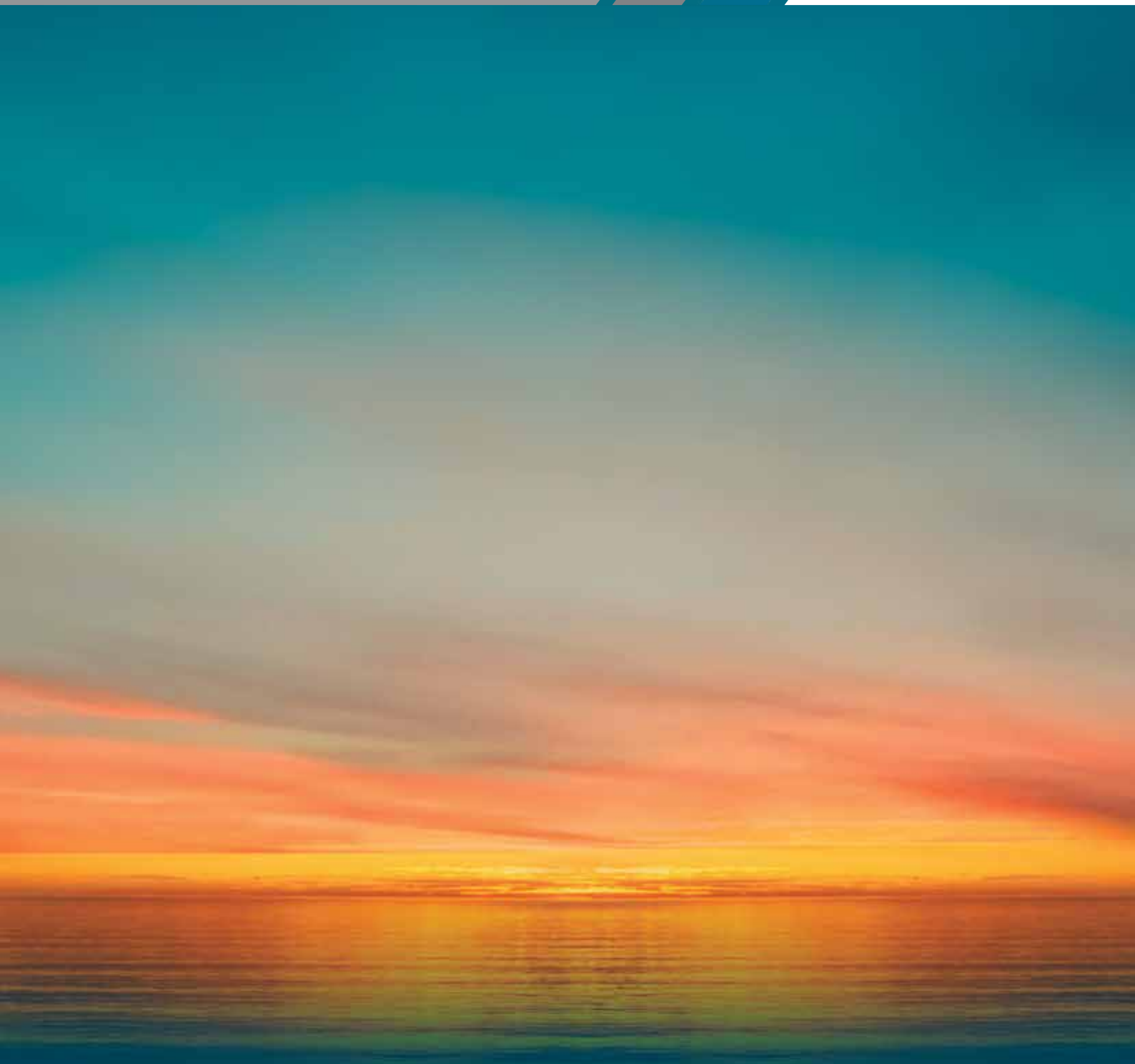


BGR ENERGY SYSTEMS LIMITED | 2017-18  
32ND ANNUAL REPORT



**UNIT - 1**  
**2x660 MW**

**STEAM GENERATOR AT**  
**NTPC SOLAPUR SUPER THERMAL POWER STATION**



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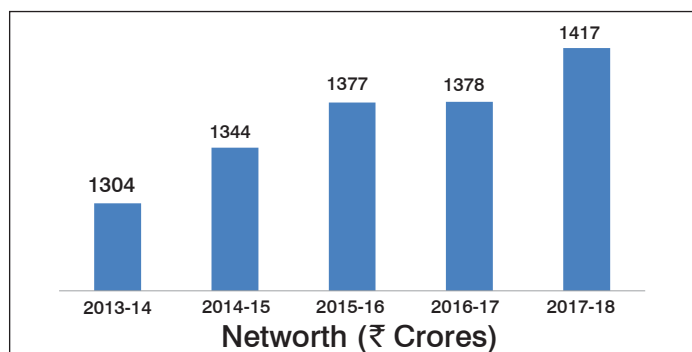
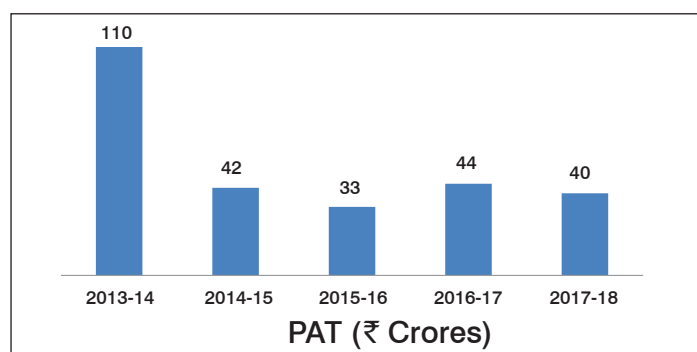
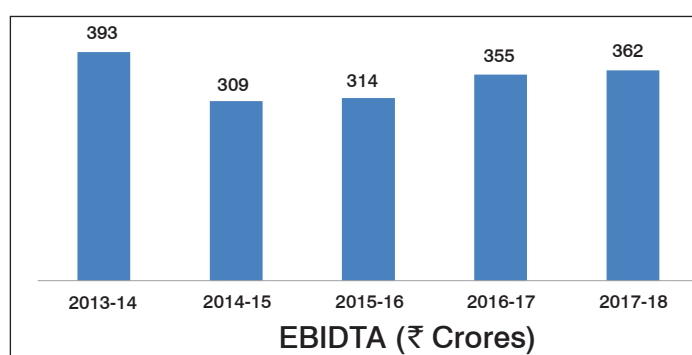
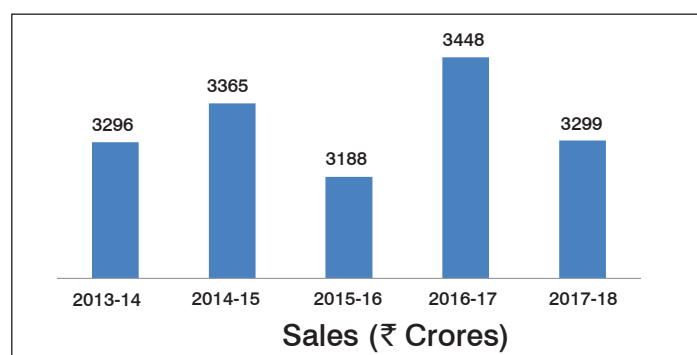
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Financial Information of  
Subsidiaries

# FINANCIAL HIGHLIGHTS

(₹ Crores except per share data)

DESCRIPTION	2013-14	2014-15	2015-16	2016-17	2017-18
<b>SALES AND EARNINGS</b>					
Sales	3296	3365	3188	3448	3299
Other Income	1	2	6	0	21
EBIDTA	393	309	314	355	362
PAT	110	42	33	44	40
<b>ASSETS</b>					
Fixed Assets	198	183	179	173	178
Investments	364	364	364	364	364
Other Asset (Net)	3272	3256	3457	3094	3344
<b>Total Assets</b>	3834	3803	4000	3631	3886
<b>FUNDED BY</b>					
Equity Share Capital	72	72	72	72	72
Reserves and Surplus	1232	1272	1305	1306	1345
Networth	1304	1344	1377	1378	1417
Deferred Taxes	511	347	374	327	344
Borrowings	2019	2112	2249	1926	2125
<b>Total Liabilities</b>	3834	3803	4000	3631	3886
EPS (₹)	15.24	5.84	4.57	6.12	5.49



# 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 R 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](mailto: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  
4<sup>th</sup> Road, Khar (West)  
Mumbai – 400052

Hyderabad  
Plot No. 44, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad – 500034

## WEBSITE

[www.bgrcorp.com](http://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

N. R. Doraiswami & Co.,  
Chartered Accountants  
No.75, (3H), Third Floor,  
Prince Arcade, New No.29,  
Old No.22-A, Cathedral Road,  
Chennai – 600 086

## INTERNAL AUDITORS

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

## SECRETARIAL AUDITORS

B. Chitra & Co.,  
Company Secretary  
Flat No. 'G' 1st Floor Senthil Flats,  
New No. 59, Burkit Road, T.Nagar.  
Chennai - 600 017.

## BANKERS

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

# BOARD'S REPORT

To the Members of

## BGR ENERGY SYSTEMS LIMITED

Your directors have pleasure in presenting their 32<sup>nd</sup> Annual Report together with the audited standalone and consolidated financial statements for the year ended March 31, 2018 and the auditors' reports thereon.

### FINANCIAL RESULTS

The highlights of the standalone financial performance of the Company during the financial year ended March 31, 2018 as compared with the previous financial year ended March 31, 2017 are summarized below:

(₹ in Crore)

Description	2017-18	2016-17
Income from operations	3299	3448
Other income	21	-
Total Income	3320	3448
Earnings before Interest, Depreciation, Tax and Amortization	394	334
Profit before exceptional item and tax	82	48
Exceptional item	-11	20
Tax Expense	32	24
Net Profit after tax	39	44
Other Comprehensive income(net)	-0.27	0.64
Transfer to general reserve	-	4
Net Worth	1417	1378

No material changes and commitments have occurred after the closure of the Financial Year 2017-18 till the date of this Report, which would affect the financial position of your Company.

### DIVIDEND AND APPROPRIATION

In order to augment working capital resources of your Company through retention of internal accruals, your Board of Directors have not recommended dividend during the year. Your Board of Directors does not propose to appropriate any amount to reserves and wish to carry the entire profits to balance sheet.

### OPERATING PERFORMANCE

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

### SUBSIDIARIES AND JOINT VENTURES

In terms of the Settlement and Separation Agreement entered into with Hitachi in respect of joint venture companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited certain transactions have been completed during the year. BGR Boilers Private Limited made an operating income of ₹ 312.61 Crores and incurred a loss of ₹ 24.51 Crores for the year. BGR Turbines Company Private Limited has made an operating income of ₹ 34.90 Crores and incurred a loss of ₹ 15.39 Crores for the year. These performance figures have not been audited. 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, 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 financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it.

### BOARD OF DIRECTORS

In accordance with the provisions of Companies Act, 2013, Mr.V.R.Mahadevan, Director retires by rotation and being eligible offers himself for reappointment. Consequent to expiry of the term of appointment, Mrs.Swarnamugi R Karthik, was

reappointed as Director – Corporate Strategy for a period of 5 years from February 08, 2018. Her appointment is subject to the approval of the shareholders in the ensuing AGM. A brief profile of Mr.V.R.Mahadevan and Mrs.Swarnamugi R Karthik are given in the notice convening the 32<sup>nd</sup> Annual General Meeting of the Company. The Board of Directors recommends these 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, 4 Board meetings and 4 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 formulated by the Nomination and Remuneration Committee covering various aspects of the functioning of the Board was circulated to all the Directors to evaluate the performance of the Board. 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 Committee were accepted and acted upon by 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, 2018 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 124(5) of the Companies Act, 2013, a sum of ₹ 5,11,700 being the unclaimed dividend declared by the Company for the financial year ended March 31, 2010 was transferred to the Investor Education and Protection Fund of the Central Government in November 2017 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, 2011 at the Annual General Meeting held on September 22, 2011 will be transferred to the Investor Education and Protection Fund of the Central Government in November 2018 pursuant to the provisions of Section 124(5) of the Companies Act, 2013. Thereafter no claim shall lie on these dividends from the shareholders.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Rules made thereunder the shares pertaining to the unclaimed dividend for the FY 2008-09 and FY 2009-10 were transferred to the demat account of Investor Education and Protection Fund (IEPF).

## 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 VII) forming part of this Directors 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. During the year under review, no complaint was received by the Internal Complaints Committee (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 Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided elsewhere in the Annual Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the annual report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the annual report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

## 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 2017-18, the Foreign exchange earnings and outgo were ₹ 324 Crores and ₹ 1 Crore 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.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has the Corporate Social Responsibility Committee of the Board of Directors with Mrs.Sasikala Raghupathy as Chairperson and Mrs.Swarnamugi R 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.3 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. There were no other materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company. 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 is taking steps to have robust risk management process.

## 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, 2018, 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, 2018 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, 2018 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

N.R.Doraiswami & Co, Chartered Accountants, Chennai (Firm Regn. No. 000771S) were appointed as the Statutory Auditors of the Company at the 31<sup>st</sup> Annual General Meeting held on September 27, 2017 to hold office until the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2022 subject to ratification of appointment at every annual general meeting in terms of Section 139 of the Companies Act 2013. They were appointed in place of Manohar Chowdhry & Associates whose term of office expired at the conclusion of 31<sup>st</sup> Annual General Meeting of the Company. The requirement for annual ratification of appointment of Auditors at AGM has since been dispensed with by the Companies (Amendment) Act, 2017 effective May 07, 2018. Accordingly, no ratification is required henceforth and the statutory auditors would continue in the normal course till the conclusion of 36<sup>th</sup> AGM. N.R.Doraiswami & Co have confirmed that they are not disqualified from continuing as Auditors of the Company.

## COST RECORDS AND COST AUDITORS

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly during the year such accounts and records were made and maintained by the Company. The Board of Directors appointed Mr.A.N.Raman, Cost Accountant as the Cost Auditor of the Company for the Financial year 2018-19, under Section 148 of the Companies Act, 2013. The Cost Audit Report for the financial year ended March 31, 2017 issued by Mr.A.N.Raman, Cost Auditor was submitted to the Central Government on September 07, 2017.

# BOARD'S REPORT

## 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 IV. 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 officers or employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be reported.

## CORPORATE GOVERNANCE

A Report on Management Discussion & Analysis of Performance (Annexure VII) 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 V.

## EXTRACT OF ANNUAL RETURN

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

## 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	Secretarial Audit Report
V	Corporate Governance Report along with the Certificate of Auditors
VI	Extract of Annual Return in Form MGT-9
VII	Management Discussion & Analysis Report

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the excellent support and co-operation given by customers, shareholders, vendors, collaborators, business partners / associates, statutory authorities, Central and State Governments during the year under review.

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

For and on behalf of the Board

Place : Chennai  
Date : August 14, 2018

**Sasikala Raghupathy**  
Chairperson

## ANNEXURE I

### ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

AFC Division is driving energy conservation measures and alternate source of energy aggressively. During the FY 2017 - 18, the following energy saving measures were taken up:

1. For TTS welding all conventional machines were removed and 05 Lincoln Inverter TIG / ARC welding machines introduced. Power saving is about 10 KWH / machine.
2. At HB manufacturing 10 ADOR INVERTER welding machines added to enhance the facility. Power saving is about 8 KWH / machine.
3. Introduced Harmonic Filters to improve power quality.
4. Converting Finning Machine DC drives to AC drives with energy efficient motors is planned in the FY 2018-19.
5. Changing conventional factory indoor and outdoor lighting to LED lighting is in progress and planned to completely convert to LED in a phased manner.
6. Conservation of water by recycling process of used water from hydrostatic testing.
7. Solar power for feeding the office will be studied in detail and will be implemented based on the merits and de-merits.
8. For ACC Tube welding migration to energy saving Inverter Welding machines (13 KVA) from conventional rectifier machines (32KVA) is in progress.

### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts made towards technology absorption.	N.A.
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)	N.A.
	(a) Details of technology imported	
	(b) Year of import	
	(c) Whether the technology been fully absorbed	
	(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof.	
4	Expenditure incurred on research and development	Nil

## 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](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, skill development and care of destitute women.

- Composition of CSR Committee:  
Mrs.Sasikala Raghupathy, Chairperson  
Mrs.Swarnamaugi R Karthik  
Mr.Gnana Rajasekaran
- Average net profit of the Company for the last three financial years:  
₹ 68.91 Crores
- Prescribed CSR Expenditure(two percent of the amount as in item 3 above):  
₹ 1.38 Crores
- Details of CSR spent during the financial year 2017-18:
  - Total amount to be spent for the FY 2017-18  
₹ 1.38 Crores
  - Amount unspent, if any.  
₹ 0.54 Crores
  - Manner in which the amount spent during the FY 2017-18

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	₹ 50 lakhs	Implementing Agency i.e., Manonmani Trust
Preventive Health Care	Promotion of preventive Health Care	Chennai, Tamil Nadu	₹ 70 lakhs	₹ 70 lakhs	₹ 70 lakhs	Implementing Agency i.e., Mahesh Memorial Trust
Education	Promotion of Education for children	Nadupatti, Kadayam Patti, Salem, Tamil Nadu	-	₹ 3.5 lakhs	₹ 3.5 lakhs	Implementing Agency, i.e., Arulmudi Maheswari Raj Charitable Foundation Trust

- Reasons for not spending the amount during FY 2017-18

The Company could spend only to the extent of programs genuinely identified by the Company during the year and the Company is in the process of continuously identifying programs / projects for spending the CSR funds to attain the real objective.

- Responsibility Statement:

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

**A.Swaminathan**  
Joint Managing Director & CEO

**Sasikala Raghupathy**  
Chairperson of CSR Committee

## ANNEXURE III

### REMUNERATION POLICY

#### APPLICABILITY

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

#### 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.

#### 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.

#### REMUNERATION TO KEY MANAGERIAL PERSONNEL

- a. The remuneration to key managerial personnel (Joint Managing Director & Chief Executive Officer, Joint Managing Director, Deputy Managing Director & Chief Operating Officer, 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.
- c. 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.

## 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.

## 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.

# SECRETARIAL AUDIT REPORT

## ANNEXURE IV

### SECRETARIAL AUDIT REPORT

#### FORM NO. MR-3

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To

The Members

#### BGR ENERGY SYSTEMS LIMITED

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2018, 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 31<sup>st</sup> March 2018 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 - Scheme closed hence not applicable
- (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.,

# SECRETARIAL AUDIT REPORT

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 unmodified opinion in 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 observe that the Company is required to spend Rs 138 Lakhs on CSR activities as per the provision of Section 135(5) of the Companies Act, 2013 for the Financial Year 2017-18 and against the same the Company has incurred expenses of ₹ 84 Lakhs during the year resulting in balance unspent amount of ₹ 54 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 meeting 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.

1. Reappointment of Mr. V.R. Mahadevan, as Joint Managing Director and
2. Reappointment of Mrs. Swarnamughi R Karthik, as Director – Corporate Strategy.

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

For **Chitra & Co**

Place : Chennai  
Date : August 14, 2018

**B. CHITRA**  
FCS No.:4509  
C P No.:2928

## ANNEXURE 'A' TO THE SECRETARIAL AUDIT REPORT

To

The Members,

BGR Energy Systems Limited Chennai

## STATEMENT REGARDING SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chitra & Co**

Place : Chennai  
Date : August 14, 2018

**B. CHITRA**  
FCS No.:4509  
C P No.:2928



## ANNEXURE V

### REPORT ON CORPORATE GOVERNANCE

#### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time 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 endeavors 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 constant 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

##### 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 as amended from time to time. 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 chairman of more than five committees across all the companies in which he / she is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2018 have been made by the Directors.

#### 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, Joint Managing Directors and Deputy Managing Director of the Company. There is constant endeavor to improve the practices with regard to the Board and its Committee meetings. The agenda and the relevant supporting 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 continuously 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. The Audit Committee meetings are attended by the Statutory Auditors and the internal auditors of the Company.

## 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.
- 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, Share Transfer and Committee of Directors.
- v) Statutory compliance.
- vi) Corporate Governance compliance.
- vii) Statement on investor complaints filed with stock exchanges.
- viii) Action taken on the minutes of the previous meetings of the Board and Committees.
- ix) Corporate Budget including Capital expenditure budget.
- x) Review of Project wise and division wise budget Vs actual performance.
- xi) Progress of the EPC, BOP and Capital goods business segments.
- xii) Quarterly, Half yearly and Annual financial statements of the Company and annual financial statement of Subsidiary companies.
- xiii) Appropriation of profits to dividend and reserves.
- xiv) Investment in and progress of Joint ventures and Subsidiaries.
- xv) Audit Committee's recommendations on internal and statutory audits, auditor recommendation, accidents, untoward incidents and vigil mechanism.
- xvi) Show cause notices and other material legal action against the company.
- xvii) Approval of related party transactions, where approval of the Board is required.

## MEETINGS OF THE BOARD

During the Financial Year 2017 – 18, 4 (four) Board Meetings were held on May 30, 2017, August 11, 2017, November 13, 2017 and February 07, 2018 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 07, 2018 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/CDD/CMD/CIR/P/2017/004 dated January 05, 2017 on Board evaluation.

# REPORT ON CORPORATE GOVERNANCE

PARTICULARS OF THE DIRECTORS' ATTENDANCE AT THE BOARD MEETINGS AND AT THE ANNUAL GENERAL MEETING HELD ON SEPTEMBER 27, 2017 AND PARTICULARS OF THEIR DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS IN OTHER COMPANIES ARE GIVEN BELOW:

Name and Category of the Director	Attendance at meetings during the Financial Year 2017-18		No. of Directorship in other Companies <sup>@</sup>	No. of Committee Membership & Chairmanship in other Companies <sup>#</sup>
	Board Meetings	At Last AGM held on September 27, 2017		
Mrs. Swarnamugi R Karthik, Director – Corporate Strategy, Promoter / Executive	4	No	8	-
Mr. A.Swaminathan Joint Managing Director & CEO, Executive	3	Yes	3	2
Mr. V.R.Mahadevan Joint Managing Director, Executive	4	Yes	3	-
Mr. Arjun Govind Raghupathy Deputy Managing Director & COO, Promoter / Executive	4	Yes	7	-
Mrs. Sasikala Raghupathy, Chairperson, Promoter / Non-Executive	4	Yes	7	-
Mr. Heinrich Bohmer Director, Independent	4	No	-	-
Mr. M.Gopalakrishna Director, Independent	4	Yes	7	8
Mr. S.A.Bohra Director, Independent	4	No	-	-
Mr. S.R.Tagat Director, Independent	4	Yes	-	-
Mr. Gnana Rajasekaran Director, Independent	4	Yes	1	1

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

@ Excludes private companies and foreign companies.

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

Except Mrs. Swarnamugi R Karthik, Director – Corporate Strategy and Mr.Arjun Govind Raghupathy, 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 hold 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](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:

Mr. S. R. Tagat	Chairperson	Independent Director
Mr. M. Gopalakrishna	Member	Independent Director
Mr. S. A. Bohra	Member	Independent Director
Mrs. Swarnamugi R Karthik	Member	Non-Independent Director

# REPORT ON CORPORATE GOVERNANCE

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.

## 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;

# REPORT ON CORPORATE GOVERNANCE

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 4 (Four) meetings of the Audit Committee held during Financial Year 2017 – 18 on May 29, 2017, August 11, 2017, November 13, 2017 and February 07, 2018.

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

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

The Chairperson of the Audit Committee Mr.S.R.Tagat attended the previous Annual General Meeting of the Company held on September 27, 2017.

## COMMITTEE OF DIRECTORS

The Committee of Directors comprise of the following members;

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

The quorum for Committee meetings is three.

There were 7 (Seven) meetings of Committee of Directors held during Financial Year 2017 – 18 on April 21, 2017, June 09, 2017, July 14, 2017, July 31, 2017, November 04, 2017, November 27, 2017 and February 03, 2018.

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

Name of the Member	No. of Meetings attended
Mr. V. R. Mahadevan	6
Mr. A. Swaminathan	5
Mr. Arjun Govind Raghupathy	7
Mrs. Swarnamugi R Karthik	7
Mr. R. Ramesh Kumar	6
Mrs. Sasikala Raghupathy	7

## 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.

# REPORT ON CORPORATE GOVERNANCE

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 R 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

The Nomination and Remuneration 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.

There were 2 (Two) meetings of Nomination and Remuneration Committee held during the Financial Year 2017– 18 on May 30, 2017 and February 07, 2018.

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
Mr. S.A.Bohra	2
Mr. S.R.Tagat	2
Mr. Gnana Rajasekaran	2
Mrs. Sasikala Raghupathy	2

## 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 performance data.
12. Ability to act as custodian of the Board and resolve conflicts inter-se directors and with management.
13. Confidentiality of secrets and commercial information and data.

# REPORT ON CORPORATE GOVERNANCE

## REMUNERATION PAID TO DIRECTORS DURING FY 2017-18

(₹ Lakhs)

Name of Director	Remuneration		Sitting Fees <sup>*</sup>
	Salary & Allowances	Bonus / Ex-gratia	
Mrs. Swarnamugi R Karthik, Director – Corporate Strategy	88.74 <sup>*</sup>	-	-
Mr. A.Swaminathan Joint Managing Director & CEO	281.13 <sup>**</sup>	-	-
Mr. V.R. Mahadevan, Joint Managing Director	200.19 <sup>***</sup>	-	-
Mr. Arjun Govind Raghupathy, Deputy Managing Director & COO	221.28 <sup>****</sup>	-	-
Mrs. Sasikala Raghupathy, Chairperson	-	-	4.40
Mr. Heinrich Bohmer, Director	-	-	4.00
Mr. M. Gopalakrishna, Director	-	-	4.80
Mr. S.A. Bohra, Director	-	-	5.20
Mr. S.R. Tagat, Director	-	-	5.20
Mr. Gnana Rajasekaran, Director	-	-	4.40

\* Includes eligible reimbursements, leave encashment & Company's contribution to EPF.

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

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

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

Details of Shares of the Company held by Directors as on March 31, 2018.

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

## 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 R Karthik, Members of the Committee. The Committee reviews and redresses all investors' grievances and complaints in general including nonreceipt 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 3 complaints from investors / shareholders. All the complaints were attended to as per applicable guidelines and regulations. Further 2 old complaints are still pending before a Civil Court and Consumer Forum. As at March 31, 2018, 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.

# REPORT ON CORPORATE GOVERNANCE

## SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of Mrs.Sasikala Raghupathy, Chairperson, Mr.S.R.Tagat, Director, Mr.V.R.Mahadevan, Joint Managing Director and Mrs.Swarnamugi R 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
2016 - 17	September 27, 2017	3.00 P.M.	Registered Office
2015 - 16	September 14, 2016	11.00 A.M.	Registered Office
2014 - 15	September 24, 2015	3.00 P.M.	Registered Office

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

Financial Year	Date of AGM	Details of special resolution
2016 - 17	September 27, 2017	<ol style="list-style-type: none"><li>Approval for appointment of Mr. Arjun Govind Raghupathy as Deputy Managing Director &amp; Chief Operating Officer of the Company from November 11, 2016</li><li>Approval for appointment of Mr.V.R.Mahadevan as Joint Managing Director of the Company from June 01, 2017</li></ol>
2015 - 16	Septmber 14, 2016	For Creation of charge on the assets of the Company
2014 - 15	Septmber 24, 2015	<ol style="list-style-type: none"><li>Approval for appointment of Mr. V.R. Mahadevan as Joint Managing Director of the Company from June 01, 2015</li><li>Approval and adoption of new Articles of Association of the Company</li></ol>

- No special resolution was passed through postal ballot during the Financial Year 2017-18. 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](http://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.



# REPORT ON CORPORATE GOVERNANCE

## GENERAL SHAREHOLDER INFORMATION

### Day, date, time and venue of the 32<sup>nd</sup> Annual General Meeting:

AGM Date	:	September 26, 2018
Time & Venue	:	3.00 P.M. Registered Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulurpet Taluk, Nellore District, Andhra Pradesh - 524 401.

### The details about the financial year and listing:

Financial Year	:	April 1, 2017 to March 31, 2018
Listing on Stock Exchanges	:	National Stock Exchange of India Limited BSE Limited The listing fees for the Financial Year 2017 – 18 have been paid to the above stock exchanges.
Stock Code	:	National Stock Exchange of India Limited – BGREENERGY BSE Limited – 532930
Demat ISIN	:	INE661I01014

### Stock Market Price Data & Stock performance in BSE:

Month	BSE		SENSEX	
	High (₹)	Low (₹)	High	Low
Apr-17	181.50	138.95	30184.22	29241.48
May-17	184.95	149.00	31255.28	29804.12
Jun-17	164.50	141.00	31522.87	30680.66
Jul-17	160.60	142.20	32672.66	31017.11
Aug-17	151.50	122.00	32686.48	31128.02
Sep-17	155.00	129.80	32524.11	31081.83
Oct-17	148.80	130.30	33340.17	31440.48
Nov-17	161.50	127.00	33865.95	32683.59
Dec-17	139.80	126.00	34137.97	32565.16
Jan-18	155.25	131.55	36443.98	33703.37
Feb-18	133.95	115.05	36256.83	33482.81
Mar-18	119.95	99.15	34278.63	32483.84

# REPORT ON CORPORATE GOVERNANCE

## Stock Market Price Data & Stock performance in NSE:

Month	NSE		NIFTY	
	High (₹)	Low (₹)	High	Low
Apr-17	183.40	138.45	9367.15	9075.15
May-17	184.80	148.45	9649.60	9269.90
Jun-17	164.70	140.50	9709.30	9448.75
Jul-17	160.50	141.25	10114.85	9543.55
Aug-17	151.80	123.20	10137.85	9685.55
Sep-17	155.00	129.20	10178.95	9687.55
Oct-17	148.75	130.35	10384.50	9831.05
Nov-17	161.80	126.35	10490.45	10094.00
Dec-17	140.00	125.20	10552.40	10033.35
Jan-18	155.65	131.50	11171.55	10404.65
Feb-18	134.00	114.80	11117.35	10276.30
Mar-18	119.80	99.25	10525.50	9951.90

### 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 – 4918 6000; E-Mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Contact Person: Ms. Udaya Rao, Senior Associate – 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.

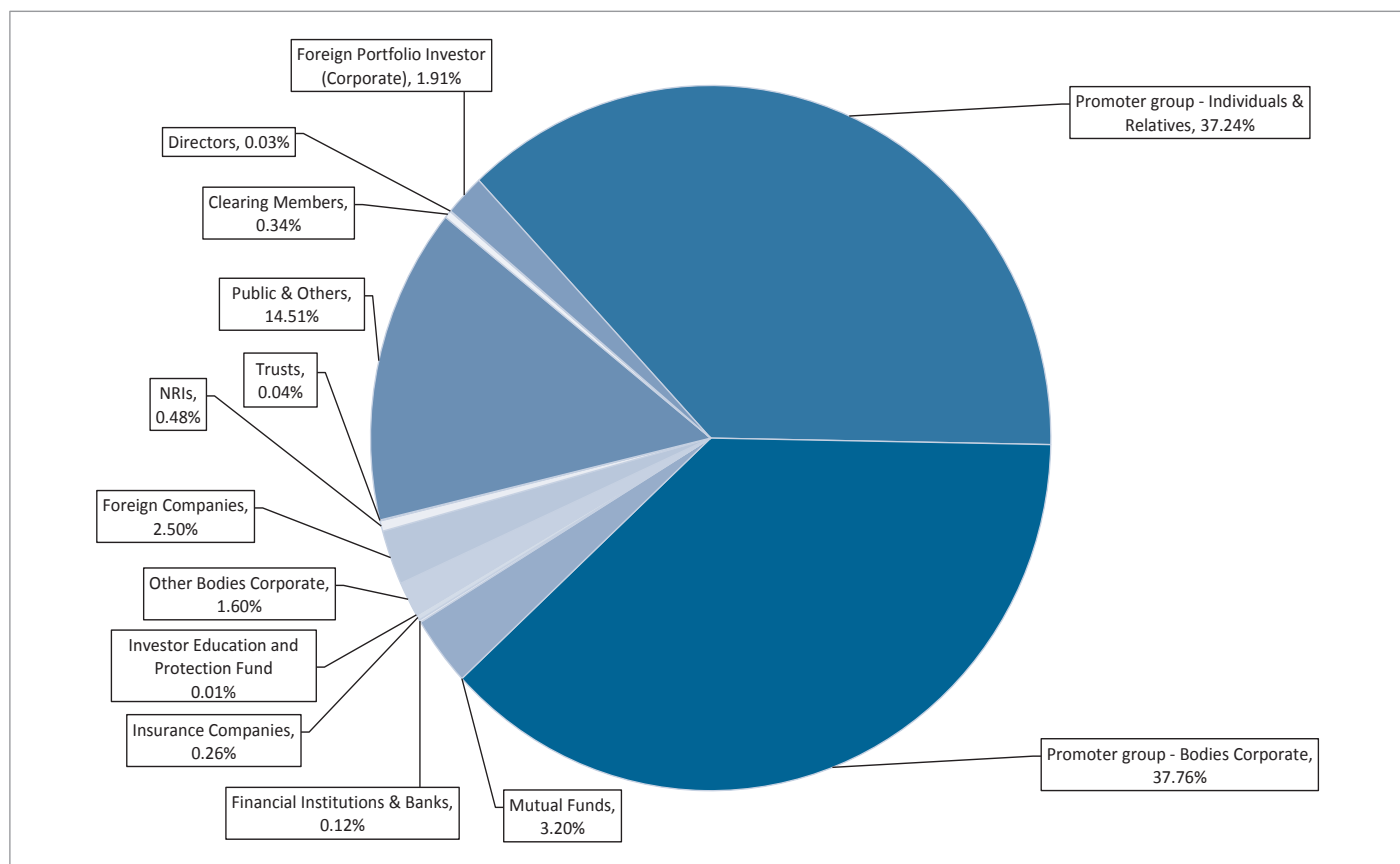
# REPORT ON CORPORATE GOVERNANCE

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018

Share holding	No. of Share holders	% of total	No. of Shares	% of total
1 – 500	83095	95.87	5067124	7.02
501 – 1000	2119	2.44	1663065	2.30
1001 – 2000	846	0.98	1273955	1.77
2001 – 3000	227	0.26	575100	0.80
3001 – 4000	104	0.12	374149	0.52
4001 – 5000	70	0.08	326972	0.45
5001 – 10000	118	0.14	829912	1.15
10001 and above	95	0.11	62051283	85.99
<b>TOTAL</b>	<b>86674</b>	<b>100.00</b>	<b>72161560</b>	<b>100.00</b>

## SHAREHOLDING PATTERN AS ON MARCH 31, 2018

SI No	Category	Shares	Holders	Percent
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	86766	4	0.12
5	Insurance Companies	184971	1	0.26
6	Other Bodies Corporate	1153644	479	1.60
7	Foreign Companies	1804057	2	2.50
8	NRIs	347425	744	0.48
9	Trusts	29333	4	0.04
10	Public & Others	10478632	85179	14.51
11	Clearing Members	247977	235	0.34
12	Directors	18951	3	0.03
13	Foreign Portfolio Investor (Corporate)	1376134	17	1.91
14	Investor Education and Protection Fund Authority (IEPF)	5920	1	0.01
	<b>Total</b>	<b>72161560</b>	<b>86674</b>	<b>100.00</b>



## 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, 2018, except 981 equity shares, the entire paid up equity share capital were held in dematerialisation form of which NSDL constitutes 93.19% and CDSL constitutes 6.81%. The ISIN of the Company's equity shares is INE661I01014. The Shares of the Company are actively traded in National Stock Exchange of India Limited and BSE Limited.

## OUTSTANDING GDRS / ADRS

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

## COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company has the Risk management policy on foreign currency transactions adopted by the Board. During the Financial Year 2017-18, 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. 31 to the standalone financial statements.

## PLANT LOCATIONS

1. 171, Panjetty Village, Ponneri Taluk, Ponneri, Tamil Nadu.
2. Survey 167 / 1 & 173, Thurai Nallur village, Pudukoyal Arni Road, Pudukoyal Post, Ponneri Taluk, Tiruvallur District.
3. 22, Kamaraj Salai, Thattanchavadi Industrial Estate, Oulgaret Municipality, Puducherry.

## MAJOR PROJECT LOCATIONS

1. 2 x 660 MW Boiler and its auxillary project of NTPC at Solapur, Maharashtra.
2. 2 x 660 MW Boiler and its auxillary project of NTPC at Meja, Uttarpradesh
3. 2 X 660 MW BoP project of OPGCL at Banaharpalli Village, Jhasarguda District, Odisha.
4. 1 x 800 MW – Dr.Narla Tata Rao Thermal Power Station, Stage – V (1X800 mw), unit-8 at Ibrahimpattam, Krishna District, Andhra Pradesh
5. 1 x 800 MW – North Chennai Supercritical Thermal Power Project, Stage – III, in Puzhuvakkam village, Ponneri Taluk, Tiruvallur District, Tamil Nadu.
6. 3 x 660 MW – Super Critical Ghatampur Thermal Power Project at Ghatampur, Kanpur Nagar District, village Uttar Pradesh.
7. 2 x 800 MW STG and its auxillary plant at NTPL at Lara, Chhattishgarh.

## 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](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 Chairman of the Audit Committee in exceptional cases. The Whistle blower policy cum Vigil Mechanism of the Company is uploaded in the website of the company. The Company affirms that no personnel has been denied access to the audit committee.

## e) Other Disclosures

The Board of Directors reviewed periodically compliance reports pertaining to all laws applicable to the company. The Board of Directors has adopted a Code of Conduct applicable to the directors and to employees of the company as per the Companies Act, 2013. This has been uploaded on the company's website [www.bgrcorp.com](http://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, 2018 is provided elsewhere in the annual report. The senior management disclosed to the Board of Directors relating to all material, financial and commercial transactions wherein they have personal interest that may have a potential conflict with the interest of the company at large.

## f) Non Mandatory Requirements

The company is 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](http://www.bgrcorp.com/policy/Material_subsidary_policy.pdf).

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

1. The financial statements, in particular the investment made by the unlisted subsidiary companies, if any, are reviewed by the Audit Committee as well as by the Board.
2. The minutes of Board meetings of the subsidiaries are placed and noted at the Board meetings of the Company.
3. The progress, 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

As per the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and the respective amendments made thereof, 1666 equity shares of 119 shareholders held in "BGR ENERGY SYSTEMS LIMITED UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT" (as per the provisions of erstwhile Clause 5A of the Listing Agreement) were transferred to the demat account of the IEPF Authority held with National Securities Depository Limited in the month of December 2017.

## REQUEST TO INVESTORS

- (a) Investors holding shares in physical form 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**

Place : Chennai  
Date : August 14, 2018

**SASIKALA RAGHUPATHY**  
**Chairperson**

# CERTIFICATIONS

## 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 2017 – 18:
  - i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
  - ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's Code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year.
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**A. SWAMINATHAN**  
Joint Managing Director & CEO

Place : Chennai  
Date : May 30, 2018

**P. R. EASWAR KUMAR**  
President & CFO

## 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, 2018.

Place : Chennai  
Date : May 30, 2018

**A. Swaminathan**  
Joint Managing Director & CEO

## COMPLIANCE CERTIFICATE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015.

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.

Place : Chennai  
Date: August 14, 2018

**A. MOHAN KUMAR**  
Practising Company Secretary  
Membership Number F 4347  
CP Number 19145



# EXTRACT OF ANNUAL RETURN

## ANNEXURE VI

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[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 District, 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 %	2(87)(ii)
3.	BGR Turbines Company Private Limited No. 443, Anna Salai, Teynampet, Chennai – 600018	U40300TN2009PTC070541	Subsidiary	74 %	2(87)(ii)
4.	Sravanaa Properties Limited No. 443, Anna Salai, Teynampet, Chennai – 600018	U70200TN2002PLC049497	Subsidiary	100 %	2(87)(ii)

## EXTRACT OF ANNUAL RETURN

### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(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
<b>Sub-Total (A) (1)</b>	<b>54121170</b>	<b>0</b>	<b>54121170</b>	<b>75.00</b>	<b>54121170</b>	<b>0</b>	<b>54121170</b>	<b>75.00</b>	<b>0</b>
<b>(2) Foreign</b>									
(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
<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>54121170</b>	<b>0</b>	<b>54121170</b>	<b>75.00</b>	<b>54121170</b>	<b>0</b>	<b>54121170</b>	<b>75.00</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	2306580	0	2306580	3.20	2306580	0	2306580	3.20	0
(b) Banks / Financial Institutions	82337	0	82337	0.11	86766	0	86766	0.11	0
(c) Central Government	0	0	0	0	0	0	0	0	0
(d) State Government (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

## 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	
(g) Foreign Institutional Investors / Foreign Portfolio Investors	543235	0	543235	0.75	1376134	0	1376134	1.90	1.15
(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
<b>Sub-Total (B)(1)</b>	<b>3117123</b>	<b>0</b>	<b>3117123</b>	<b>4.32</b>	<b>3960371</b>	<b>0</b>	<b>3960371</b>	<b>5.48</b>	<b>1.15</b>
<b>(2) Non- Institutions</b>									
(a) Bodies Corp									
i. Indian	1541900	0	1541900	2.13	1153644	0	1153644	1.60	-0.53
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	9310380	1041	9311421	12.90	9166923	981	9167904	12.70	-0.20
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1404290	0	1404290	1.94	1310728	0	1310728	1.81	-0.13
(c) Others (Specify)									
i. Directors	18951	0	18951	0.03	18951	0	18951	0.03	0.00
ii. Clearing Member	399348	0	399348	0.55	247977	0	247977	0.34	-0.21
iii. Trust	79333	0	79333	0.11	29333	0	29333	0.04	-0.07
iv. Non-Resident Indians	308495	0	308495	0.42	295892	0	295892	0.41	-0.01
v. Non-Resident Indians (Non-Repatriable)	55472	0	55472	0.08	51533	0	51533	0.07	-0.01
vi. Investor Education and Protection Fund Authority (IEPF)	0	0	0	0	5920	0	5920	0.01	0.01
<b>Sub-Total (B)(2)</b>	<b>14922226</b>	<b>1041</b>	<b>14923267</b>	<b>20.66</b>	<b>14079038</b>	<b>981</b>	<b>14080019</b>	<b>19.50</b>	<b>-1.15</b>

## 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	
Total Shareholding of Public B = (B) (1) + (B) (2)	18039349	1041	18040390	25.00	18039349	981	18040390	25.00	0.00
C. Shares held by custodian for GDRs & ADRs									
Grand Total (A+B+C)	72160519	1041	72161560	100.00	72160579	981	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
<b>Total</b>		<b>54121170</b>	<b>75</b>	<b>0</b>	<b>54121170</b>	<b>75</b>	<b>0</b>	<b>0</b>

### (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, 2018.

### (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					
	<b>At the beginning of the year</b>		<b>1996580</b>	<b>2.77</b>		
	Date wise Increase / Decrease in Shareholding during the year		0	0		
	<b>At the end of the year</b>				<b>1996580</b>	<b>2.77</b>
2.	CLIENT ROSEHILL LIMITED					
	<b>At the beginning of the year</b>		<b>1156401</b>	<b>1.60</b>		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	1156401	1.60
	<b>At the end of the year</b>				<b>1156401</b>	<b>1.60</b>

## 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
3.	POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC					
	<b>At the beginning of the year</b>		<b>0</b>	<b>0</b>		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00		
	07-04-2017	Transfer	182292	0.25	182292	0.25
	14-04-2017	Transfer	507812	0.70	690104	0.96
	<b>At the end of the year</b>				<b>690104</b>	<b>0.96</b>
4.	CVCIGP II EMPLOYEE ROSEHILL LIMITED					
	<b>At the beginning of the year</b>		<b>647656</b>	<b>0.90</b>		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	647656	0.90
	<b>At the end of the year</b>				<b>647656</b>	<b>0.90</b>
5.	R. RAJENDRAN					
	<b>At the beginning of the year</b>		<b>287189</b>	<b>0.40</b>		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	287189	0.40
	<b>At the end of the year</b>				<b>287189</b>	<b>0.40</b>
6.	VENTURA SECURITIES LIMITED – COLLATERAL ACCOUNT					
	<b>At the beginning of the year</b>		<b>305078</b>	<b>0.42</b>		
	Date wise Increase / Decrease in Shareholding during the year					
	07-04-2017	Transfer	684	0.00	305762	0.42
	14-04-2017	Transfer	13464	0.02	319226	0.44
	21-04-2017	Transfer	(2612)	0.00	316614	0.44
	28-04-2017	Transfer	548	0.00	317162	0.44
	05-05-2017	Transfer	(3808)	-0.01	313354	0.43
	12-05-2017	Transfer	1938	0.00	315292	0.44
	19-05-2017	Transfer	(9596)	-0.01	305696	0.42
	26-05-2017	Transfer	5065	0.01	310761	0.43
	02-06-2017	Transfer	(5702)	-0.01	305059	0.42
	09-06-2017	Transfer	1432	0.00	306491	0.42
	16-06-2017	Transfer	(4066)	-0.01	302425	0.42
	23-06-2017	Transfer	3982	0.01	306407	0.42
	30-06-2017	Transfer	5208	0.01	311615	0.43

## 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
	07-07-2017	Transfer	(4469)	-0.01	307146	0.43
	14-07-2017	Transfer	257	0.00	307403	0.43
	21-07-2017	Transfer	10614	0.01	318017	0.44
	28-07-2017	Transfer	(10091)	-0.01	307926	0.43
	04-08-2017	Transfer	(1849)	0.00	306077	0.42
	11-08-2017	Transfer	119964	0.17	426041	0.59
	18-08-2017	Transfer	(83)	0.00	425958	0.59
	25-08-2017	Transfer	578	0.00	426536	0.59
	01-09-2017	Transfer	10358	0.01	436894	0.61
	08-09-2017	Transfer	20072	0.03	456966	0.63
	15-09-2017	Transfer	33652	0.05	490618	0.68
	22-09-2017	Transfer	10617	0.01	501235	0.69
	29-09-2017	Transfer	(42566)	-0.06	458669	0.64
	06-10-2017	Transfer	(7899)	-0.01	450770	0.62
	13-10-2017	Transfer	(48746)	-0.07	402024	0.56
	20-10-2017	Transfer	(904)	0.00	401120	0.56
	27-10-2017	Transfer	(1816)	0.00	399304	0.55
	03-11-2017	Transfer	(143)	0.00	399161	0.55
	10-11-2017	Transfer	(147671)	-0.20	251490	0.35
	17-11-2017	Transfer	(59354)	-0.08	192136	0.27
	24-11-2017	Transfer	(437)	0.00	191699	0.27
	01-12-2017	Transfer	(2209)	0.00	189490	0.26
	08-12-2017	Transfer	646	0.00	190136	0.26
	15-12-2017	Transfer	720	0.00	190856	0.26
	22-12-2017	Transfer	480	0.00	191336	0.27
	29-12-2017	Transfer	(515)	0.00	190821	0.26
	05-01-2018	Transfer	(2111)	0.00	188710	0.26
	12-01-2018	Transfer	2966	0.00	191676	0.27
	19-01-2018	Transfer	2256	0.00	193932	0.27
	26-01-2018	Transfer	(2862)	0.00	191070	0.26
	02-02-2018	Transfer	(274)	0.00	190796	0.26
	09-02-2018	Transfer	(715)	0.00	190081	0.26
	16-02-2018	Transfer	3044	0.00	193125	0.27
	23-02-2018	Transfer	(3227)	0.00	189898	0.26
	02-03-2018	Transfer	(975)	0.00	188923	0.26
	09-03-2018	Transfer	(185)	0.00	188738	0.26

## 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
	16-03-2018	Transfer	277	0.00	189015	0.26
	23-03-2018	Transfer	(215)	0.00	188800	0.26
	31-03-2018	Transfer	402	0.00	189202	0.26
<b>At the end of the year</b>					<b>189202</b>	<b>0.26</b>
7.	MV SCIF MAURITIUS					
	<b>At the beginning of the year</b>		<b>159949</b>	<b>0.22</b>		
	Date wise Increase / Decrease in Shareholding during the year					
	07-04-2017	Transfer	3624	0.01	163573	0.23
	14-04-2017	Transfer	1812	0.00	165385	0.23
	21-04-2017	Transfer	1811	0.00	167196	0.23
	28-04-2017	Transfer	18110	0.03	185306	0.26
	05-05-2017	Transfer	3622	0.01	188928	0.26
	19-05-2017	Transfer	18100	0.03	207028	0.29
	02-06-2017	Transfer	1810	0.00	208838	0.29
	16-06-2017	Transfer	3678	0.01	212516	0.29
	23-06-2017	Transfer	7590	0.01	220106	0.31
	07-07-2017	Transfer	(11268)	-0.02	208838	0.29
	21-07-2017	Transfer	(3756)	-0.01	205082	0.28
	11-08-2017	Transfer	2551	0.00	207633	0.29
	15-09-2017	Transfer	(7560)	-0.01	200073	0.28
	22-09-2017	Transfer	(7987)	-0.01	192086	0.27
	29-09-2017	Transfer	625	0.00	192711	0.27
	06-10-2017	Transfer	198	0.00	192909	0.27
	27-10-2017	Transfer	2912	0.00	195821	0.27
	03-11-2017	Transfer	9035	0.01	204856	0.28
	10-11-2017	Transfer	7216	0.01	212072	0.29
	15-12-2017	Transfer	1802	0.00	213874	0.29
	22-12-2017	Transfer	(2568)	0.00	211306	0.29
	12-01-2018	Transfer	(1788)	0.00	209518	0.29
	09-02-2018	Transfer	(8932)	-0.01	200586	0.28
	16-02-2018	Transfer	929	0.00	201515	0.28
	16-03-2018	Transfer	(3578)	-0.01	197937	0.27
	23-03-2018	Transfer	(9586)	-0.01	188351	0.26
<b>At the end of the year</b>					<b>188351</b>	<b>0.26</b>

## 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
8.	THE ORIENTAL INSURANCE COMPANY LIMITED					
<b>At the beginning of the year</b>			<b>184971</b>	<b>0.26</b>		
Date wise Increase / Decrease in Shareholding during the year			0	0.00	184971	0.26
<b>At the end of the year</b>					<b>184971</b>	<b>0.26</b>
9.	DIMENSIONAL EMERGING MARKETS VALUE FUND					
<b>At the beginning of the year</b>			<b>169812</b>	<b>0.24</b>		
Date wise Increase / Decrease in Shareholding during the year			0	0.00	169812	0.24
<b>At the end of the year</b>					<b>169812</b>	<b>0.24</b>
10.	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAIDG)					
<b>At the beginning of the year</b>			<b>131573</b>	<b>0.18</b>		
Date wise Increase / Decrease in Shareholding during the year			0	0.00	131573	0.18
<b>At the end of the year</b>					<b>131573</b>	<b>0.18</b>

### (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
<b>1.</b>	<b>Mr. A. Swaminathan, Joint Managing Director &amp; CEO</b>				
	At the beginning of the year	18100	0.03		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	18100	0.03
	At the End of the year			18100	0.03
<b>2.</b>	<b>Mr. V.R. Mahadevan, Joint Managing Director</b>				
	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
<b>3.</b>	<b>Mr. S.R. Tagat, Director</b>				
	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
<b>4.</b>	<b>Mrs. Sasikala Raghupathy, Chairperson</b>				
	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



## EXTRACT OF ANNUAL RETURN

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
<b>5.</b>	<b>Mr. R. Ramesh Kumar, Company Secretary, KMP</b>				
	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
<b>6.</b>	<b>Mr. P.R. Easwar Kumar, Chief Financial Offer, KMP</b>				
	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

(₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	<b>202088</b>	<b>0</b>	<b>0</b>	<b>202088</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	77221	0	0	77221
Reduction	(56052)	0	0	(56052)
<b>Net Change</b>	<b>21169</b>	<b>0</b>	<b>0</b>	<b>21169</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	222806	0	0	222806
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	450	0	0	450
<b>Total (i+ii+iii)</b>	<b>223256</b>	<b>0</b>	<b>0</b>	<b>223256</b>

## EXTRACT OF ANNUAL RETURN

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ 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. Swarnamugi R Karthik Director – Corporate Strategy	
1	Gross salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	172.82	166.87	56.70	83.39	479.78
(b)	Value of perquisites u / s 17(2) Income-tax Act, 1961	0.40	0.40	8.10	0.00	8.90
(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	-	-	-	-	-
<b>Total (A)</b>		<b>173.22</b>	<b>167.27</b>	<b>64.80</b>	<b>83.39</b>	<b>488.68</b>
<b>Ceiling as per the Act</b>		10% of the net profits calculated as per Section 198 of the Companies Act, 2013.				

#### B. Remuneration to other Directors

(₹ 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	
• Fee for attending board / committee meetings	5.20	5.20	4.00	4.80	4.40	23.60
• Commission	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-
<b>Total (1)</b>	<b>5.20</b>	<b>5.20</b>	<b>4.00</b>	<b>4.80</b>	<b>4.40</b>	<b>23.60</b>
<b>Other Non-Executive Directors</b>						
• Fee for attending board / committee meetings					Mrs. Sasikala Raghupathy	4.40
• Commission						-
• Others, please specify						-
<b>Total (2)</b>						4.40
<b>Total (B) = (1) + (2)</b>						28.00
<b>Total Managerial Remuneration = (A) + (B)</b>						516.68
<b>Overall Ceiling as per the Act</b>	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

(₹ Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		CS Mr.R.Ramesh Kumar	CFO Mr.P.R.Easwar Kumar	Total
1	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	111.45	113.40	224.85
(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	-	-	-
<b>Total (A)</b>		<b>111.85</b>	<b>113.80</b>	<b>225.65</b>

### 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)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

## ANNEXURE VII

### MANAGEMENT DISCUSSION & ANALYSIS

#### OPERATING PERFORMANCE HIGHLIGHTS OF FY 2017-18

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

For NTPC Solapur project, on successful completion of erection works of Unit # 1 of 2X660 MW Boiler and its auxiliary unit, the commercial operation has successfully been achieved and completion certificate has also been issued by NTPC. Further, the Unit#1 complete facilities has been taken over for custody by NTPC.

Full load was successfully achieved in respect of Unit#1 of the 2 X 800 MW NTPC Lara Super Thermal Project during the year.

In respect of NTPC Meja 2 X 660 MW Boiler project, Unit – 1 major erection works were completed and awaiting owners' readiness to start the 30 days trial operation of the unit. Unit – 2 Boiler structure, pressure parts, Mill Bunker structure and Transfer Tower structure, Erection works are in progress.

During the year, Air Fin Cooler (AFC) Division achieved significant break-through of winning single largest tender of ₹ 29.7 Crores from IOCL for BS-VI upgradation. This is the first large order in Inco alloy 6625 grade. AFC Division has got a break-through order in International market of USD 5.42 million from Farabi, Saudi Arabia through Larsen & Toubro, Abu Dhabi.

The Electrical Projects Division (EPD) commissioned 4 EHV substations – 400 KV at Sholinganallur and 110 KV at Thirumangalam at Chennai, Suryapet and Julurupadu in Telengana. These substations have become showcases of our company's performance, with some being termed 'Model Stations' by customer.

Environmental Engineering Division (EED) achieved a turnover of ₹ 275 Crores (including internal orders) which is the highest ever turnover. During the year, EED installed In-house rubber lining facility and a 30 Metric Tonne Gantry Crane for enhancing capacity of the facility. The division successfully executed Deaerators export to Siemens, Bolivia and for Larsen & Toubro – Khargone. The turnover of EED saw a growth of 171% during 2017-18, including inter-division sales.

Oil and Gas Equipment Division (OGED) made further progress in Domestic market and received orders for supply of equipment, process packages and EPC orders. OGED received order for 31 skid mounted HP & LP separator packages for ONGC's Onshore Mehasana Revamp Project and it is currently under

execution. As a milestone achievement, OGED bagged an Engineering, Procurement and Construction (EPC) project of value ₹ 100 million from ONGC to Develop Surface facilities and laid an optimistic path to high value EPC projects in the near future for upstream as well as for refinery sector.

The Electrical Projects Division maintained progress at the ongoing Nuclear Power Project sites at Kakrapar (KAPP) in Gujarat and Rawathbhata in Rajasthan. The division has been recognised as a strong player in the Nuclear EPC Segment in India and were invited to participate in all the tenders being floated by the NPCIL. EPD has received another order from them for their next project.

During the year Environmental Engineering Division completed the Condensate Polishing Unit – Performance Guarantee Test in respect of BHEL – Singareni and BHEL – Tuticorin. Commissioning was completed in respect of BHEL - Bokaro Condensate Polishing Unit.

OGED successfully executed orders for Instrument Utility Gas and Fuel Gas Conditioning skids & also H<sub>2</sub>S Adsorption skid to ONGC's prestigious offshore platforms i.e., NRDP and LEWP3 through EPC Companies recently.

#### INDUSTRY ANALYSIS

Goods Services Tax, one of the major reforms in Indian tax regime was implemented in July 2017 paving the way for whole new way of doing business in India. Despite initial hiccups as expected from any major reform, the wrinkles seems to have been creased out for ensuring a big boost to the Indian economy.

India is the world's third-largest producer and fourth-largest consumer of electricity (though with a very low Per Capita Power Consumption). In the last couple of years, the power sector witnessed significant capacity addition taking the installed generation capacity to more than 330 GW mostly contributed by the addition in the Renewable energy capacity. Considering its role in developing the economy and in achieving universal electrification, the Central and State Governments have always laid thrust on the power sector in the past.

The Thermal Power Sector continues to be under consolidation phase as Government and Banks struggle with resolving the Stressed Power Assets and the corresponding NPAs. Out of the 40,000 MW of stressed assets owing nearly ₹ 1.8 lakh Cr to Banks with approximately ₹ 70,000 Cr NPAs and nearly 21,672 MW do not even have PPAs. Given the dismal scenario, the Government has moved into the fast lane to resolve the vexed issue at a fast pace and seems committed to it. The Government is making policy level efforts for 24 x 7 power and this is expected to push up power demand.

### PROSPECTS IN DOMESTIC AND INTERNATIONAL MARKETS:

The cost of domestic coal brought under the 5% tax slab of GST and this has enabled the cost of coal based generation to be brought down by 10-12 %, making it cheaper - but it is still far more higher than the renewable power whose costs have been reducing year on year with increasing capacity addition due to a drastic reduction in the Solar panel costs. In addition, power from coal being considered more harmful with respect to the higher emission levels, many of the existing coal based power plants have seen a decreasing demand for their power necessitating a backing down of their capacities.

With Indian Government having announced a major initiative to convert to a 100% Electric Vehicle Regime by 2030 a major fillip in the per capita consumption of electricity is expected. Although, the demand for newer capacities has been minimal with the announcement of only a handful of new coal based power projects last year, the industrial growth pickup expected this FY due to a good monsoon and higher demand and the need to replace the older and inefficient sub critical power plants across the country should see an increase in the addition of newer super critical power plants in the next year.

On the Overseas market front like the domestic market, the impetus continues to be more on renewable energy generation across the developed and large developing economies too. In the developing economies of Africa and South America, the demands for capacity additions are much smaller with Project sizes of less than 300 MW making it highly difficult for larger EPC Contracting companies from India to be competitive.

AFC has planned its strategies for growth by building up higher margin products like retrofit, exploring untapped market like Russia, CIS, and developing matured market like Saudi Arabia. AFC is also looking at new products line offering to expand its portfolio in the Indian refinery sector.

Network expansion in the Transmission segment has received new impetus with the increased emphasis on renewables. Government's scheme of power for all, where the emphasis is shifting to ensure 24x7 power availability to every household in our country, has exposed huge gaps in transmission and Sub transmission infrastructure. Works are being tendered out across states to implement and covering this gap. This is providing Electrical project divisions more opportunities.

Nuclear power segment is witnessing progress on expected lines. Both Kudankulam 3 & 4 and Hissar project tenders have been floated and EPD has participated in them. EPD targets to secure large orders in the coming years in this segment.

For the Environmental Engineering Division, Water Supply and Sewage Treatment Plant projects, offers huge potential in Indian Market.

The division's focussed segments:

- Desalination
- Water Treatment Plants
- Sewage Treatment Plants

Desalination Plant and Sewage Treatment Plants (STP) in the domestic market offers good opportunities. Three to four desalination plants of order value of ₹ 2100 Crores (approx.) are likely to be finalised in the current fiscal.

The division has identified and is in the process of signing JV / Consortium Agreement with reputed companies to participate in large size Desalination Plants and STPs.

In the upstream and midstream sector, natural gas rich exploration projects were awarded to consulting and construction companies under Hydrocarbon Exploration and Licensing Policy of Ministry of Oil & Petroleum, India. OGED is focusing on increasing the market share from these opportunities.

In the Downstream (Refinery) sector, PSUs including IOCL and HPCL have already initiated projects under their expansion and BS VI up-gradation policies. OGED is intending to increase its footprint in this sector by focusing on EPC contracts for crude oil storage and utilities with associated Processing / compression systems etc.

The demand for electricity has seen a jump over the figures of the previous year giving the much needed hope for this sector. With the Manufacturing and Agricultural Sectors poised for a much higher growth fuelled by a normal monsoon an improvement in the per capita consumption in electricity is bound to arise. This is expected to accelerate capacity addition and replacement of capacity plants across various Power Generation companies in India. Irrespective of the growth in renewable capacity, Coal based power generation for the next few decades will continue to be the backbone of the power generation in the country as the technologies to make renewable power available on a sustained basis is yet to be developed across the globe.

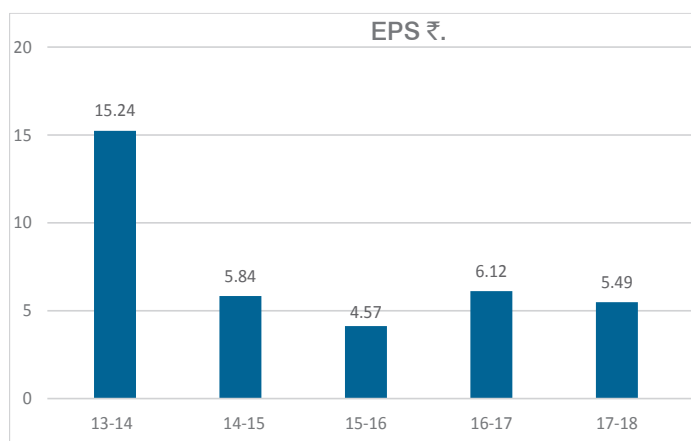
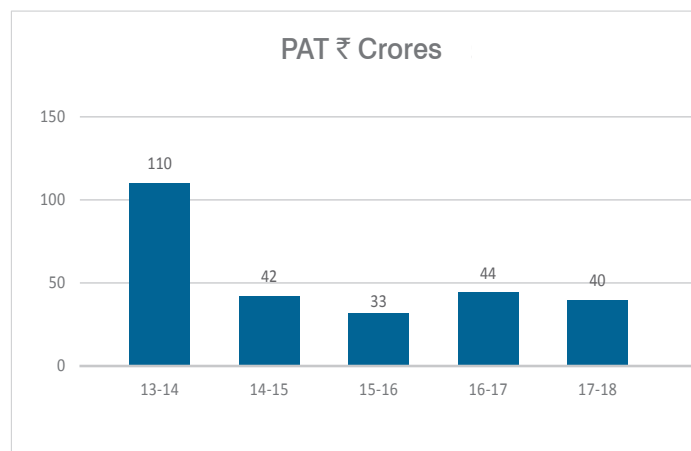
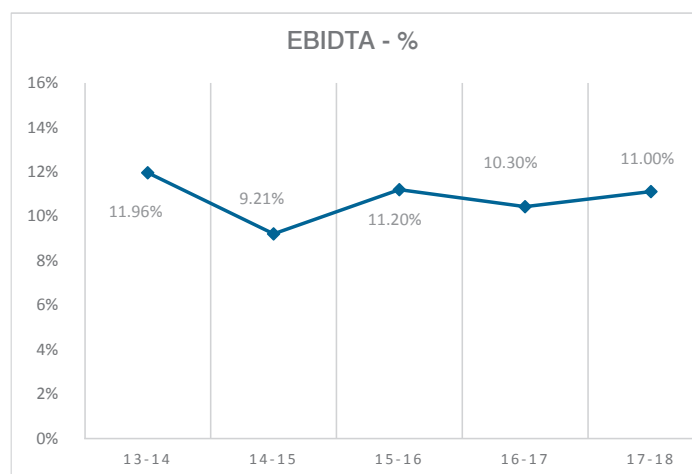
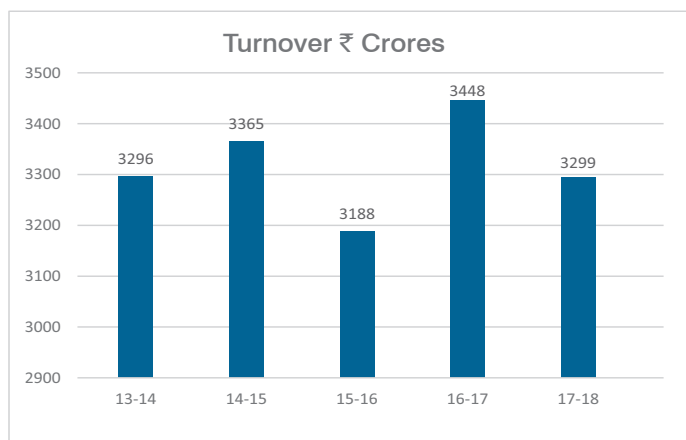
The company is evaluating opportunities in Infrastructure sector such as Civil construction, Roads and Water where the investments by the Government both Central and State are substantial towards improving the last mile connectivity in the country. Orders from other Sectors in the Infrastructure space such as Roads, Civil Tenders, Metro and Railways where the company has the capability in terms of technical expertise and financial strength are prospects for growth and diversification of business.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL PERFORMANCE (STANDALONE)

The BOP, EPC and Construction segment has achieved turnover of ₹ 2987 Crores and the Capital Goods Segment achieved turnover of ₹ 312 Crores.

DESCRIPTION	Unit	FY 16-17	FY 17-18
Income from Operations	₹ Crores	3448	3299
EBIDTA	₹ Crores	355	362
EBIDTA	%	10.3	11.0
PBT	₹ Crores	68	71
PAT	₹ Crores	44	40
Net worth	₹ Crores	1378	1417
PBT Ratio	%	2.0	2.2
PAT Ratio	%	1.3	1.2
Return on Net worth	%	3.3	2.8
Employee Cost to Turnover	%	5.5	6.5
Overheads Cost to Turnover	%	4.4	6.0
Interest Cost to Turnover	%	7.7	8.8



## STRENGTH AND OPPORTUNITIES

- I. Track record of successful execution of large turnkey EPC, BoP and LSTK contracts
- II. In-house design and engineering capability
- III. In-house capability to undertake and execute BoP packages.
- IV. Capability to manage multiple projects simultaneously
- V. Professional management and expertise in project management
- VI. Cost Competitiveness
- VII. Well experienced and motivated employees with a good balance of young talent and experienced leadership team.
- VIII. The company is well placed 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 Chairman of audit committee, key project personnel and the finance team review the audit reports of the internal auditors, pre auditors and in-house auditors in detail every quarter and a time bound action plan is initiated to address the key audit issues that need improvement and resolution. A summary of key audit observations, action taken to fix the gaps and the status is reviewed by the Audit Committee members in the quarterly audit committee meeting. The present internal control and audit systems are considered 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 up gradation of the existing SOSP was undertaken during the year. Delegation of Authority is reviewed each year to ensure that the adequate controls are in place and required flexibility are available for effective operations at work site and the commitments made to customers and vendors are met on time. Periodic review of procedural checks and balances are undertaken with a view to improve operational controls and productivity matrix. An experienced team of contract specialists in the Company review all contractual documents with the customers and the vendors in detail to ensure that all risks associated with the terms of contract are fully understood, documented and reviewed for ensuring effective implementation of the contracts.

The Company's activities are exposed to various financial risks like 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 all 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. 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 our proven track record in project execution, the Company has been able to attract highly competent talent from the market and we have in place a strong team of experienced and talented professionals.

'Work Force Planning' was a key focus area during the year. It was carried out in a careful manner to ensure optimal utilization of manpower particularly in view of the current business scenario. While the primary approach was to meet the manpower requirement through internal mobilization, the Company has also been committed to infuse new blood from open market wherever necessitated in order to ensure competitiveness.

Committed and competent home grown leaders are critical for any Company and more so during times of significant change. Therefore, building the leadership pipeline through grooming of high potential employees (HiPos) was an imperative. The HiPos who were identified last year, were imparted Management Education through a customised programme designed according to our needs and was delivered by Loyola Institute of Business Administration (LIBA), a reputed business school.

Training has been an ongoing development process. In the year 2017-18, 171 training programmes were conducted covering Technical / Functional, Behavioural, Safety and quality across locations including outbound programme for Senior / Middle Management.

In line with the quote "There are two things Employees want, more than money: Recognition and Praise", the Company continued its initiative of "Star Performer Award". Accordingly, 37 employees who excelled in their area of work were awarded during the Founder's Day programme.

Industrial Relations at various project sites and Manufacturing units were cordial throughout the year.

The manpower strength of the Company as on March 31, 2018 was 2048.

# 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, 2018, 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.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 auditor's 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, 2018, 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.



## INDEPENDENT AUDITORS' REPORT

- 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, 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 as amended, 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. 3.c.(i), 3.c.(ii) and 34 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 disclosure in the Standalone Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Ind AS Financial Statements for the year ended 31 March 2017 have been disclosed vide reference to Note no 41.

For **N R Doraiswami & Co**  
Chartered Accountants  
Firm Registration No: 000771S

**Suguna Ravichandran**  
Partner

Membership No: 207893

Place: Chennai  
Date: May 30, 2018

### 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, 2018, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner on a rotational basis. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the management has conducted the physical verification of inventory at reasonable intervals during the year. There are no material discrepancies were noticed between book stock and physical stock on physical verification conducted by the management.
- (iii) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Act during the year. Accordingly, paragraph 3(iii)(a), (b) and (c) of the Order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has 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.
- (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.

## INDEPENDENT AUDITORS' REPORT

- (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, Goods and Service

tax, 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, Goods and Service tax, Cess were in arrears as at March 31, 2018, 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 <sup>(1)</sup>	2001-02	Sales Tax Appellate Tribunal, Chennai, Tamilnadu.
Central Sales Tax act, 1956	Central Sales Tax	5.58 <sup>(1)</sup>	2004-05	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	2.59 <sup>(1)</sup>	2006-07	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Kerala Value Added Tax Act, 2003	Kerala Sales Tax	2.65 <sup>(1)</sup>	2006-07	The Deputy Commissioner (Appeals), Ernakulam, Kerala.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	7.43 <sup>(1)</sup>	2007-08	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Chapter V of Finance Act, 1994	Service Tax	25.26 <sup>(2)</sup>	2007-08	CESTAT, Chennai, Tamilnadu.
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	9865.96 <sup>(1&amp;3)</sup>	2009-2010	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	9541.31 <sup>(1&amp;3)</sup>	2010-2011	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax, 2003	Rajasthan Sales Tax	4333.66 <sup>(1&amp;3)</sup>	2011-2012	Rajasthan Tax Board, Ajmer
Central Sales Tax Act, 1956	Central Sales Tax	261.76 <sup>(1)</sup>	2014-15	The Appellate Deputy Commissioner (CT) North, Chennai.

## 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
Central Sales Tax Act, 1956	Central Sales Tax	95.88	2013-14	The Tamil nadu Sales Tax Appellate Tribunal, Chennai -104
Central Sales Tax Act, 1956	Maharashtra Value Added Tax	47.10 <sup>(3)</sup>	2013-14	The Joint Commissioner of Sales Tax, Appeal VII, Mumbai
Chapter V of Finance Act, 1994	Service Tax	24482 <sup>(3)</sup>	2007-08 to 2014-15	CESTAT, Chennai, Tamilnadu.
Chapter V of Finance Act, 1994	Service Tax	11798.95 <sup>(3)</sup>	2014-15 to 2017-18	Refer foot note(4) bellow the table
Chapter V of Finance Act, 1994	Service Tax	306.45 <sup>(3)</sup>	2007-08 to 2014-15	Refer foot note(5) bellow the table
The Employee Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	521.15 <sup>(1)</sup>	2006-2010	The Honourable High Court, Hyderabad
Income-tax Act, 1961	Income tax	137.65 <sup>(1&amp;2)</sup>	2006-07	The Hounourable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax – Appeal against order u / s. 143(3) r.w.s. 153A	22.29 <sup>(1&amp;2)</sup>	2007-08	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax – Appeal against order u / s. 143(3) r.w.s. 153A	27.25 <sup>(1&amp;2)</sup>	2008-09	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	119.38 <sup>(1&amp;2)</sup>	2007-08	The Hounourable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax	164.90 <sup>(1&amp;2)</sup>	2008-09	The Hounourable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax – Appeal against order u / s. 143(3) r.w.s. 153A	92.61 <sup>(1&amp;2)</sup>	2009-10	The Hounourable High Court, Madras
Income-tax Act, 1961	Income tax	141.38 <sup>(1&amp;2)</sup>	2010-11	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	89.48 <sup>(1&amp;2)</sup>	2011-12	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	97.67 <sup>(1&amp;2)</sup>	2012-13	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	116.39 <sup>(1&amp;2)</sup>	2013-14	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	1468.00 <sup>(1&amp;2)</sup>	2007-08 To 2013-14	Income Tax Appellate Tribunal

(1) Represents gross tax liability. Out of this, a sum of ₹4068.54 / - lakhs was paid as deposit / adjusted refund due.

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

(3) Excludes interest and penalty.

(4) 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.

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

(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.

## INDEPENDENT AUDITORS' REPORT

- (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.
- (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.
- (xiv) 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 **N R Doraiswami & Co**  
Chartered Accountants  
Firm Registration No: 000771S

**Suguna Ravichandran**  
Partner  
Membership No: 207893

Place: Chennai  
Date: May 30, 2018

### ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

#### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **BGR Energy Systems Limited** ("the Company"), as of March 31, 2018, 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 effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the

# INDEPENDENT AUDITORS' REPORT

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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **N R Doraiswami & Co**  
Chartered Accountants  
Firm Registration No: 000771S

**Suguna Ravichandran**  
Partner  
Membership No: 207893

Place: Chennai  
Date: May 30, 2018

# BALANCE SHEET

₹ Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I Non Current Assets</b>			
(a) Property, plant and equipment	1	17511	17056
(b) Other Intangible assets	2	268	186
(c) Financial assets			
(i) Investments	3 (a)	36408	36402
(ii) Trade receivables	3 (b)	105049	80386
(iii) Loans	3 (c)	10027	10457
(iv) Other financial assets	3 (d)	14782	15156
		<b>184045</b>	<b>159643</b>
<b>II Current Assets</b>			
(a) Inventories	4	4435	6113
(b) Financial assets			
(i) Trade receivables	5 (a)	299864	216368
(ii) Cash and cash equivalent	5 (b)	34683	50418
(iii) Loans	5 (c)	31205	46642
(iv) Other financial assets	5 (d)	685	2623
(c) Other current assets	6	57306	136867
		<b>428178</b>	<b>459031</b>
		<b>612223</b>	<b>618674</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity Share Capital	7	7216	7216
(b) Other Equity		134482	130549
<b>Total Equity</b>		<b>141698</b>	<b>137765</b>
<b>II Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	8 (a)	17047	27355
(ii) Trade Payables	8 (b)	10450	8914
(b) Provisions	9	3858	7067
(c) Deferred tax liabilities (net)	27	34422	32714
		<b>65777</b>	<b>76050</b>
<b>III Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	8 (a)	195451	165223
(ii) Trade payables	8 (b)	110526	128139
(iii) Other financial liabilities	10	10798	9555
(b) Other Current Liabilities	11	86920	101367
(c) Provisions	12	1053	575
		<b>404748</b>	<b>404859</b>
<b>Total Liabilities</b>		<b>470525</b>	<b>480909</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>612223</b>	<b>618674</b>

SASIKALA RAGHUPATHY  
Chairperson

A.SWAMINATHAN  
Joint Managing Director & CEO

As per our report of even date  
for M / s N.R.DORAISWAMI & CO  
Chartered Accountants  
Firm Registration No.: 000771S

V.R.MAHADEVAN  
Joint Managing Director

ARJUN GOVIND RAGHUPATHY  
Deputy Managing Director and COO

SWARNAMUGI R.KARTHIK  
Director - Corporate Strategy

S.R.TAGAT  
Director

SUGUNA RAVICHANDRAN  
Partner  
Membership No.207893

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, 2018

# STATEMENT OF PROFIT AND LOSS

₹ Lakhs

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I (a) Revenue from operations	13	329872	344794
II (b) Other income	14	2144	1
<b>III Total Income</b>		<b>332016</b>	<b>344795</b>
<b>IV Expenses</b>			
(a) Cost of raw materials and components consumed	15	181556	195281
(b) Cost of manufacturing and construction	16	61225	76836
(c) Other direct cost	17	6954	6959
(d) Changes in inventories of finished goods, stock in trade and work in progress		2152	(2317)
(e) Excise Duty on sale of goods		37	990
(f) Employee benefits expense	18	20991	18614
(g) Depreciation and amortization expense	19	2508	2396
(h) Finance costs	20	28700	26268
(i) Other expenses	21	19652	15010
<b>Total expenses (IV)</b>		<b>323775</b>	<b>340037</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		8241	4758
VI Exceptional items	28	(1119)	2043
<b>VII Profit / (Loss) before tax (V) + (VI)</b>		<b>7122</b>	<b>6801</b>
<b>VIII Tax expenses</b>			
(i) Current tax		1328	1270
(ii) Deferred tax		1708	1116
(iii) Tax - Earlier years		126	-
<b>IX Profit for the period (VII)-(VIII)</b>		<b>3960</b>	<b>4415</b>
<b>X Other Comprehensive Income</b>			
(i) items that will not be reclassified to profit or loss	23	(27)	67
(ii) items that will be reclassified to profit or loss	23	-	(3)
<b>XI Total Comprehensive Income for the Period (IX+X) (Comprising Profit(Loss) and other Comprehensive Income for the Period)</b>		<b>3933</b>	<b>4479</b>
<b>XII Earnings per Equity Share (for Continuing Operation):</b>			
1. Basic		5.49	6.12
2. Diluted		5.49	6.12

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As per our report of even date  
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Firm Registration No.: 0007715

SUGUNA RAVICHANDRAN  
Partner  
Membership No. 207893

Chennai  
May 30, 2018

# CASH FLOW STATEMENT

₹ Lakhs

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extraordinary items		7122		6801
Adjustments for :				
Depreciation, impairment and amortization	2508		2396	
Dividend from investments - quoted	(1)		(1)	
(Profit) / Loss on sale of fixed assets (net)	41		4	
Unrealized foreign exchange (gain) / loss	(1906)		(7109)	
Provision for warranty and Contractual Obligation	3797		3961	
Interest expense	28700	33139	26267	25518
<b>Operating profit before working capital changes</b>		<b>40261</b>		<b>32319</b>
Changes in working capital				
(Increase) / decrease in trade receivables	(108159)		54076	
(Increase) / decrease in inventories	1678		(3765)	
(Increase) / decrease in current assets	88027		(43465)	
(Increase) / decrease in loans and advances	15828		11803	
Increase / (decrease) in trade payables and provisions	(33618)		12152	
		(36244)		30800
Cash generated from operations		4017		63119
Direct taxes (paid) / refund (net)		(1454)		(3999)
Net cash flow from operating activities		2563		59120
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(3120)		(1767)	
Sale of fixed assets	34		25	
Decrease / (increase) in capital work-in-progress	-		45	
Dividend from investments - quoted	1		1	
Increase in Market value of Investments	6		33	
Net cash flow from investing activities		(3079)		(1663)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long term borrowings (repaid) / availed	(10308)		(11604)	
Payment of dividend	-		-	
Tax on dividend paid	-		-	
Short term borrowings (repaid) / availed	31471		(17067)	
Interest paid	(30228)		(24740)	
Net cash flow from financing activities		(9065)		(53411)
Net increase in cash and cash equivalents (A+B+C)		(9581)		4046
Cash and cash equivalents as at April 1, 2017		12389		8343
Cash and cash equivalents as at March 31, 2018		2808		12389
Cash on hand		22		24
On current accounts		1076		815
On deposit accounts		1710		11550

SASIKALA RAGHUPATHY  
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President & Chief Financial Officer

Chennai  
May 30, 2018



Statement of Changes in Equity (2017-18)

₹ Lakhs

Particulars	Equity Share Capital	Other Equity					Total (17-18)
		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 (01.04.2017)	7216	31895	14427	84089	27	(69)	137765
Changes in accounting Policy or Prior period errors							-
Restated Balance at the beginning of reporting Period							-
Profit for the year				3960			3960
Equity Instruments through Other Comprehensive Income					4		4
Effective Portion of Cash Flow Hedges						-	-
Remeasurement of net defined benefit Liability/Asset (net)						(31)	(31)
Transfer to General Reserve							-
Dividend							-
Any other Change							-
<b>Balance at the end of reporting Period (31.03.2018)</b>	<b>7216</b>	<b>31895</b>	<b>14427</b>	<b>88049</b>	<b>31</b>	<b>(69)</b>	<b>141698</b>

SASIKALA RAGHUPATHY  
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VR.MAHADEVAN  
Joint Managing Director

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SUGUNA RAVICHANDRAN  
Partner  
Membership No.207893

Chennai  
May 30, 2018

## 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.

Effective April 1, 2016, the Company has adopted all the Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 change 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.

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

d) All actuarial gains / losses in respect of post employment benefits and other long term employee benefits are charged to Other Comprehensive Income.

### **vii) 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 Company becomes a party to the contractual provisions of the instruments.

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. 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 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 FVTOCI 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.

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 - Measurement

Financial assets at amortised cost: These assets are 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 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 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 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.

## NOTES TO FINANCIAL STATEMENTS

### f. Financial liabilities - Measurement

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

Tangible Assets	
Assets	Estimate of Useful Life in Year
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 amortisation 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 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. The unutilised provision if any, is reversed on expiry of the warranty period.

### 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 but excludes other indirect taxes.

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

Other operating revenue includes interest income, scrap sales etc. The entire income under other operating revenue is recognised on accrual 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 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. Revenue is presented net of indirect taxes.

### 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.

Others: Any other income is recognised only on accrual 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 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 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.

## 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 known 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, including margin money deposits held under lien to banks and maturing within twelve months from the reporting date.

## 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' 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.

**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 lakh as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

# NOTES TO FINANCIAL STATEMENTS

## 1. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Land	Building	Plant and Equipment	Furniture and fixtures	Office fixtures	Office equipments	Electrical installations	Vehicles	Total
Cost or valuation									
<b>At 31 March 2017</b>	<b>1,527</b>	<b>2,618</b>	<b>21,901</b>	<b>760</b>	<b>225</b>	<b>1,500</b>	<b>326</b>	<b>1,454</b>	<b>30,311</b>
Additions	-	43	2,243	64	12	461	17	93	<b>2,933</b>
Disposals	-	-	177	-	-	-	-	155	<b>332</b>
<b>At 31 March 2018</b>	<b>1,527</b>	<b>2,661</b>	<b>23,967</b>	<b>824</b>	<b>237</b>	<b>1,961</b>	<b>343</b>	<b>1,392</b>	<b>32,912</b>
Depreciation and impairment									
<b>At 31 March 2017</b>	<b>-</b>	<b>468</b>	<b>9,983</b>	<b>330</b>	<b>222</b>	<b>1,108</b>	<b>180</b>	<b>964</b>	<b>13,255</b>
Depreciation charge for the year	-	83	1,883	69	3	209	28	128	<b>2,403</b>
Disposals	-	-	115	-	-	-	-	142	<b>257</b>
<b>At 31 March 2018</b>	<b>-</b>	<b>551</b>	<b>11,751</b>	<b>399</b>	<b>225</b>	<b>1,317</b>	<b>208</b>	<b>950</b>	<b>15,401</b>
<b>Net book value</b>									
<b>At 31 March 2018</b>	<b>1,527</b>	<b>2,110</b>	<b>12,216</b>	<b>425</b>	<b>12</b>	<b>644</b>	<b>135</b>	<b>442</b>	<b>17,511</b>
<b>At 31 March 2017</b>	<b>1,527</b>	<b>2,150</b>	<b>11,918</b>	<b>430</b>	<b>3</b>	<b>392</b>	<b>146</b>	<b>490</b>	<b>17,056</b>

## 2. INTANGIBLE ASSETS

₹ Lakhs

Particulars	Technical Knowhow	Software	Total
<b>At 31 March 2017</b>	<b>1,348</b>	<b>1,926</b>	<b>3,274</b>
Additions	-	187	187
<b>At 31 March 2018 (Total)</b>	<b>1,348</b>	<b>2,113</b>	<b>3,461</b>
Amortisation and impairment			
<b>At 31 March 2017</b>	<b>1,305</b>	<b>1,783</b>	<b>3,088</b>
Amortisation	36	69	105
<b>At 31 March 2018 (Total)</b>	<b>1,341</b>	<b>1,852</b>	<b>3,193</b>
<b>Net book value</b>			
<b>At 31 March 2018</b>	<b>7</b>	<b>261</b>	<b>268</b>
<b>At 31 March 2017</b>	<b>43</b>	<b>143</b>	<b>186</b>

# NOTES TO FINANCIAL STATEMENTS

## 3. FINANCIAL ASSETS

### 3 (A) INVESTMENTS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investments at Cost</b>		
<b>Investments in Equity instruments of Subsidiaries</b>		
Unquoted equity shares		
42,50,000 Progen Systems and Technologies Limited (42,50,000) of ₹ 10 each (India)	425	425
9,49,00,000 BGR Boilers Private Limited (9,49,00,000) of ₹ 10 each (India)	9490	9490
13,61,62,900 BGR Turbines Company Private Limited (13,61,62,900) of ₹ 10 each (India)	13616	13616
1,65,000 Sravanaa Properties Limited (1,65,000) of ₹ 10 each (India)	12787	12787
<b>Total Investments carried at cost (A)</b>	<b>36318</b>	<b>36318</b>
<b>Investments at fair value through OCI (fully paid)</b>		
Quoted equity shares		
13,970 Indian Bank (13,970) of ₹91 per share Market Value ₹299.80 (₹278.25) per share	42	39
Quoted Investments in Mutual Funds		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units Market Value ₹20.5736 (₹21.8947) per unit	10	11
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units Market Value ₹15.2828 (₹13.6349) per unit	38	34
<b>Investments carried at fair value through Other Comprehensive Income (B)</b>	<b>90</b>	<b>84</b>
<b>Total Investments</b>	<b>36408</b>	<b>36402</b>
<b>Current</b>	-	-
<b>Non-Current</b>	<b>36408</b>	<b>36402</b>
Aggregate cost of quoted investments	43	43
Aggregate market value of quoted investments	90	84
Aggregate value of unquoted investments	36318	36318

Information about subsidiaries and joint ventures

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

# NOTES TO FINANCIAL STATEMENTS

## SUBSIDIARY COMPANIES

Name	Principal place of business	Method used for measurement	Extent of holding (%)	
			As at March 31, 2018	As at March 31, 2017
i. Progen Systems and Technologies Limited	Chennai, India	Carried at Cost	69.67%	69.67%
ii. BGR Boilers Private Limited	Chennai, India	Carried at Cost	70%	70%
iii. BGR Turbines Company Private Limited	Chennai, India	Carried at Cost	74%	74%
iv. Sravanna Properties Limited	Chennai, India	Carried at Cost	100%	100%

### 3 (b) Trade Receivables - Non Current

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured Considered good	107743	82447
Less: Allowance for Credit Loss	(2694)	(2061)
<b>Total Trade receivables</b>	<b>105049</b>	<b>80386</b>

### 3 (c) Loans - Non current

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Deposits	1402	1002
Other loans and advances	8625	9455
<b>Total loans</b>	<b>10027</b>	<b>10457</b>

**3.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 Rs 2673 lakhs was awarded to the JV. The recoverable amount of Rs 1654 lakhs grouped under loans and advances is covered by the arbitral award. Cochin Port Road Company Ltd., (SPV of NHAI) has challenged the award, before the Honourable Delhi High Court and is pending for adjudication.

**3.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 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 March 31, 2018 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

## NOTES TO FINANCIAL STATEMENTS

### 3 (d) Other financial Assets

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Margin money deposit held under lien to banks - maturity more than 12 months	14381	14034
Interest accrued on margin money deposits	401	1122
<b>Total Other financial Assets</b>	<b>14782</b>	<b>15156</b>

### 4. INVENTORIES

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials and components	3851	3377
Work-in-progress	584	2736
<b>Total of inventories at lower of cost or net realisable value</b>	<b>4435</b>	<b>6113</b>

### 5. FINANCIAL ASSETS

#### 5 (a) Trade receivables

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured Considered good</b>		
Trade receivables from related parties	1815	2350
Receivables from other than related parties	305063	219614
Less: Allowance for Credit Loss	(7014)	(5596)
<b>Total Trade receivables</b>	<b>299864</b>	<b>216368</b>

Trade receivables includes retention amount of ₹128063 lakhs (₹ 128760 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2018.

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.

#### 5 (b) Cash and cash equivalent

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
– On current accounts	1076	815
– On deposits accounts	1710	11550
Cash on hand	22	24
Margin money deposits held under lien to banks	31835	37984
On unpaid dividend accounts	40	45
<b>Total Cash and cash equivalent</b>	<b>34683</b>	<b>50418</b>

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

# NOTES TO FINANCIAL STATEMENTS

## 5 (c) Loans

₹ Lakhs

Particulars	As at	
	March 31, 2018	March 31, 2017
Unsecured, considered good		
Advance to related party	458	458
Other loans and advances *	27925	43344
Deposits	2822	2840
<b>Total loans</b>	<b>31205</b>	<b>46642</b>

\* Includes employee loans, travel advances, prepaid expenses, DGFT refund, GST credit and VAT refunds.

## 5 (d) Other Financial Assets

₹ Lakhs

Particulars	As at	
	March 31, 2018	March 31, 2017
Interest accrued on fixed deposits	685	44
<b>Cash Flow Hedges</b>		
Foreign Exchange Forward contracts	-	2579
<b>Total Other Financial Assets</b>	<b>685</b>	<b>2623</b>

## 6. OTHER CURRENT ASSETS

₹ Lakhs

Particulars	As at	
	March 31, 2018	March 31, 2017
Advances other than capital advances		
Advance to suppliers	17552	16841
Contracts in progress (net)	38989	119373
Prepayments	765	653
<b>Total Other Current Assets</b>	<b>57306</b>	<b>136867</b>

[Contracts in progress comprise unbilled revenue of ₹73062 lakhs, (₹120342 lakhs) and unearned revenue of ₹34074 lakhs (₹969 lakhs)] (refer Note no 25)

## 7. SHARE CAPITAL

### Authorised Share Capital

₹ Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year (Face value ₹10 each)	100000000	10000	100000000	10000
Increase / (Decrease) during the year	-	-	-	-
Share Capital at the end of the year	100000000	10000	100000000	10000

# NOTES TO FINANCIAL STATEMENTS

## ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

₹ Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Issued, Subscribed and Paid-up Share Capital	72161560	7216	72161560	7216

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

₹ Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Issued during the year	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% held	No. of Shares	% held
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76

### c. Terms / rights attached to equity shares

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

## 8 (a) Borrowings

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
Term Loans from Banks	17047	27355
<b>Borrowings (Non Current)</b>	<b>17047</b>	<b>27355</b>
Working capital loans from banks	195451	165223
<b>Borrowings (Current)</b>	<b>195451</b>	<b>165223</b>
<b>Total Borrowings</b>	<b>212498</b>	<b>192578</b>

- Term loan includes Corporate loan of ₹27355 lakhs (₹34887 lakhs) from Syndicate Bank and is secured by the specified receivables of the Company and collateral security of the subsidiary companies and other companies/persons. The loan is repayable in 16 quarterly instalments starting from 01.07.2016.
- The balance in project specific escrow, current and EEFC accounts have been netted off against respective project's working capital loan accounts.
- The Company has availed working capital loan from State Bank of India on sole banking basis for its Product business. The loan is secured by hypothecation of inventories, trade receivables and movable assets of the capital goods segment of the Company. The loan from State Bank of India is further secured by First charge on land property at Panjetti Village, Tiruvallur Dist, Tamilnadu, and second charge on the fixed assets of the Company.



## NOTES TO FINANCIAL STATEMENTS

- d) The Company has availed contract specific working capital loans from State Bank of India, IDBI Bank, Punjab National Bank, Syndicate Bank, Vijaya Bank, Indian Bank, Indian Overseas Bank, Corporation Bank, Allahabad Bank, Bank of India, Andhra Bank, Central Bank of India, 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.

### FINANCIAL LIABILITIES

#### 8 (b) Trade Payables

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Micro, small and medium enterprises	1644	673
<b>Others</b>		
Trade Payables	119332	136380
<b>Total Trade Payables</b>	<b>120976</b>	<b>137053</b>
Trade Payables Current	110526	128139
Trade Payables Non Current	10450	8914

#### 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:

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount remaining unpaid	1443	647
Interest due thereon remaining unpaid	201	26
Payments made to the supplier beyond the appointed day during the year	1740	4419
Interest paid to the supplier	-	-
Interest due and payable for the period of delay in making payment without adding interest specified under this Act.	-	-
Interest accrued and remaining unpaid	201	26
Amount of further interest remaining due and payable in succeeding years	19	10

### 9. PROVISIONS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Employee benefit obligations</b>		
Provision for leave encashment	175	160
Provision for gratuity	331	544
Provision for contractual obligation	1550	3614
Provision for warranty	1802	2749
<b>Total Non Current Provisions</b>	<b>3858</b>	<b>7067</b>

# NOTES TO FINANCIAL STATEMENTS

## 10. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings	10308	7532
Unpaid dividends	40	45
Interest accrued but not due	450	1978
<b>Total Financial liabilities</b>	<b>10798</b>	<b>9555</b>

## 11. OTHER CURRENT LIABILITIES

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from customers	81498	96106
Other payables *	5422	5261
<b>Total Other Current Liabilities</b>	<b>86920</b>	<b>101367</b>

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

## 12. PROVISIONS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Employee benefit obligations</b>		
Provision for bonus	222	191
Provision for leave encashment	292	284
Provision for gratuity	421	-
<b>Others</b>		
Provision for warranty	118	100
<b>Total Provisions</b>	<b>1053</b>	<b>575</b>

## PROFIT AND LOSS

## 13. REVENUE FROM OPERATIONS

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of manufactured goods	29616	24336
Contracting income	294672	312993
Erection and service income	1337	2665
Other operating revenues	4247	4800
<b>Total Revenue from operations</b>	<b>329872</b>	<b>344794</b>

## 14. OTHER INCOME

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend from investments - quoted	1	1
<b>Others</b>		
Interest Income - IT Refund	2143	-
<b>Total Income</b>	<b>2144</b>	<b>1</b>

## NOTES TO FINANCIAL STATEMENTS

### 15. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening inventory (Raw materials, consumables, bought outs and components)	3377	1929
Add : Purchases	182030	196729
	185407	198658
Less: Closing inventory (Raw materials, consumables, bought outs and components)	3851	3377
<b>Cost of raw material and components consumed</b>	<b>181556</b>	<b>195281</b>

Cost of materials is net of ₹2015 lakhs (₹Nil), being cost provision no longer required.

### 16. COST OF MANUFACTURING AND CONSTRUCTION

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Subcontracting and processing charges	61033	76682
Power and fuel	192	154
<b>Cost of manufacturing and construction</b>	<b>61225</b>	<b>76836</b>

### 17. OTHER DIRECT COST

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurance	666	620
Bank charges	5885	5827
Packing and forwarding	403	512
<b>Other direct cost</b>	<b>6954</b>	<b>6959</b>

### 18. EMPLOYEE BENEFITS EXPENSE

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, allowances and bonus	18105	16068
Contribution to P.F., E.S.I.	589	567
Workmen and staff welfare expenses	1855	1542
Compensated Absences	120	151
Gratuity	322	286
<b>Employee benefits expense</b>	<b>20991</b>	<b>18614</b>

### 19. DEPRECIATION AND AMORTIZATION EXPENSE

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of tangible assets	2403	2145
Amortization of intangible assets	105	251
<b>Depreciation and amortization expense</b>	<b>2508</b>	<b>2396</b>

## NOTES TO FINANCIAL STATEMENTS

### 20. FINANCE COSTS

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on working capital loans	22627	19813
Interest on term loans	3336	4614
Interest - others	2737	1841
<b>Finance costs</b>	<b>28700</b>	<b>26268</b>

### 21. OTHER EXPENSES

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	1633	1375
Payment to auditors (refer details below)	60	95
Bank charges	77	84
Conveyance and vehicle running expenses	718	676
Trade receivables written off	6978	4691
Electricity charges	209	304
Foreign exchange loss (net)	415	404
Insurance	29	19
Loss on sale of fixed assets (net)	41	4
Miscellaneous expenses	1325	232
Printing and Stationery	159	115
CSR expenses	84	16
Provision for contractual obligation	4827	3957
Professional charges	308	267
Rates and taxes	86	144
Repairs and maintenance	1362	1151
Security charges	194	171
Selling expenses	70	79
Sitting fees	28	48
Telephone expenses	164	196
Travelling expenses	885	982
<b>Total Other expenses</b>	<b>19652</b>	<b>15010</b>

₹ Lakhs

Payment to auditors	For the year ended March 31, 2018	For the year ended March 31, 2017
- For audit fees	34	50
- For tax matters	22	42
- For certification and others	4	3
<b>Total Payment to Auditors</b>	<b>60</b>	<b>95</b>

# NOTES TO FINANCIAL STATEMENTS

## 22. DETAILS OF CSR EXPENDITURE

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>a. Gross amount required to be spent during the Year</b>	138	221

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	In Cash	Yet to be Paid in Cash	In Cash	Yet to be Paid in Cash
<b>b. Amount spent during the year</b>				
i. Construction / acquisition of any asset	-	-	-	-
ii. On purposes other than (i) above	84	-	16	-

As required under Section 135 of Companies Act 2013, the company is required to spend ₹138 Lakhs (₹221 lakhs) towards Corporate Social Responsibility (CSR) activities. Expenses incurred during the year is ₹84 Lakhs (₹16 Lakhs) and no provision is made for balance amount during the financial year 2017-18.

## 23. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Items that will not be reclassified to Profit / Loss</b>		
Remeasurement of net defined benefit Liability / Asset (net)	(31)	45
Equity Instruments through Other Comprehensive Income (net)	4	22
<b>Items that will be reclassified to Profit / Loss</b>		
Fair value changes on cash flow hedges (net)	-	(3)
<b>Total Other Comprehensive Income for the Year</b>	<b>(27)</b>	<b>64</b>

## 24. EARNINGS PER SHARE (EPS)

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

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Basic EPS</b>		
Profit after tax as per accounts	3960	4415
Weighted average number of equity shares (face value ₹10 per share) (lakh Nos.)	722	722
Basic EPS (₹)	5.49	6.12
<b>Diluted EPS</b>		
Profit for the year for basic EPS	3960	4415
Less : Adjustment	-	-
Adjusted profit for diluted EPS	3960	4415
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 (₹)	5.49	6.12

## NOTES TO FINANCIAL STATEMENTS

### 25. CONSTRUCTION CONTRACTS

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

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
The aggregate amount of costs incurred and recognized profits (less recognized losses) (including amounts carried forward from previous years)	1208111	1013351
The amount of advances received	75907	89654
The amount of retentions	128063	128760
The gross amount due from customers for contract work as an asset (unbilled revenue)	73062	120342
The gross amount due to customers for contract work as a liability (unearned revenue)	34074	969

### 26. EMPLOYEE BENEFITS

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

#### DEFINED CONTRIBUTION PLAN:

₹ Lakhs

Particulars	2017-18	2016-17
Employer's contribution to Provident fund	382	322
Employer's contribution to pension scheme	240	227
Employer's contribution to employee's state insurance	12	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

₹ Lakhs

Particulars	Leave encashment (unfunded)		Gratuity (funded)	
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017
Projected benefit obligation at the beginning of the year	444	385	1152	981
Service cost	70	61	185	156
Interest cost	34	29	85	72
Remeasurement (gain) / loss	(81)	(31)	89	25
Benefits paid	-	-	(70)	(82)
Projected benefit obligation at the end of the year	467	444	1441	1152

## NOTES TO FINANCIAL STATEMENTS

### Change in the fair value of the plan assets

₹ Lakhs

Particulars	Gratuity (funded)	
	As of March 31, 2018	As of March 31, 2017
Fair value of the plan assets at the beginning of the year	608	714
Expected return on plan assets	45	51
Actuarial gain / (loss)	56	(75)
Employer contribution	50	-
Benefits paid	(70)	(82)
<b>Fair value of plan assets at the end of the year</b>	<b>689</b>	<b>608</b>
Actual return on plan asset	102	(24)

### Amount recognised in the Balance sheet

₹ Lakhs

Particulars	Leave encashment (unfunded)		Gratuity (funded)	
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017
Present value of projected benefit obligation at the end of the year	467	444	1441	1152
Fair value of plan assets at the end of the year	-	-	689	608
Funded status amount of liability recognised in the Balance Sheet	467	444	752	544
Current Liability	175	160	331	544
Non Current Liability	292	284	421	-

### Expense recognised in the Statement of Profit and Loss

₹ Lakhs

Particulars	Leave encashment (unfunded)		Gratuity (funded)	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Service cost	70	61	185	156
Interest cost	34	29	85	72
Expected return on plan assets	-	-	(45)	(51)
Actuarial Gain / Loss due to Demographic Assumption changes in Defined Benefit Obligation	-	-	-	-
Actuarial Gain / Loss due to Financial Assumption changes in Defined Benefit Obligation	(13)	14	(36)	34
Actuarial Gain / Loss due to Experience on Defined Benefit Obligation	(68)	(45)	125	(9)
Return on Plan Assets (Greater) / Less than Discount Rate	-	-	(56)	75
Total cost recognised in P & L and OCI (Defined Benefit Cost)				
Cost recognised in P & L	104	90	225	177
Remeasurement Effect Recognised in OCI	(81)	(31)	33	100
<b>Total defined Benefit Cost</b>	<b>23</b>	<b>59</b>	<b>258</b>	<b>277</b>

## NOTES TO FINANCIAL STATEMENTS

### Summary of actuarial assumptions

₹ Lakhs

Particulars	Leave encashment (unfunded)		Gratuity (funded)	
	As of March 31, 2018	As of March 31, 2017	As of March 31, 2018	As of March 31, 2017
Mortality table (LIC)	(Indian assured Lives Mortality) 2006-08	(Indian assured Lives Mortality) 2006-08	(Ultimate) 2006-08	(Ultimate) 2006-08
Discount rate (per annum)	7.60%	7.04%	7.60%	7.04%
Expected rate of return on plan assets (per annum)	-	-	7.60%	7.64%
Rate of escalation in salary (per annum)	7% F5Y & 7% TA	7% F5Y & 7% TA	7.00%	7.00%
Attrition	10.00%	10.00%	10.00%	10.00%
Leave accounting & consumption technique	LIFO	LIFO	-	-
Proportion of Leave availment	5.00%	5.00%	-	-
Proportion of encashment in Service / Lapse	-	-	-	-
Proportion of encashment on separation	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 :

₹ Lakhs

Year	Leave encashment (unfunded)	Gratuity (funded)
	Amount	Amount
1 year	69	296
2 to 5 years	129	415
6 to 10 years	94	283
More than 10 years	175	447



## NOTES TO FINANCIAL STATEMENTS

Plan asset : The Gratuity plan's weighted-average asset allocation at March 31, 2018, March 31, 2017 and March 31, 2016.

₹ Lakhs

Particulars	As of March 31, 2018	As of March 31, 2017
Funds managed by insurers	100%	100%

### 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 of March 31, 2018	As of March 31, 2017
	% increase in Defined Benefit Obligation	
Discount rate + 100 basis points	-4.10%	-5.01%
Discount rate - 100 basis points	4.60%	5.65%
Salary growth rate + 100 basis points	2.22%	2.66%
Salary growth rate - 100 basis points	-2.15%	-2.57%
Attrition Rate + 100 basis points	0.04%	-0.12%
Attrition Rate - 100 basis points	-0.04%	0.13%
Mortality Rate 10% UP	0.02%	0.01%

Particulars	Gratuity	
	As of March 31, 2018	As of March 31, 2017
	% increase in Defined Benefit Obligation	
Discount rate + 100 basis points	-4.11%	-5.33%
Discount rate - 100 basis points	4.60%	5.50%
Salary growth rate + 100 basis points	4.34%	5.14%
Salary growth rate - 100 basis points	-3.96%	-5.10%
Attrition Rate + 100 basis points	-0.22%	-0.58%
Attrition Rate - 100 basis points	0.23%	0.16%
Mortality Rate 10% UP	0.02%	-0.21%

## NOTES TO FINANCIAL STATEMENTS

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.

### 27. DEFERRED TAXES

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

₹ Lakhs

Particulars	Deferred tax asset as at March 31, 2018	Deferred tax liability as at March 31, 2018	Deferred tax asset as at March 31, 2017	Deferred tax liability as at March 31, 2017
Property, plant and equipment	-	1159	-	1339
Other Intangibles	-	2	56	-
Trade Receivables	3392	-	2650	-
Provisions	272	-	323	-
Customer Retention	-	44745	-	44538
Carry forward tax loss	4272	-	7140	-
Others	-	754	-	4
<b>Sub Total</b>	<b>7936</b>	<b>46660</b>	<b>10169</b>	<b>45881</b>
<b>Net</b>		<b>38724</b>		<b>35712</b>
Add / (Less) : MAT Credit entitlement		(4302)		(2998)
<b>Grand Total</b>		<b>34422</b>		<b>32714</b>

### INCOME TAX RECONCILIATION

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Profit before Income Tax	7122	6801
Enacted Tax Rates in India	34.61%	34.61%
Computed expected Tax expense	2465	2354
Tax Effects of amounts which are not deductible (taxable) in calculating taxable income	1137	1084
Tax Effects of amounts which are deductible in calculating taxable income	-	-
Tax Reversals	-	-
<b>Income Tax Expense</b>	<b>1328</b>	<b>1270</b>

The applicable Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 34.61%.

### 28. EXCEPTIONAL ITEMS

Exceptional item represents net write off of ₹1119 Lakhs, being the amount of ₹ 8010 Lakhs paid, towards BG encashment by a client, after adjusting available provision of ₹6891 Lakhs.

# NOTES TO FINANCIAL STATEMENTS

## 29. FINANCIAL INSTRUMENTS

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2018 were as follows:

₹ Lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
<b>ASSETS</b>					
Cash & Cash Equivalents	34683			34683	34683
Investments:					
Equity Securities and others			42	13	42
Liquid mutual fund units			48	30	48
Trade Receivables	404913			404913	404913
Loans and advances	40138	1094		42483	41232
Other Financial Assets	15467			15467	15467
<b>Total</b>	<b>495201</b>	<b>1094</b>	<b>90</b>	<b>497589</b>	<b>496385</b>
<b>LIABILITIES</b>					
Borrowings	212498			212498	212498
Other Financial Liabilities	10798			10798	10798
Trade Payables	120976			120976	120976
<b>Total</b>	<b>344272</b>	<b>-</b>	<b>-</b>	<b>344272</b>	<b>344272</b>

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

₹ Lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
<b>ASSETS</b>					
Cash & Cash Equivalents	50418			50418	50418
Investments:					
Equity Securities and others			39	13	39
Liquid mutual fund units			45	30	45
Trade Receivables	296754			296754	296754
Loans and advances	56005	1094		62996	57099
Other Financial Assets	17779			17779	17779
<b>Total</b>	<b>420956</b>	<b>1094</b>	<b>84</b>	<b>427990</b>	<b>422134</b>
<b>LIABILITIES</b>					
Borrowings	192578			192578	192578
Other Financial Liabilities	9555			9555	9555
Trade Payables	137053			137053	137053
<b>Total</b>	<b>339186</b>	<b>-</b>	<b>-</b>	<b>339186</b>	<b>339186</b>

## 30. FAIR VALUE HIERARCHY

The Following table shows the levels in the fair value hierarchy :

Fair Value Measurement at the end of the reporting period	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>		
<b>Investments</b>		
Mutual Fund Investments	Level 1	Level 1
Equity Instruments	Level 1	Level 1
Loans and Advances	Level 3	Level 3

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

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

## 31. 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.

## NOTES TO FINANCIAL STATEMENTS

### Foreign currency sensitivity

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

₹ Lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Assets (Trade receivables / advance to suppliers / bank balances)</b>		
<b>In foreign currency</b>		
In USD	542.98	579.74
In EURO	407.90	352.46
In GBP	0.45	0.04
In JPY	1.15	1.15
In SEK	0.74	0.74
In AED	-	-
In CHF	0.04	-
<b>In Indian currency</b>		
In USD	35371.67	37564.36
In EURO	32748.90	24401.08
In GBP	41.42	3.06
In JPY	0.70	0.67
In SEK	5.81	5.39
In AED	0.07	-
In CHF	2.76	-
<b>Liabilities (Advance from customers / trade payables / buyers credit)</b>		
<b>In foreign currency</b>		
In USD	82.53	71.80
In EURO	178.94	123.78
In GBP	1.34	0.03
In SEK	0.29	0.29
In CAD	0.75	1.13
In OMR	0.005	-
<b>In Indian currency</b>		
In USD	5376.05	4652.31
In EURO	14366.31	8569.62
In GBP	122.34	2.42
In SEK	2.24	2.08
In CAD	38.13	55.34
In OMR	0.77	-

## NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation / appreciation in the exchange between the INR and USD, has affected the Company's incremental operating margins by ₹ 177 lakhs (₹ 188 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:

₹ Lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Trade payables	Trade receivables	Trade payables	Trade receivables
Number of contracts	-	-	13	-
Value in foreign currency	-	-	-	-
GBP	-	-	-	-
USD	-	-	16	-
EURO	-	-	22	-
Value in INR	-	-	2579	-

### 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:

₹ Lakhs

Particulars	Carrying amount	
	March 31, 2018	March 31, 2017
<b>Fixed rate instruments</b>		
Financial assets		
Fixed deposits with banks	47926	63568
<b>Variable rate instruments</b>		
Financial liabilities		
Borrowings from banks	27355	34887
Working Capital Loans	195451	165223

### 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.

### Cash flow sensitivity for variable rate instruments

An decrease / increase of 50 basis points in interest rates at the reporting date (31.03.2018) would have increased / (decreased) equity and profit by ₹1057 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 their 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 securities at fair value was ₹ 90 lakhs. An increase / 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.

## 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 ₹404913 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:

₹ Lakhs

Particulars	Upto 12 months	More than 12 months
Trade payables	110526	10450
Borrowings	205759	17047
Other financial liabilities	490	-

## Collateral risk

The Company has pledged part of its short-term deposits of ₹ 46216 lakhs to fulfil the security requirements for the contractual obligations. As at 31 March, 2018, 31 March, 2017 the fair values of the short-term deposits pledged were ₹ 46216 lakhs and ₹ 52018 lakhs respectively.

## 32. LEASES

### Operating Leases

The Company has taken various residential / commercial premises, land and plant & equipment 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:

# NOTES TO FINANCIAL STATEMENTS

₹ Lakhs

Particulars	Minimum lease payments outstanding as at	
	March 31,2018	March 31,2017
Due within one year	202	233
Due later than one year and not later than five years	240	442
Due later than five years	-	-
<b>Total</b>	<b>442</b>	<b>675</b>

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 1633 lakhs (₹ 1375 lakhs)

### 33. SEGMENT INFORMATION

#### Primary segment information (business segments)

₹ Lakhs

Particulars	2017-18				2016-17			
	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)	31,231	298,641	-	<b>329,872</b>	26,236	318,558	-	<b>344,794</b>
b) Inter Segment sales	5,367	-	(5,367)	-	886	-	(886)	-
Total Revenue	36,598	298,641	(5,367)	<b>329,872</b>	27,122	318,558	(886)	<b>344,794</b>
c) Result	368	33,310	-	<b>33,678</b>	2,049	31,019	-	<b>33,068</b>
Add: Unallocated income (net of expenditure)				<b>2,144</b>				<b>1</b>
<b>Profit before interest and tax</b>				<b>35,822</b>				<b>33,069</b>
Interest	547	28,153	-	<b>28,700</b>	337	25,931	-	<b>26,268</b>
<b>Profit before tax</b>				<b>7,122</b>				<b>6,801</b>
<b>Tax expenses</b>								
- Current tax				<b>1,328</b>				<b>1,270</b>
- Deferred tax				<b>1,708</b>				<b>1,116</b>
- Tax - Earlier years				<b>126</b>				<b>-</b>
- Total				<b>3,162</b>				<b>2,386</b>
<b>Profit for the year</b>				<b>3,960</b>				<b>4,415</b>
c) Assets	57,234	507,360	-	<b>564,594</b>	41,017	534,298	-	<b>575,315</b>
Add: Unallocated corporate assets				<b>47,629</b>				<b>43,359</b>
<b>Total assets</b>				<b>612,223</b>				<b>618,674</b>
d) Liabilities	28,537	407,566	-	<b>436,103</b>	16,091	432,104	-	<b>448,195</b>
Add: Unallocated corporate liabilities				<b>34,422</b>				<b>32,714</b>
<b>Total liabilities</b>				<b>470,525</b>				<b>480,909</b>
e) Capital assets acquired during the year	70	3,050	-	<b>3,120</b>	507	1,260	-	<b>1,767</b>
f) Depreciation, impairment and amortisation	252	2,256	-	<b>2,508</b>	237	2,159	-	<b>2,396</b>
g) Other non-cash charges except depreciation, impairment and amortisation	37	12,788	-	<b>12,825</b>	12	8,640	-	<b>8,652</b>

Revenue of approximately INR ₹ 183902 lakhs (31.03.2017 - INR ₹ 209622 lakhs) are derived from three external customers. These revenues are attributed to the Construction and EPC contracts segment.



# NOTES TO FINANCIAL STATEMENTS

## Reconciliations to amounts reflected in the financial statements

₹ Lakhs

Reconciliation of profit	31-March-18	31-March-17
<b>Segment profit</b>	<b>33,678</b>	<b>33,068</b>
Dividend Income	1	1
Net gain on disposal of property, plant and equipment	-	-
Net foreign exchange gains	-	-
Interest Income	2,143	-
<b>Profit before interest and tax</b>	<b>35,822</b>	<b>33,069</b>

Reconciliation of assets	31-March-18	31-March-17
<b>Segment operating assets</b>	<b>564,594</b>	<b>575,315</b>
Investments	36,408	36,402
TDS receivable	11,221	6,957
<b>Total assets</b>	<b>612,223</b>	<b>618,674</b>

Reconciliation of liabilities	31-March-18	31-March-17
<b>Segment operating liabilities</b>	<b>436,103</b>	<b>448,195</b>
Deferred tax liabilities (net)	34,422	32,714
<b>Total liabilities</b>	<b>470,525</b>	<b>480,909</b>

## Secondary segment information (geographic segments)

₹ Lakhs

Particulars	Domestic		Overseas		Total	
	31-March-18	31-March-17	31-March-18	31-March-17	31-March-18	31-March-17
External revenue by location of Customers	322,821	337,513	7,051	7,281	329,872	344,794
Carrying amount of segment non current assets by location of assets	184,045	159,643	-	-	184,045	159,643

## 34. CONTINGENT LIABILITIES AND COMMITMENTS

₹ Lakhs

Particulars	As at March 31,2018	As at March 31,2017
<b>Contingent liabilities</b>		
Claims against the company not acknowledged as debt		
a) On account of Sales tax *	24198	25485
b) On account of Income-tax *	2089	10221
c) On account of Service tax **	36613	24507
d) On account of Provident fund	521	521
e) On account of Contractual obligations	-	7970
f) On account of Royalty	-	2138
g) Others	38652	36254
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	600	336

## NOTES TO FINANCIAL STATEMENTS

\* Excludes interest, penalty and self assessment tax paid.

\*\* (1) Out of Service tax demand, for a sum of ₹ 24,482 lakhs (₹ 24,482 lakhs) (excludes interest, penalty and self assessment tax paid), the Company has filed appeal before the Customs Excise and Service Tax Appellate Tribunal.

\*\* (2) For a sum of ₹ 12,105 lakhs (excludes interest, penalty and self assessment tax paid), the Company is in the process of filing appeal before the Commissioner (Appeals-1) and Customs Excise and Service Tax Appellate Tribunal.

### 35. RELATED PARTY TRANSACTIONS

Subsidiary companies

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

(Information provided in respect of revenue items for the year ended March 31, 2018 and in respect of assets / liabilities as at March 31, 2018)

₹ 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	2017-18	2016-17
Sales	-	2,862	-	-	2,862	3,501
Purchases	34,751	953	-	-	35,705	84,296
Remuneration	-	-	791	39	830	767
Rent expenses	211	72	-	44	327	317
Purchase of fixed assets	9	-	-	-	9	-
Sale of fixed assets	-	-	-	1	1	-
Others	-	-	-	25	25	25
Advances given	-	179	-	-	179	804
Repayment of advance given	(85)	-	-	-	(85)	(78)
Other Obligations	30,696	-	-	3,735	34,431	34,431
Balances outstanding	(22,170)	532	-	(31)	(21,669)	(37,404)

36. Contracting Income includes an Income of ₹ 71452 lakhs (₹ 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.

37. During the FY 2016-17, 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.

### 38. 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.

39. In respect to construction contracts, cost of material includes value added tax, central sales tax, works contract tax and service tax, up to the introduction of GST.

# NOTES TO FINANCIAL STATEMENTS

## 40. PROVISIONS

a) The company has made a provision / transfer of ₹ 5144 lakhs, (₹ 4278 lakhs) 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.

b) Movement in provisions

₹ Lakhs

Particulars	Provision for Warranty	Provision for Contractual Obligations	Provision for Warranty	Provision for Contractual Obligations
	17-18	17-18	16-17	16-17
Opening balance	2849	3614	2541	14205
Add :Addition / transfers	317	4827	321	3957
Less : (a) Provision utilised	(19)	(6891)	(13)	(14548)
(b) Provision reversed	(1227)	-	-	-
<b>Closing balance</b>	<b>1920</b>	<b>1550</b>	<b>2849</b>	<b>3614</b>

## 41. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the previous year 2016-17, 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 8, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below.

₹

Particulars	SBNS *	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	3,713,000	1,479,571	5,192,571
(+) Permitted receipts	-	7,440,792	7,440,792
(-) Permitted payments	-	6,976,644	6,976,644
(-) Amount deposited in Banks	3,713,000	129,660	3,842,660
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>1,814,059</b>	<b>1,814,059</b>

\* 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 8th November, 2016.

## 42. 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 N.R.DORAISWAMI & CO  
Chartered Accountants  
Firm Registration No.: 000771S

V.R.MAHADEVAN  
Joint Managing Director

ARJUN GOVIND RAGHUPATHY  
Deputy Managing Director and COO

SWARNAMUGI R.KARTHIK  
Director - Corporate Strategy

S.R.TAGAT  
Director

SUGUNA RAVICHANDRAN  
Partner  
Membership No.207893

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, 2018

# 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, 2018, 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 there under. 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 auditor's 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, 2018, 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

- a. the restatement of the unaudited financial statements (subsequently audited) 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 increase of the profit amounting to ₹ 239 lakhs, in the opening reserves of consolidated Ind AS financial statements for the financial year 2016-17; and

## INDEPENDENT AUDITORS' REPORT

- b. 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 2016-17 and the aggregate impact of such restatement resulted in reduction of the profit amounting to ₹ 610 lakhs, in the consolidated Ind AS financial statements for the financial year 2016-17.

### 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 ₹ 20,997 lakhs as at March 31, 2018, total revenue of ₹ 304 lakhs and cash inflows amounting to ₹ 3 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 ₹ 1676.56 lakhs as at March 31, 2018 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 ₹ 86,223 lakhs as at March 31, 2018, total revenue of ₹ 34,969 lakhs and cash outflows amounting to ₹ 199 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, 2018, 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, 2018, 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. 3.c.(i), 3.c.(ii) and Note no. 34 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 disclosure in the Consolidated Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Consolidated Ind AS Financial Statements for the period ended 31 March 2017 have been disclosed vide reference to Note no 42.

For **N R Doraiswami & Co**  
Chartered Accountants  
Firm Registration No: 000771S

**Suguna Ravichandran**  
Partner  
Membership No: 207893

Place: Chennai  
Date: May 30, 2018

## **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, 2018, 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 auditor's 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 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the 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 **N R Doraiswami & Co**  
Chartered Accountants  
Firm Registration No: 000771S

**Suguna Ravichandran**  
Partner  
Membership No: 207893

Place: Chennai  
Date: May 30, 2018

# CONSOLIDATED BALANCE SHEET

₹ Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I Non Current Assets</b>			
(a) Property, plant and equipment	1	49018	48594
(b) Other Intangible assets	2	268	191
(c) Goodwill	2	59	59
(d) Financial assets			
(i) Investments	3 (a)	90	84
(ii) Trade receivables	3 (b)	105014	80386
(iii) Loans	3 (c)	20117	9484
(iv) Other financial assets	3 (d)	14782	15156
		<b>189348</b>	<b>153954</b>
<b>II Current Assets</b>			
(a) Inventories	4	4435	6113
(b) Financial assets			
(i) Trade receivables	5 (a)	299648	216368
(ii) Cash and cash equivalent	5 (b)	37241	53172
(iii) Loans	5 (c)	34110	46527
(iv) Other financial assets	5 (d)	688	2625
(c) Other current assets	6	77010	163846
		<b>453132</b>	<b>488651</b>
		<b>642480</b>	<b>642605</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity Share Capital	7	7216	7216
(b) Other Equity		125362	124179
<b>Equity attributable to owners of BGR Energy Systems Limited</b>		<b>132578</b>	<b>131395</b>
<b>II Non-Controlling Interest</b>			
		5414	6505
<b>Total Equity</b>		<b>137992</b>	<b>137900</b>
<b>III Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	8 (a)	17047	27355
(ii) Trade Payables	8 (b)	7152	18796
(b) Provisions	9	3858	7067
(c) Deferred tax liabilities (net)	27	34204	32467
		<b>62261</b>	<b>85685</b>
<b>IV Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	8 (a)	195451	165223
(ii) Trade payables	8 (b)	137754	141156
(iii) Other financial liabilities	10	10798	9555
(b) Other Current Liabilities	11	97061	102370
(c) Provisions	12	1163	715
(d) Current tax liabilities (net)	13	-	1
		<b>442227</b>	<b>419020</b>
<b>Total Liabilities</b>		<b>504488</b>	<b>504705</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>642480</b>	<b>642605</b>

SASIKALA RAGHUPATHY  
Chairperson

A.SWAMINATHAN  
Joint Managing Director & CEO

As per our report of even date  
for M / s N.R.DORAISWAMI & CO  
Chartered Accountants  
Firm Registration No.: 000771S

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Joint Managing Director

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Deputy Managing Director and COO

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S.R.TAGAT  
Director

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Director

HEINRICH BOHMER  
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GNANA RAJASEKARAN  
Director

R.RAMESH KUMAR  
President - Corporate & Secretary

P.R.EASWAR KUMAR  
President & Chief Financial Officer

Chennai  
May 30, 2018



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ Lakhs

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I</b> (a) Revenue from operations	14	329872	345085
<b>II</b> (b) Other income	15	2365	24
<b>III Total Income</b>		<b>332237</b>	<b>345109</b>
<b>IV Expenses</b>			
(a) Cost of raw materials and components consumed	16	180299	172618
(b) Cost of manufacturing and construction	17	63788	92374
(c) Other direct cost	18	6954	6959
(d) Changes in inventories of finished goods, stock in trade and work in progress		2152	(2317)
(e) Excise Duty on sale of goods		37	990
(f) Employee benefits expense	19	22003	19960
(g) Depreciation and amortization expense	20	2540	2442
(h) Finance costs	21	28700	26268
(i) Other expenses	22	19901	15792
<b>Total expenses (IV)</b>		<b>326374</b>	<b>335086</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		5863	10023
<b>VI Exceptional items</b>		(2550)	2043
<b>VII Profit / (Loss) before tax (V)-(VI)</b>		3313	12066
<b>VIII Tax expenses</b>			
(i) Current tax		1329	2391
(ii) Deferred tax		1737	1155
(iii) Tax - Earlier years		132	-
<b>IX Profit for the period (VII)-(VIII)</b>		<b>115</b>	<b>8520</b>
<b>X Other Comprehensive Income</b>			
(i) items that will not be reclassified to profit or loss		(23)	68
(ii) items that will be reclassified to profit or loss		-	(3)
<b>XI Total Comprehensive Income for the Period (IX+X) (Comprising Profit(Loss) and other Comprehensive Income for the Period)</b>		<b>92</b>	<b>8585</b>
<b>Profit or Loss attributable to:</b>			
Owners of BGR Energy Systems Ltd		1206	7288
Non Controlling Interests		(1091)	1232
		<b>115</b>	<b>8520</b>
<b>Total Comprehensive Income attributable to:</b>			
Owners of BGR Energy Systems Ltd		1183	7353
Non Controlling Interests		(1091)	1232
		<b>92</b>	<b>8585</b>
<b>XII Earnings per Equity Share (for Continuing Operation):</b>			
1. Basic	25	1.67	10.10
2. Diluted	25	1.67	10.10

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SUGUNA RAVICHANDRAN  
Partner  
Membership No. 207893

Chennai  
May 30, 2018

# CONSOLIDATED CASH FLOW STATEMENT

₹ Lakhs

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extraordinary items		3313		12066
Adjustments for :				
Depreciation, impairment and amortization	2540		2442	
Dividend from investments - quoted	(1)		(1)	
(Profit) / Loss on sale of fixed assets (net)	34		8	
Unrealized foreign exchange (gain) / loss	3094		(7109)	
Premium on forward contracts amortized	-		-	
Provision for warranty and Contractual Obligation	4827		3957	
Interest expense	28700	39193	26268	25565
Operating profit before working capital changes		42506		37631
Changes in working capital				
(Increase) / decrease in trade receivables	(107908)		54077	
(Increase) / decrease in inventories	1678		(3492)	
(Increase) / decrease in current assets	95301		(39726)	
(Increase) / decrease in loans and advances	4773		11340	
Increase / (decrease) in trade payables and provisions	(29509)		(3222)	
		(35665)		18977
Cash generated from operations		6841		56608
Direct taxes (paid) / refund (net)		(4460)		(2121)
Net cash flow from operating activities		2381		54487
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(3138)		(1871)	
Sale of fixed assets	43		21	
Decrease / (increase) in capital work-in-progress	-		45	
Dividend from investments - quoted	1		1	
Net cash flow from investing activities		(3093)		(1804)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long term borrowings (repaid) / availed	(10308)		(11604)	
Payment of dividend	-		-	
Tax on dividend paid	-		-	
Short term borrowings (repaid) / availed	31471		(17067)	
Interest paid	(30228)		(24741)	
Net cash flow from financing activities		(9065)		(53412)
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>(9777)</b>		<b>(729)</b>
<b>Cash and cash equivalents as at April 1, 2017</b>		<b>15143</b>		<b>15872</b>
<b>Cash and cash equivalents as at March 31, 2018</b>		<b>5366</b>		<b>15143</b>
Cash on hand		22		24
On current accounts		1915		1093
On deposit accounts		3429		14026

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Chennai  
May 30, 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## Statement of Changes in Equity (2017-18)

₹ Lakhs

Particulars	Other Equity								Total Equity share capital and Other Equity	Non-Controlling interests	Total (17-18)	
	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
Balance at the beginning of reporting Period (01.04.2017)	7216	31895	14427	5090	72385	242	27	(69)	182	131395	6505	137900
Changes in accounting Policy or Prior period errors												
Restated Balance at the beginning of reporting Period					1206							115
Profit for the year												
Amount transferred from Statement of Profit and Loss												
Equity Instruments through Other Comprehensive Income							4					4
Effective Portion of Cash Flow Hedges												
Remeasurement of net defined benefit Liability / Asset (net)									(27)			(27)
Transfer to General Reserve												
<b>Balance at the end of reporting Period (31.03.2018)</b>	<b>7216</b>	<b>31895</b>	<b>14427</b>	<b>5090</b>	<b>73591</b>	<b>242</b>	<b>31</b>	<b>(69)</b>	<b>155</b>	<b>132578</b>	<b>5414</b>	<b>137992</b>

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Membership No.207893

Chennai  
May 30, 2018

## 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.

Effective April 1, 2016, the Company has adopted all the Ind AS Standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 company's 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. Un realised 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, 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 change 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.

## vii) 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:

Group'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:

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 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.

## 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 FVTOCI 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 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 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 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 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 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

### 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:

Tangible Assets	
Assets	Estimate of Useful Life in Years
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.

## xi) Intangible Assets

### a) Recognition & Measurement

Intangible assets are stated at cost, less accumulated amortisation 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 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 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.

## 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. The unutilised provision if any, is reversed on expiry of the warranty period.

## 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 revenue includes interest income, scrap sales etc. The entire income under other operating revenue is recognised on accrual 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 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. Revenue is presented net of indirect taxes.

## 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.

## 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 purposes. 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:

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.

## xxiv) Cash and cash equivalents

Cash and cash equivalents consist of cash and cash on deposit with scheduled banks, including margin money deposits held under lien to banks and maturing within twelve months from the reporting date.

## 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Land	Building	Plant and Equipment	Furniture and fixtures	Office fixtures	Office equipments	Electrical installations	Vehicles	Total
<b>Cost or valuation</b>									
<b>At 31 March 2017</b>	<b>32,800</b>	<b>3,009</b>	<b>22,480</b>	<b>881</b>	<b>225</b>	<b>1,671</b>	<b>413</b>	<b>1,532</b>	<b>63,011</b>
Additions	-	43	2,241	64	12	463	17	111	2,951
Disposals	-	-	177	-	-	-	-	179	356
<b>At 31 March 2018</b>	<b>32,800</b>	<b>3,052</b>	<b>24,544</b>	<b>945</b>	<b>237</b>	<b>2,133</b>	<b>430</b>	<b>1,464</b>	<b>65,606</b>
<b>Depreciation and impairment</b>									
<b>At 31 March 2017</b>	<b>-</b>	<b>686</b>	<b>10,507</b>	<b>432</b>	<b>222</b>	<b>1,278</b>	<b>262</b>	<b>1,036</b>	<b>14,422</b>
Depreciation charge for the year	-	95	1,904	76	3	210	28	129	2,445
Disposals	-	-	115	-	-	-	-	164	279
<b>At 31 March 2018</b>	<b>-</b>	<b>781</b>	<b>12,296</b>	<b>507</b>	<b>225</b>	<b>1,488</b>	<b>290</b>	<b>1,002</b>	<b>16,588</b>
<b>Net book value</b>									
At 31 March 2018	32,800	2,272	12,248	438	12	645	140	462	49,018
At 31 March 2017	32,800	2,325	11,974	449	3	394	152	496	48,594

## 2. INTANGIBLE ASSETS

₹ Lakhs

Particulars	Goodwill	Technical Knowhow	Software	Total
<b>At 31 March 2017 (Total)</b>	<b>59</b>	<b>1,348</b>	<b>2,218</b>	<b>3,625</b>
Additions	-	-	187	187
Disposal	-	-	50	50
<b>At 31 March 2018 (Total)</b>	<b>59</b>	<b>1,348</b>	<b>2,354</b>	<b>3,761</b>
<b>Amortisation and impairment</b>				
<b>At 31 March 2017 (Total)</b>	<b>-</b>	<b>1,306</b>	<b>2,069</b>	<b>3,375</b>
Amortisation	-	36	74	110
Disposal	-	-	50	50
<b>At 31 March 2018 (Total)</b>	<b>-</b>	<b>1,342</b>	<b>2,093</b>	<b>3,435</b>
<b>Net book value</b>				
At 31 March 2018	59	6	262	327
At 31 March 2017	59	42	149	250

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 3. FINANCIAL ASSETS

### 3 (a) Non Current Investments

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investments at Cost</b>		
<b>Investments in Subsidiaries</b>		
Unquoted equity shares	-	-
<b>Total Investments carried at cost (A)</b>	-	-
<b>Investments at fair value through OCI (fully paid)</b>		
Quoted equity shares		
13,970 Indian Bank (13,970) of ₹91 per share Market Value ₹299.8 (₹278.25) per share	42	39
Quoted Investments in Mutual Funds		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units Market Value ₹20.5736 (₹21.8947) per unit	10	11
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units Market Value ₹15.2828 (₹13.6349) per unit	38	34
<b>Investments carried at fair value through Other Comprehensive Income (B)</b>	<b>90</b>	<b>84</b>
<b>Total Investments</b>	<b>90</b>	<b>84</b>
<b>Current</b>	-	-
<b>Non-Current</b>	<b>90</b>	<b>84</b>
Aggregate cost of quoted investments	43	43
Aggregate market value of quoted investments	90	84
Aggregate value of unquoted investments	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 3 (b) Trade receivables - Non Current

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured Considered good</b>		
Receivables from other than related parties	107708	82447
Less: Allowance for Credit Loss	(2694)	(2061)
<b>Total Trade receivables</b>	<b>105014</b>	<b>80386</b>

### 3 (c) Loans - Non Current

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Deposits	441	28
Other loans and advances*	19676	9456
<b>Total loans</b>	<b>20117</b>	<b>9484</b>

**3.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 Rs 2673 lakhs was awarded to the JV. The recoverable amount of Rs 1654 lakhs grouped under loans and advances is covered by the arbitral award. Cochin Port Road Company Ltd., (SPV of NHAI) has challenged the award, before the Honourable Delhi High Court and is pending for adjudication.

**3.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 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 March 31, 2017 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

### 3 (d) Other financial Assets

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Margin money deposit held under lien to banks - maturity more than 12 months	14381	14034
Interest accrued on margin money deposits	401	1122
<b>Total Other financial Assets</b>	<b>14782</b>	<b>15156</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 4. INVENTORIES

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials and components	3851	3377
Work-in-progress	584	2736
<b>Total of inventories at lower of cost or net realisable value</b>	<b>4435</b>	<b>6113</b>

## CURRENT ASSETS

### 5. FINANCIAL ASSETS

#### 5 (a) Trade receivables

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured Considered good</b>		
Trade receivables from related parties	1815	2350
Receivables from other than related parties	304847	219614
Less: Allowance for Credit Loss	(7014)	(5596)
<b>Total Trade receivables</b>	<b>299648</b>	<b>216368</b>

Trade receivables includes retention amount of ₹ 128063 lakhs (₹ 128760 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2018.

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.

#### 5 (b) Cash and cash equivalent

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
– On current accounts	1915	1093
– On deposits accounts	3429	14026
Cash on hand	22	24
Margin money deposits held under lien to banks	31835	37984
On unpaid dividend accounts	40	45
<b>Total Cash and cash equivalent</b>	<b>37241</b>	<b>53172</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 5 (c) Loans

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Advance to related party	458	458
Other loans and advances *	30822	43221
Deposits	2830	2848
<b>Total loans</b>	<b>34110</b>	<b>46527</b>

\* Includes employee loans, travel advances, prepaid expenses, DGFT refund, GST credit and VAT refunds.

### 5 (d) Other Financial Assets

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued on fixed deposits	688	46
<b>Cash Flow Hedges</b>		
Foreign Exchange Forward contracts	-	2579
<b>Total Other Current Assets</b>	<b>688</b>	<b>2625</b>

## 6. OTHER CURRENT ASSETS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Advances other than capital advances		
Unsecured, considered good		
Advance to suppliers	37192	42876
Contracts in progress (net)	38989	119373
Advance Income tax (net of provision)	-	921
Prepayments	829	676
<b>Total Other Current Assets</b>	<b>77010</b>	<b>163846</b>

[Contracts in progress comprise unbilled revenue of ₹ 73062 lakhs, (₹ 120342 lakhs) and unearned revenue of ₹ 34074 lakhs (₹ 969 lakhs)]



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 7. SHARE CAPITAL

### Authorised Share Capital

₹ Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year (Face value ₹10 each)	100,000,000	10,000	100,000,000	10,000
Increase / (Decrease) during the year	-	-	-	-
Share Capital at the end of the year	100,000,000	10,000	100,000,000	10,000

### Issued, Subscribed and Paid-up Share Capital

₹ Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Issued, Subscribed and Paid-up Share Capital	72,161,560	7,216	72,161,560	7,216

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

₹ Lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Issued during the year	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% held	No. of Shares	% held
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76

### c. Terms / rights attached to equity shares

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NON-CURRENT LIABILITIES

### 8. FINANCIAL LIABILITIES

#### 8 (a) Borrowings

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-Current Borrowings</b>		
Secured		
Term Loans from Banks	17047	27355
<b>Borrowings (Non Current)</b>	<b>17047</b>	<b>27355</b>
Working capital loans from banks	195451	165223
<b>Borrowings (Current)</b>	<b>195451</b>	<b>165223</b>
<b>Total Borrowings</b>	<b>212498</b>	<b>192578</b>

- a) Term loan includes Corporate loan of ₹ 27355 lakhs (₹ 34887 lakhs) from Syndicate Bank and is secured by the specified receivables of the Company and collateral security of the subsidiary companies and other companies/persons. The loan is repayable in 16 quarterly instalments starting from 01.07.2016.
- 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 group has availed working capital loan from State Bank of India on sole banking basis for its Product business. The loan is secured by hypothecation of inventories, trade receivables and movable assets of the capital goods segment of the Company. The loan from State Bank of India is further secured by First charge on land property at Panjetti Village, Tiruvallur Dist, Tamilnadu, and second charge on the fixed assets of the Company.
- d) The Company has availed contract specific working capital loans from State Bank of India, IDBI Bank, Punjab National Bank, Syndicate Bank, Vijaya Bank, Indian Bank, Indian Overseas Bank , Corporation Bank, Allahabad Bank, Bank of India, Andhra Bank, Central Bank of India, 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.

#### 8 (b) Trade Payables

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Micro and small enterprises	1644	673
<b>Others</b>		
Trade Payables	143262	159279
Trade Payables to Related Parties		
<b>Total Trade Payables</b>	<b>144906</b>	<b>159952</b>
Trade Payables Current	137754	141156
Trade Payables Non Current	7152	18796

#### 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:

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount remaining unpaid	1443	647
Interest due thereon remaining unpaid	201	26
Payments made to the supplier beyond the appointed day during the year	1740	4419
Interest paid to the supplier	-	-
Interest due and payable for the period of delay in making payment without adding interest specified under this Act.	-	-
Interest accrued and remaining unpaid	201	26
Amount of further interest remaining due and payable in succeeding years	19	10

## 9. NON CURRENT PROVISIONS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Employee benefit obligations</b>		
Provision for leave encashment	175	160
Provision for gratuity	331	544
Provision for contractual obligation	1550	3614
Provision for warranty	1802	2749
<b>Total Non Current Provisions</b>	<b>3858</b>	<b>7067</b>

## 10. OTHER FINANCIAL LIABILITIES

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings	10308	7532
Unpaid dividends	40	45
Interest accrued but not due	450	1978
<b>Total</b>	<b>10798</b>	<b>9555</b>

## 11. OTHER CURRENT LIABILITIES

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from customers	81505	96106
Other payables *	15556	6264
<b>Total Other Current Liabilities</b>	<b>97061</b>	<b>102370</b>

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 12. PROVISIONS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Employee benefit obligations</b>		
Provision for bonus	222	191
Provision for leave encashment	343	347
Provision for gratuity	480	77
<b>Others</b>		
Provision for warranty	118	100
<b>Total Provisions</b>	<b>1163</b>	<b>715</b>

## 13. CURRENT TAX LIABILITIES (NET)

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Income-taxes (net)	-	1
<b>Total</b>	<b>-</b>	<b>1</b>

## 14. PROFIT AND LOSS

### REVENUE FROM OPERATIONS:

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of manufactured goods	29616	24339
Contracting income	294672	312993
Erection and service income	1337	2665
Other operating revenues	4247	5088
<b>Total</b>	<b>329872</b>	<b>345085</b>

## 15. OTHER INCOME

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend from investments - quoted	1	1
<b>Others</b>		
Net gain on disposal of property, plant and equipment	7	-
Interest on advances / deposit / IT-refunds	2254	-
Net foreign exchange gains	103	23
<b>Total Income</b>	<b>2365</b>	<b>24</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 16. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening inventory (Raw materials, consumables, bought outs and components)	3377	1929
Add : Purchases	180773	174066
	184150	175995
Less: Closing inventory (Raw materials, consumables, bought outs and components)	3851	3377
<b>Cost of raw material and components consumed</b>	<b>180299</b>	<b>172618</b>

Cost of materials is net of ₹ 2015 lakhs (₹ Nil), being cost provision no longer required.

## 17. COST OF MANUFACTURING AND CONSTRUCTION

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Subcontracting and processing charges	63596	92220
Power and fuel	192	154
<b>Cost of manufacturing and construction</b>	<b>63788</b>	<b>92374</b>

## 18. OTHER DIRECT COST

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurance	666	620
Bank charges	5885	5827
Packing and forwarding	403	512
<b>Other direct cost</b>	<b>6954</b>	<b>6959</b>

## 19. EMPLOYEE BENEFITS EXPENSE

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, allowances and bonus	19070	17327
Contribution to P.F., E.S.I.	620	641
Workmen and staff welfare expenses	1855	1542
Compensated Absences	120	151
Gratuity	338	299
<b>Employee benefits expense</b>	<b>22003</b>	<b>19960</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 20. DEPRECIATION AND AMORTIZATION EXPENSE

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of tangible assets	2435	2179
Amortization of intangible assets	105	263
<b>Depreciation and amortization expense</b>	<b>2540</b>	<b>2442</b>

## 21. FINANCE COSTS

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on working capital loans	22627	19813
Interest on term loans	3336	4614
Interest - others	2737	1841
<b>Finance costs</b>	<b>28700</b>	<b>26268</b>

## 22. OTHER EXPENSES

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	1541	1290
Payment to auditors (refer details below)	81	138
Bank charges	128	219
Conveyance and vehicle running expenses	718	676
Trade receivables written off	6978	4792
Provision for Bad Debts	81	15
Electricity charges	216	311
Foreign exchange loss (net)	415	435
Insurance	33	24
Loss on sale of fixed assets (net)	41	8
Miscellaneous expenses	1448	309
CSR expenses	84	16
Provision for Contractual Obligation & ECL	4827	3957
Professional charges	343	300
Rates and taxes	52	476
Repairs and maintenance	1451	1229
Security charges	205	180
Selling expenses	70	79
Sitting fees	28	48
Telephone expenses	166	199
Travelling expenses	995	1091
<b>Total Other expenses</b>	<b>19901</b>	<b>15792</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## PAYMENT TO AUDITORS

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
For audit fees	50	92
For tax matters	27	43
For certification and others	4	3
<b>Total Payment to Auditors</b>	<b>81</b>	<b>138</b>

## 23. DETAILS OF CSR EXPENDITURE

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>a. Gross amount spent during the Year</b>	138	221

b. Amount spent during the year	For the year ended March 31, 2018		For the year ended March 31, 2017	
	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	84	-	16	-

As required under Section 135 of Companies Act 2013, the Company is required to spend ₹ 138 Lakhs (₹ 221 lakhs) towards Corporate Social Responsibility (CSR) activities. Expenses incurred during the year is ₹ 84 Lakhs (₹ 16 Lakhs) and no provision is made for balance amount during the financial year 2017-18.

## 24. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

₹ Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Items that will not be reclassified to Profit / Loss		
Remeasurement of net defined benefit Liability / Asset (net)	(27)	46
Equity Instruments through Other Comprehensive Income (net)	4	22
Items that will be reclassified to Profit / Loss		
Fair value changes on cash flow hedges (net)	-	(3)
<b>Total Other Comprehensive Income for the Year</b>	<b>(23)</b>	<b>65</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 25. EARNINGS PER SHARE (EPS)

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

₹ Lakhs

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
<b>Basic EPS</b>		
Profit after tax as per accounts	1206	7288
Weighted average number of equity shares (face value ₹10 per share) (lakh Nos.)	722	722
Basic EPS (₹)	1.67	10.10
<b>Diluted EPS</b>		
Profit for the year for basic EPS	1206	7288
Less : Adjustment	-	-
Adjusted profit for diluted EPS	1206	7288
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 (₹)	1.67	10.10

### 26. CONSTRUCTION CONTRACTS

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

₹Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
The aggregate amount of costs incurred and recognised profits (less recognised losses) (including amounts carried forward from previous years)	1,208,111	1,013,351
The amount of advances received	75,907	89,654
The amount of retentions	128,063	128,760
The gross amount due from customers for contract work as an asset (unbilled revenue)	73,062	120,342
The gross amount due to customers for contract work as a liability (unearned revenue)	34,074	969



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 27. DEFERRED TAXES

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

₹ Lakhs

Particulars	Deferred tax asset as at March 31, 2018	Deferred tax liability as at March 31, 2018	Deferred tax asset as at March 31, 2017	Deferred tax liability as at March 31, 2017
Property, plant and equipment	-	1188	-	1383
Other Intangibles	-	2	56	-
Trade Receivables	3392	-	2941	0
Provisions	272	-	323	-
Customer Retention	-	44744	-	44538
Carry forward tax loss	4272	-	7140	-
Others	-	508	-	4
<b>Sub Total</b>	<b>7936</b>	<b>46442</b>	<b>10460</b>	<b>45925</b>
<b>Net</b>		<b>38506</b>		<b>35465</b>
Add / (Less) : MAT Credit entitlement		(4302)		(2998)
<b>Grand Total</b>		<b>34204</b>		<b>32467</b>

## INCOME TAX RECONCILIATION

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Profit before Income Tax	3313	12066
Enacted Tax Rates in India	34.61%	34.61%
Computed expected Tax expense	1,147	4,176
Tax Effects of amounts which are not deductible (taxable) in calculating taxable income	182	(1,785)
Tax Effects of amounts which are deductible in calculating taxable income	-	-
Tax Reversals	-	-
<b>Income Tax Expense</b>	<b>1,329</b>	<b>2,391</b>

The applicable Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 34.61%.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 28. 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.

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-March-18	31-March-17	31-March-18	31-March-17	
i. Progen Systems and Technologies Limited	Chennai, India	69.67%	69.67%	30%	30%	Manufacture
ii. BGR Boilers Private Limited	Chennai, India	70%	70%	30%	30%	Sales of goods
iii. BGR Turbines Company Private Limited	Chennai, India	74%	74%	26%	26%	Sales of goods
iv. Sravanaa Properties Limited	Chennai, India	100%	100%	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.

Summarized balance sheet	BGR Boilers Private Limited		BGR Turbines Company Private Limited		Progen Systems and Technologies Limited	
	31-March-18	31-March-17	31-March-18	31-March-17	31-March-18	31-March-17
Current assets	8739	13060	2715	4477	43	22
Current liabilities	17632	20174	1073	2435	135	189
<b>Net current assets</b>	<b>(8893)</b>	<b>(7114)</b>	<b>1642</b>	<b>2042</b>	<b>(92)</b>	<b>(168)</b>
Non-current assets	9318	8268	3952	3909	2364	2378
Non-current liabilities	32	27	1073	2435	232	216
<b>Net non-current assets</b>	<b>9286</b>	<b>8241</b>	<b>2879</b>	<b>1474</b>	<b>2132</b>	<b>2162</b>
<b>Net assets</b>	<b>393</b>	<b>1127</b>	<b>4521</b>	<b>3516</b>	<b>2040</b>	<b>1995</b>
<b>Accumulated Non-Controlling interests</b>						

Summarized statement of profit and loss	BGR Boilers Private Limited		BGR Turbines Company Private Limited		Progen Systems and Technologies Limited	
	31-March-18	31-March-17	31-March-18	31-March-17	31-March-18	31-March-17
Revenue	31261	67784	3490	12979	0	3
Profit for the Year	(2451)	4128	(1545)	(51)	148	21
Other Comprehensive Income	-	-	-	-	-	-
Profit allocated to NCI	(735)	1238	(402)	(13)	45	6
Dividends paid to NCI	-	-	-	-	-	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 29. EXCEPTIONAL ITEMS

Exceptional item represents net write off of ₹ 1119 Lakhs, being the amount of ₹ 8010 Lakhs paid, towards BG encashment by a client, after adjusting available provision of ₹ 6891 Lakhs of the Holding company, and also includes ₹1430.81 Lakhs, being the reversal of Advance paid to Vendors Toshiba Machinery Company Limited ₹ 1064.56 Lakhs and to Homma Machinery ₹ 366.27 Lakhs one of the Group company.

## 30. FINANCIAL INSTRUMENTS

The Carrying Value and Fair Value of Financial Instruments as of March 31, 2018 were as follows

₹ Lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
<b>ASSETS</b>					
Cash & Cash Equivalents	37241			37241	37241
Investments:					
Equity Securities and others			42	13	42
Liquid mutual fund units			48	30	48
Trade Receivables	404662			404662	404662
Loans	53133	1094		53696	54227
Other Financial Assets	15470			15470	15470
<b>Total</b>	<b>510506</b>	<b>1094</b>	<b>90</b>	<b>511112</b>	<b>511690</b>
<b>LIABILITIES</b>					
Other Financial Liabilities	10798			10798	10798
Trade Payables	144906			144906	144906
Borrowings	212498			212498	212498
<b>Total</b>	<b>368202</b>	<b>-</b>	<b>-</b>	<b>368202</b>	<b>368202</b>

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

₹ Lakhs

Particulars	Financial Assets carried at Amortised Cost	Financial Assets carried at FVTPL	Financial Assets carried at FVTOCI	Total Carrying Value	Total Fair Value
<b>ASSETS</b>					
Cash & Cash Equivalents	53172			53172	53172
Investments:					
Equity Securities and others			39	13	39
Liquid mutual fund units			45	30	45
Trade Receivables	296754			296754	296754
Loans	54917	1094		55480	56011
Other Financial Assets	17781			17781	17781
<b>Total</b>	<b>422624</b>	<b>1094</b>	<b>84</b>	<b>423230</b>	<b>423802</b>
<b>LIABILITIES</b>					
Other Financial Liabilities	9555			9555	9555
Trade Payables	159952			159952	159952
Borrowings	202603			202603	202603
<b>Total</b>	<b>372110</b>	<b>-</b>	<b>-</b>	<b>372110</b>	<b>372110</b>

## 31. FAIR VALUE HIERARCHY

The Following table shows the levels in the fair value hierarchy :

Fair Value Measurement at the end of the reporting period	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>		
<b>Investments</b>		
Mutual Fund Investments	Level 1	Level 1
Equity Instruments	Level 1	Level 1
Loans and Advances	Level 3	Level 3

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

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

## 32 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 :

₹ Lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Assets (Trade receivables / advance to suppliers / bank balances)</b>		
<b>In foreign currency</b>		
In USD	542.98	579.74
In EURO	407.90	352.46
In GBP	0.45	0.04
In JPY	1.15	1.15
In SEK	0.74	0.74
In AED	0.00	-
In CHF	0.04	-
<b>In Indian currency</b>		
In USD	35371.67	37564.36
In EURO	32748.90	24401.08
In GBP	41.42	3.06
In JPY	0.70	0.67
In SEK	5.81	5.39
In AED	0.07	-
In CHF	2.76	-
<b>Liabilities (Advance from customers / trade payables / buyers credit)</b>		
<b>In foreign currency</b>		
In USD	82.53	71.80
In EURO	178.94	123.78
In GBP	1.34	0.03
In SEK	0.29	0.29
In CAD	0.75	1.13
In OMR	-	-
<b>In Indian currency</b>		
In USD	5376.05	4,652.31
In EURO	14366.31	8,569.62
In GBP	122.34	2.42
In SEK	2.24	2.08
In CAD	38.13	55.34
In OMR	0.77	-

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation / appreciation in the exchange between the INR and USD, has affected the Company's incremental operating margins by ₹ 177 lakhs (₹ 188 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

₹ Lakhs / Foreign currency in lakhs

Particulars	As at March 31, 2018		As at March 31, 2017	
	Trade payables	Trade receivables	Trade payables	Trade receivables
Number of contracts	-	-	13	-
Value in foreign currency	-	-	-	-
GBP	-	-	-	-
USD	-	-	16	-
EURO	-	-	22	-
Value in INR	-	-	2579	-

### 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.

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

₹ Lakhs

Particulars	Carrying amount	
	As at March 31, 2018	As at March 31, 2017
<b>Fixed rate instruments</b>		
Financial assets		
Fixed deposits with banks	49645	66044
<b>Variable rate instruments</b>		
Financial liabilities		
Borrowings from banks	27355	34887
Working Capital Loans	195451	165223

### 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 (31.03.2018) would have increased / (decreased) equity and profit or loss by ₹ 1057 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At the reporting date, the exposure to listed equity securities at fair value was ₹ 90 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 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 ₹ 404662 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.

### 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 borrowings.

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

Particulars	Up to 12 months	More than 12 months
Trade payables	137754	152535
Borrowings	205759	172755
Other financial liabilities	450	9555

### Collateral risk

The Company has pledged part of its short-term deposits of ₹ 46216 lakhs to fulfil the security requirements for the contractual obligations. As at 31 March, 2018, 31 March, 2017 the fair values of the short-term deposits pledged were ₹ 46216 lakhs and ₹ 52018 lakhs respectively.

## 33. 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:

₹ Lakhs

Particulars	Minimum lease payments outstanding	
	As at March 31, 2018	As at March 31, 2017
Due within one year	202	233
Due later than one year and not later than five years	240	442
Due later than five years	-	-
<b>Total</b>	<b>442</b>	<b>675</b>

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: ₹ 1633 lakhs (₹ 1375 lakhs)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 34. CONTINGENT LIABILITIES AND COMMITMENTS

₹ Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Contingent liabilities</b>		
Claims against the Group not acknowledged as debt		
a) On account of sales tax *	24198	25485
b) On account of income-tax *	2089	10507
c) On account of service tax **	36613	24506
d) On account of provident fund	521	521
e) On account of contractual obligations	-	7970
f) On account of royalty	-	2138
g) Others	38652	38533
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	600	336

\* Excludes interest, penalty and self assessment tax paid.

\*\* (1) Out of Service tax demand, for a sum of ₹ 24,482 lakhs (₹ 24,482 lakhs) (excludes interest, penalty and self assessment tax paid), the Company has filed appeal before the Customs Excise and Service Tax Appellate Tribunal.

\*\* (2) For a sum of ₹ 12,105 lakhs (excludes interest, penalty and self assessment tax paid), the Company is in the process of filing appeal before the Commissioner (Appeals-1) and Customs Excise and Service Tax Appellate Tribunal.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 35. SEGMENT INFORMATION

### Primary segment information (business segments)

₹ Lakhs

Particulars	2017-18				2016-17			
	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)	31,231	298,641	-	<b>329,872</b>	26,239	318,846	-	<b>345,085</b>
b) Inter Segment sales	5,367	-	(5,367)	-	886	-	(886)	-
Total Revenue	36,598	298,641	(5,367)	<b>329,872</b>	27,125	318,846	(886)	<b>345,085</b>
b) Result	368	29,279		<b>29,647</b>	2,070	36,240		<b>38,310</b>
Add: Unallocated income (net of expenditure)				<b>2,365</b>				<b>24</b>
<b>Profit before interest and tax</b>				<b>32,013</b>				<b>38,334</b>
Interest	547	28,153	-	<b>28,700</b>	337	25,931	-	<b>26,268</b>
<b>Profit before tax</b>				<b>3,313</b>				<b>12,066</b>
<b>Tax expenses</b>								
- Current tax				<b>1,329</b>				<b>2,391</b>
- MAT credit entitlement				-				-
- Deferred tax				<b>1,737</b>				<b>1,155</b>
- Tax - earlier years				<b>132</b>				-
- Total				<b>3,198</b>				<b>3,546</b>
<b>Profit for the year</b>				<b>115</b>				<b>8,520</b>
c) Assets	65,171	565,998	-	<b>631,169</b>	48,929	586,635	-	<b>635,564</b>
Add: Unallocated corporate assets				<b>11,311</b>				<b>7,041</b>
<b>Total assets</b>				<b>642,480</b>				<b>642,605</b>
d) Liabilities	29,750	440,535	-	<b>470,284</b>	17,426	454,812	-	<b>472,238</b>
Add: Unallocated corporate liabilities				<b>34,204</b>				<b>32,467</b>
<b>Total liabilities</b>				<b>504,488</b>				<b>504,705</b>
e) Capital assets acquired during the year	70	3,067	-	<b>3,138</b>	507	1,364	-	<b>1,871</b>
f) Depreciation, impairment and amortisation	269	2,271	-	<b>2,540</b>	256	2,186	-	<b>2,442</b>
g) Other non-cash charges except depreciation, impairment and amortisation	37	8,615	-	<b>8,652</b>	12	8,640	-	<b>8,652</b>

Revenue of approximately INR ₹ 183902 lakhs (31.03.2017 - INR ₹ 209622 lakhs) are derived from three external customers. These revenues are attributed to the Construction and EPC contracts segment.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Reconciliations to amounts reflected in the financial statements

₹ Lakhs

Reconciliation of profit	31-March-18	31-March-17
<b>Segment profit</b>	<b>29,648</b>	<b>38,310</b>
Dividend Income	1	1
Net gain on disposal of property, plant and equipment	7	-
Net foreign exchange gains	103	23
Interest Income	2,254	-
<b>Profit before interest and tax</b>	<b>32,013</b>	<b>38,334</b>

Reconciliation of assets	31-March-18	31-March-17
<b>Segment operating assets</b>	<b>631,169</b>	<b>635,564</b>
Investments	90	84
TDS receivable	11,221	6,957
<b>Total assets</b>	<b>642,480</b>	<b>642,605</b>

Reconciliation of liabilities	31-March-18	31-March-17
<b>Segment operating liabilities</b>	<b>470,284</b>	<b>472,238</b>
Deferred tax liabilities (net)	34,204	32,467
<b>Total liabilities</b>	<b>504,488</b>	<b>504,705</b>

## Secondary segment information (geographic segments)

₹ Lakhs

Particulars	Domestic		Overseas		Total	
	31-March-18	31-March-17	31-March-18	31-March-17	31-March-18	31-March-17
External revenue by location of Customers	322821	337804	7051	7281	329872	345085
Carrying amount of segment assets by location of assets	189348	153954	-	-	189348	153954

## 36. RELATED PARTY TRANSACTIONS

(Information provided in respect of revenue items for the year ended March 31, 2018 and in respect of assets / liabilities as at March 31, 2017)

₹ Lakhs

Particulars	Related parties where significant influence exists and where key management personnel have significant influence	Key Management Personnel	Relatives of Key Management Personnel	2017-18	2016-17
Sales	2,862	-	-	2,862	3,501
Purchases	953	-	-	953	3,196
Remuneration	-	791	39	830	767
Rent expenses	72	-	44	116	115
Sale of fixed assets	-	-	1	1	-
Others	-	-	25	25	25
Advances given	179	-	-	179	804
Repayment of advance given	-	-	-	-	-
Other Obligations	-	-	3,735	3,735	3,735
Guarantees	-	-	-	-	-
Balances outstanding	532	-	(31)	501	1,765

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37. Contracting Income includes an Income of ₹ 71452 lakhs (₹ 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.

38. During the FY 2016-17, 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.

### 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.

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

### 41. PROVISIONS

a) The group has made a provision / transfer of ₹ 5144 lakhs, (₹ 4278 lakhs) 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

₹ Lakhs

Particulars	Provision for Warranty	Provision for Contractual Obligations	Provision for Warranty	Provision for Contractual Obligations
	17-18	17-18	16-17	16-17
Opening balance	2849	3614	2541	14205
Add :Addition / transfers	317	4827	321	3957
Less : (a) Provision utilised	(19)	(6,891)	(13)	(14,548)
(b) Provision reversed	(1,227)	-	-	-
<b>Closing balance</b>	<b>1920</b>	<b>1550</b>	<b>2849</b>	<b>3614</b>

### 42. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the previous year 2016-17, 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 8, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below.

₹

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
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>1,973,119</b>	<b>1,973,119</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

\* 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 8th November, 2016.

43. The Consolidated accounts for the year ending 31.03.2018, have been prepared with the audited accounts of Progen Systems & Technologies Limited, Sravanna properties Limited and unaudited accounts of BGR Boilers Private Limited and BGR Turbines Company Private Limited.

The restatement of the unaudited financial statements (subsequently audited) of two of the subsidiary companies, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited, for the financial year 2015-16 resulted in increase of the profit amounting to ₹ 239 lakhs, in the opening reserves of consolidated Ind AS financial statements for the FY 2016-17.

The company while preparing consolidated financial statements for FY 2016-17, adopted the unaudited financial statements of two subsidiary companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited. Further, review of unaudited accounts of BGR Boilers Private Limited for the year ended March 31, 2017 has resulted in reduction of Profit after Tax by ₹ 540 Lakhs and review of unaudited accounts of BGR Turbines Company Private Limited for the year ended March 31, 2017 has resulted in reduction in Profit after Tax by ₹ 70 Lakhs. The cumulative effect for both the companies, for FY 2016-17 amounted to reduction in Profit after Tax by ₹ 610 Lakhs.

The Board of Directors of BGR Boilers Private Limited and BGR Turbines Company Private Limited have taken on record, the restated and unaudited financial statements of their respective companies for the FY 2016-17, as well as the unaudited financial statements for FY 2017-18, for the respective companies.

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.

₹ Lakhs

Name of the Entity	Assets	Revenue	Cash flows
1) BGR Boilers Private Limited	60581	31261	(192)
2) BGR Turbines Company Private Limited	25642	3490	(7)

- (b) In the previous year 2016-17, 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.

₹ Lakhs

Name of the Entity	Assets	Revenue	Cash flows
1) BGR Boilers Private Limited	71092	67784	(628)
2) BGR Turbines Company Private Limited	32257	12979	(4,203)

### 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 N.R.DORAISWAMI & CO  
Chartered Accountants  
Firm Registration No.: 000771S

V.R.MAHADEVAN  
Joint Managing Director

ARJUN GOVIND RAGHUPATHY  
Deputy Managing Director and COO

SWARNAMUGI R.KARTHIK  
Director - Corporate Strategy

S.R.TAGAT  
Director

SUGUNA RAVICHANDRAN  
Partner  
Membership No.207893

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, 2018

# FINANCIAL INFORMATION OF SUBSIDIARIES

**Form AOC-I**  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures  
Part "A": Subsidiaries

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	17-18	INR	610	6115	7937	7937	-	-	177	29	148	-	69.67%
2	BGR Boilers Private Limited	17-18	INR	13558	(12250)	60581	60581	-	31261	(2451)	-	(2451)	-	70.00%
3	BGR Turbines Company Private Limited	17-18	INR	18400	(6947)	25642	25642	-	3490	(1539)	6	(1545)	-	74.00%
4	Shravanaa Properties Limited	17-18	INR	17	13034	13060	13060	-	18	4	1	3	-	100.00%

₹ Lakhs

SASIKALA RAGHUPATHY  
Chairperson

V.R.MAHADEVAN  
Joint Managing Director

SWARNAMUGI R.KARTHIK  
Director - Corporate Strategy

M.GOPALAKRISHNA  
Director

HEINRICH BOHMNER  
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S.R.TAGAT  
Director

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Director

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Director

PR.EASWAR KUMAR  
President & Chief Financial Officer

As per our report of even date  
for M / s N.R.DORAISWAMI & CO  
Chartered Accountants  
Firm Registration No.: 000771S

SUGUNA RAVICHANDRAN  
Partner  
Membership No.207893

Chennai  
May 30, 2018

# FINANCIAL INFORMATION OF SUBSIDIARIES

## 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

₹ Lakhs

	Name of Associates / Joint Ventures	Mecon-Gea Energy System (India) Ltd (JV)
1	Latest audited Balance Sheet Date	March 31, 2018
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 N.R.DORAISWAMI & CO  
Chartered Accountants  
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President & Chief Financial Officer

Chennai  
May 30, 2018



AIS SUBSTATION OF  
TANTRANSCO AT SHOLINGANALLUR

400KV



UNIT - 1  
2x800 MW

STEAM TURBINE GENERATOR AT  
NTPC LARA SUPER THERMAL POWER STATION



**BGR ENERGY SYSTEMS LIMITED**

**Registered Office:** A-5 Pannamgadu Industrial Estate, Ramapuram Post  
Sullurpet Taluk, Nellore District, Andhra Pradesh - 524 401

**Corporate Office:** 443 Anna Salai, Teynampet, Chennai - 600 018 India  
Phone: +91 44 2430 1000 Fax: +91 44 2436 4656  
Email: [investors@bgrenergy.com](mailto:investors@bgrenergy.com)  
Website: [www.bgrcorp.com](http://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 32<sup>nd</sup> 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 26, 2018 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt:
  - (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2018 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, 2018 and the report of Auditors thereon.
2. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

“RESOLVED that Mr.V.R.Mahadevan, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a director of the company for a term up to May 31, 2019.”

#### SPECIAL BUSINESS

3. Appointment of Mrs. Swarnamugi R Karthik as Director – Corporate Strategy 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 Mrs.Swarnamugi R Karthik (DIN 03494012), as Director – Corporate Strategy of the Company for a period of five years with effect from February 08, 2018 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 Mrs.Swarnamugi R Karthik .”

“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.”

- a. Designation  
Director – Corporate Strategy
- b. Period of Appointment  
From February 08, 2018 to February 07, 2023
- c. Remuneration

(i)	Salary	:	₹ 2,20,000/- per month
(ii)	Allowances & Perquisites	:	₹ 5,50,000/- per month

- d. The allowances and perquisites include the following:
  - (i) House rent allowance.
  - (ii) Education allowance.
  - (iii) Fuel and car maintenance reimbursement.
  - (iv) Medical reimbursement for self and family.
  - (v) Telephone at residence and mobile phone.
  - (vi) Leave travel Allowance.

(vii) Attire reimbursement.

(viii) Driver salary reimbursement.

(ix) Other permissible allowances and reimbursements as per rules of the company.

- e. Annual Increment: As may be determined and recommended by the Nomination and Remuneration Committee and approved by the Board.

The allowances and perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and rules thereunder. In the absence of such rules, they shall be evaluated at actual cost. However, company's contribution to provident fund, gratuity fund and encashment of leave to the extent, singly or together which are not taxable, shall not be included in the computation of limits for the remuneration.

- f. Minimum Remuneration:

During the term of the appointment, where in any financial year the company has no profits or the profits are inadequate, Mrs. Swarnamugi R Karthik 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, if required. During the term of appointment payment of remuneration for a period exceeding three years from the date of appointment shall be subject to due compliance of Schedule V to the Companies Act, 2013. 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 Section 196 and 197 of the Companies Act 2013.

The period of office of Mrs. Swarnamugi R Karthik shall be liable to determination by retirement of directors by rotation. If Mrs. Swarnamugi R Karthik is re-appointed as a director, immediately on retirement by rotation she shall continue to hold office of Whole Time Director and such reappointment as director shall not be deemed to constitute a break in her appointment as a Whole Time Director.

#### 4. 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 2018-19 as approved by the Board be and is hereby ratified.

By order of the Board

Place : Chennai

**R. RAMESH KUMAR**

Date : August 14, 2018 President – Corporate & Secretary

## NOTES :

i) N.R.Doraiswami & Co, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 31<sup>st</sup> Annual General Meeting held on September 27, 2017 to hold office until the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2022. Pursuant to dispensation of the requirement of ratification of appointment of auditors at every Annual General Meeting by the Companies (Amendment) Act, 2017 effective May 07, 2018 the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

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

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

iii) 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.

iv) 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 32<sup>nd</sup> Annual General Meeting.

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) The Members may note that on account of amendment made to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on June 08, 2018, the Company will not be in a position to entertain the request for registration of Physical transfer of shares on or after December 05, 2018. Hence, Members holding shares in physical form, in their own interest are requested to dematerialise the shares to avail the benefit of electronic holding as well as trading. 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 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, 2011 at the Annual General Meeting held on September 22, 2011 will be transferred to the investor education and protection fund of the Central Government in November 2018 in terms of the provisions of Section 124 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 2010 - 11 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 32<sup>nd</sup> Annual General Meeting.

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

xi) **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 32<sup>nd</sup> 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](mailto:rsaevoting@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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
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(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 19, 2018 may obtain their user ID and password for e-voting by sending a request at [evoting@nsdl.co.in](mailto: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](http://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 23, 2018 at 9.00 a.m. and ends on September 25, 2018 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 19, 2018 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 25, 2018. 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](http://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 19, 2018.
- 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 28, 2018. The results declared along with the scrutinizer's Report shall be placed on the Company's website [www.bgrcorp.com](http://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.3

Mrs.Swarnamugi R Karthik was earlier appointed by the Board of Directors on February 08, 2013 as Director – Corporate Strategy for a period of 5 years and the term of appointment expired on February 07, 2018. The Board of Directors, at its meeting held on February 07, 2018 pursuant to the recommendation of Nomination and Remuneration Committee re-appointed Mrs. Swarnamugi R Karthik as Director-Corporate Strategy for a period of 5 years with effect from February 08, 2018 on the terms and conditions set out in resolution no.3 above subject to the approval of the Members.

The re-appointment of Mrs.Swarnamugi R Karthik as Director - Corporate Strategy was made under the provisions of the Companies Act, 2013. In terms of Schedule V of the Companies Act, 2013 the appointment 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 recommends resolution set out at item No. 3 of the Notice for approval by the shareholders.

Except Mrs. Swarnamugi R Karthik, Mrs.Sasikala Raghupathy and Mr.Arjun Govind Raghupathy none of the directors and key managerial personnel of the Company and their relatives is interested or concerned in this resolution.

### Item No.4

The proposal for appointment of Mr.A.N.Raman as Cost Auditor for Financial Year 2018-19 was recommended by the Audit Committee to the Board and the Board appointed him to be the Cost Auditor for FY 2018-19 at the meeting held on May 30, 2018. Copy of certificate dated April 19, 2018 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 the resolution.

### INFORMATION PERTAINING TO ITEM NOS.2 AND 3

#### 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	Mr.V.R.Mahadevan	Mrs.Swarnamugi R Karthik
Age	59 years	36 years
Experience	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.	She joined the services of the company in 2005 and has been involved in central procurement, corporate monitoring and business strategies.
Date of appointment	June 01, 2005	February 08, 2013
Qualifications	BE	B.Tech (IT), PGD in Embedded System
Names of other entities in which the person also holds the directorships	<ol style="list-style-type: none"> <li>1. GEA BGR Energy System India Ltd</li> <li>2. BGR Boilers Private Limited</li> <li>3. Govin Engineering and Constructions Limited</li> <li>4. Schmitz India Private Limited</li> <li>5. Pragati Computers Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Sravana Properties Limited</li> <li>2. BGR Investment Holdings Company Limited</li> <li>3. BGR Estate Holdings Limited</li> <li>4. GEA BGR Energy System India Ltd</li> <li>5. BGR Power Limited</li> <li>6. Progen Systems and Technologies Limited</li> <li>7. BGR Odisha Powergen Limited</li> <li>8. Accord Foundations Private Limited</li> <li>9. ANI Constructions Private Limited</li> <li>10. Cuddalore Powergen Corporation Limited</li> <li>11. Enexio Power Cooling Solutions India Pvt Ltd</li> </ol>

<b>Name of Director</b>	<b>Mr.V.R.Mahadevan</b>	<b>Mrs.Swarnamugi R Karthik</b>
Names of other entities in which the person also holds membership of Committees of Board	-	-
Shareholding in the Company as on March 31, 2018	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
Number of Meetings of Board Attended during the year	4	4

By order of the Board

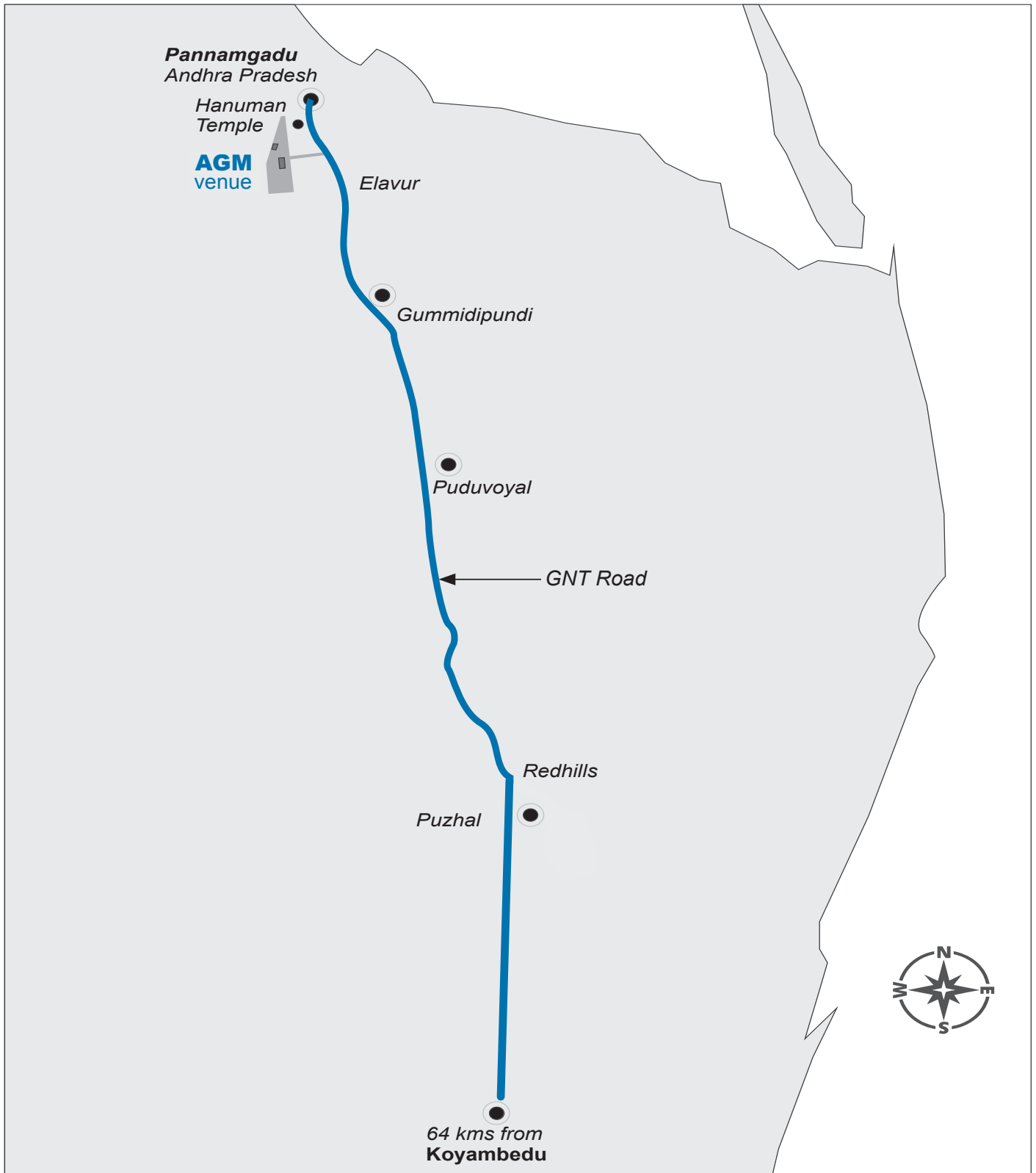
Place : Chennai

Date : August 14, 2018

**R. RAMESH KUMAR**

President – Corporate & Secretary

## ROUTE MAP FOR AGM VENUE



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





**BGR ENERGY SYSTEMS LIMITED**

Regd. Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulurpet Taluk, Nellore Dist. Andhra Pradesh – 524 401  
Ph : 044-27948249 Email : investors@bgrenergy.com, website : www.bgrcorp.com CIN : L40106AP1985PLC005318

**Form No. MGT -11**

**Proxy Form**

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the company, to be held on Wednesday, the September 26, 2018 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 :**

- 1. Adoption of Audited Standalone Financial Statements, Reports of Auditors and Board of Directors for the year ended March 31, 2018 and Audited Consolidated Financial Statements for the year ended March 31, 2018.
- 2. Appointment of Mr.V.R.Mahadevan as Director, who retires by rotation and, being eligible offers himself for re-appointment.

**Special Business :**

- 3. Appointment of Mrs.Swarnamugi R Karthik as Director – Corporate Strategy of the Company.
- 4. Ratification of remuneration payable to the Cost Auditor of the Company for the FY 2018-19.

Signed this \_\_\_\_ day of \_\_\_\_\_, 2018



\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of proxy holder (s)

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



## BGR ENERGY SYSTEMS LIMITED

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

### ATTENDANCE SLIP

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

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

1. I hereby record my presence at the 32<sup>nd</sup> ANNUAL GENERAL MEETING held at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh - 524 401 on Wednesday, September 26, 2018 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. (xi) to the Notice dated August 14, 2018 of the 32<sup>nd</sup> Annual General Meeting. The voting period starts from 9.00 a.m. on Sunday, September 23, 2018 and ends at 5.00 p.m. on Tuesday, September 25, 2018. The voting module shall be disabled for voting thereafter.