operating income includes interest income, scrap sales etc. The entire income under other operating revenue is recognised on realisation basis except in the case of interest income which is recognised using effective rate of interest method.

- b) Construction contracts

The Company uses the 'percentage of completion method' to determine the appropriate amount to recognise revenue in a given period. The stage of completion is measured by reference to the contract costs incurred upto the end of the reporting period as percentage of total estimated costs for each contract. 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. In respect of construction contracts, revenue includes taxes and duties, variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

xvi) Other Income

Other income is comprised primarily of dividend income and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities.

Dividend income: Dividend income is recognised in profit or loss on the date on which the Company's right to receive payments is established.

Notes to Financial Statements

Others: Any other income is recognised only on realisation basis.

xvii) Finance Cost

Interest expense is recognised using the effective interest method.

xviii) 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.

xix) 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 unless such payments

are structured to increase in line with general expected inflation to compensate for the lessor's expected inflationary cost increase. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

xx) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purpose. Deferred tax is recognised in respect of carried forward losses and tax credits. Deferred tax also not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of transaction.

Deferred tax is recognised in respect of carried forward losses and tax credits. Deferred tax is not recognised

for temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of transaction.

Deferred tax assets and liabilities are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets — unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to Financial Statements

xxi) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle, or
2. Held primarily for the purpose of trading, or
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle, or
2. It is held primarily for the purpose of trading, or
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified project life as its operating cycle for construction contracts and twelve months for Capital goods segment .

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.

xxii) 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:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions.

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.

xxiii) Cash flows

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institution, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to know cash and which are

subject to an insignificant risk of changes in value.

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.

xxiv) Cash and cash equivalents

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

xxv) Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

xxvi) Earnings per share

a) Basic earning per share

Basic earnings per share is calculated by dividing

- i) the profit attributable to owners of the Company
- ii) by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

b) Diluted earnings per share

Diluted earning per share adjusts the figures used in the determination of basic earnings per share to take into account:

- i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- ii) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

Notes to Financial Statements

xxvii) 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 whose existence 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
 - the amount of the obligation cannot be measured with sufficient reliability.

xxviii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

xxix) Transition to IND AS

These are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note to financial statements have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provision of the Act (previous GAAP or Indian GAAP). An explanation for how the transition from previous GAAP to IND AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Optional exemptions and mandatory exceptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a) Optional exemptions availed

1. Property, plant and equipment and intangible assets

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

2. Designation of previously recognized financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets (equity instruments other than subsidiaries and joint ventures), as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

b) Mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with

estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

2. Derecognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirement in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instrument) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes to Financial Statements

Reconciliation of Equity as at Transition Date - April 01, 2015

₹ in lakhs

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
I Non-Current Assets				
(a) Property, plant and equipment		17359	-	17359
(b) Capital work in progress		501	-	501
(c) Other Intangible assets		412	-	412
(d) Financial assets			-	
(i) Investments	a	36361	22	36383
(ii) Trade receivables	b	42144	(1,054)	41090
(iii) Loans	c	12557	(4)	12553
(iv) Other financial assets		9476	-	9476
A Total Non-Current Assets		118810	(1,036)	117774
II Current Assets				
(a) Inventories		4116	-	4116
(b) Financial Assets			-	
(i) Trade receivables	b	241563	(6,039)	235524
(ii) Cash and cash equivalent		76488	-	76488
(iii) Loans		29217	-	29217
(iv) Other financial assets		11412	-	11412
(c) Other current assets		138015	-	138015
B Total Current Assets		500811	(6,039)	494772
C TOTAL ASSETS (A)+(B)		619621	(7,075)	612546
EQUITY & LIABILITIES				
I Equity				
(a) Share Capital		7216	-	7216
(b) Other Equity		127212	(3,916)	123296
A Total Equity		134428	(3,916)	130512
II Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		35143	-	35143
(ii) Trade Payables		32561	-	32561
(iii) Other financial liabilities				
(b) Provisions	d	16684	(486)	16198
(c) Deferred tax liabilities (net)	e	34672	(2,673)	31999
B Total Non-Current Liabilities		119060	(3,159)	115901
III Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		176020	-	176020
(ii) Trade Payables		103439	-	103439
(iii) Other financial liabilities		1173	-	1173
(b) Other Current Liabilities		84615	-	84615
(c) Provisions		834	-	834
(d) Current tax liabilities (net)		52	-	52
C Total Current Liabilities		366132	-	366133
D TOTAL EQUITY & LIABILITIES (A)+(B)+(C)		619621	(7,075)	612546

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation.

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS.

- Investments - Investments (other than subsidiaries and joint venture) valued at mark to market price.
- Trade Receivables - Provision of Expected Credit Loss
- Loans - Discounting of rental deposits
- Provisions - Long term warranty provisions discounted
- Deferred tax liabilities (net) - Tax impact on Ind AS adjustments

Notes to Financial Statements

Reconciliation of Equity as at - March 31, 2016

₹ in lakhs

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
I Non-Current Assets				
(a) Property, plant and equipment		17515	-	17515
(b) Capital work in progress		45	-	45
(c) Other Intangible assets		385	-	385
(d) Financial assets			-	
(i) Investments	a	36361	8	36369
(ii) Trade receivables	b	90387	(2,260)	88127
(iii) Loans	c	13388	(12)	13376
(iv) Other financial assets		7673	-	7673
A Total Non-Current Assets		165753	(2,264)	163490
II Current Assets				
(a) Inventories		2348	-	2348
(b) Financial Assets				
(i) Trade receivables	b	268215	(5,513)	262702
(ii) Cash and cash equivalent		48082	-	48082
(iii) Loans		55553	-	55553
(iv) Other financial assets		9035	-	9035
(c) Other current assets		92763	-	92763
B Total Current Assets		475996	(5,513)	470483
C TOTAL ASSETS (A)+(B)		641749	(7,777)	633973
EQUITY & LIABILITIES				
I Equity				
(a) Share Capital		7216	-	7216
(b) Other Equity		130511	(4,442)	126069
A Total Equity		137727	(4,442)	133285
II Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		38959	-	38959
(ii) Trade Payables		44028	-	44028
(iii) Other financial liabilities				
(b) Provisions	d	16935	(303)	16632
(c) Deferred tax liabilities (net)	e	37384	(3,032)	34352
B Total Non-Current Liabilities		137306	(3,335)	133971
III Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		185890	-	185890
(ii) Trade Payables		121783	-	121783
(iii) Other financial liabilities		5955	-	5955
(b) Other Current Liabilities		52248	-	52248
(c) Provisions		841	-	841
(d) Current tax liabilities (net)				-
C Total Current Liabilities		366716	-	366717
D TOTAL EQUITY & LIABILITIES (A)+(B)+(C)		641749	(7,777)	633973

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation.

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS.

- a Investments - Investments (other than subsidiaries and joint venture) valued at mark to market price.
- b Trade Receivables - Provision of Expected Credit Loss
- c Loans - Discounting of rental deposits
- d Provisions - Long term warranty provisions discounted
- e Deferred tax liabilities (net) - Tax impact on Ind AS adjustments

Notes to Financial Statements

Reconciliation of Total Comprehensive Income as at Transition Date - March 31, 2016

₹ in lakhs

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
I Income				
(a) Revenue from Operations		324752	-	324752
(b) Other Income		589	-	589
A TOTAL INCOME		325341	-	325341
II Expenses				
(a) Cost of raw materials and components consumed		200753	-	200753
(b) Cost of manufacturing and construction		47200	-	47200
(c) Other direct cost	a	6957	(32)	6925
(d) Changes in inventories of finished goods, stock in trade and work in progress		1570	-	1570
(f) Excise Duty on sale of goods		943	-	943
(g) Employee benefits expense	b	17965	159	18124
(h) Depreciation and amortization expense		2274	-	2274
(i) Finance costs	c	28754	250	29004
(j) Other expenses	d	12914	620	13534
B TOTAL EXPENSES		319330	997	320327
C PROFIT BEFORE EXCEPTIONAL ITEMS (A)-(B)		6011	(997)	5014
D Exceptional Items				-
E PROFIT/(LOSS) BEFORE TAX (C)-(D)		6011	(997)	5014
F Tax Expenses				
(i) Current tax		1282	-	1282
(ii) MAT credit entitlement		(1282)	-	(1282)
(iii) Deferred tax	e	2081	(420)	1661
(iv) Tax - Earlier years		632	-	632
G PROFIT/(LOSS) FOR THE YEAR (E)-(F)		3298	(577)	2721
H Other Comprehensive Income	f	-	52	52
I TOTAL COMPREHENSIVE INCOME FOR THE YEAR (G)+(H)		3298	(525)	2773

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation.

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS.

- a Cash flow hedges regrouped to other comprehensive income
- b Actuarial gain or loss regrouped to other comprehensive income
- c Unwinding of rental deposit and warranty provision
- d Impact in other expenses includes - net provision for expected credit loss and discounting impact on warranty and rental deposit
- e Deferred tax - Tax impact on Ind AS adjustments
- f OCI - Includes net impact of Cash flow hedges, actuarial gain or loss and fair valuation of equity investments

Notes to Financial Statements

1. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

	Land	Building	Plant and Equipment	Furniture and fixtures	Office fixtures	Office equipments	Electrical installations	Vehicles	Total
Cost or valuation									
As at 1 April 2015	1,527	2,175	19,469	657	224	1,143	298	1,416	26,909
Additions	-	415	1,670	96	1	44	22	15	2,263
Disposals	-	-	374	-	-	-	-	77	451
As at 31 March 2016	1,527	2,590	20,765	753	225	1,187	320	1,354	28,721
Additions	-	28	1,190	7	-	318	6	166	1,715
Disposals	-	-	54	-	-	5	-	66	125
As at 31 March 2017	1,527	2,618	21,901	760	225	1,500	326	1,454	30,311
Depreciation and impairment									
As at 1 April 2015	-	309	7,001	199	218	855	121	847	9,550
Depreciation charge for the year	-	77	1,612	67	2	141	32	102	2,033
Disposals	-	-	321	-	-	-	-	56	377
As at 31 March 2016	-	386	8,292	266	220	996	153	893	11,206
Depreciation charge for the year	-	82	1,722	64	2	117	27	131	2,145
Disposals	-	-	31	-	-	5	-	60	96
As at 31 March 2017	-	468	9,983	330	222	1,108	180	964	13,255
Net book value									
As at 31 March 2017	1,527	2,150	11,918	430	3	392	146	490	17,056
As at 31 March 2016	1,527	2,204	12,473	487	5	191	167	461	17,515
As at 1 April 2015	1,527	1,866	12,468	458	6	288	177	569	17,359

2. CAPITAL WORK IN PROGRESS

₹ in lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Purchase of fixed assets pending installation	-	45	501
Total	-	45	501

3. INTANGIBLE ASSETS

₹ in lakhs

Particulars	Technical Knowhow	Software	Total
As at 1 April 2015	1,151	1,857	3,008
Additions	197	17	214
As at 31 March 2016 (Total)	1,348	1,874	3,222
Additions	-	52	52
As at 31 March 2017 (Total)	1,348	1,926	3,274
Amortisation and impairment			
As at 1 April 2015	1,001	1,595	2,596
Amortisation	143	98	241
As at 31 March 2016 (Total)	1,144	1,693	2,837
Amortisation	161	90	251
As at 31 March 2017 (Total)	1,305	1,783	3,088
Net book value			
As at 31 March 2017	43	143	186
As at 31 March 2016	204	181	385
As at 1 April 2015	150	262	412

Notes to Financial Statements

4. FINANCIAL ASSETS

4 (a) Non Current Investments

₹ In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments at Cost			
Investments in Equity instruments of Subsidiaries			
Unquoted equity shares			
42,50,000 Progen Systems and Technologies Limited (42,50,000) of ₹ 10 each (India)	425	425	425
9,49,00,000 BGR Boilers Private Limited (9,49,00,000) of ₹ 10 each (India)	9490	9490	9490
13,61,62,900 BGR Turbines Company Private Limited (13,61,62,900) of ₹ 10 each (India)	13616	13616	13616
1,65,000 Sravanaa Properties Limited (1,65,000) of ₹ 10 each (India)	12787	12787	12787
Total Investments carried at cost (A)	36318	36318	36318
Investments at fair value through OCI (fully paid)			
Quoted equity shares			
13,970 Indian Bank (13,970) of ₹ 91 per share Market Value ₹ 278.25 (₹ 103.90) (₹ 174.40) per share	39	15	24
Quoted Investments in Mutual Funds			
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units Market Value ₹ 21.8947 (₹ 19.3556) (₹ 21.9588) per unit	11	10	11
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units Market Value ₹ 13.6349 (₹ 10.6239) (₹ 11.7777) per unit	34	26	30
Investments carried at fair value through Other Comprehensive Income (B)	84	51	65
Total Investments	36402	36369	36383
Current	-	-	-
Non-Current	36402	36369	36383
Aggregate cost of quoted investments	43	43	43
Aggregate market value of quoted investments	84	51	65
Aggregate value of unquoted investments	36318	36318	36318

Notes to Financial Statements

Information about subsidiaries and joint ventures

The separate financial statements of the Company includes below mentioned subsidiaries and joint venture

Subsidiary Companies					
Name	Principal place of business	Method used for measurement	Extent of holding (%)		
			As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
i. Progen Systems and Technologies Limited	Chennai, India	Carried at Cost	69.67%	69.67%	69.67%
ii. BGR Boilers Private Limited	Chennai, India	Carried at Cost	70%	70%	70%
iii. BGR Turbines Company Private Limited	Chennai, India	Carried at Cost	74%	74%	74%
iv. Sravanaa Properties Limited	Chennai, India	Carried at Cost	100%	100%	100%
Joint Venture					
Name	Principal place of business	Method used for measurement	Extent of interest (%)		
			As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
i. Mecon - GEA Energy System (India) Limited (JV)	Chennai, India	Carried at Cost	10% & 30% on two different construction projects	10% & 30% on two different construction projects	10% & 30% on two different construction projects

4 (b) Trade receivables - Non current

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Unsecured Considered good	82447	90387	42144
Less: Allowance for Credit Loss	(2061)	(2260)	(1054)
Total Trade receivables	80386	88127	41090

4 (c) Loans - Non current

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Unsecured, considered good			
Deposits	1002	1059	1555
Loans and advances to related parties	-	-	557
MAT credit entitlement	2998	2789	1507
Other loans and advances	9455	9528	8934
Total loans	13455	13376	12553

4.c.(i). 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 ₹ 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 ₹ 2673 lakhs was awarded to the JV. The recoverable amount of ₹ 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.

4.c.(ii). 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 ₹ 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

Notes to Financial Statements

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 remain suspended. In view of these facts, the company has identified a sum of ₹ 83 lakhs (₹ 83 lakhs) as at Mar 31, 2017 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

4 (d) Other financial Assets

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Margin money deposit held under lien to banks - maturity more than 12 months	14034	6883	9071
Interest accrued on margin money deposits	1122	790	405
Total Other financial Assets	15156	7673	9476

5. INVENTORIES

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Raw materials and components	3377	1929	2127
Work-in-progress	2736	419	1989
Total of inventories at lower of cost or net realisable value	6113	2348	4116

CURRENT ASSETS

6. FINANCIAL ASSETS

6 (a) Trade receivables

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Unsecured Considered good			
Trade receivables from related parties	2350	2023	881
Receivables from other than related parties	219614	266192	240682
Less: Allowance for Credit Loss	(5596)	(5513)	(6039)
Total Trade receivables	216368	262702	235524

Trade receivables includes retention amount of ₹ 128412 lakhs (₹ 125391 lakhs) which, in accordance with the terms of the contracts were not due for payments as at Mar 31, 2017

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.

6 (b) Cash and cash equivalent

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Balances with banks:			
– On current accounts	815	712	993
– On deposits accounts	11550	7617	28048
Cash on hand	24	14	16
Margin money deposits held under lien to banks	37984	39690	47378
On unpaid dividend accounts	45	49	53
Total Cash and cash equivalent	50418	48082	76488

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

Notes to Financial Statements

6 (c) Loans

₹ in lakhs

Particulars	As At	As At	As At
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good			
Loans and advances to related parties	458	508	773
Other loans and advances *	43344	53357	28310
Deposits	2840	1688	134
Total loans	46642	55553	29217

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

6 (d) Other Financial Assets

₹ in lakhs

Particulars	As At	As At	As At
	March 31, 2017	March 31, 2016	April 1, 2015
Interest accrued on fixed deposits	44	355	1821
Cash Flow Hedges			
Foreign Exchange Forward contracts	2579	8680	9591
Total Other Current Assets	2623	9035	11412

7. OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As At	As At	As At
	March 31, 2017	March 31, 2016	April 1, 2015
Secured, considered good			
Advance to suppliers	3295	5264	8597
Unsecured, considered good			
Advance to suppliers	13546	11729	3344
Contracts in progress (net)	119373	74978	125177
Prepayments	653	792	897
Total Other Current Assets	136867	92763	138015

[Contracts in progress comprise unbilled revenue of ₹ 120342 lakhs, (₹ 84306 lakhs) and unearned revenue of ₹ 969 lakhs (₹ 9328 lakhs)] (refer Note no 27)

8. SHARE CAPITAL

Authorised Share Capital

₹ in lakhs

Particulars	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year (Face value ₹ 10 each)	100000000	10.000	100000000	10.000	100000000	10.000
Increase / (Decrease) during the year	–	–	–	–	–	–
Share Capital at the end of the year	100000000	10.000	100000000	10.000	100000000	10.000

Notes to Financial Statements

Issued, Subscribed and Paid-up Share Capital

₹ in lakhs

Particulars	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Issued, Subscribed and Paid-up Share Capital	72161560	7216	72161560	7216	72161560	7216

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

₹ in lakhs

Particulars	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	72161560	7216	72161560	7216	72161560	7216
Issued during the year	–	–	–	–	–	–
Outstanding at the end of the year	72161560	7216	72161560	7216	72161560	7216

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

₹ in lakhs

Particulars	As At March 31, 2017		As At March 31, 2016		As At April 1, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76	27248400	37.76

c. Terms/rights attached to equity shares

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

- d. The company has reserved issuance of Nil (76717) equity shares of ₹ 10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 29)

Notes to Financial Statements

Statement of Changes in Equity (2016-17)

Particulars	Other Equity						Total (16-17)
	Equity Share Capital	Securities Premium Reserve	General Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	
Balance at the beginning of reporting Period (01.04.2016)	7216	31895	13985	80115	5	(66)	133285
Changes in accounting Policy or Prior period errors							-
Restated Balance at the beginning of reporting Period							-
Profit for the year				4415			4415
Equity Instruments through Other Comprehensive Income					22		22
Effective Portion of Cash Flow Hedges						(3)	(3)
Remeasurement of net defined benefit Liability/Asset (net)							45
Transfer to General Reserve			442	(442)			-
Dividend							-
Transfer to Retained Earnings							-
Any other Change							-
Balance at the end of reporting Period (31.03.2017)	7216	31895	14427	84088	27	(69)	137765

Statement of Changes in Equity (2015-16)

Particulars	Other Equity						Total (15-16)
	Equity Share Capital	Securities Premium Reserve	General Reserves	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	
Balance at the beginning of reporting Period (01.04.2015)	7216	31895	13655	77724	14	(23)	130512
Changes in accounting Policy or Prior period errors							-
Restated Balance at the beginning of reporting Period							-
Profit for the year				2721			2721
Equity Instruments through Other Comprehensive Income					(9)		(9)
Effective Portion of Cash Flow Hedges						(43)	(43)
Remeasurement of net defined benefit Liability/Asset (net)							104
Transfer to General Reserve			330	(330)			-
Dividend							-
Transfer to Retained Earnings							-
Any other Change							-
Balance at the end of reporting Period (31.03.2016)	7216	31895	13985	80115	5	(66)	133285

Notes to Financial Statements

9 (a) Other non current liabilities

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Secured			
Term Loans from Banks	27355	38959	35143
Borrowings (Non Current)	27355	38959	35143
Working capital loans from banks	165223	185890	176020
Borrowings (Current)	165223	185890	176020
Total Borrowings	192578	224849	211163

- a) Term loan includes 1) ₹ Nil (₹ 143 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 September 30, 2011. 2) Corporate loan of ₹ 34887 lakhs (₹ 44271 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 July 01, 2016.
- b) The balance in project specific escrow, current and EEFC accounts have been netted off against respective project's working capital loan accounts.
- c) 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.
- d) 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.

Non-Current Liabilities

Financial Liabilities

9 (b) Trade Payables

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Micro, small and medium enterprises	673	276	157
Others			
Trade Payables	136380	165535	135843
Total Trade Payables	137053	165811	136000
Trade Payables Current	128139	121783	103439
Trade Payables Non Current	8914	44028	32561

Notes to Financial Statements

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:

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Principal amount remaining unpaid	647	243	140
Interest due thereon remaining unpaid	26	33	17
Payments made to the supplier beyond the appointed day during the year	4419	368	-
Interest paid to the supplier	-	-	-
Interest due and payable for the period of delay in making payment without adding interest specified under this Act.	84	9	-
Interest accrued and remaining unpaid	161	25	-
Amount of further interest remaining due and payable in succeeding years	10	5	3

10. NON CURRENT PROVISIONS

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Provision for contractual obligation	3614	14205	14232
Provision for warranty	2749	2427	1966
Total Non Current Provisions	6363	16632	16198

11. OTHER FINANCIAL LIABILITIES

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Current maturities of long-term borrowings	7532	5455	580
Unpaid dividends	45	49	53
Interest accrued but not due	1978	451	540
Total	9555	5955	1173

12. OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Advance from customers	96106	51555	83667
Other payables *	5261	693	948
Total Other Current Liabilities	101367	52248	84615

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

13. PROVISIONS

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Employee benefit obligations			
Provision for bonus	191	76	24
Provision for leave encashment	444	385	360
Provision for gratuity	544	266	385
Others			
Provision for warranty	100	114	58
Wealth tax	-	-	7
Total Provisions	1279	841	834

Notes to Financial Statements

14. CURRENT TAX LIABILITIES (NET)

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016	As At April 1, 2015
Income-taxes (net)	-	-	52
Total	-	-	52

PROFIT AND LOSS

15. REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of manufactured goods	24336	15750
Contracting income	312993	299763
Erection and service income	2665	3305
Other operating revenues	4800	5934
Total	344794	324752

16. OTHER INCOME

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend from investments - quoted	1	2
Others		
Net gain on disposal of property, plant and equipment	-	22
Net foreign exchange gains	-	565
Total Income	1	589

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening inventory (Raw materials, consumables, bought outs and components)	1929	2127
Add : Purchases	196729	200555
	198658	202682
Less: Closing inventory (Raw materials, consumables, bought outs and components)	3377	1929
Cost of raw material and components consumed	195281	200753

Details of raw materials and components consumed

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials	52570	45972
Bought outs	139157	149802
Packing materials	1035	1405
Consumables	820	1365
Tools and others	1699	2209
	195281	200753

Notes to Financial Statements

Value of raw material and components consumed during the year

₹ in lakhs

Particulars	For the year ended March 31, 2017	%	For the year ended March 31, 2016	%
Imported	18809	10	8891	4
Indigenous	176472	90	191862	96
Total	195281	100	200753	100

18. COST OF MANUFACTURING AND CONSTRUCTION

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Subcontracting and processing charges	76682	47038
Power and fuel	154	162
Cost of manufacturing and construction	76836	47200

19. OTHER DIRECT COST

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Insurance	620	1005
Bank charges	5827	5686
Packing and forwarding	512	234
Other direct cost	6959	6925

20. EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and bonus	16068	15683
Contribution to P.F., E.S.I.	567	853
Workmen and staff welfare expenses	1542	1378
Compensated Absences	151	136
Gratuity	286	74
Employee benefits expense	18614	18124

21. DEPRECIATION AND AMORTIZATION EXPENSE

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets	2145	2033
Amortization of intangible assets	251	241
Depreciation and amortization expense	2396	2274

Notes to Financial Statements

22. FINANCE COSTS

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on working capital loans	19813	23006
Interest on term loans	4614	5914
Interest - others	1841	84
Finance costs	26268	29004

23. OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	1375	1292
Payment to auditors (refer details below)	95	61
Bank charges	84	72
Conveyance and vehicle running expenses	676	497
Trade receivables written off	4691	5048
Electricity charges	304	214
Foreign exchange loss (net)	404	-
Insurance	19	82
Loss on sale of fixed assets (net)	4	-
Other expenses	347	1324
CSR expenses	16	39
Provision for contractual obligation	3957	2102
Professional charges	267	320
Rates and taxes	144	85
Repairs and maintenance		
- Building	53	30
- Machinery	27	37
- Others	1071	985
Security charges	171	140
Selling expenses	79	54
Sitting fees	48	36
Telephone expenses	196	174
Travelling expenses		
- Domestic	805	736
- Foreign	177	206
Total Other expenses	15010	13534

Payment to auditors	For the year ended March 31, 2017	For the year ended March 31, 2016
For audit fees	50	50
For tax matters	42	5
For certification and others	3	6
Total Payment to Auditors	95	61

Notes to Financial Statements

24. DETAILS OF CSR EXPENDITURE

₹ in lakhs

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	In Cash	Yet to be Paid in Cash	In Cash	Yet to be Paid in Cash
a. Gross amount required to be spent during the Year	221		344	
b. Amount spent during the year				
i. Construction/acquisition of any asset	-	-	-	-
ii. On purposes other than (i) above	16	-	39	-

As required under Section 135 of Companies Act 2013, the company is required to spend ₹ 221 Lakhs (₹ 344 lakhs) towards Corporate Social Responsibility (CSR) activities. Expenses incurred during the year is ₹ 16 Lakhs (₹ 39 Lakhs) and no provision is made for balance amount during the financial year 2016-17.

25. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Items that will not be reclassified to Profit/Loss		
Remeasurement of net defined benefit Liability/Asset (net)	45	104
Equity Instruments through Other Comprehensive Income (net)	22	(9)
Items that will be reclassified to Profit/Loss		
Fair value changes on cash flow hedges (net)	(3)	(43)
Total Other Comprehensive Income for the Year	64	52

26. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation :

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic EPS		
Profit after tax as per accounts	4415	2721
Weighted average number of equity shares (face value ₹ 10 per share) (lakh Nos.)	722	722
Basic EPS (₹)	6.12	3.77
Diluted EPS		
Profit for the year for basic EPS	4415	2721
Less : Adjustment	-	-
Adjusted profit for diluted EPS	4415	2721
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : Adjustment	-	-
Weighted average number of equity shares (face value ₹ 10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (₹)	6.12	3.77

Notes to Financial Statements

27. CONSTRUCTION CONTRACTS

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

₹ in lakhs

Particulars	As At March 31, 2017	As At March 31, 2016
The aggregate amount of costs incurred and recognized profits (less recognized losses) (including amounts carried forward from previous years)	10,13,351	12,72,473
The amount of advances received	89,654	49,559
The amount of retentions	1,28,760	1,25,391
The gross amount due from customers for contract work as an asset (unbilled revenue)	1,20,342	84,306
The gross amount due to customers for contract work as a liability (unearned revenue)	969	9,328

28. EMPLOYEE BENEFITS

As per Ind AS -19 " Employee Benefits", the disclosure of employee benefits are given below:

Defined contribution plan:

₹ in lakhs

Particulars	2016-17	2015-17
Employer's contribution to Provident fund	322	348
Employer's contribution to pension scheme	227	290
Employer's contribution to employee's state insurance	3	3

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.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

₹ in lakhs

Particulars	Leave encashment (unfunded)			Gratuity (funded)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Projected benefit obligation at the beginning of the year	385	360	331	981	863	738
Service cost	61	59	53	156	149	128
Interest cost	29	28	26	72	66	55
Remeasurement (gain)/loss	(31)	(62)	(50)	25	(97)	12
Benefits paid	–	–	–	(82)	–	(70)
Projected benefit obligation at the end of the year	444	385	360	1152	981	863

Notes to Financial Statements

Change in the fair value of the plan assets

₹ in lakhs

Particulars	Gratuity (funded)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of the plan assets at the beginning of the year	714	477	505
Expected return on plan assets	51	44	32
Actuarial gain/(loss)	(75)	-	10
Employer contribution	-	193	-
Benefits paid	(82)	-	(70)
Fair value of plan assets at the end of the year	608	714	477
Actual return on plan asset	(24)	44	42

Amount recognised in the Balance sheet

₹ in lakhs

Particulars	Leave encashment (unfunded)			Gratuity (funded)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of projected benefit obligation at the end of the year	444	385	360	1152	981	863
Fair value of plan assets at the end of the year	-	-	-	608	714	477
Funded status amount of liability recognised in the Balance Sheet	444	385	360	544	267	386
Current Liability	444	385	360	544	267	386
Non Current Liability	-	-	-	-	-	-

Expense recognised in the Statement of Profit and Loss

₹ in lakhs

Particulars	Leave encashment (unfunded)		Gratuity (funded)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	61	59	156	149
Interest cost	29	28	72	66
Expected return on plan assets	-	-	(51)	(44)
Actuarial Gain / Loss due to Demographic Assumption changes in Defined Benefit Obligation	-	36	-	46
Actuarial Gain / Loss due to Financial Assumption changes in Defined Benefit Obligation	14	34	34	74
Actuarial Gain / Loss due to Experience on Defined Benefit Obligation	(45)	(131)	(9)	(217)
Return on Plan Assets (Greater) / Less than Discount Rate	-	-	75	-
Total cost recognised in P & L and OCI (Defined Benefit Cost)				
Cost recognised in P & L	90	86	177	171
Remeasurement Effect Recognised in OCI	(31)	(61)	100	(97)
Total defined Benefit Cost	59	25	277	74

Notes to Financial Statements

Summary of actuarial assumptions

₹ in lakhs

Particulars	Leave encashment (unfunded)			Gratuity (funded)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table (LIC)	(Indian assured Lives Mortality 2006-08)	(Indian assured Lives Mortality 2006-08)	(Indian assured Lives Mortality 2006-08)	(Ultimate) 2006-08	(Ultimate) 2006-08	(Ultimate) 2006-08
Discount table (per annum)	7.04%	7.64%	7.77%	7.04%	7.64%	7.79%
Expected rate of return on plan assets (per annum)	–	–	–	7.64%	7.79%	9.10%
Rate of escalation in salary (per annum)	7% FSY & 7% TA	7.00%	5.00%	7.00%	7.00%	5.50%
Attrition	10.00%	10.00%	1.00%	10.00%	10.00%	1.00%
Leave accounting & consumption technique	LIFO	LIFO	LIFO	–	–	–
Proportion of Leave availment	5.00%	5.00%	5.00%	–	–	–
Proportion of encashment in Service/Lapse	–	–	0.00%	–	–	–
Proportion of encashment on separation	95.00%	95.00%	95.00%	–	–	–

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.

The expected cash flows over the next few years are as follows :

₹ in lakhs

Year	Leave encashment (unfunded)	Gratuity (funded)
1 year	71	257
2 to 5 years	142	375
6 to 10 years	105	255
More than 10 years	-	314

Plan asset : The Gratuity plan's weighted-average asset allocation at March 31, 2017, March 31, 2016 and April 1, 2015 ₹ in lakhs

Particulars	Gratuity (funded)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Funds managed by insurers	100%	100%	100%

Notes to Financial Statements

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below

Particulars	Leave encashment		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	% increase in Defined Benefit Obligation		
Discount rate + 100 basis points	-5.01%	-4.85%	-6.70%
Discount rate - 100 basis points	5.65%	5.45%	7.99%
Salary growth rate + 100 basis points	2.66%	2.62%	2.75%
Salary growth rate - 100 basis points	-2.57%	-2.54%	-2.65%
Attrition Rate + 100 basis points	-0.12%	0.06%	1.67%
Attrition Rate - 100 basis points	0.13%	-0.06%	-1.89%
Mortality Rate 10% UP	0.01%	0.02%	0.04%

Particulars	Gratuity		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	% increase in Defined Benefit Obligation		
Discount rate + 100 basis points	-5.33%	-5.56%	-8.84%
Discount rate - 100 basis points	5.50%	5.28%	8.05%
Salary growth rate + 100 basis points	5.14%	4.94%	8.27%
Salary growth rate - 100 basis points	-5.10%	-5.34%	-9.15%
Attrition Rate + 100 basis points	-0.58%	-0.64%	-0.12%
Attrition Rate - 100 basis points	0.16%	-0.22%	-2.25%
Mortality Rate 10% UP	-0.21%	-0.41%	-1.07%

While one of the parameters mentioned above is changed by 100 basis points, other parameters are kept unchanged for evaluating the defined benefit obligation. While there is no change in the method used for sensitivity analysis from previous period, the change in assumptions now considered are with reference to the current assumptions.

29. EMPLOYEE STOCK OPTION PLANS

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.

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 ₹ 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 ₹ 408

Notes to Financial Statements

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 3 less than 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	2016-17	2015-16	2014-15
Number of options outstanding in the beginning of the year (a)	76717	259178	271396
Number of options granted during the year (b)	-	-	-
Number of options vested during the year (c)	-	-	-
Number of vested options cancelled (d)	3078	140116	9757
Number of unvested options cancelled (e)	1918	42345	2461
Number of vested options forfeited during the year (f)=(d)+(e)	4996	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

All the vested options but not exercised and unvested options of the Company aggregating to 5,43,210 numbers issued under the Employee Stock Option Scheme 2007 in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 were lapsed on January 04, 2017.

The Nomination and Remuneration Committee at its meeting held on May 30, 2017 have taken note of the lapsed unvested and unexercised stock options and recorded the termination of ESOS 2007 effective January 04, 2017.

30. DEFERRED TAXES

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

₹ in lakhs

Particulars	Deferred tax asset as at March 31, 2017	Deferred tax liability as at March 31, 2017	Deferred tax asset as at March 31, 2016	Deferred tax liability as at March 31, 2016	Deferred tax asset as at April 1, 2015	Deferred tax liability as at April 1, 2015
Depreciation and impairment	-	1297	-	1503	-	1483
Provision for doubtful receivables	30	-	29	-	28	-
Grauity	151	-	125	-	123	-
Compensated absences	226	-	222	-	218	-
Others	3081	-	3078	-	2718	-
Carry forward tax loss	7119	-	7674	-	-	-
Retention money	-	45021	-	43977	-	33603
Total	10606	46318	11128	45480	3087	35086
Net		35712		34352		31999

Notes to Financial Statements

INCOME TAX RECONCILIATION

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Profit before Income Tax	6801	5014
Enacted Tax Rates in India	34.61%	34.61%
Computed expected Tax expense	2,354	1,735
Tax Effects of amounts which are not deductible (taxable) in calculating taxable income	1,084	453
Tax Effects of amounts which are deductible in calculating taxable income	-	-
Tax Reversals	-	-
Income Tax Expense	1,270	1,282

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

31. EXCEPTIONAL ITEMS

Exceptional item represents net of write back of vendor balance of ₹ 42611 lakhs and settlement of claim of a client of ₹ 40568 lakhs, based on agreements during 2016-2017.

32. FINANCIAL INSTRUMENTS

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2017 were as follows

₹ in lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	50418			50418	50418
Investments:					
Equity Securities and others			39	13	39
Liquid mutual funds units			45	30	45
Trade Receivables	296754			296754	296754
Loans	59003	1094		62996	60097
Other Financial Assets	17779			17779	17779
Total	423954	1094	84	427990	425132
LIABILITIES					
Borrowings	192578			192578	192578
Other Financial Liabilities	9555			9555	9555
Trade Payables	137053			137053	137053
Total	339186	-	-	339186	339186

Notes to Financial Statements

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2016 were as follows

₹ in lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	48082			48082	48082
Investments:					
Equity Securities and others			15	13	15
Liquid mutual funds units			36	30	36
Trade Receivables	350829			350829	350829
Loans	67835	1094		68398	68929
Other Financial Assets	16708			16708	16708
Total	483454	1094	51	484060	484599
LIABILITIES					
Borrowings	224849			224849	224849
Other Financial Liabilities	5955			5955	5955
Trade Payables	165811			165811	165811
Total	396615	-	-	396615	396615

The Carrying Value and Fair Value of Financial Instruments as of April 1, 2015 were as follows

₹ in lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	76488			76488	76488
Investments:					
Equity Securities and others			24	13	24
Liquid mutual funds units			41	30	41
Trade Receivables	276614			276614	276614
Loans	40676	1094		41239	41770
Other Financial Assets	20888			20888	20888
Total	414666	1094	65	415272	415825
LIABILITIES					
Borrowings	211163			211163	211163
Other Financial Liabilities	1173			1173	1173
Trade Payables	136000			136000	136000
Total	348336	-	-	348336	348336

33. FAIR VALUE HIERARCHY

The Following table shows the levels in the fair value hierarchy as on March 31, 2017

Fair Value Measurement at the end of the reporting period	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS			
Investments			
Mutual Fund Investments	Level 1	Level 1	Level 1
Equity Instruments	Level 1	Level 1	Level 1
Loans and Advances	Level 3	Level 3	Level 3
Rental Deposits	Level 3	Level 3	Level 3

Fair value of mutual fund and equity investments is based on quoted price.

For loans and advances and rental deposits fair value is determined using discounted cash flow.

Notes to Financial Statements

34. RISK MANAGEMENT STRATEGIES

Financial risk management:

The Company's activities exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks.

Market risk

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign currency risk

The Company has entered into various contracts in several currencies and consequently the company is exposed to foreign exchange risk through its sales, services and purchases from suppliers in various foreign currencies. The company holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years. The fluctuations in exchange rate may have an impact on company's operations.

Foreign currency sensitivity

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

₹ in lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Assets (Trade receivables / advance to suppliers / bank balances)		
In foreign currency		
In USD \$	579.74	565.80
In EURO	352.46	360.60
In GBP	0.04	0.04
In JPY	1.15	1.15
In SEK	0.74	0.74
In CAD	-	-
In AED	-	0.02
In Indian currency		
In USD \$	37564.36	37483.42
In EURO	24401.08	27211.38
In GBP	3.06	3.59
In JPY	0.67	0.68
In SEK	5.39	6.08
In CAD	-	-
In AED	-	0.41
Liabilities (Advance from customers/trade payables/buyers credit)		
In foreign currency		
In USD \$	71.80	660.95
In EURO	123.78	320.28
In GBP	0.03	0.03
In SEK	0.29	0.29
In CAD	1.13	-
In AED	-	0.02

Notes to Financial Statements

Particulars	As at March 31, 2017	As at March 31, 2016
In Indian currency		
In USD \$	4652.31	43787.14
In EURO	8569.62	24168.19
In GBP	2.42	2.84
In SEK	2.08	2.35
In CAD	55.34	-
In AED	-	0.41

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation/ appreciation in the exchange between the INR and USD, has affected the Company's incremental operating margins by ₹ 188 lakhs (₹ 187 lakhs) approximately 0.50% each.

The Sensitivity analysis is computed based on the change in the income and expenses in the foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting and the current reporting period

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

₹ in lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
	Trade payables	Trade receivables	Trade payables	Trade receivables
Number of contracts	13	-	1	-
Value in foreign currency	-	-	-	-
GBP	-	-	-	-
USD	16	-	131	-
EURO	22	-	-	-
Value in INR	2579	-	8680	-

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to the Company's long-term debt obligations with floating interest rates.

As at the reporting date the Company's interest – bearing financial instruments were as follows:

₹ in lakhs

Particulars	Carrying amount	
	As at March 31, 2017	As at March 31, 2016
Fixed rate instruments		
Financial assets		
Fixed deposits with banks	63568	54190
Variable rate instruments		
Financial liabilities		
Borrowings from banks	34887	44414
Working Capital Loans	165223	185890

Interest rate sensitivity

Fair value sensitivity for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Notes to Financial Statements

Cash flow sensitivity for variable rate instruments

An increase of 50 basis points in interest rates at the reporting date (March 31, 2017) would have increased / (decreased) equity and profit or loss by ₹ 1076 lakhs.

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of Steel, Cement and other materials. Due to the significantly increased volatility of the price of the raw material, the Company also entered into various purchase contracts for supply of Steel, Cement & other material. However the Company has escalation clause in most of our client contracts for variation in the price of commodities.

Equity price risk

The Company's listed securities are susceptible to market price risk arising from uncertainties about future value of the investment securities. At the reporting date, the exposure to listed equity securities at fair value was ₹ 84 lakhs. A decrease of 10% on the BSE Market index could have an impact of approximately ₹ 9 lakhs on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Outstanding customer receivables are regularly monitored and any major export shipments to customers are generally covered by letters of credit. The maximum exposure to the credit risk at reporting date is primarily from trade receivables amounting to ₹ 296754 lakhs.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is limited as the Company generally invests in banks and financial institutions with high credit ratings. Other financial instruments includes primarily investment in fixed deposits.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Particulars	Upto 12 months	More than 12 months
Trade payables	128139	8914
Loans from bank	7532	192578
Working capital loan form bank	165223	-
Other financial liabilities	1978	-

Collateral risk

The Company has pledged part of its short-term deposits of ₹ 52,018 to fulfil the collateral requirements for the contractual obligations. As at 31 March, 2017, 31 March, 2016 the fair values of the short-term deposits pledged were ₹ 52,018 and ₹ 46,573 respectively. The counterparties have an obligation to return the securities to the company.

35. LEASES

Operating Leases

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.

Notes to Financial Statements

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

₹ in lakhs

Particulars	Minimum lease payments outstanding as at	
	As at March 31, 2017	As at March 31, 2016
Due within one year	233	171
Due later than one year and not later than five years	442	75
Due later than five years	-	-
Total	675	246

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 1375 lakhs (₹ 1292 lakhs)

36. SEGMENT INFORMATION

Primary segment information (business segments)

₹ in lakhs

Particulars	2016-17				2015-16			
	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)	26,236	3,18,558	-	3,44,794	18,343	3,06,409	-	3,24,752
b) Inter Segment sales	886	-	(886)	-	2,635	-	(2,635)	-
Total Revenue	27,122	3,18,558	(886)	3,44,794	20,978	3,06,409	(2,635)	3,24,752
b) Result	2,049	28,976		31,025	913	32,516		33,429
Add: Unallocated income (net of expenditure)				2,044				589
Profit before interest and tax				33,069				34,018
Interest				26,268				29,004
Profit before tax				6,801				5,014
Tax expenses								
- Current tax				1,270				1,282
- MAT credit entitlement				(209)				(1,282)
- Deferred tax				1,325				1,661
- Deferred tax - earlier years				-				632
- Total				2,386				2,293
Profit for the year				4,415				2,721
c) Assets	41,017	5,67,783		6,08,801	27,771	5,93,365		6,21,135
Add: Unallocated corporate assets				12,871				12,838
Total assets				6,21,672				6,33,973
d) Liabilities	16,091	2,30,815		2,46,906	5,343	2,29,962		2,35,305
Add: Unallocated corporate liabilities				2,37,001				2,65,383
Total liabilities				4,83,907				5,00,688
e) Capital assets acquired during the year	507	1,260		1,767	507	1,970		2,477
f) Depreciation, impairment and amortisation	237	2,159		2,396	229	2,045		2,274
g) Other non-cash charges except depreciation, impairment and amortisation	12	8,640		8,652	2	7,487		7,489

Notes to Financial Statements

Revenue of approximately INR ₹ 209622 lakhs (March 31, 2016 - INR ₹ 201575 lakhs) are derived from three external customer. These revenues are attributed to the Construction and EPC contracts segment.

Reconciliations to amounts reflected in the financial statements

₹ in lakhs

Reconciliation of profit	31-Mar-17	31-Mar-16
Segment profit	31,025	33,429
Dividend Income	1	2
Net gain on disposal of property, plant and equipment	-	22
Net foreign exchange gains	-	565
Exceptional item	2,043	-
Profit before interest and tax	33,069	34,018
Reconciliation of assets	31-Mar-17	31-Mar-16
Segment operating assets	6,08,801	6,21,135
Investments	12,871	12,838
Total assets	6,21,672	6,33,973
Reconciliation of liabilities	31-Mar-17	31-Mar-16
Segment operating liabilities	2,46,906	2,35,305
Working capital loans from banks	1,65,223	1,85,890
Term Loans from Banks	34,887	44,414
Deferred tax liabilities (net)	35,712	34,352
Employee benefit obligations	1,179	727
Total liabilities	4,83,907	5,00,688

Secondary segment information (geographic segments)

₹ in lakhs

Particulars	Domestic		Overseas		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
External revenue by location of Customers	336523	317327	7281	1462	343804	318789
Carrying amount of segment assets by location of assets	621672	641746	-	4	621672	641750
Capital expenditure	1767	2473	-	4	1767	2477

37. CONTINGENT LIABILITIES AND COMMITMENTS

₹ in lakhs

Particulars	As at Mar 31,2017	As at Mar 31,2016
Contingent liabilities		
Claims against the company not acknowledged as debt		
a) On account of sales tax *	25485	28661
b) On account of income tax *	10221	9133
c) On account of service tax **	24507	25
d) On account of provident fund	521	521
e) On account of contractual obligations	7970	8149
f) On account of royalty	2138	2138
g) Others	36254	23543
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	336	124

* Excludes interest, penalty and self assessment tax paid.

** Out of Service tax demand, for a sum of ₹ 24,482 lakhs (excludes interest, penalty and self assessment tax paid), the Company is in the process of filing appeal before the Customs Excise and Service Tax Appellate Tribunal.

Notes to Financial Statements

38. VALUE OF IMPORTS ON CIF BASIS

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials, components, consumables and spare parts	18809	8891
Capital items	4	4

39. EXPENDITURE IN FOREIGN CURRENCY

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling	157	173
Part processing and professional charges	51	1
Agency commission, bank charges and others	832	554
Total	1040	728

40. EARNINGS IN FOREIGN CURRENCY

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sales	52552	124282
Services	2662	6840
Total	55215	131122

41. RELATED PARTY TRANSACTIONS

Subsidiary companies

- Progen Systems and Technologies Limited
- BGR Boilers Private Limited
- BGR Turbines Company Private Limited
- Sravanaa Properties Limited

(Information provided in respect of revenue items for the year ended March 31, 2017 and in respect of assets/liabilities as at March 31, 2017)

₹ in lakhs

Particulars	Subsidiary Companies	Related parties where significant influence exists and where key management personnel have significant influence	Key Management Personnel	Relatives of Key Management Personnel	2016-17	2015-16	2014-15
Sales	–	3501	–	–	3501	5369	3315
Purchases	81101	3196	–	–	84296	142480	132598
Remuneration	–	–	707	60	767	682	461
Rent expenses	201	72	–	44	317	199	154
Sales of fixed assets	–	–	–	–	–	–	4
Others	–	–	–	25	25	25	25
Advances given	–	804	–	–	804	927	2594
Repayment of advance given	(78)	–	–	–	(78)	(968)	–
Other Obligations	30696	–	–	3735	34431	34431	–
Guarantees	–	–	–	–	–	669	673
Balances outstanding	(39169)	1769	–	(4)	(37404)	(31597)	(21509)

Notes to Financial Statements

42. Contracting Income includes an Income of ₹ 18550 lakhs (₹ 29813 lakhs) as per terms of the agreement entered into by the company with Hitachi, Ltd., Japan (HTC), Hitachi Power Europe GmbH, Germany (HPE) and the company's Joint Venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited.
43. Cost of materials consumed is net of provision of cost of ₹ Nil (₹ 4519 lakhs), provision for contractual obligations of ₹ Nil (₹ 2129 lakhs), no longer required and includes reimbursement under SSA agreement of ₹ Nil (₹ 17888 lakhs).
44. During the year, termination notice has been served by one of the client on the Company for termination of the contract by exercising the right of termination as per of the terms of the contract on the ground of 'Employer's Convenience'. Pending discussions with the client, the Company has not made any adjustments to the carrying amount of advance received from customers and trade receivables.

45. 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 ₹ Nil (₹ Nil) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

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

47. PROVISIONS

- a) The company has made a provision / transfer of ₹ 4278 lakhs, (₹ 2447 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 expenses.

Movement in provisions

₹ in lakhs

Particulars	Provision for Warranty	Provision for Contractual Obligations	Provision for Warranty	Provision for Contractual Obligations
	16-17	16-17	15-16	15-16
Opening balance	2541	14205	2024	14232
Add : Addition / transfers	321	3957	527	7150
Less : (a) Provision utilised	13	14548	10	2129
(b) Provision reversed	-	-	-	5048
Closing balance	2849	3614	2541	14205

Notes to Financial Statements

48. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the Ministry of Corporate Affairs notification G.S.R 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below.

in ₹

Particulars	SBNs *	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	37,13,000	14,79,571	51,92,571
(+) Permitted receipts	–	74,40,792	74,40,792
(-) Permitted payments	–	69,76,644	69,76,644
(-) Amount deposited in Banks	37,13,000	1,29,660	38,42,660
Closing cash in hand as on December 30, 2016	–	18,14,059	18,14,059

* For the purposes of this clause, the term “Specified Bank Notes” shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407 (E), dated the November 08, 2016.

49. 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 & CEO	As per our report of even date for M/s MANOHAR CHOWDHRY & ASSOCIATES Chartered Accountants FRN: 001997S
V.R.MAHADEVAN Joint Managing Director	ARJUN GOVIND RAGHUPATHY Deputy Managing Director and COO	
SWARNAMUGI KARTHIK Director - Corporate Strategy	S.R.TAGAT Director	M.S.N.M.SANTOSH Partner Membership No.221916
M.GOPALAKRISHNA Director	S.A.BOHRRA Director	
HEINRICH BOHMER Director	GNANA RAJASEKARAN Director	
R.RAMESH KUMAR President - Corporate & Secretary	P.R.EASWAR KUMAR President & Chief Financial Officer	Chennai May 30, 2017

Independent Auditors' Report

TO THE MEMBERS OF BGR ENERGY SYSTEMS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of BGR ENERGY SYSTEMS LIMITED ("the Holding Company") and its subsidiaries and unincorporated joint venture (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information ("the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act"), that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. 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 consolidated Ind AS 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 and presentation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS 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 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs (consolidated financial position) of the Group, as at March 31, 2017, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 43 to the consolidated Ind AS financial statements, which describe the restatement of the unaudited financial statements of two of the subsidiary companies, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited, for the financial year 2015-16 and the aggregate impact of such restatement resulted in reduction of the profit amounting to ₹ 553 lakhs, in the consolidated Ind AS financial statements for the financial year 2015-16.

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 ₹ 20,967 lakhs as at March 31, 2017,

Independent Auditors' Report

total revenue of ₹ 297 lakhs and cash outflows amounting to ₹ 7 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 ₹ 1,676.36 lakhs as at March 31, 2017 and total loss of ₹ 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.

2. We have relied on the unaudited financial statements of two of the subsidiaries, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited whose financial statements reflect total assets of ₹ 108752 lakhs as at March 31, 2017, total revenue of ₹ 81825 lakhs and cash outflows amounting to ₹ 4831 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 / modified 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 Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law relating

to preparation of the aforesaid consolidated Ind AS 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, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity, dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, 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 March 31, 2017, 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.
- (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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note nos. 4(c)(i), 4(c)(ii) and 35 to the consolidated Ind AS financial statements;
- ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts;
- 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; and
- iv. the Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on the audit procedures and the relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management - Refer Note no. 42 to the consolidated Ind AS financial statements.

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration No: 001997S

M.S.N.M.Santosh
Partner
Membership No: 221916

Place: Chennai
Date: May 30, 2017

Independent Auditors' Report

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **BGR Energy Systems Limited ("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 respective Board of Directors of the Holding Company and its subsidiary companies, which are companies 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.

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") issued by ICAI 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 auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (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 authorisations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material

Independent Auditors' Report

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, 2017, 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 ICAI.

Other Matters

1. 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.

2. 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 Ind AS 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 No: 001997S

M.S.N.M.Santosh
Partner
Membership No: 221916

Place: Chennai
Date: May 30, 2017

Consolidated Balance Sheet

₹ in lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I Non Current Assets				
(a) Property, plant and equipment	1	48594	48983	41572
(b) Capital work in progress	2	-	45	501
(c) Other Intangible assets	3	250	461	515
(d) Financial assets	4			
(i) Investments	4 (a)	84	51	65
(ii) Trade receivables	4 (b)	80386	88127	41090
(iii) Loans	4 (c)	14813	12574	12387
(iv) Other financial assets	4 (d)	15156	7673	9477
		159283	157914	105607
II Current Assets				
(a) Inventories	5	6382	2621	5114
(b) Financial assets				
(i) Trade receivables	6 (a)	216368	262704	235529
(ii) Cash and cash equivalent	6 (b)	53108	55611	85074
(iii) Loans	6 (c)	46945	57768	68980
(iv) Other financial assets	6 (d)	2626	9049	11442
(c) Other current assets	7	165278	123469	145320
		490707	511222	551459
TOTAL ASSETS		649990	669136	657066
EQUITY AND LIABILITIES				
I Equity				
(a) Equity Share Capital	8	7216	7216	7216
(b) Other Equity		124611	116827	109930
Equity attributable to owners of BGR Energy Systems Limited		131827	124043	117146
II Non-Controlling Interest				
		6687	5273	3496
Total Equity		138514	129316	120642
III Non Current Liabilities				
(a) Financial Liabilities	9			
(i) Borrowings	9 (a)	27355	38959	35176
(ii) Trade Payables	9 (b)	8914	53356	37759
(b) Provisions	10	6363	16632	16198
(c) Deferred tax liabilities (net)	28	35465	34066	31673
		78097	143013	120806
IV Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	9 (a)	165223	185890	176020
(ii) Trade payables	9 (b)	152535	151604	152669
(iii) Other financial liabilities	11	9555	5955	1173
(b) Other Current Liabilities	12	104646	52383	84732
(c) Provisions	13	1419	975	972
(d) Current tax liabilities (net)	14	1	-	52
		433379	396807	415618
Total Liabilities		511476	539820	536424
TOTAL EQUITY AND LIABILITIES		649990	669136	657066

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director & CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants
FRN: 001997S

V.R.MAHADEVAN
Joint Managing Director

ARJUN GOVIND RAGHUPATHY
Deputy Managing Director and COO

SWARNAMUGI KARTHIK
Director - Corporate Strategy

S.R.TAGAT
Director

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

M.GOPALAKRISHNA
Director

S.A.BOHRA
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate & Secretary

P.R.EASWAR KUMAR
President & Chief Financial Officer

Chennai
May 30, 2017

Consolidated Statement of Profit and Loss

₹ in lakhs

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I (a) Revenue from operations	15	345079	325300
II (b) Other income	16	723	675
III Total Income		345802	325975
IV EXPENSES			
(a) Cost of raw materials and components consumed	17	174156	198049
(b) Cost of manufacturing and construction	18	92169	47339
(c) Other direct cost	19	6959	6926
(d) Changes in inventories of finished goods, stock in trade and work in progress		(2317)	2084
(e) Excise Duty on sale of goods		990	950
(f) Employee benefits expense	20	19960	19725
(g) Depreciation and amortization expense	21	2442	2352
(h) Finance costs	22	26333	30060
(i) Other expenses	23	15574	14661
Total expenses (IV)		336266	322146
V Profit before exceptional items and tax (I-IV)		9536	3829
VI Exceptional items		2043	-
VII Profit/(Loss) before tax (V)-(VI)		11579	3829
VIII Tax expenses			
(i) Current tax		1291	1405
(ii) MAT credit entitlement		(209)	(1282)
(iii) Deferred tax		1364	1701
(iv) Tax - Earlier years		-	690
IX Profit for the period (VII)-(VIII)		9133	1315
X Other Comprehensive Income			
(i) items that will not be reclassified to profit or loss		68	96
(ii) items that will be reclassified to profit or loss		(3)	(43)
XI Total Comprehensive Income for the Period (IX+X) (Comprising Profit (Loss) and other Comprehensive Income for the Period)		9198	1368
Profit or Loss attributable to:			
Owners of BGR Energy Systems Ltd		7720	1753
Non Controlling Interest		1413	(438)
		9133	1315
Total Comprehensive Income attributable to:			
Owners of BGR Energy Systems Ltd		7785	1806
Non Controlling Interest		1413	(438)
		9198	1368
XII Earnings per Equity Share (for Continuing Operation):			
1. Basic		10.70	2.43
2. Diluted		10.70	2.43

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director & CEO

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

R.RAMESH KUMAR
President - Corporate & Secretary

P.R.EASWAR KUMAR
President & Chief Financial Officer

Chennai
May 30, 2017

Consolidated Cash Flow Statement

₹ in lakhs

Particulars		For the year ended March 31, 2017		For the year ended March 31, 2016	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit before tax and extraordinary items		11579		3829
	Adjustments for:				
	Depreciation, impairment and amortization	2442		2352	
	Dividend from investments - quoted	(1)		(2)	
	(Profit) / Loss on sale of fixed assets (net)	8		(45)	
	Unrealized foreign exchange (gain) / loss	(7109)		5712	
	Premium on forward contracts amortized	-		-	
	Provision for warranty and Contractual Obligation	3957		2102	
	Interest expense	26333	25630	30060	40179
	Operating profit before working capital changes		37209		44008
	Changes in working capital				
	(Increase) / decrease in trade receivables	54077		(74211)	
	(Increase) / decrease in inventories	(3761)		2493	
	(Increase) / decrease in current assets	(41159)		33740	
	(Increase) / decrease in loans and advances	8590		11098	
	Increase / (decrease) in trade payables and provisions	553		(25098)	
	Cash generated from operations		18300		(51978)
	Direct taxes (paid) / refund (net)		55509		(7970)
	Net cash flow from operating activities		(1021)		(187)
			54488		(8157)
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets	(1871)		(2477)	
	Sale of fixed assets	21		119	
	Decrease / (increase) in capital work-in-progress	45		456	
	Dividend from investments - quoted	1		2	
	Net cash flow from investing activities		(1804)		(1900)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Long term borrowings (repaid) / availed	(11604)		3783	
	Payment of dividend	-		-	
	Tax on dividend paid	-		-	
	Short term borrowings (repaid) / availed	(17067)		14652	
	Interest paid	(24806)		(30149)	
	Net cash flow from financing activities		(53477)		(11714)
	Net increase in cash and cash equivalents (A+B+C)		(793)		(21771)
	Cash and cash equivalents as at April 1, 2016		15872		37643
	Cash and cash equivalents as at March 31, 2017		15079		15872
	Cash on hand		24		15
	On current accounts		1030		872
	On deposit accounts		14025		14985

SASIKALA RAGHUPATHY
Chairperson

A.SWAMINATHAN
Joint Managing Director & CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
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President - Corporate & Secretary

P.R.EASWAR KUMAR
President & Chief Financial Officer

Chennai
May 30, 2017

Notes to Consolidated Financial Statements

B. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (Act) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Group has adopted all Ind AS standards applicable to the Group and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The Financial statements up to year 31 March 2016 were prepared in accordance with accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Group under Ind AS. Reconciliations and descriptions of the effect of the transition has been summarised in Policy no: xxix. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard require a change in the accounting policy hitherto in use.

ii) Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expense. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non controlling interest in the results and equity of the subsidiaries are shown separately in that consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Joint venture

Interest in joint ventures are accounted using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the Group's share of post acquisition profits or loss of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from the joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity account investment equals or excess its interest in the entity, including any other unsecured long term receivables, the Group does not recognize further losses, unless it has incurred obligations and made payments on behalf of the other entity.

Unrealised gain on transactions between the Groups and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transfer. The accounting policies of equity accounted investees have been changed where necessary to ensure consistency to the policy adopted by the group.

iii) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the applications of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the

Notes to Consolidated Financial Statements

period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below:

1. Recognition of revenue
2. Recognition of deferred tax asset : availability of future taxable profit
3. Measurement of defined benefit obligations : Key actuarial assumptions
4. Recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources
5. Estimation of useful life of property, plant and equipments and intangible assets
6. Estimation of current tax expense and payable

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as and when management becomes aware of changes in circumstances surrounding the estimates. Changes in the estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

iv) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency').

The financial statements are presented in Indian Rupee (INR), which is Group's functional and presentation currency.

v) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

Fair value categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair values are included in fair value measurement forming part of notes to accounts.

vi) Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the profit or loss.

Notes to Consolidated Financial Statements

vii) Employee benefits

a) Short-term employee benefits :

Short-term employee benefits are recognised 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:

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

ii) Defined benefit plan:

Group'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 Group 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 Group 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 recognised 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 Other Comprehensive Income.

viii) Financial instruments

a. Recognition and initial measurement Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

The Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

b. Financial assets - Classification

On initial recognition, a financial asset is classified as, measured at

1. Amortised cost;
2. Fair value through other comprehensive income (FVOCI) - debt instrument;
3. Fair value through other comprehensive income (FVOCI) - equity instrument;
4. Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL :

1. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

1. The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and

Notes to Consolidated Financial Statements

2. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise from recognising them as measured at amortised cost or at FVOCI.

c. Financial assets - Subsequent measurement

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVTOCI - Debt investments:

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign gains and losses and impairment are recognised in profit or loss. Other net gains or losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets measured at FVTOCI - Equity investments:

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of cost the cost of the investment. Other net gains or losses are recognised in OCI and are not reclassified to profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

d. Financial assets - Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which subsequently all of the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group enters into transaction whereby it transfers asset recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised."

e. Financial liabilities - Classification

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition.

f. Financial liabilities - Subsequent measurement

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss."

g. Financial liabilities - Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its term are modified and the cash flows under the modified terms are substantially different, where a new financial liability based on the modified terms is recognised at fair value. Any gain or loss on derecognition in these cases, shall be recognised in profit or loss.

Notes to Consolidated Financial Statements

h. Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ix) Cash flow hedge

The Group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

x) Property, Plant and Equipment

a) Recognition & Measurement

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost of Property, plant and equipment comprises its purchase cost, including import duties and non - refundable taxes or levies and any directly attributable cost to bring the item to working condition as intended by management. Further, any trade discounts and rebates are deducted. Any gain or loss on disposal of property, plant and equipment is recognised as profit or loss. Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress" at cost, less impairment losses, if any.

b) Transition to Ind AS

On transition to Ind AS, the Group has decided to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015, measured as per previous GAAP and use that carrying amount as the deemed cost of such property, plant and equipment.

c) Subsequent Recognition

Expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

d) Depreciation

The Group depreciates the property, plant and equipment over their estimated useful life of the items using Straight-line method. Freehold land is not depreciated. The useful life of the property, plant and equipment are as follows:

Assets	Estimate of Useful Life in Years
Tangible Assets	
Buildings	5-30
Furniture & Fixtures	10
Plant & Equipment *	7.50-15
Office Fixtures	5
Office equipments	3-5
Electrical Installations	10
Vehicles	6-8

* The Management believes that the useful lives as given above best represents the period over which Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

In the financial statements of BGR Boilers Private Limited and BGR Turbines Company Private Limited, depreciation is being measured and recognised using written down method unlike straight line method by the Group.

Notes to Consolidated Financial Statements

xi) Intangible Assets

a) Recognition & Measurement

Intangible assets are stated at cost, less accumulated depreciation and impairment losses, if any.

b) Transition to Ind AS

On transition to Ind AS, the Group has decided to continue with the carrying value of all its Intangible assets recognised as at April 1, 2015, measured as per previous GAAP and use that carrying amount as the deemed cost of such Intangible asset.

c) Subsequent Recognition

Expenditure is capitalised only if it increases the future economic benefits embodied in the related specific asset. All other expenditure is recognised in profit or loss as incurred.

d) Amortisation

The Group amortises the intangible assets over their estimated useful life using Straight-line method, and is included in Depreciation and amortisation in the Statement of Profit and Loss.

The useful life of the intangible assets are as follows:

Intangible Assets	
Asset	Estimate of Useful Life in Years
Technical Know-How	6
Software	5

xii) Inventories

Raw materials, 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. Saleable scrap, whose cost is not identified, is valued at net realizable value. In the case of manufactured inventory, cost includes an appropriate share of fixed production overhead based on normal operating capacity.

xiii) Impairment

a. Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair value through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

b. Non-financial assets (Intangible assets and property, plant and equipment)

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

Notes to Consolidated Financial Statements

xiv) Provisions (other than for employee benefits)

- a) A Provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.
- 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 Group 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.

xv) Revenue

- a) Sale of goods and services

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts. Revenue is recognised on the basis of dispatches in accordance with the terms of sale when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risk and rewards varies depending on the individual terms of sale. Revenue from sale of goods includes excise duty.

Revenue from services is recognised in accordance with the specific terms of contract on performance.

Other operating income includes interest income, scrap sales etc. The entire income under other operating revenue is recognised on realisation basis except in the case of interest income which is recognised using effective rate of interest method.

- b) Construction contracts

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise revenue in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as percentage of total estimated costs for each contract. Expected loss, if any, on the construction / project related activity is recognised 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. In respect of construction contracts, revenue includes taxes and duties, variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

xvi) Other Income

Other income is comprised primarily of dividend income and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities.

Dividend income: Dividend income is recognised in profit or loss on the date on which the Group's right to receive payments is established.

Others: Any other income is recognised only on realisation basis.

xvii) Finance Cost

Interest expense is recognised using the effective interest method.

xviii) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised 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 recognised as an expense in the period in which they are incurred.

Notes to Consolidated Financial Statements

xix) Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised 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 recognised as leased assets. If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised 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 recognised as an expense in the statement of profit and loss on a straight line basis over the lease term unless such payments are structured to increase in line with general expected inflation to compensate for the lessor's expected inflationary cost increase. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

xx) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purpose. Deferred tax is recognised in respect of carried forward losses and tax credits. Deferred tax is also not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of transaction.

Deferred tax is recognised in respect of carried forward losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of transaction.

Deferred tax assets and liabilities are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets — unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

xxi) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

Notes to Consolidated Financial Statements

1. Expected to be realised or intended to be sold or consumed in normal operating cycle, or
2. Held primarily for the purpose of trading, or
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle, or
2. It is held primarily for the purpose of trading, or
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified project life as its operating cycle for construction contracts and twelve months for Capital goods segment .

Operating cycle for the business activities of the Group 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.

xxii) Segment Reporting

- a) Segment policies:

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

- b) Identification of segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Group assesses the financial performance and position of the Group and makes strategic decisions.

- 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 Group 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 Group as a whole and not allocable to any segment.

xxiii) Cash flows

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institution, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to know cash and which are subject to an insignificant risk of changes in value.

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 Group are segregated.

Notes to Consolidated Financial Statements

xxiv) Cash and cash equivalents

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

xxv) Dividends

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group' Board of Directors.

xxvi) Earnings per share

a. Basic earning per share

Basic earnings per share is calculated by dividing

- i. the profit attributable to owners of the Group
- ii. by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

b. Diluted earnings per share

Diluted earning per share adjusts the figures used in the determination of basic earnings per share to take into account:

- i. the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- ii. the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

xxvii) Contingent liabilities

The Group 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 whose existence 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 recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability."

xxviii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

xxix) Transition to IND AS

These are the Group's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note to financial statements have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provision of the Act (previous GAAP or Indian GAAP). An explanation for how the transition from previous GAAP to IND AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Notes to Consolidated Financial Statements

Optional exemptions and mandatory exceptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.”

a. Optional exemptions availed

1. Property, plant and equipment and intangible assets

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value

2. Designation of previously recognised financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognised financial assets (equity instruments other than subsidiaries and joint ventures), as ‘ fair value through other comprehensive income’ on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

b. Mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

2. Derecognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirement in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instrument) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes to Consolidated Financial Statements

Reconciliation of Equity as at Transition Date - April 01, 2015

₹ in lakhs

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
I Non-Current Assets				
(a) Property, plant and equipment		41572	-	41572
(b) Capital work in progress		501	-	501
(c) Other Intangible assets		515	-	515
(d) Financial assets				
(i) Investments	a	43	22	65
(ii) Trade receivables	b	42143	(1,054)	41090
(iii) Loans	c	12392	(4)	12387
(iv) Other financial assets		9477		9477
A Total Non-Current Assets		106643	(1,036)	105607
II Current Assets				
(a) Inventories		5114	-	5114
(b) Financial Assets				
(i) Trade receivables	b	241569	(6,039)	235529
(ii) Cash and cash equivalent		85074	-	85074
(iii) Loans		68980	-	68980
(iv) Other financial assets		11442	-	11442
(c) Other current assets		145320	-	145320
B Total Current Assets		557498	(6,039)	551459
C TOTAL ASSETS (A)+(B)		664141	(7,075)	657066
EQUITY & LIABILITIES				
I Equity				
(a) Share Capital		7216	-	7216
(b) Other Equity		113847	(3,916)	109930
(c) Non controlling interest		3496	-	3496
A Total Equity		124559	(3,916)	120642
II Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		35176	-	35176
(ii) Trade Payables		37759	-	37759
(b) Provisions	d	16684	(486)	16198
(c) Deferred tax liabilities (net)	e	34346	(2,673)	31673
B Total Non-Current Liabilities		123965	(3,159)	120806
III Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		176020	-	176020
(ii) Trade Payables		152669	-	152669
(iii) Other financial liabilities		1173	-	1173
(b) Other Current Liabilities		84732	-	84732
(c) Provisions		972	-	972
(d) Current tax liabilities (net)		52	-	52
C Total Current Liabilities		415618	-	415618
D TOTAL EQUITY & LIABILITIES (A)+(B)+(C)		664141	(7,075)	657066

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation.

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS.

- a Investments - Investments (other than subsidiaries and joint venture) valued at mark to market price.
- b Trade Receivables - Provision of Expected Credit Loss
- c Loans - Discounting of rental deposits
- d Provisions - Long term warranty provisions discounted
- e Deferred tax liabilities (net) - Tax impact on transition - Ind AS adjustments

Figures as per previous GAAP as at April 1, 2015 have been regrouped and updated on completion of subsidiary companies respective review/audit.

Notes to Consolidated Financial Statements

Reconciliation of Equity as at - March 31, 2016

₹ in lakhs

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
I Non-Current Assets				
(a) Property, plant and equipment		48983	-	48983
(b) Capital work in progress		45	-	45
(c) Other Intangible assets		461	-	461
(d) Financial assets				
(i) Investments	a	43	8	51
(ii) Trade receivables	b	90387	(2,260)	88127
(iii) Loans	c	12586	(12)	12574
(iv) Other financial assets		7673		7673
A Total Non-Current Assets		160178	(2,264)	157914
II Current Assets				
(a) Inventories		2621	-	2621
(b) Financial Assets				
(i) Trade receivables	b	268217	(5,513)	262704
(ii) Cash and cash equivalent		55611	-	55611
(iii) Loans		57768	-	57768
(iv) Other financial assets		9049	-	9049
(c) Other current assets		123469	-	123469
B Total Current Assets		516735	(5,513)	511222
C TOTAL ASSETS (A)+(B)		676912	(7,777)	669136
EQUITY & LIABILITIES				
I Equity				
(a) Share Capital		7216	-	7216
(b) Other Equity		121268	(4,442)	116827
(c) Non controlling interest		5273	-	5273
A Total Equity		133757	(4,442)	129316
II Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		38959	-	38959
(ii) Trade Payables		53356	-	53356
(b) Provisions	d	16935	(303)	16632
(c) Deferred tax liabilities (net)	e	37098	(3,032)	34066
B Total Non-Current Liabilities		146348	(3,335)	143013
III Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		185890	-	185890
(ii) Trade Payables		151604	-	151604
(iii) Other financial liabilities		5955	-	5955
(b) Other Current Liabilities		52383	-	52383
(c) Provisions		975	-	975
(d) Current tax liabilities (net)		-	-	-
C Total Current Liabilities		396807	-	396807
D TOTAL EQUITY & LIABILITIES (A)+(B)+(C)		676913	(7,777)	669136

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation.

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS.

- a Investments - Investments (other than subsidiaries and joint venture) valued at mark to market price.
- b Trade Receivables - Provision of Expected Credit Loss
- c Loans - Discounting of rental deposits
- d Provisions - Long term warranty provisions discounted
- e Deferred tax liabilities (net) - Tax impact on Ind AS adjustments

Figures as per previous GAAP as at March 31, 2016 have been regrouped and updated on completion of subsidiary companies respective review/audit.

Notes to Consolidated Financial Statements

Reconciliation of Total comprehensive income as at Transition Date - March 31, 2016

₹ in lakhs

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
I Income				
(a) Revenue from Operations		325300	-	325300
(b) Other Income		675	-	675
A TOTAL INCOME		325975	-	325975
II Expenses				
(a) Cost of raw materials and components consumed		198049	-	198049
(b) Cost of manufacturing and construction		47339	-	47339
(c) Other direct cost	a	6958	(32)	6926
(d) Changes in inventories of finished goods, stock in trade and work in progress		2084	-	2084
(f) Excise Duty on sale of goods		950	-	950
(g) Employee benefits expense	b	19565	160	19725
(h) Depreciation and amortization expense		2352	-	2352
(i) Finance costs	c	29810	250	30060
(j) Other expenses	d	14130	531	14661
B TOTAL EXPENSES		321237	909	322146
C PROFIT BEFORE EXCEPTIONAL ITEMS (A)-(B)		4738	(909)	3829
D Exceptional Items				-
E PROFIT/(LOSS) BEFORE TAX (C)-(D)		4738	(909)	3829
F Tax Expenses				
(i) Current tax		1405	-	1405
(ii) MAT credit entitlement		(1282)	-	(1282)
(iii) Deferred tax	e	2121	(420)	1701
(iv) Tax - Earlier years		690	-	690
G PROFIT/(LOSS) FOR THE YEAR (E)-(F)		1804	(489)	1315
H Other Comprehensive Income	f	-	53	53
I TOTAL COMPREHENSIVE INCOME FOR THE YEAR (G)+(H)		1804	(436)	1368

Note: Previous GAAP figures have been reclassified to conform to Ind AS presentation.

Explanation for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS.

- a Cash flow hedges regrouped to other comprehensive income
- b Actuarial gain or loss regrouped to other comprehensive income
- c Unwinding of rental deposit and warranty provision
- d Impact in other expenses includes - net provision for expected credit loss and discounting impact on warranty and rental deposit
- e Deferred tax - Tax impact on Ind AS adjustments
- f OCI - Includes net impact of Cash flow hedges, actuarial gain or loss and fair valuation of equity investments

Figures as per previous GAAP for the year ending March 31, 2016 have been regrouped and updated on completion of subsidiary companies respective review/audit.

Notes to Consolidated Financial Statements

1. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land	Building	Plant and Equipment	Furniture and fixtures	Office fixtures	Office equipments	Electrical installations	Vehicles	Total
Cost or valuation									
As at 1 April 2015	25,390	2,548	20,043	775	224	1,321	386	1,494	52,181
Additions	7,305	415	1,670	96	1	44	22	15	9,567
Acquisition of a subsidiary									
Disposals	-	-	374	-	-	-	-	77	451
Exchange differences									
As at 31 March 2016	32,695	2,964	21,339	871	225	1,365	408	1,432	61,297
Additions	104	28	1,190	7	-	318	6	166	1,819
Acquisition of a subsidiary									
Disposals	-	-	54	-	-	5	-	66	125
Discontinued operations									
Revaluation recognised in OCI									
Transfer									
Exchange differences									
As at 31 March 2017	32,799	2,992	22,475	878	225	1,678	414	1,532	62,992
Depreciation and impairment									
As at 1 April 2015	-	484	7,512	273	218	1,017	201	904	10,609
Depreciation charge for the year	-	89	1,618	81	2	149	33	111	2,083
Impairment									
Disposals	-	-	322	-	-	-	-	56	378
Exchange differences									
At 31 March 2016	-	573	8,808	354	220	1,166	234	959	12,314
Depreciation charge for the year	-	94	1,728	73	2	119	27	136	2,179
Discontinued operations									
Transfer									
Disposals	-	-	31	-	-	5	-	60	96
Exchange differences									
As at 31 March 2017	-	667	10,505	428	222	1,280	261	1,035	14,398
Net book value									
As at 31 March 2017	32,799	2,325	11,970	450	3	398	153	497	48,594
As at 31 March 2016	32,695	2,390	12,531	516	5	199	174	473	48,983
As at 1 April 2015	25,390	2,064	12,531	502	6	304	185	590	41,572

Notes to Consolidated Financial Statements

₹ in lakhs

Net book value	At 31 March 2017	At 31 March 2016	At 1 April 2015
Plant, property and equipment	48,594	48,983	41,572

2. CAPITAL WORK IN PROGRESS

₹ in lakhs

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Purchase of fixed assets pending installation	-	45	501
Total	-	45	501

3. INTANGIBLE ASSETS

₹ in lakhs

Particulars	Goodwill	Technical Knowhow	Software	Total
As at 1 April 2015	59	1,151	2,149	3,359
Additions	-	197	17	215
Acquisition of a subsidiary	-	-	-	-
As at 31 March 2016 (Total)	59	1,348	2,166	3,574
Additions	-	-	52	52
Acquisition of a subsidiary	-	-	-	-
Discontinued operations	-	-	-	-
As at 31 March 2017 (Total)	59	1,348	2,218	3,626
Amortisation and impairment	-	-	-	-
As at 1 April 2015	-	1,002	1,842	2,844
Amortisation	-	143	126	269
At 31 March 2016 (Total)	-	1,145	1,968	3,113
Amortisation	-	161	101	262
Impairment	-	-	-	-
Discontinued operations	-	-	-	-
At 31 March 2017 (Total)	-	1,306	2,069	3,375

Net book value				
As at 31 March 2017	59	42	149	250
As at 31 March 2016	59	203	199	461
As at 1 April 2015	59	149	307	515

Net book value	31-Mar-17	31-Mar-16	01-Apr-15
Goodwill	59	59	59
Technical Knowhow	42	203	149
Software	149	199	307
Total	250	461	515

Notes to Consolidated Financial Statements

4. FINANCIAL ASSETS

4 a Non Current Investments

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Investments at Cost			
Investments in Subsidiaries			
Unquoted equity shares	-	-	-
Total Investments carried at cost (A)	-	-	-
Investments at fair value through OCI (fully paid)			
Quoted equity shares			
13,970 Indian Bank (13,970) of ₹ 91 per share Market Value ₹ 278.25 (₹ 103.90) (₹ 174.40) per share	39	15	24
Quoted Investments in Mutual Funds			
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units Market Value ₹ 21.8947 (₹ 19.3556) (₹ 21.9588) per unit	11	10	11
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units Market Value ₹ 13.6349 (₹ 10.6239) (₹ 11.7777) per unit	34	26	30
Investments carried at fair value through Other Comprehensive Income (B)	84	51	65
Total Investments	84	51	65
Current	-	-	-
Non-Current	84	51	65
Aggregate cost of quoted investments	43	43	43
Aggregate market value of quoted investments	84	51	65
Aggregate value of unquoted investments	-	-	-

4. (b) Trade receivables

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Unsecured Considered good			
Trade receivables from related parties	-	-	-
Receivables from other than related parties	82447	90387	42144
Less: Allowance for Credit Loss	(2061)	(2260)	(1054)
Total Trade receivables	80386	88127	41090

4. (c) Loans - Non current

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Unsecured, considered good			
Deposits	28	68	1567
Loans and advances to related parties	-	-	52
MAT credit entitlement	2998	2789	1507
Other loans and advances*	11787	9717	9261
Total loans	14813	12574	12387

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

Notes to Consolidated Financial Statements

- 4 c.(i). 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 ₹ 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 ₹ 2673 lakhs was awarded to the JV. The recoverable amount of ₹ 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.
- 4 c.(ii). 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 ₹ 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 favor 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 remain suspended. In view of these facts, the company has identified a sum of ₹ 83 lakhs (₹ 83 lakhs) as at Mar 31, 2017 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

4 (d) Other financial Assets

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1,2015
Margin money deposit held under lien to banks - maturity more than 12 months	14034	6883	9071
Interest accrued on margin money deposits	1122	790	406
Total Other financial Assets	15156	7673	9477

5. INVENTORIES

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1,2015
Raw materials and components	3377	1933	2342
Work-in-progress	3005	688	2772
Total of inventories at lower of cost or net realisable value	6382	2621	5114

CURRENT ASSETS

6. FINANCIAL ASSETS

6. (a) Trade receivables

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1,2015
Unsecured Considered good			
Trade receivables from related parties	2350	2023	881
Receivables from other than related parties	219614	266194	240687
Less: Allowance for Credit Loss	(5596)	(5513)	(6039)
Total Trade receivables	216368	262704	235529

Trade receivables includes retention amount of ₹ 128412 lakhs (₹ 125391 lakhs) which, in accordance with the terms of the contracts were not due for payments as at Mar 31, 2017

The Group 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

6 (b) Cash and cash equivalent

₹ in lakhs

Particulars	As at	As at	At at
	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks:			
– On current accounts	1030	872	1742
– On deposits accounts	14025	14985	35885
– Deposits with original maturity of less than three months			
Cheques / drafts on hand			
Cash on hand	24	15	16
Margin money deposits held under lien to banks	37984	39690	47378
On unpaid dividend accounts	45	49	53
Total Cash and cash equivalent	53108	55611	85074

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

6 (c) Loans

₹ in lakhs

Particulars	As at	As at	At at
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good			
Loans and advances to related parties	458	508	773
Other loans and advances *	43639	55564	68066
Deposits	2848	1696	141
Total loans	46945	57768	68980

* Includes employee loans, travel advances, prepaid expenses, DGFT refund, CENVAT credit receivable, VAT credit receivable and balances with government authorities

6 (d) Other Financial Assets

₹ in lakhs

Particulars	As at	As at	At at
	March 31, 2017	March 31, 2016	April 1, 2015
Interest accrued on fixed deposits	47	369	1851
Cash Flow Hedges			
Foreign Exchange Forward contracts	2579	8680	9591
Total Other Current Assets	2626	9049	11442

7. OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at	As at	At at
	March 31, 2017	March 31, 2016	April 1, 2015
Secured, considered good			
Advance to suppliers	29461	35293	8597
Unsecured, considered good			
Advance to suppliers	13747	12883	9191
Contracts in progress (net)	119373	75266	126635
Advance Income tax (net of provision)	2021		
Prepayments	676	27	897
Total Other Current Assets	165278	123469	145320

Contracts in progress comprise unbilled revenue of ₹ 120342 lakhs, (₹ 84306 lakhs) and unearned revenue of ₹ 969 lakhs (₹ 9328 lakhs) (refer Note no 27)

Notes to Consolidated Financial Statements

8. SHARE CAPITAL

Authorised Share Capital

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year (Face value ₹ 10 each)	100000000	10000	100000000	10,000	100000000	10000
Increase / (Decrease) during the year	-	-	-	-	-	-
Share Capital at the end of the year	100000000	10000	100000000	10,000	100000000	10000

Issued, Subscribed and Paid-up Share Capital

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Issued, Subscribed and Paid-up Share Capital	72161560	7216	72161560	7216	72161560	7216

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

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	72161560	7216	72161560	7216	72161560	7216
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216	72161560	7216

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

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76	27248400	37.76

c. Terms/rights attached to equity shares

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

d. The company has reserved issuance of Nil (76717) equity shares of ₹ 10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 29)

Notes to Consolidated Financial Statements

Statement of Changes in Equity (2016-17)

₹ in lakhs

Particulars	Other Equity										Total (16-17)	
	Equity Share Capital	Securities Premium Reserve	General Reserves	Revaluation Reserves	Retained Earnings	Capital reserve on consolidation	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Other Items of Other Comprehensive Income	Total Equity share capital and Other Equity		Non-Controlling interests
Balance at the beginning of reporting Period (01.04.2016)	7216	31895	13930	5090	65593	242	5	(66)	136	124042	5274	129316
Changes in accounting Policy or Prior period errors												
Restated Balance at the beginning of reporting Period					7720					7720	1413	9134
Profit for the year							22			22		22
Amount transferred from Statement of Profit and Loss												
Equity Instruments through Other Comprehensive Income								(3)		(3)		(3)
Effective Portion of Cash Flow Hedges									46	46		46
Remeasurement of net defined benefit Liability/Asset (net)			448		(448)							
Transfer to General Reserve												
Dividend												
Transfer to Retained Earnings												
Any other Change												
Balance at the end of reporting Period (31.03.2017)	7216	31895	14378	5090	72865	242	27	(69)	182	131827	6687	138514

Statement of Changes in Equity (2015-16)

Particulars	Other Equity										Total (15-16)	
	Equity Share Capital	Securities Premium Reserve	General Reserves	Revaluation Reserves	Retained Earnings	Capital reserve on consolidation	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Other Items of Other Comprehensive Income	Total Equity share capital and Other Equity		Non-Controlling interests
Balance at the beginning of reporting Period (01.04.2015)	7216	31895	13653	-	64117	242	14	(23)	31	117146	3496	120642
Changes in accounting Policy or Prior period errors												
Restated Balance at the beginning of reporting Period					1753					1753	(438)	1315
Profit for the year										5090	2216	7306
Amount transferred from Statement of Profit and Loss												
Equity Instruments through Other Comprehensive Income										(9)		(9)
Effective Portion of Cash Flow Hedges									105	(43)		(43)
Remeasurement of net defined benefit Liability/Asset (net)			277		(277)							
Transfer to General Reserve												
Transfer from retained earnings												
Dividend												
Transfer to Retained Earnings												
Any other Change												
Balance at the end of reporting Period (31.03.2016)	7216	31895	13930	5090	65593	242	5	(66)	136	124042	5274	129315

Notes to Consolidated Financial Statements

NON-CURRENT LIABILITIES

9. FINANCIAL LIABILITIES

9 (a) Borrowings

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Non-Current Borrowings			
Secured			
Term Loans from Banks	27355	38959	35176
Borrowings (Non Current)	27355	38959	35176
Working capital loans from banks	165223	185890	176020
Borrowings (Current)	165223	185890	176020
Total Borrowings	192578	224849	211196

Term loan includes 1) ₹ Nil (₹ 143 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 September 30, 2011. 2) Corporate loan of ₹ 34887 lakhs (₹ 44271 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 July 01, 2016.

9 (b) Trade Payables

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Micro and small enterprises	647	243	143
Others			
Trade Payables	160802	204717	190285
Trade Payables to Related Parties			
Total Trade Payables	161449	204960	190428
Trade Payables Current	152535	151604	152669
Trade Payables Non Current	8914	53356	37759

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 Group, the following are the details:

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount remaining unpaid	647	243	143
Interest due thereon remaining unpaid	26	33	17
Interest paid to the supplier	4419	368	-
Payments made to the supplier beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay in making payment without adding interest specified under this Act.	84	9	-
Interest accrued and remaining unpaid	161	25	-
Amount of further interest remaining due and payable in succeeding years	10	5	3

10. NON CURRENT PROVISIONS

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Provision for contractual obligation	3614	14205	14232
Provision for warranty	2749	2427	1966
Total Non Current Provisions	6363	16632	16198

Notes to Consolidated Financial Statements

11. OTHER FINANCIAL LIABILITIES

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Financial liabilities at fair value through OCI			
Current maturities of long-term borrowings	7532	5455	580
Unpaid dividends	45	49	53
Interest accrued but not due	1978	451	540
Total	9555	5955	1173

- 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 Group 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 Group. 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 Group.
- c) The Group 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.

12. OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Advance from customers	96106	51561	83674
Other payables *	8540	822	1058
Total Other Current Liabilities	104646	52383	84732

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

13. PROVISIONS

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Employee benefit obligations			
Provision for bonus	191	76	24
Provision for leave encashment	507	450	436
Provision for gratuity	621	335	446
Others			
Provision for warranty	100	114	58
Wealth tax	-	-	8
Total Provisions	1419	975	972

14. CURRENT TAX LIABILITIES (NET)

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	At at April 1, 2015
Income-taxes (net)	1	-	52
Total	1	-	52

Notes to Consolidated Financial Statements

PROFIT AND LOSS

15. REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of manufactured goods (including excise duty)	24339	15795
Contracting income	312993	299763
Erection and service income	2665	3305
Other operating revenues	5082	6437
Total	345079	325300

16. OTHER INCOME

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend from investments - quoted	1	2
Others	-	-
Finance Income		
Insurance claim received	-	-
Liabilities no longer required written back		
Others		
Net gain on disposal of property, plant and equipment	-	45
Net foreign exchange gains	722	628
Total Income	723	675

17. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening inventory	1929	2337
(Raw materials, consumables, bought outs and components)		
Add : Purchases	175604	197641
	177533	199978
Less: Closing inventory	3377	1929
(Raw materials, consumables, bought outs and components)		
Cost of raw material and components consumed	174156	198049

18. COST OF MANUFACTURING AND CONSTRUCTION

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Subcontracting and processing charges	92015	47147
Power and fuel	154	192
Cost of manufacturing and construction	92169	47339

19. OTHER DIRECT COST

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Insurance	620	1005
Bank charges	5827	5687
Packing and forwarding	512	234
Other direct cost	6959	6926

Notes to Consolidated Financial Statements

20. EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and bonus	17396	17218
Contribution to P. F., E. S .I.	570	894
Workmen and staff welfare expenses	1542	1391
Compensated Absences	151	136
Gratuity	301	86
Employee benefits expense	19960	19725

21. DEPRECIATION AND AMORTIZATION EXPENSE

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets	2179	2083
Amortization of intangible assets	263	269
Depreciation and amortization expense	2442	2352

22. FINANCE COSTS

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on working capital loans (net)	19878	24062
Interest on term loans	4614	5914
Interest - others	1841	84
Finance costs	26333	30060

23. OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	1290	1288
Payment to auditors (refer details below)	117	103
Bank charges	153	72
Conveyance and vehicle running expenses	676	503
Trade receivables written off	4900	5071
Provision for Bad Debts	15	146
Electricity charges	311	228
Foreign exchange loss (net)	404	364
Insurance	24	88
Loss on sale of fixed assets (net)	8	-
Other expenses	311	1438
CSR expenses	16	39
Provision for Contractual Obligation & ECL	3957	2102
Professional charges	292	395
Rates and taxes	380	107
Repairs and maintenance		
- Building	53	32
- Machinery	27	39
- Others	1149	1067
Security charges	180	157
Selling expenses	79	54
Sitting fees	48	36
Telephone expenses	200	183
Travelling expenses		
- Domestic	807	887
- Foreign	177	206
Fair value gain on financial instruments at fair value through profit or loss	-	1
Liquidated damages (net)	-	55
Total Other expenses	15574	14661

Notes to Consolidated Financial Statements

₹ in lakhs

Payment to auditors	For the year ended March 31, 2017	For the year ended March 31, 2016
For audit fees	71	91
For tax matters	43	6
For certification and others	3	6
Total Payment to Auditors	117	103

24. DETAILS OF CSR EXPENDITURE

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a. Gross amount spent during the Year	221	344

₹ in lakhs

b. Amount spent during the year	For the year ended March 31, 2017		For the year ended March 31, 2016	
	In Cash	Yet to be Paid in Cash	In Cash	Yet to be Paid in Cash
i. Construction/acquisition of any asset	-	-	-	-
ii. On purposes other than (i) above	16	-	39	-

As required under Section 135 of Companies Act 2013, the company is required to spend ₹ 221 Lakhs (₹ 344 lakhs) towards Corporate Social Responsibility (CSR) activities. Expenses incurred during the year is ₹ 16 Lakhs (₹ 39 Lakhs) and no provision is made for balance amount during the financial year 2016-17.

25. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

₹ in lakhs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Items that will not be reclassified to Profit/Loss		
Remeasurement of net defined benefit Liability/Asset (net)	46	105
Equity Instruments through Other Comprehensive Income (net)	22	(9)
Items that will be reclassified to Profit/Loss		
Fair value changes on cash flow hedges (net)	(3)	(43)
Total Other Comprehensive Income for the Year	65	53

26. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation :

₹ in lakhs

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Basic EPS		
Profit after tax as per accounts	7720	1753
Weighted average number of equity shares (face value ₹ 10 per share) (lakh Nos.)	722	722
Basic EPS (₹)	10.70	2.43
Diluted EPS		
Profit for the year for basic EPS	7720	1753
Less : Adjustment	-	-
Adjusted profit for diluted EPS	7720	1753
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 ₹ 10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (₹)	10.70	2.43

Notes to Consolidated Financial Statements

27. CONSTRUCTION CONTRACTS

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

₹ in lakhs

Particulars	As at	As at
	March 31, 2017	March 31, 2016
The aggregate amount of costs incurred and recognised profits (less recognised losses) (including amounts carried forward from previous years)	10,10,010	12,72,473
The amount of advances received	89,654	49,559
The amount of retentions	1,30,127	1,25,391
The gross amount due from customers for contract work as an asset (unbilled revenue)	1,16,864	84,306
The gross amount due to customers for contract work as a liability (unearned revenue)	969	9,328

28. DEFERRED TAXES

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

₹ in lakhs

Particulars	Deferred tax asset as at	Deferred tax liability as at	Deferred tax asset as at	Deferred tax liability as at	Deferred tax asset as at	Deferred tax liability as at
	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
Depreciation and impairment		1327	-	1535	422	1483
Provision for doubtful receivables	20	-	20	-	28	-
Gratuity	151	-	125	-	132	-
Compensated absences	226	-	222	-	218	-
Others	3367	-	3405	-	2614	-
Carry forward tax loss	7119	-	7674	-	-	-
Retention money	-	45021	-	43977	-	33603
Total	10883	46348	11446	45512	3413	35086
Net		35465		34066		31673

INCOME TAX RECONCILIATION

₹ in lakhs

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Profit before Income Tax	11579	3829
Enacted Tax Rates in India	34.61%	34.61%
Computed expected Tax expense	4,007	1,325
Tax Effects of amounts which are not deductible (taxable) in calculating taxable income	(2,716)	80
Tax Effects of amounts which are deductible in calculating taxable income	-	-
Tax Reversals	-	-
Income Tax Expense	1,291	1,405

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

29. INTEREST IN OTHER ENTITIES

a) Subsidiaries

The group's subsidiaries at 31st March, 2017 are set out below. Unless otherwise states, they have Share capital consisting solely of equity share capital that are directly held by the group, and the proportion of ownership interests held equals to the voting right held by the group.

Notes to Consolidated Financial Statements

Name of the entity	Place of business / country of incorporation	Ownership interest held by the Group			Ownership interest held by non controlling interests			Principal activities
		31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	
i. Progen Systems and Technologies Limited	Chennai, India	69.67%	69.67%	69.67%	30%	30%	30%	Manufacture
ii. BGR Boilers Private Limited	Chennai, India	70%	70%	70%	30%	30%	30%	Sales of goods
iii. BGR Turbines Company Private Limited	Chennai, India	74%	74%	74%	26%	26%	26%	Sales of goods
iv. Sravanaa Properties Limited	Chennai, India	100%	100%	100%	0%	0%	0%	Leasing of assets

b) Non-Controlling interests (NCI)

Set out below is summarized financial information for each subsidiary that has non controlling interest that are material to the Group. The amounts disclosed for each subsidiary are before inter company eliminations.

₹ in lakhs

Summarized balance sheet	BGR Boilers Private Limited			BGR Turbines Company Private Limited			Progen Systems and Technologies Limited		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Current assets	14160	12014	14783	7095	9062	6044	22	64	233
Current liabilities	21607	19108	13896	5004	6975	4084	189	277	395
Net current assets	(7447)	(7094)	887	2091	2087	1960	211	341	628
Non-current assets	8765	7007	4186	1313	3737	2700	2378	2395	216
Non-current liabilities	29	26	4751	1	2428	1355	216	193	187
Net non-current assets	8794	7033	8937	1312	1310	1345	2593	2588	403
Net assets	1347	(61)	9824	3403	3396	3306	2804	2930	1031

Accumulated Non-Controlling interests

Summarized statement of profit and loss	BGR Boilers Private Limited		BGR Turbines Company Private Limited		Progen Systems and Technologies Limited	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Revenue	67847	95130	12979	50745	3	817
Profit for the Year	4668	(1453)	24	348	21	(309)
Other Comprehensive Income	1	-	-	1	-	-
Profit allocated to NCI	1400	(436)	6	91	6	(94)
Dividends paid to NCI	-	-	-	-	-	-

Notes to Consolidated Financial Statements

(C) Joint ventures

Set out below is the joint venture of the Group as at 31, March, 2017 which is material to the Group.

i) Interest in associates and joint ventures

Name of the entity	Place of business / country of incorporation	% of ownership interest	Relationship	Accounting method	Quoted fair value			Carrying amount		
					31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Mecon - Gea Energy Systems India Limited (JV)	Chennai, India	10% & 30 % on two different construction projects	Joint Venture	Equity Method	NA	NA	NA	-	-	-

ii) Summarized financial information for joint venture

Summarized Balance Sheet	Mecon - GEA Energy System (India) Ltd.		
	31-Mar-17	31-Mar-16	01-Apr-15
Current Assets			
Cash and Cash Equivalents	4	4	4
Other Assets	1665	1665	1665
Total Current Assets	1670	1670	1670
Total Non - Current Assets	-	-	-
Current Liabilities			
Financial Liabilities (Excluding Trade Payables)	-	-	-
Other Liabilities	7	6	6
Total Current Liabilities	7	6	6
Non-Current Liabilities			
Financial Liabilities (Excluding Trade Payables)	1010	1010	1010
Other Liabilities	1	1	1
Total Non-Current Liabilities	1011	1011	1011
Net Assets	652	652	653

Reconciliation of carrying amount

Particulars	Mecon - GEA Energy System (India) Ltd.	
	31-Mar-17	31-Mar-16
Opening net assets	(6)	(6)
Profit for the year	-	-
Dividends paid	-	-
Closing net assets	(6)	(6)
Group's share in %	10% & 30 % on two different construction projects	10% & 30 % on two different construction projects
Group's share in ₹	(1)	(1)
Goodwill	-	-
Carrying amount	-	-

30. EXCEPTIONAL ITEMS

Exceptional item represents net of write back of vendor balance of ₹ 42611 lakhs and settlement of claim of a client of ₹ 40568 lakhs, based on agreements during 2016-2017.

Notes to Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2017 were as follows

₹ in lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	53108			53108	53108
Investments:					
Equity Securities and others			39	13	39
Liquid mutual fund units			45	30	45
Trade Receivables	296754			296754	296754
Loans	60664	1094		61227	61758
Other Financial Assets	17782			17782	17782
Total	428308	1094	84	428914	429486
LIABILITIES					
Other Financial Liabilities	9555			9555	9555
Trade Payables	161449			161449	161449
Borrowings	192,578			192578	192578
Total	363582	0	0	363582	363582

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2016 were as follows

₹ in lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	55611			55611	55611
Investments:					
Equity Securities and others			15	13	15
Liquid mutual fund units			36	30	36
Trade Receivables	350831			350831	350831
Loans	69248	1094		69811	70342
Other Financial Assets	16722			16722	16722
Total	492412	1094	51	493018	493557
LIABILITIES					
Other Financial Liabilities	5955			5955	5955
Trade Payables	204960			204960	204960
Borrowings	174137			174137	174137
Total	385052	-	-	385052	385052

The Carrying Value and Fair Value of Financial Instruments as of April 1, 2015 were as follows

₹ in lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
ASSETS					
Cash & Cash Equivalents	85074			85074	85074
Investments:					
Equity Securities and others			24	13	24
Liquid mutual fund units			41	30	41
Trade Receivables	276620			276620	276620
Loans	80273	1094		80836	81367
Other Financial Assets	20919			20919	20919
Total	462886	1094	65	463492	464045
LIABILITIES					
Other Financial Liabilities	1173			1173	1173
Trade Payables	190428			190428	190428
Borrowings	192578			192578	192578
Total	384179	-	-	384179	384179

Notes to Consolidated Financial Statements

32. FAIR VALUE HIERARCHY

Level 1 - Quoted Prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset/liability either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The Following table shows the levels in the fair value hierarchy as on March 31,2017.

Fair Value Measurement at the end of the reporting period	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS			
Investments			
Mutual Fund Investments	Level 1	Level 1	Level 1
Equity Instruments	Level 1	Level 1	Level 1
Loans and Advances	Level 3	Level 3	Level 3
Rental Deposits	Level 3	Level 3	Level 3

Fair value of mutual fund and equity investments is based on quoted price.

For loans and advances and rental deposits fair value is determined using discounted cash flow.

33. RISK MANAGEMENT STRATEGIES

Financial risk management:

The Group's activities exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

Market risk

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign currency risk

The Group has entered into various contracts in several currencies and consequently the Group is exposed to foreign exchange risk through its sales, services and purchases from suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years. The fluctuations in exchange rate may have an impact on Group's operations.

Notes to Consolidated Financial Statements

Foreign currency sensitivity

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

₹ in lakhs / Foreign currency in lakhs

Particulars	As at	
	March 31, 2017	March 31, 2016
Assets (Trade receivables / advance to suppliers / bank balances)		
In foreign currency		
In USD \$	579.74	565.80
In EURO	352.46	360.60
In GBP	0.04	0.04
In JPY	1.15	1.15
In SEK	0.74	0.74
In CAD	-	-
In AED	-	0.02
In Indian currency		
In USD \$	37564.36	37483.42
In EURO	24401.08	27211.38
In GBP	3.06	3.59
In JPY	0.67	0.68
In SEK	5.39	6.08
In CAD	-	-
In AED	-	0.41
Liabilities (Advance from customers/trade payables/buyers credit)		
In foreign currency		
In USD \$	365.37	1186.51
In EURO	123.78	320.28
In GBP	0.03	0.03
In SEK	0.29	0.29
In CAD	1.13	-
In AED	-	0.02
In Indian currency		
In USD \$	23822.28	78879.01
In EURO	8569.62	24168.19
In GBP	2.42	2.84
In SEK	2.08	2.35
In CAD	55.34	-
In AED	-	0.41

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation/ appreciation in the exchange between the INR and USD, has affected the Group's incremental operating margins by ₹ 188 lakhs (₹ 187 lakhs) approximately 0.50% each.

The Sensitivity analysis is computed based on the change in the income and expenses in the foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting and the current reporting period

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

₹ in lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
	Trade payables	Trade receivables	Trade payables	Trade receivables
Number of contracts	13	-	1	-
Value in foreign currency	-	-	-	-
GBP	-	-	-	-
USD	16	-	131	-
EURO	22	-	-	-
Value in INR	2579	-	8680	-

Notes to Consolidated Financial Statements

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to the Group's long-term debt obligations with floating interest rates.

Interest rate sensitivity

As at the reporting date the Group's interest – bearing financial instruments were as follows:

₹ in lakhs

Particulars	Carrying amount	
	As at March 31, 2017	As at March 31, 2016
Fixed rate instruments		
Financial assets		
Fixed deposits with banks	66043	61558
Variable rate instruments		
Financial liabilities		
Borrowings from banks	34887	44414
Working Capital Loans	165223	185890

Interest rate sensitivity

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 50 basis points in interest rates at the reporting date (March 31, 2017) would have increased / (decreased) equity and profit or loss by ₹ 1089 lakhs.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of Steel, Cement and other materials. Due to the significantly increased volatility of the price of the raw material, the Group also entered into various purchase contracts for supply of Steel, Cement & other material. However we have escalation clause with most of our clients for variation in the price of commodities.

Equity price risk

The Group's listed and non-listed securities are susceptible to market price risk arising from uncertainties about future value of the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 84 lakhs. A decrease of 10% on the BSE Market index could have an impact of approximately ₹ 9 lakhs on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity.

Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Outstanding customer receivables are regularly monitored and any major export shipments to customers are generally covered by letters of credit. The maximum exposure to the credit risk at reporting date is primarily from trade receivables amounting to ₹ 298654 lakhs.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is limited as we generally invest in banks and financial institutions with high credit ratings. Other financial instruments includes primarily investment in fixed deposits.

Notes to Consolidated Financial Statements

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

₹ in lakhs

Particulars	Up to 12 months	More than 12 months
Trade payables	152535	8914
Loans from bank	7532	27355
Working capital loan form bank	165223	-
Other financial liabilities	9555	-

Collateral risk

The Group has pledged part of its short-term deposits with 52,018 to fulfil the collateral requirements for the contractual obligations. As at 31 March, 2017, 31 March, 2016 the fair values of the short-term deposits pledged were ₹ 52,018 and ₹ 46,573 respectively. The counter parties have an obligation to return the securities to the Group.

34. LEASES

Operating Leases

The Group 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:

₹ in lakhs

Particulars	Minimum lease payments outstanding	
	As at March 31,2017	As at March 31,2016
Due within one year	233	171
Due later than one year and not later than five years	442	75
Due later than five years	-	-
Total	675	246

Lease rental expense in respect of operating leases recognised in the statement of profit and loss for the year: ₹ 1375 lakhs (₹ 1292 lakhs)

35. CONTINGENT LIABILITIES AND COMMITMENTS

₹ in lakhs

Particulars	As at March 31,2017	As at March 31,2016
Contingent liabilities		
Claims against the Group not acknowledged as debt		
a) On account of sales tax *	25485	28661
b) On account of income-tax *	10507	9133
c) On account of service tax **	24506	25
d) On account of provident fund	521	521
e) On account of contractual obligations	7970	8149
f) On account of royalty	2138	2138
g) Others	38533	23543
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	336	124

* Excludes interest, penalty and self assessment tax paid.

** Out of Service tax demand, for a sum of ₹ 24,482 lakhs (excludes interest, penalty and self assessment tax paid), the Company is in the process of filing appeal before the Customs Excise and Service Tax Appellate Tribunal.

Notes to Consolidated Financial Statements

36. SEGMENT INFORMATION

₹ in lakhs

Particulars	2016-17				2015-16			
	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)	26,239	318,840	-	345,079	19,160	306,140	-	325,300
b) Inter Segment sales	886	-	(886)	-	2,635	-	(2,635)	-
Total Revenue	27,125	318,840	(886)	345,079	21,795	306,140	(2,635)	325,300
b) Result	2,070	33,076		35,146	604	32,610		33,214
Add: Unallocated income				2,766				675
Profit before interest and tax				37,912				33,889
Interest				26,333				30,060
Profit before tax				11,579				3,829
Tax expenses								
- Current tax				1,291				1,405
- MAT credit entitlement				(209)				(1,282)
- Deferred tax				1,364				1,701
- Deferred tax - earlier years				-				690
- Total				2,446				2,514
Profit for the year				9,133				1,315
c) Assets	48,929	600,977		649,906	35,879	633,206		669,085
Add: Unallocated corporate assets				84				51
Total assets				649,990				669,136
d) Liabilities	17,426	257,156		274,582	6,895	267,694		274,589
Add: Unallocated corporate liabilities				236,894				265,231
Total liabilities				511,476				539,820
e) Capital assets acquired during the year	507	1,364		1,871	507	9,275		9,782
f) Depreciation, impairment and amortisation	256	2,186		2,442	251	2,101		2,352
g) Other non-cash charges except depreciation, impairment and amortisation	12	8,640		8,652	2	7,487		7,489

Revenue of approximately INR ₹ 209622 lakhs (March 31, 2016 - INR ₹ 201575 lakhs) are derived from a single external customer. These revenues are attributed to the Construction and EPC contract segment.

Reconciliations to amounts reflected in the financial statements

₹ in lakhs

Reconciliation of profit	31-Mar-17	31-Mar-16
Segment profit	35,146	33,214
Dividend Income	1	2
Net gain on disposal of property, plant and equipment	-	45
Net foreign exchange gains	722	628
Exceptional item	2,043	-
Profit before tax and discontinued operations	37,912	33,889

Notes to Consolidated Financial Statements

₹ in lakhs

Reconciliation of assets	31-Mar-17	31-Mar-16
Segment operating assets	649,906	669,085
Investments	84	51
Total assets	649,990	669,136

₹ in lakhs

Reconciliation of liabilities	31-Mar-17	31-Mar-16
Segment operating liabilities	274,582	274,589
Working capital loans from banks	165,223	185,890
Term Loans from Banks	34,887	44,414
Deferred tax liabilities (net)	35,465	34,066
Employee benefit obligations	1,319	861
Total liabilities	511,476	539,820

Secondary segment information (geographic segments)

₹ in lakhs

Particulars	Domestic		Overseas		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
External revenue by location of Customers	337798	323838	7281	1462	345079	325300
Carrying amount of segment assets by location of assets	649906	669081	-	4	649906	669085
Capital expenditure	1871	9778	-	4	1871	9782

37. RELATED PARTY TRANSACTIONS

(information provided in respect of revenue items for the year ended Mar 31, 2017 and in respect of assets / liabilities as at Mar 31, 2017) ₹ in lakhs

Particulars	Related parties where significant influence exists and where key management personnel have significant influence	Key Management Personnel	Relatives of Key Management Personnel	2016-17	2015-16	2014-15
Sales	3,501	-	-	3,501	5,369	3,315
Purchases	3,196	-	-	3,196	1,590	3,858
Remuneration	-	707	60	767	682	461
Rent expenses	72	-	44	115	136	136
Sale of fixed assets	-	-	-	-	-	4
Others	-	-	25	25	25	25
Advances given	804	-	-	804	440	1,551
Repayment of advance given	-	-	-	-	(120)	-
Other Obligations	-	-	3,735	3,735	-	-
Guarantees	-	-	-	-	653	653
Balances outstanding	1,769	-	(4)	1,765	2,783	819

38. Contracting Income includes an Income of ₹ 18550 Lakhs as per terms of the agreement entered into by the company with Hitachi, Ltd., Japan (HTC), Hitachi Power Europe GmbH, Germany (HPE) and the company's Joint Venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited.

39. 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 Group has made a provision of ₹ Nil (₹ Nil) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

Notes to Consolidated Financial Statements

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

41. PROVISIONS

- a) The Group has made a provision / transfer of ₹ 5980 lakhs, (₹ 2447 lakhs) (reversal) towards warranty and contractual obligations on the products supplied / contracts executed by the Group during the year. The expenses on account of provision for warranty is grouped under other expenses.

Movement in provisions

₹ in lakhs

Particulars	Provision for Warranty	Provision for Contractual Obligations	Provision for Warranty	Provision for Contractual Obligations
	16-17	16-17	15-16	15-16
Opening balance	2541	14205	2024	14232
Add :Addition / transfers	321	3957	527	7150
Less : (a) Provision utilised	13	14548	10	2129
(b) Provision reversed	-	-	-	5048
Closing balance	2849	3614	2541	14205

42. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Group had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below.

in ₹

Particulars	SBNS *	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	3,721,500	1,482,399	5,203,899
(+) Permitted receipts		7,504,292	7,504,292
(-) Permitted payments	-	7,013,572	7,013,572
(-) Amount deposited in Banks	3,721,500		3,721,500
Closing cash in hand as on December 30, 2016	-	1,973,119	1,973,119

* For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407 (E), dated the November 08, 2016.

43. The company while preparing consolidated financials statements for FY 2015-16, adopted unaudited financial statements of two subsidiary companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited based on respective Board's representation on May 27, 2016. The unaudited financials of BGR Turbines Company Private Limited for the year ended March 31, 2016 have been subsequently audited and approved by the Board of Directors on September 30, 2016 with reduction in profit after tax by ₹ 517 Lakhs. Further, review of unaudited accounts of BGR Boilers Private Limited for the year ended March 31, 2016 has resulted in additional loss of ₹ 36 Lakhs. The cumulative effect for both the companies, for FY 2015-16 amounted to ₹ 553 Lakhs. This restatement and adoption of Ind AS has resulted in reduction of the reported consolidated profit after tax from ₹ 2481 Lakhs for the FY 2015-16 to ₹ 1315 lakhs as per the restated financial statements. The Board of Directors of both subsidiary companies have taken on record, the restated audited financial statements of BGR Turbines Company Private Limited and restated unaudited financial statements of BGR Boilers Private Limited for the FY - 2015-16 as well as the unaudited financial statements for the FY 2016-17 for both the companies.

Notes to Consolidated Financial Statements

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

₹ in lakhs

Name of the Entity	Assets	Revenue	Cash flows
1) BGR Boilers Private Limited	76415	68623	(628)
2) BGR Turbines Company Private Limited	32337	13202	(4,203)

- (b) In the previous year 2015-16, the following entities were consolidated based on unaudited financials and the assets, revenues and cash flows of these entities considered in consolidated financial statements are given below.

₹ in lakhs

Name of the Entity	Assets	Revenue	Cash flows
1) BGR Boilers Private Limited	63403	95252	(1,042)
2) BGR Turbines Company Private Limited	49230	51174	(30)

45 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 & CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants
FRN: 0019975

V.R.MAHADEVAN

Joint Managing Director

ARJUN GOVIND RAGHUPATHY

Deputy Managing Director and COO

SWARNAMUGI KARTHIK

Director - Corporate Strategy

S.R.TAGAT

Director

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

M.GOPALAKRISHNA

Director

S.A.BOHRA

Director

HEINRICH BOHMER

Director

GNANA RAJASEKARAN

Director

R.RAMESH KUMAR

President - Corporate & Secretary

P.R.EASWAR KUMAR

President & Chief Financial Officer

Chennai
May 30, 2017

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

₹ in lakhs

Part "A": Subsidiaries

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 shareholding
1	Progen Systems and Technologies Limited	16-17	INR	610	5967	7912	7912	-	3	60	39	21	-	69.67%
2	BGR Boilers Private Limited	16-17	INR	13558	(9266)	76415	76415	-	67847	4668	-	4668	-	70.00%
3	BGR Turbines Company Private Limited	16-17	INR	18400	(5313)	32337	32337	-	12979	44	20	24	-	74.00%
4	Shavanaa Properties Limited	16-17	INR	17	13030	13056	13056	-	18	4	1	3	-	100.00%

SASIKALA RAGHUPATHY
Chairperson

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.GOPALAKRISHNA
Director

HEINRICH BOHMER
Director

R.RAMESH KUMAR
President - Corporate & Secretary

A.SWAMINATHAN
Joint Managing Director & CEO

ARJUN GOVIND RAGHUPATHY
Deputy Managing Director and COO

S.R.TAGAT
Director

S.A.BOHRA
Director

GNANA RAJASEKARAN
Director

P.R.EASWAR KUMAR
President & Chief Financial Officer

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants
FRN: 001997S

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

Chennai
May 30, 2017

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

₹ in lakhs

S.No	Name of Associates/Joint Ventures	Mecon-Gea Energy System (India) Ltd (JV)
1	Latest audited Balance Sheet Date	March 31, 2017
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	Net worth 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 & CEO

As per our report of even date
for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants
FRN: 001997S

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Director

R.RAMESH KUMAR
President - Corporate & Secretary

P.R.EASWAR KUMAR
President & Chief Financial Officer

Chennai
May 30, 2017





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, Tamil Nadu - 600018

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 31st 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 3.00 p.m. on Wednesday, September 27, 2017 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon.
 - (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 and the report of Auditors thereon.
2. To appoint a director in the place of Mrs. Swarnamugi Karthik (DIN 03494012), who retires by rotation and being eligible offers herself for re-appointment.
3. Appointment of Statutory Auditors of the Company
To appoint N.R.Doraisami & Co., Chartered Accountants (firm registration no. 000771S) as Statutory Auditors of the Company (in place of Manohar Chowdhry & Associates whose term of office expires on the conclusion of this Annual General Meeting) to hold office for a period of five consecutive financial years from the conclusion of this 31st Annual General Meeting until the conclusion of the 36th Annual General Meeting of the Company in compliance with provisions of Section 139,142 and other applicable provisions, if any of the Companies Act, 2013 and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. Appointment of Mr. Arjun Govind Raghupathy as a Director of the Company
To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Arjun Govind Raghupathy (DIN 02700864) who was appointed by the Board of Directors as an Additional Director of the Company with effect from November 11, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act"), but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

5. Appointment of Mr. Arjun Govind Raghupathy as Deputy Managing Director & Chief Operating Officer of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 199 and other applicable provisions, if any, of the Companies Act, 2013, ("Act"), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including statutory modification thereof for the time being in force, as applicable and subject to the approval of the Central Government, if required under the Act, the Company hereby approves the appointment of Mr.Arjun Govind Raghupathy (DIN 02700864), as the Deputy Managing Director & Chief Operating Officer of the Company for a period of five years with effect from November 11, 2016 on the terms and conditions set out hereunder and with authority to the Board of Directors and/ or any Committee of the Board to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and / or any committee and Mr.Arjun Govind Raghupathy."

"RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Terms of appointment

a. Designation : Deputy Managing Director and Chief Operating Officer ("DMD & COO")

b. Remuneration

(i) Basic Salary : ₹ 4,50,000/- per month

(ii) Perquisites & Reimbursements

In addition to the salary, the Appointee shall be entitled to a rent free furnished accommodation and other perquisites and reimbursements subject to a ceiling of ₹ 20,00,000/- (Rupees twenty lakhs only) per annum. The value of perquisites shall be valued as per the Income Tax Act, 1961 and in the absence of such rules the actual cost incurred by the company in providing such perquisites.

(iii) In addition to the salary and perquisites, the appointee shall be entitled to bonus / ex-gratia and use of chauffeur driven company's car in accordance with the rules of the company.

(iv) Contribution to provident fund and gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

(v) Encashment of earned leave at the end of the tenure as per rules of the company shall not be included in the computation of ceiling on remuneration.

(vi) Provision of car for use on company's business, telephone and other communication facilities at residence would not be considered as perquisites.

c. Performance Linked Incentive (PLI)

The Appointee shall be entitled to a performance linked incentive (PLI) of ₹ 1,00,00,000/- (Rupees One Crore only) per annum. The PLI will be effective from April 01, 2017.

d. Long term variable Bonus

₹ 50,00,000/- per annum, cumulatively payable at the end of three years.

e. Minimum remuneration

During the term of the appointment, where in any financial year the company has no profits or the profits are inadequate, the Appointee shall be entitled to such remuneration not exceeding the limits specified under section II of part II of Schedule V to the Companies Act, 2013, as

applicable or such remuneration as may be approved by the shareholders by necessary resolution and / or by the Central Government. The remuneration and perquisites as set out hereinabove shall be further subject to the overall maximum remuneration payable to all managerial personnel of the company in accordance with the provisions of the Companies Act 2013, as applicable.

6. Appointment of Mr. V.R.Mahadevan as Joint Managing Director of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 199 and other applicable provisions, if any, of the Companies Act, 2013, ("Act"), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including statutory modification thereof for the time being in force, as applicable and subject to the approval of the Central Government, if required under the Act, the Company hereby approves the appointment of Mr.V.R.Mahadevan (DIN 00174667), as Joint Managing Director of the Company for a period of two years with effect from June 1, 2017 on the terms and conditions set out hereunder and with authority to the Board of Directors and / or any Committee of the Board to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and / or any committee and Mr.Mahadevan."

"RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Terms of appointment

a. Designation

Joint Managing Director

b. Period of Appointment

From June 01, 2017 to May 31, 2019

c. Remuneration

(i) Salary

₹ 4,85,000/- per month

(ii) Allowances & Reimbursements

₹ 10,00,000/- per month

(iii) Performance Linked Incentive :

The Appointee shall be entitled to a performance linked incentive of ₹ 25,00,000 (Rupees Twenty Five Lakh only) per annum.

d. Minimum remuneration

During the term of the appointment, where in any financial year the company has no profits or the profits are inadequate, the Appointee shall be entitled to such remuneration not exceeding the limits specified under section II of part II of Schedule V to the Companies Act, 2013, as applicable or such remuneration as may be approved by the shareholders by a special resolution and / or by the Central Government. The remuneration and perquisites as set out hereinabove shall be further subject to the overall maximum remuneration payable to all managerial personnel of the company in accordance with the provisions of Sections 196 and 197 of the Companies Act, 2013 as applicable.

7. Ratification of remuneration to Cost Auditor

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, the remuneration of ₹ 1,50,000/- plus reimbursement of out of pocket expenses payable to Mr.A.N.Raman, Cost Auditor to audit the cost records maintained by the Company for the Financial Year 2017-18 as approved by the Board be and is hereby ratified.

By order of the Board

Place : Chennai

R. RAMESH KUMAR

Date : August 11, 2017 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 instead of himself and the 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 31st 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 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083.
- 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 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, 2010 at the Annual General Meeting held on September 24, 2010 will be transferred to the Investor Education and Protection Fund of the Central Government in November 2017 in terms of the provisions of Section 125 of the Companies Act, 2013. Thereafter, no claim shall lie on these dividend from the shareholders. Hence, the shareholders who have not encashed / claimed the dividend for FY 2009-10 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 31st Annual General Meeting.
- x) The Certificate from the Auditors of the Company certifying that the Employee Stock Option Scheme ("ESOS") of the Company was implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 will be placed at the 31st 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 31st 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 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)]:
 - (i) 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.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) 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.

- (v) 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.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of BGR Energy Systems Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) 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 20, 2017 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 24, 2017 at 9.00 a.m. and ends on September 26, 2017 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 20, 2017 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 26, 2017. 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 20, 2017.
- 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 29, 2017. 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 AND INFORMATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Item No. 4 & 5

The Board of Directors, at its meeting held on November 11, 2016 pursuant to the recommendation of Nomination and Remuneration Committee appointed

Mr. Arjun Govind Raghupathy, as an Additional Director of the Company with effect from November 11, 2016. The Board, at the same meeting, has appointed him to the position of Deputy Managing Director & Chief Operating Officer (DMD & COO) of the Company effective the same date, for a period of five years and upon terms and conditions set out in the resolution, subject to the approval of the Members. As per the provisions of Section 161(1) of the Companies Act, 2013 he holds office of Additional Director only up to the date of this Annual General Meeting of the Company, and is eligible for appointment as Director. The Company has received a notice under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, along with the requisite deposit.

Prior to his appointment, he was the Managing Director of GEA-BGR Energy System India Ltd and was responsible for business development, sales, contracts delivery, client interaction, financial management, operations control and human resources. He had also contributed to the business development and project monitoring function of the Company.

The appointment of Mr.Arjun Govind Raghupathy as Deputy Managing Director & Chief Operating Officer was made under the provisions of the Companies Act, 2013. In terms of Schedule V of the Companies Act, 2013 the appointment as Deputy Managing Director shall be approved by shareholders in general meeting. In the event of loss or inadequacy of profits during any financial year the Board of Directors at its discretion shall have the authority to pay remuneration up to the limits specified in Schedule V of the Companies Act, 2013 provided the shareholders approved the remuneration by way of special resolution instead of an ordinary resolution. Accordingly, the approval of shareholders is sought for his appointment and remuneration by way of special resolution and the Board of Directors recommend resolution set out at item No. 4 & 5 of the Notice for approval by the shareholders.

Except Mr.Arjun Govind Raghupathy, Mrs.Sasikala Raghupathy and Mrs.Swamamugi Karthik, none of the directors and key managerial personnel of the Company and their relatives are interested or concerned in this resolution.

Item No. 6

Mr.V.R.Mahadevan was appointed as Joint Managing Director for a period of 2 years from June 01, 2015 and the term of appointment expired on May 31, 2017. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at the meeting held on May 30, 2017 appointed him as Joint Managing Director for a period of two years from June 01, 2017 as per the terms and conditions set out in the resolution No.6 above.

Mr.V.R.Mahadevan, has served the Company for more than three decades in various capacities and demonstrated proven leadership in project management, engineering, sales and business management. He was elevated to the Board in the year 2005 and he is currently responsible for key portfolios of the Company as determined by the Board of Directors.

The reappointment as Joint Managing Director was made under the provisions of the Companies Act, 2013. In terms of Schedule V of the Companies Act, 2013 the reappointment as Joint Managing Director shall be approved by shareholders in a general meeting. In the event of loss or inadequacy of profits during any financial year the Board of Directors at its discretion shall have the authority to pay remuneration up to the limits specified in Schedule V of the Companies Act, 2013 provided the shareholders approved the remuneration by way of special resolution instead of an ordinary resolution. Accordingly, the approval of shareholders is sought for his appointment and remuneration by way of special resolution and the Board of Directors recommend resolution set out at item No. 6 of the Notice for approval by the shareholders.

Except Mr.Mahadevan, none of the directors and key managerial personnel of the Company and their relatives are interested or concerned in this resolution.

Item No. 7

The proposal for appointment of Mr. A.N.Raman as Cost Auditor for Financial Year 2017-18 was recommended by the Audit Committee to the Board and the Board appointed him to be the Cost Auditor for FY 2017-18 at the meeting held on May 30, 2017. Copy of certificate dated April 19, 2017 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 Sri Lanka. 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 this resolution.

INFORMATION PERTAINING TO ITEM NOS. 2, 4, 5 and 6

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING [PURSUANT TO REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 & SECRETARIAL STANDARD 2]

Name of Director	Mrs.Swamamugi Karthik	Mr.Arjun Govind Raghupathy	Mr.V.R.Mahadevan
Age	35 years	27 years	58 years
Experience	She joined the services of the company in 2005 and has been involved in central procurement, corporate monitoring and business strategies. She is the Managing Director of ENEXIO Power Cooling Solutions India Private Limited and is responsible for leadership and business management of that company.	He was the Managing Director of GEA - BGR Energy System India Ltd responsible for business development, sales, contracts delivery, client interaction, financial management, operations control and human resources.	He has served the Company for more than three decades in various capacities and demonstrated proven leadership in project management, engineering, sales and business management.
Date of appointment	February 08, 2013	November 11, 2016	June 01, 2005

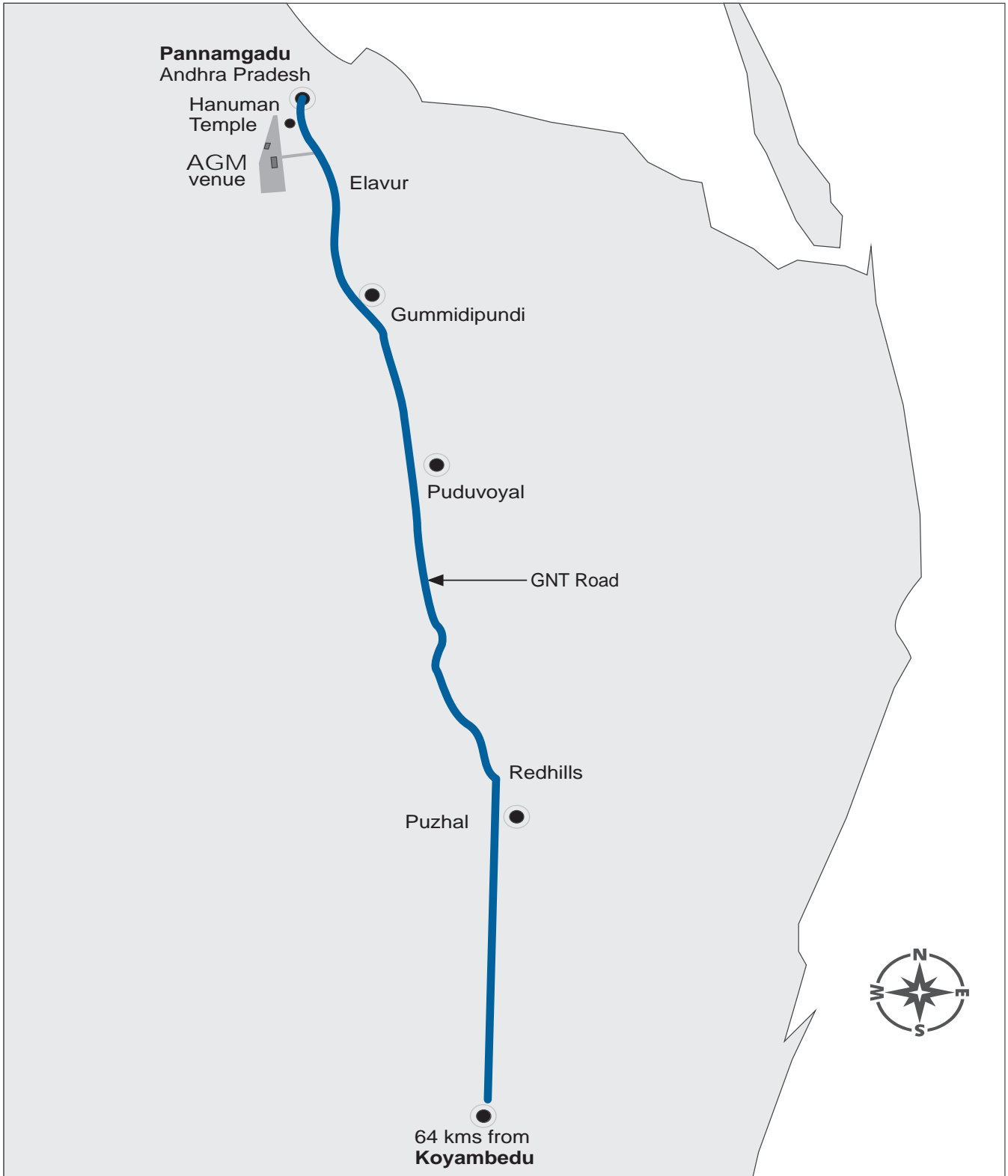
Qualifications	B.Tech., (IT), PGD in Embedded System	B.E.,	B.E.,
Names of other entities in which the person also holds the directorships	1. Sravanaa Properties Limited 2. BGR Investment Holdings Company Limited 3. BGR Estate Holdings Limited 4. GEA BGR Energy System India Ltd 5. BGR Power Limited 6. Progen Systems and Technologies Limited 7. BGR Odisha Powergen Limited 8. Accord Foundations Private Limited 9. ANI Constructions Private Limited 10. Cuddalore Powergen Corporation Limited 11. Enexio Power Cooling Solutions India Pvt Ltd	1. GEA BGR Energy System India Limited. 2. Menmai Estate Private Limited 3. Arjun Govin Estate Private Limited 4. Sasikala Estate Private Limited 5. BGR Estate Holdings Limited 6. BGR Investment Holdings Company Limited 7. Mega Funds India Limited 8. ANI Constructions Private Limited 9. BGR Turbines Company Private Limited 10. BGR Odisha Powergen Limited 11. Cuddalore Powergen Corporation Limited 12. Sravanaa Properties Limited 13. Argo Raiment LLP	1. GEA BGR Energy System India Ltd 2. BGR Boilers Private Limited 3. Govin Engineering and Constructions Limited 4. Schmitz India Private Limited 5. Pragati Computers Limited
Names of other entities in which the person also holds membership of Committees of Board	-	-	-
Shareholding in the Company as on March 31, 2017	-	-	716 shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Daughter of Mrs. Sasikala Raghupathy, Chairperson and sister of Mr. Arjun Govind Raghupathy, Deputy Managing Director & COO	Son of Mrs. Sasikala Raghupathy, Chairperson and brother of Mrs. Swarnamugi Karthik, Director – Corporate Strategy	N.A.
Number of Meetings of Board Attended during the year	7	2	6

By order of the Board

Place : Chennai
Date : August 11, 2017

R. RAMESH KUMAR
President – Corporate & Secretary

ROUTE MAP FOR AGM VENUE



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



BGR ENERGY SYSTEMS LIMITED

Registered Office: A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, 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) holdingShares of the above named company, hereby appoint

- Name : Address :
Email ID : Signature :
or failing him
- Name : Address :
Email ID : Signature :
or failing him
- 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 31st Annual General Meeting of the company, to be held on Wednesday, the September 27, 2017 at 3.00 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

- Adoption of Audited Standalone Financial Statements, Reports of Auditors and Board of Directors for the year ended March 31, 2017 and Audited Consolidated Financial Statements for the year ended March 31, 2017.
- Appointment of Mrs. Swarnamugi Karthik as Director, who retires by rotation and, being eligible offers herself for re-appointment.
- Appointment of Statutory Auditors of the Company.

Special Business

- Appointment of Mr. Arjun Govind Raghupathy as a Director of the Company.
- Appointment of Mr. Arjun Govind Raghupathy as Deputy Managing Director & Chief Operating Officer of the Company.
- Appointment of Mr. V.R.Mahadevan as Joint Managing Director of the Company.
- Ratification of remuneration payable to the Cost Auditor of the Company for the FY 2017-18.

Signed this ____ day of _____, 2017

Signature of shareholder

Signature of proxy holder (s)

Affix
Revenue
Stamp

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 31st ANNUAL GENERAL MEETING held at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh - 524 401 on Wednesday, September 27, 2017 at 3.00 p.m.

2. Signature of the Shareholder/Proxy present

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

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 August 11, 2017 of the 31st Annual General Meeting. The voting period starts from 9.00 a.m. on Sunday, September 24, 2017 and ends at 5.00 p.m. on Tuesday, September 26, 2017. The voting module shall be disabled for voting thereafter.