

The Ploceidae, small passerine birds also known as weaver finches, get their name because of their elaborately woven nests (the most elaborate of any birds'). The nests vary in size, shape, material used, and construction techniques. The entire construction involves immaculate attention to detail and turnkey execution.



BGR ENERGY SYSTEMS LIMITED
29th ANNUAL REPORT 2014-15

www.bgrcorp.com



RRVUNL 2x600 MW TPP Kalisindh,
Rajasthan. Unit # 2 Synchronized

MAHAGENCO 2x500 STPS
Chandrapur, Maharastra
attained full load operation
under coal firing



Environmental Engineering Division
manufactured and supplied
largest Deaerator to NPCIL for
2x700MW Kakrapara Atomic Power
Plant, Gujarat

Electrical Projects Division
commissioned the 220kV
Substation at Hospet, Karnataka



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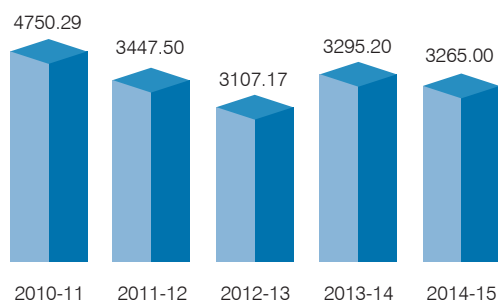
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Financial Highlights

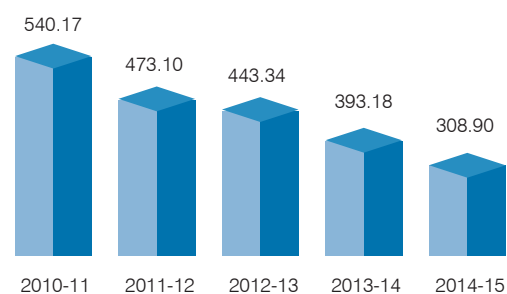
(₹ in Crore except per Share data)

DESCRIPTION	2010-11	2011-12	2012-13	2013-14	2014-15
SALES AND EARNINGS					
Sales	4750.29	3447.05	3107.17	3295.60	3365.00
Other Income	19.12	5.26	5.44	.50	1.50
EBIDTA	540.17	473.10	433.34	393.18	308.90
PAT	324.20	223.52	163.67	109.95	42.15
ASSETS					
Fixed Assets	175.39	198.41	210.28	198.05	182.72
Investments	136.80	235.85	363.71	363.61	363.61
Other Asset (Net)	2285.56	2849.78	3284.17	3272.11	3256.31
Total Assets	2597.75	3284.04	3858.16	3833.77	3802.64
FUNDED BY					
Equity Share Capital	72.16	72.16	72.16	72.16	72.16
Reserves & Surplus	877.60	1042.41	1147.38	1231.61	1272.13
Networth	949.76	1114.57	1219.54	1303.77	1344.29
Deferred Taxes	311.68	401.35	424.28	510.66	346.72
Borrowings	1336.31	1768.12	2214.34	2019.34	2111.63
Total Liabilities	2597.75	3284.04	3858.16	3833.77	3802.64
EPS (₹)	44.97	30.98	22.68	15.24	5.84
Dividend per equity share (₹)	10.00	7.00	7.00	3.00	-

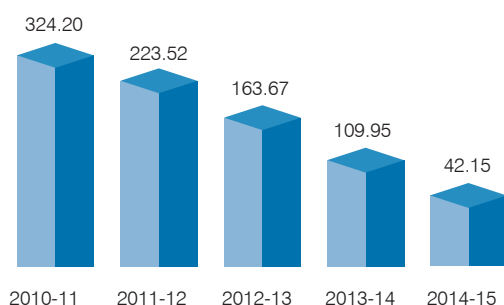
SALES (₹ in Crores)



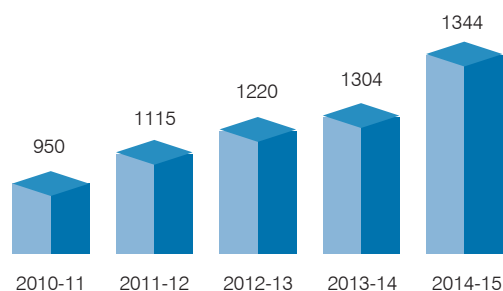
EBIDTA (₹ in Crores)



PAT (₹ in Crores)



NETWORTH (₹ in Crores)



Corporate Information

BOARD OF DIRECTORS

Sasikala Raghupathy
Chairman

A. Swaminathan
Joint Managing Director & CEO

V.R. Mahadevan
Joint Managing Director

Swarnamugi Karthik
Director – Corporate Strategy

M.Gopalakrishna
Director

S.A.Bohra
Director

S R Tagat
Director

M. S. Sundara Rajan
Director

Gnana Rajasekaran
Director

Heinrich Bohmer
Director

COMPANY SECRETARY

R. Ramesh Kumar

CHIEF FINANCIAL OFFICER

P. R. Easwar Kumar

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

BANKERS

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

REGISTERED OFFICE

A-5, Pannamgadu Industrial Estate,
Ramapuram Post, Sullurpet Taluk
Nellore District,
Andhra Pradesh – 524 401
CIN : L40106AP1985PLC005318

CORPORATE OFFICE

443,Anna Salai, Teynampet
Chennai 600018 India

REGIONAL OFFICES

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

Mumbai
401,Hitech town Centre, IV Floor,
90 S.V. Road, Khar (West),
Next to Khar RTO
Mumbai 400052

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

Website
www.bgrcorp.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills
Compound,
L.B.S. Marg, Bhandup (W)
Mumbai 400078

Directors' Report

To the Members of

BGR ENERGY SYSTEMS LIMITED

Your directors have pleasure in presenting their 29th Annual Report together with the audited financial statements for the year ended March 31, 2015.

FINANCIAL RESULTS

The highlights of the financial performance of the Company during the financial year ended March 31, 2015 as compared with the previous financial year ended March 31, 2014 are summarized below:

(₹ Crore)

Description	2014-15	2013-14
Income from operations	3365	3295
Other income	1.50	0.50
Total Income	3367	3296
Earnings before Interest, Depreciation, Tax and Amortization	310	393
Profit before tax	79	192
Tax Expense	37	82
Net Profit	42	110
Amount available for appropriation	42	110
Less:		
a) Dividend	-	22
b) Tax on dividend	-	04
c) Transfer to general reserve	4	11
Balance carried to Balance Sheet	38	73

DIVIDEND AND APPROPRIATION

Your Board of Directors in order to shore up net worth and retained funds have not recommended dividend for the FY 2014-15. Your directors wish to carry an amount of ₹ 38 crores to the Balance Sheet after appropriation of ₹ 4 crores to general reserve.

OPERATING PERFORMANCE

During the year, the Company has successfully commissioned the 1 x 600 MW Mettur thermal

power plant in Tamil Nadu. The plant has achieved commercial operation and was handed over to the client TANGEDCO for regular commercial operations. Another major milestone for the Company was the successful achievement of commercial operation date for Unit 1 of the 2x660 MW Krishnapatnam Project, which was the first Super Critical BoP project undertaken by the Company. Your Company has achieved commercial operation date (COD) for Unit 1 of the 2 x 600 MW EPC Kalisindh Project and the Unit is currently under commercial operation by the client, RRVUNL.

Air Fin Cooler ("AFC") division has achieved a record growth of turnover in the backdrop of tough market conditions. The division has maintained its market leadership in India with significant orders from Reliance and BPCL. The division is expected to reach the position of a dominant player in international market in the foreseeable future. The Company now lays thrust on high value orders and higher grade of materials of construction. Investments have been made in manpower as well as manufacturing capability and quality systems so that AFC is competent for bigger growth in international markets.

In the year 2014-15, Electrical Project Division ("EPD") has secured despite a competitive environment, 4 Sub-station project contracts from TANTRANSOCO. These projects cover installation of EHV switchyard of 63 bays with 2740 MVA of transformation capacity. EPD made substantial completion of supplies for the first unit of Nuclear Power Project of Kakrapar(KAPP) in Gujarat.

Environmental Engineering Division ("EED") has bagged order for supply of Deaerators for 2 x 660 MW for super critical project at Malwa. During the year under review the division manufactured and supplied 13 numbers of Deaerators which includes super critical and nuclear power stations. The division has successfully executed first large size desalination plant with a capacity of 13.5 Millions of Liters per Day(MLD) in a record time of seven months. The division successfully commissioned two water treatment plants during the year under review.

Oil & Gas Equipment division ("OGED") has signed a co-operation agreement for technical support with AMR Process, Canada.

This tie-up, is expected to enable the division to widen its potential.

INDUSTRY ANALYSIS - POWER

The policy initiatives of the Union Government are expected to facilitate resurgence of the power sector's value chain as a whole in the next 5 years, especially in the backdrop of the action plan towards coal production target to 1 Billion MT and 24 x 7 power in the entire country.

Despite the positive indicators of the power sector, the investment climate in power sector in the current year remains bearish. Fuel security issues, funding issues, dire financial situation of many State Discoms, lesser participation of IPPs in the market due to macro issues pose as road blocks to the power industry. The GDP growth at just over 6%, low per capita electricity consumption, downward spiraling prices of crude in the last 3 quarters would augur well for development of the economy.

With fewer projects getting off the ground, the problem of too few for too many players has arisen and this unfavourable situation forced all players into fierce competition. Investments in the Power and Infrastructure Sector have slowed down to a great extent, except Central/ State Utilities such as NTPC, Department of Atomic Energy, resulting in extreme pressure on prices. The situation is expected to improve when investments in major infrastructure projects take-off in the coming years.

FUTURE OUTLOOK

India's demand for Electricity is expected to take a sharp leap upwards with "Make in India" programme of the Government of India gaining momentum. Your Company envisages opportunities for EPC/BoP projects for combined capacity of around 30,000 MW over the next 3 years. Your Company is well placed to secure a significant market share in these prospects. The completion of first and second stage of coal mines allotment through e-auction to both the Power and Industry Sectors likely to give impetus to many projects which were at planning stage to move forward with implementation of projects.

The water market especially on the municipal and urban sector are growing at an exponential pace and since water is fast

Directors' Report

becoming a scarce commodity, the business to treat waste water is gaining critical importance. Having gained the requisite experience in primary and secondary treatment of water, your Company now making efforts to leap into the waste water treatment business in a big way by associating with international leaders in respective field of specialization. Central power PSUs viz., NTPC and NLC and several State Gencos are now moving towards BTG and BoP method of contracting. Your Company will continue to leverage its capability and value proposition in BoP contracting and will extend this proposition to all customers who are following the BoP contractual methodology.

India is also set to triple its Nuclear Power Project generation capacity in the next decade. Prospects for capacity addition of 2800 MW are on the horizon and scope of work for Balance of Plant (BoP) and construction are likely to be available. Nuclear Power Projects for capacity addition of 3400 MW have witnessed the initial groundbreaking ceremonies and civil works are now being awarded. The tendering processes for downstream activities are slated to commence in FY 2015-16 for 3400 MW. This provides another opportunity for EPD given its proven credentials in this segment.

Considering the slowdown in the Indian power sector, the Company has identified Bangladesh, Indonesia and Africa as potential markets and is now bidding for contracts. Your Company will utilize the next 12-18 months to augment and address international markets for Oil & Gas for supply of gas processing equipment & systems, EPC power projects in South East Asia, Middle East and CIS countries. Your company has given thrust to high "Health, Safety and Environment" Standards, high quality, superior engineering so as to sustain the confidence of international clients. AFC and OGED are focusing on domestic and international markets with emphasize on Middle East, East Europe and South East Asia and to achieve greater penetration forging alliances for technical and sales support services.

Your Company's in depth expertise in engineering of complex power projects gives confidence to undertake projects in water, oil & gas, nuclear power, transmission and

distribution, desalination projects, sewage treatment plants and infrastructure projects.

PROGRESS AND STATUS OF JOINT VENTURES

BGR Boilers Private Limited and BGR Turbines Company Private Limited

These joint venture companies with Hitachi were set up in 2010 to carry on the business of design, engineering and manufacture of supercritical steam generators (SG) and supercritical steam turbine and generators (STG) of 660 MW, 800 MW and 1000 MW capacity. During the year under review, these JV companies have not witnessed significant progress in setting up of manufacturing facilities. Until the previous year, these companies have acquired substantial private lands required for manufacturing facilities and also made significant progress towards purchase of capital equipment.

On February 1, 2014 the global integration of thermal power businesses of Mitsubishi Heavy Industries Limited (MHI) and Hitachi, Ltd. (HL) through a joint venture viz., Mitsubishi Hitachi Power Systems Limited (MHPS) was brought into effect. In the light of this global integration, Hitachi, Ltd. and Hitachi Power Europe GmbH (HPE) have ceased to be Qualified Manufacturers (QM) of steam turbine and generators and steam generators respectively. This, as a consequence, has impacted setting up of manufacturing facilities and carrying on future business.

These developments had also impacted the on-going contracts for supply of SG and STG to NTPC and DVC. NTPC sought to address and remedy certain issues through Novation Agreement whereby MHPS and MHPSE would substitute themselves as technical collaborator, joint venture partner / equity shareholder in these joint venture companies.

Your company asserted its contractual rights under various joint venture contract documents and also initiated certain legal action. Your company also engaged in bilateral negotiations with Hitachi and trilateral discussions with Hitachi and NTPC to find fair and acceptable settlement of contractual issues arose on account of aforesaid global integration.

These efforts remain inconclusive and your company believes that circumstances exist for a way forward.

Performance and financial position of each subsidiary, JVs

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. These information so disclosed may also be treated for the purpose of rule 8(1) of the Companies (Accounts) Rules, 2014.

CONSOLIDATED FINANCIAL STATEMENT

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

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

In terms of Section 136 of the Companies Act, 2013 the Company has placed on its website the standalone and consolidated financial statements and the separate audited and unaudited accounts of all subsidiary companies as the case may be and the Company will provide a copy of separate audited financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr.K.Chandrashekhar, Director - Projects resigned and he was relieved from the services of the Company effective May 31, 2014. In accordance with the provisions of Companies Act, 2013 Mr. V.R.Mahadevan, Director retires by rotation and being eligible offers himself for reappointment. A brief profile of Mr.V.R.Mahadevan is given in the notice convening the 29th annual general meeting of the Company.

All Independent Directors have given declarations that they meet the criteria of

Directors' Report

independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the listing agreement.

At the Board Meeting held on May 30, 2014 Mr.R.Ramesh Kumar, President – Corporate & Secretary and Mr.P.R.Easwar Kumar, Chief Financial Officer were appointed and designated as “Key Managerial Personnel” of the Company pursuant to Section 203 of the Companies Act, 2013.

MEETINGS OF BOARD

During the year 4 Board meetings and 4 Audit Committee meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

ANNUAL EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the listing agreement, 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 robust review system was adopted by the Nomination and Remuneration Committee covering various aspects of the functioning of the Board and every Director for evaluation of performance.

AUDIT COMMITTEE

The Audit Committee of the Board comprises of four directors of which three members are independent directors and all the members of Audit Committee are financially literate. More details of the Audit Committee are provided in the Corporate Governance Report.

SHARE CAPITAL

The paid-up equity share capital of the Company as on March 31, 2015 was ₹ 72.16 Crores. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In compliance with Section 205(C) of the Companies Act, 1956 a sum of ₹ 9,60,140/- being the unclaimed refund amount of balance application money in respect of the issue of equity shares in the initial public offer (IPO) of the Company made in the year 2007 was transferred to the Investor Education and Protection Fund of the Central Government in January 2015 after giving sufficient notice to the concerned shareholders.

Dividend which remains unclaimed out of the dividend declared by the Company for the financial year ended March 31, 2008 at the Annual General Meeting held on September 19, 2008 will be transferred to the Investor Education and Protection Fund of the Central Government in October 2015 pursuant to the provisions of Section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the shareholders.

HUMAN RESOURCES

Your Company has always had a strong conviction that the human capital is the pivotal force behind organization's success and therefore, has considered people development to be a vital need. The learning and development initiatives continued to receive importance. Accordingly, training programs based on development needs identified through competency gap analysis were designed and organised. In all, 150 programmes were organised and 1986 participants attended these programmes.

The Human resources function has been actively engaged in being a strategic partner of business. The people processes play a key role in ensuring that the Company remains a vibrant organization. As a step forward towards institutionalization of contemporary people processes, a HR study was undertaken facilitated by renowned external HR Consultants. With a view to ensure participative approach, the consultants had interacted with a number of employees in order to elicit their views and expectations. Consequently, the areas of improvements were identified and brainstormed by three Task forces consisting of employees from various divisions / functions and levels. Based on their recommendations, a number of new Employee Engagement initiatives have been

introduced in the areas of improving work-life balance, creating better living conditions at project sites, launch of interactive Intranet portal, organizing sports and cultural events. These initiatives have been received well by the employees and have gone a long way to boost the morale of the employees and many more such initiatives are at works. Industrial Relations at various project sites and manufacturing units were cordial through the year.

Your Company is committed to permeating performance driven culture and towards this objective, it is imperative that employees are distinguished based on their contribution and recognized and rewarded adequately. Accordingly, the performance excellence awards were introduced and 49 employees were honoured in the Founder's day celebrations on September 28, 2014.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

EMPLOYEE STOCK OPTION SCHEME

Your Company has implemented the Employee Stock Option Scheme 2007 in accordance with the SEBI (Employee Stock

Directors' Report

Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Nomination and Remuneration Committee, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2015 are attached as Annexure – I of this report.

DEPOSITS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure II. During the FY 2014-15, the Foreign exchange earnings and outgo were ₹ 104906 lakhs and ₹ 1125 lakhs respectively.

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

Your Company has 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 action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are periodically presented to the Audit Committee of the Board.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility Committee was constituted by the Board of Directors on May 30, 2014 with Mrs.Sasikala Raghupathy as Chairman and Mrs.Swarnamugi Karthik and Mr.Gnana Rajasekaran as members of the Committee. The CSR Policy formulated and recommended by the Committee was

approved by the Board on November 12, 2014. The Policy is in line with Schedule VII of the Companies Act, 2013 and the Company will be focusing on CSR activities pertaining to education, health, skill development and destitute women care and welfare. The contents of CSR Policy is given in the Corporate Governance Report. The Annual Report on CSR activities is annexed herewith as Annexure III.

REMUNERATION POLICY

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee for approval. The Policy on related party transactions as approved by the Board is uploaded on Company's website.

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

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s.B.Chitra & Co, Company Secretaries in practice to undertake the secretarial audit of the Company. The Report of secretarial audit is annexed herewith as Annexure V. The audit report is unqualified and without reservation or adverse comment on compliance.

RISK MANAGEMENT POLICY

The Company as part of Standard Operating System and Procedure institutionalized risk management covering risk identification, mitigation and management measures. This Risk Charter and Policy have been brought to practice as per 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 to ensure that executive management manages risk through means of a properly defined framework.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the Financial year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures ;\
- the Directors have selected such accounting policies and applied them

Directors' Report

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, 2015 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, 2015 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

Manohar Chowdhry & Associates, Chartered Accountants, Statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Manohar Chowdhry & Associates, Chartered Accountants confirmed that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment in terms of Section 141 of the Companies Act, 2013.

Explanation to Auditor's report on consolidated financial statements as required under Section 134(3) of the Companies Act, 2013

Auditor's Qualification:

The Auditors have expressed a qualified opinion stating that the consolidated financial statement include unaudited financial

statement and other financial information of two subsidiaries, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited whose aggregate assets of ₹ 1,11,800 lakhs as at March 31, 2015, aggregate revenue of ₹ 1,28,645 lakhs and cash out flow amounting to ₹ 277 lakhs for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of the subsidiary companies have been furnished to the Auditors by the management of the holding company and the Audit report insofar as it relates to the amounts included in respect of these subsidiaries are based solely on such unaudited financial statements. The Auditors have stated that they are unable to comment on adjustments that may have been required to the accompanying consolidated financial statements had such unaudited financial statements been audited.

(Refer Page No. 72 in the Annual Report 2015).

Board's reply:

As the audited accounts of these subsidiaries were not received before approval of accounts by the Board of Directors of the holding Company, the consolidation was done on the basis of provisional unaudited financial statements taken on record by the Board of Directors of the respective subsidiary companies.

COST AUDITORS

The Board of Directors at its meeting held on May 28, 2015 approved the appointment of Mr.A.N.Raman, Cost Accountant as the Cost Auditor of the Company for the Financial year 2015-16, pursuant to the applicable provisions under the Companies Act, 2013.

Pursuant to Section 233(B)(4) of the Companies Act, 1956 Cost Audit Report for the financial year ended March 31, 2014 issued by Mr.R.Vaidhyanathan, Cost Auditor was submitted to the Central Government on October 27, 2014.

CORPORATE GOVERNANCE

A Report on Management Discussion & Analysis of Performance and Compliance of Corporate Governance under Clause 49 of the Listing Agreement and Certificate from auditors confirming compliance of conditions

of Corporate Governance are included in this Annual Report as Annexure VI.

EXTRACT OF ANNUAL RETURN

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

ANNEXURES FORMING PART OF DIRECTORS' REPORT

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

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Sasikala Raghupathy
Chairman

Place : Chennai

Date : August 03, 2015

Directors' Report

ANNEXURE I

DISCLOSURE IN THE DIRECTORS' REPORT AS PER SEBI GUIDELINES

Sl. No.	Particulars	2014-15	
(i)	Description of each ESOS existing during the year		
	a) Date of shareholders' approval	11/07/2007	
	b) Total number of options approved under ESOS	704770	
	c) Vesting requirements	<p>The options granted shall vest so long as the employee continues to be in the employment of the company. Vesting of the options shall take place over a maximum period of 5 years with a minimum period of 1 year from the date of grant. The Board would determine the exact proportion and period in which the options would vest.</p> <p>The Board may, in its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance based vesting, and the proportion in which options granted under the scheme would vest (subject to the minimum vesting period as specified above.)</p>	
	d) Exercise price or pricing formula	₹ 408/-	
	e) Maximum term of options granted	5 years from the date of last vesting	
	f) Source of shares (primary, secondary or combination)	Primary	
	g) Variation in terms of options	None	
(ii)	Method used to account for ESOS - Intrinsic or fair value	Intrinsic	
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, difference between the employee compensation cost so computed and the employee compensation cost shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	All the expenses on account of both the grants dated 18th July, 2007 have been taken in the books over the vesting period of the options granted.	
(iv)	a) Option movement during the year		
	Particulars	Details	Weighted Avg. Market Price
	Number of options outstanding at the beginning of the period	271396	408
	Number of options granted during the year	0	N.A
	Number of options forfeited/lapsed during the year	12218	408
	Number of options vested during the year	0	N.A
	Number of options exercised during the year	0	N.A
	Number of shares arising as a result of exercise of options	0	N.A
	Money realised by exercise of options if scheme is directly implemented by the company	0	N.A
	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.

Directors' Report

Sl. No.	Particulars	2014-15	
	Number of options outstanding at the end of the year	259,178	408
	Number of options exercisable at the end of the year	39,136	408
	b) for stock options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the enterprise may instead disclose the weighted average share price during the period.	There are no options exercised during the period.	
	c) for stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (comprising the vesting period and the exercise period). If the range of exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.	All options outstanding are at an Exercise price of Rs. 408. The remaining average contractual life of all options is from .76 years to 1.76 years. All outstanding options, if not exercised, would lapse by Jan 3, 2017.	
(v)	Weighted-average exercise price of options whose		
	a) Exercise price equals market price		N.A.
	b) Exercise price is greater than market price		408
	c) Exercise price is less than market price		N.A.
	Weighted-average fair value of options whose		
	a) Exercise price equals market price		N.A.
	b) Exercise price is greater than market price		186
	c) Exercise price is less than market price		N.A.
(vi)	employee wise details of options granted to		
	(i) Senior Managerial Personnel		
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.		N.A.
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.		There were no options granted during the current year.
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:		
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model		
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise		N.A.
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and		There were no options granted during the current year.
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.		

Directors' Report

ANNEXURE II

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

During the year the following measures were taken by the Company for energy and resource conservation at the units of AFC and OGED divisions of the Company:

Energy & Electricity

- i. One of the finning machines have been converted from DC drive to AC drive to save energy consumption, which is substantial. This will be extended to the other finning machines during the current year.
- ii. A detailed study was initiated for saving power in the operation of high frequency units and welding machines which consume huge power.
- iii. New initiatives are being made for opting variable frequency drive panels for the electrically operated trolley (EOT) cranes to control power consumption.

iv. Based on the pilot study, the proposal for solar energy generation by installation of fixed tilt solar rooftop photovoltaic system in factory is being considered by the Company.

v. Replacement of reciprocating compressor to screw compressor to save the energy is being evaluated.

vi. A study is being made for automatic speed control in finning machines / sensors to optimize the operations as well as energy consumption.

Water

AFC Division has continuous requirement of water for hydro-test. The Company is working on a mechanism of recycling of this hydro-test water so that the consumption is minimized. Also initiative is being made for gardening to utilize treated water.

Fuel

The consumption of diesel during power cut is high. Measures are being taken to use lower power DG set to reduce the requirement of fuel.

A nodal officer has been nominated for energy and resources conservation initiative and the following steps are initiated:

1. Replacement of old inefficient AC units with energy efficient units.
2. Installation of solar lights to reduce use of conventional energy.
3. Installation of occupancy sensor in offices for air conditioner load.
4. Using lower power DG sets at night.
5. Conducting awareness campaign in the plants and office for reduction of the electricity usage.
6. Arresting air leakages, reduction in usage of compressor.

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

1	Efforts, in brief, made towards technology absorption, adaptation and innovation.	Under implementation
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	N.A.
3	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported (b) Year of import (c) Has technology been fully absorbed (d) If not fully absorbed areas where this has not taken place, reasons there for and future plans of action.	Technology relating to Design, engineering and manufacture of Heat Recovery Steam Generators 2010 Under implementation Under implementation
4	Expenditure incurred on research and development	Nil

ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

1. Brief outline of CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
Brief outline of CSR policy is stated herein below:
The Company as its CSR shall focus on programs / projects from the following areas as per the provisions of Schedule VII referred in the section 135 of the Companies Act, 2013:
 - a. Eradication hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
 - b. Promotion education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
 - c. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
 - d. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
 - e. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
 - f. Measures for the benefit of armed forces veterans, war widows and their dependents.
 - g. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
 - h. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
 - i. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
 - j. Rural development projects.
2. Weblink of CSR Policy: http://www.bgrcorp.com/policy/CSR_Policy.pdf
3. Composition of CSR Committee:
Mrs.Sasikala Raghupathy, Chairman
Mr.Gnana Rajasekaran
Mrs.Swarnamaugi Karthik,
4. Average net profit of the Company for the last three financial years:
₹ 254.90 Crores
5. Prescribed CSR Expenditure(two percent of the amount as in item 3 above):
₹ 5.10 Crores
6. Details of CSR spent during the financial year 2014-15
 - a) Total amount to be spent for the FY 2014-15
₹ 5.10 Crores
 - b) Amount unspent, if any.
Rs.5.10 Crores
 - c) Manner in which the amount spent during the FY 2014-15
No amount was spent.
 - d) Reasons for not spending the amount during FY 2014-15
The Company is in the process of identifying programs / projects / agencies for CSR spending.
7. Responsibility Statement:
The implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

A.Swaminathan Joint Managing Director & CEO	Sasikala Raghupathy Chairman of CSR Committee
--	--

ANNEXURE IV

1. APPLICABILITY

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

2. OBJECTS

This policy seeks to achieve the following objectives viz.,

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

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

3. REMUNERATION TO DIRECTORS

- a. Fee to Non-executive directors.

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

- b. The amount of fee to Independent directors and women directors shall not

REMUNERATION POLICY

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 Chairman of the Board shall be entitled to commission on profits of the Company and such commission shall be determined by the Board for each financial year and such payment shall be subject to the provisions of the Companies Act, 2013.
- f. Directors shall be entitled to reimbursement of expenses on travelling, lodging, boarding and other out-of-pocket expenses incurred for participation in the Board and Committee meetings and other work related to the Company's business.

4. REMUNERATION TO KEY MANAGERIAL PERSONNEL

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

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

5. REMUNERATION TO DESIGNATED EMPLOYEES

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

6. REMUNERATION TO OTHER EMPLOYEES

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

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

Secretarial Audit Report

ANNEXURE V

SECRETARIAL AUDIT REPORT for the Financial Year ended 31.03.2015

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

To
The Members,
BGR Energy Systems Limited

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 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) 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (d) 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;
- (v) The other laws applicable specifically to the company: NIL.

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

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

We have also examined compliance with the applicable clauses of the the Listing Agreements entered into by the Company with NSE and BSE for securities.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

For Chitra &Co

B. CHITRA
(Partner)
FCS No.:4509
C P No.:2928

Place : Chennai
Date : August 03, 2015

Secretarial Audit Report

Annexure 'A' to Secretarial Audit Report

To
The Members,
BGR Energy Systems Limited

Statement regarding Secretarial Audit Report for the Financial Year ended 31.03.2015

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the

Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility

of the management of the Company. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chitra &Co

B. CHITRA
(Partner)
FCS No.:4509
C P No.:2928

Place : Chennai
Date : August 03, 2015

Report on Corporate Governance

ANNEXURE VI

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance, your Company is committed to follow high standards of corporate governance in all its activities and processes. The Board of Directors endeavor to create an environment of fairness, equity and transparency. The Company's objective is to secure long term shareholder value, while respecting the rights and expectations of all other stakeholders viz., Customers, Vendors, Banks, Employees, Central and State Governments and the society at large. The Company is in compliance with requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD OF DIRECTORS

In line with corporate governance philosophy, all statutory and other significant material information are placed before the Board of Directors ("the Board") to enable it to discharge its responsibility of superintendence, control and direction of management of strategic and day to day affairs of the Company. The Board comprises of ten Directors drawn from diverse fields of expertise viz., Business Management, Banking, Finance, Public Administration, Power, Technology, Arts, Culture and International Business. The Board at present consists of six independent directors, two professional whole-time directors and one non-independent whole-time director and one non-executive promoter director, who is the Chairman of the Board.

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

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, 2015 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 Chairman and Joint Managing Directors of the Company. There is constant endeavor to improve the practices with regard to the Board Meetings. The agenda and the relevant papers are circulated in advance to facilitate the members of the Board to take informed decisions and discharge their responsibility effectively. Where it is not practicable to attach or forward any document / information as part of the agenda papers, the same are tabled at the meeting or presentation by the concerned President of the division to the Board. The Company is continually improving these practices so as to enable more effective strategy formulation, direction, monitoring and reviews by active participation by the Board.

The following information are regularly placed before the Board:

- i) Appointment, resignation and retirement of directors.
- ii) Constitution and reconstitution of committees of the Board.
- iii) Disclosure of interest of Directors.
- iv) Minutes of the meetings of the Board.
- v) Minutes of the meetings of the Committees of the Board viz., Audit, Stakeholders relationship, Nomination and Remuneration Committee, Share Transfer and Committee of Directors.
- vi) Statutory compliance report on quarterly basis.
- vii) Corporate Governance compliance report.
- 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 contracts and profitability.
- xii) Quarterly, Half yearly and Annual financial statements of the Company and annual financial statements of Subsidiary companies.
- xiii) Appropriation of profits to dividend and reserves.
- xiv) Investment in Joint ventures and Subsidiaries.
- xv) Progress of Joint venture companies and capital projects.
- xvi) Audit Committee's recommendations on internal and statutory audits, auditor recommendation, accidents and untoward incidents.
- xvii) Show cause notices and other material legal action against the company.

During the Financial Year 2014 - 15, 4 (four) Board Meetings were held on May 30, 2014, August 13, 2014, November 12, 2014 and February 13, 2015 and not more than 120 days have elapsed between any two meetings. The information as specified in Annexure X to Clause 49 of the Listing Agreement are regularly made available to the Board, wherever applicable for discussion and consideration.

As per Clause 49 of the Listing Agreement, a separate meeting of Independent Directors of the Company was held on November 12, 2014 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.,

- a) Performance of non-independent directors and Board as a whole;
- b) Performance of the Chairperson of the company, taking into account the views of the executive directors and non-executive directors;
- c) Assessment of flow of information between the company management and Board.

Report on Corporate Governance

Particulars of the directors' attendance at the Board Meetings and at the Annual General Meeting held on September 25, 2014 and particulars of their directorships and committee memberships in other companies are given below:

Name & Category of the Director	Attendance at meetings during 2014-15		No. of Directorship In other Companies [@]	No. of Committee Membership & Chairmanship In other Companies #
	Board Meetings	At last AGM held on September 25, 2014		
Swarnamugi Karthik, Director – Corporate Strategy, Non-Independent Executive,	4	Yes	8	-
K. Chandrashekhar*, Director – Projects, Executive	1	N.A.	1	-
A. Swaminathan, Joint Managing Director & CEO, Executive	3	Yes	3	-
V.R. Mahadevan, Joint Managing Director, Executive	4	Yes	3	-
Sasikala Raghupathy, Chairman, Promoter, Non-Executive	4	Yes	9	-
Heinrich Bohmer, Director, Independent	4	No	-	-
M. Gopalakrishna, Director, Independent	3	Yes	8	3
S.A. Bohra, Director, Independent	4	Yes	-	-
S.R. Tagat, Director, Independent	3	Yes	-	-
Gnana Rajasekaran, Director, Independent	4	Yes	1	1
M. S. Sundara Rajan, Director, Independent	3	Yes	9	5

Yes – Present, No – Absent

@ Excludes private companies and foreign companies.

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

* Resigned and relieved from the service of the Company with effect from May 31, 2014.

Except Mrs. Swarnamugi Karthik, Director – Corporate Strategy, daughter of Mrs. Sasikala Raghupathy, Chairman 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.

REMUNERATION PAID TO DIRECTORS DURING FY 2014-15

(₹ in Lakh)

Name of Director	Remuneration		Sitting Fees*
	Salary & Allowances	Bonus/ Ex-gratia	
Swarnamugi Karthik, Director – Corporate Strategy	86.15	2.00	--
K.Chandrashekhar,** Director – Projects	13.93	10.00	--
A.Swaminathan, Joint Managing Director & CEO	176.27	5.13	--
V.R. Mahadevan, Joint Managing Director	125.26	3.49	--
Sasikala Raghupathy, Chairman	--	--	4.60
Heinrich Bohmer, Director	--	--	4.00
M. Gopalakrishna, Director	--	--	3.80

(₹ in Lakh)

Name of Director	Remuneration		Sitting Fees*
	Salary & Allowances	Bonus/ Ex-gratia	
S.A. Bohra, Director	--	--	5.00
S.R. Tagat, Director	--	--	4.20
Gnana Rajasekaran, Director	--	--	4.60
M. S. Sundara Rajan, Director	--	--	3.60

* Sitting Fees paid to the directors include Board and Committee meetings.

** Mr. K. Chandrashekhar ceased to be a Director with effect from 31.05.2014.

Report on Corporate Governance

Details of Shares of the Company held by Directors as on March 31, 2015 and Options granted under ESOS 2007 to the Directors and held by them as on March 31, 2015 are as below:

(₹ in Lakh)

Name	Number of Shares held	Number of Options (outstanding)
Swarnamugi Karthik	-	-
K.Chandrashekhar	-	-
V.R. Mahadevan	716	20,000*
A. Swaminathan	18,100	41,265*
Sasikala Raghupathy	2,68,68,450	-
Heinrich Bohmer	-	-
M. Gopalakrishna	-	-
S.A. Bohra	-	-
S.R. Tagat	135	-
Gnana Rajasekaran	-	-
M. S. Sundara Rajan	-	-

* Time based outstanding options were accrued on yearly basis with effect from January 3, 2009 and are exercisable within 5 years from the date of vesting.

COMMITTEES OF THE BOARD

The Board constituted the following committees:

AUDIT COMMITTEE

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

The members of the Audit Committee are:

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

The Composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. The Joint Managing Directors, Chief Financial Officer, Statutory Auditor of the Company are permanent invitees to the Audit Committee Meetings. The internal auditors are also invited as are relevant for consideration

of audit reports. The quorum for Committee Meeting is two members or one third of the total strength of the Committee, whichever is higher and such quorum comprise of at least two independent members present. The Committee enables the Board to discharge its responsibility for overseeing accounting, financial, auditing and reporting process and for ensuring legal and regulatory compliance.

The Powers and terms of reference of the Audit Committee are as given below, which cover following matters specified under Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

Powers of Audit Committee:

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

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Such other powers as may be necessary for due and proper discharge of role of Audit Committee.

The role and terms of reference of the Audit Committee :

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013

- b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
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 or modification of transactions of the company with related parties;
 8. Scrutiny of inter-corporate loans and investments;
 9. Valuation of undertakings or assets of the company, wherever it is necessary;
 10. Evaluation of internal financial controls and risk management systems;
 11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 12. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the officer heading the department, reporting structure coverage and frequency of internal audit;
 13. Discussion with internal auditors of any significant findings and follow up 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;

Report on Corporate Governance

16. To look into the reasons for substantial defaults 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 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 background of the candidate;
19. In addition, reviewing of such other functions as envisaged under Section 177 of the Companies Act 2013 and Clause 49 of the Listing Agreement.

There were 4 (Four) meetings of the Audit Committee held during Financial Year 2014 - 15 on May 28, 2014, August 13, 2014, November 11, 2014 and February 13, 2015.

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

Name of the Member	No. of Meetings attended
S.R. Tagat	4
S.A. Bohra	4
M. Gopalakrishna	3
Swarnamugi Karthik	3

The Chairman of the Audit Committee Mr. S.R. Tagat attended the previous Annual General Meeting of the Company held on September 25, 2014.

COMMITTEE OF DIRECTORS

The Committee of Directors has the following members;

Mrs. Sasikala Raghupathy,
Chairman

Mr. V. R. Mahadevan,
Joint Managing Director

Mr. A. Swaminathan,
Joint Managing Director & CEO

Mr. K.Chandrashekhara,
Director – Projects*

Ms. Swarnamugi Karthik,
Director – Corporate Strategy; and

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

* Resigned and relieved from the service of the Company with effect from May 31, 2014.

The quorum for Committee meetings is three.

There were 7 (seven) meetings of Committee of Directors held during Financial Year 2014 - 15 on June 16, 2014, July 28, 2014, August 20, 2014, September 23, 2014, December 19, 2014, January 12, 2015 and March 16, 2015.

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

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

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

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

- 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.
- 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.
- To affix the Common Seal of the company to any document, instrument in the presence of Mrs.Sasikala Raghupathy, Chairman or Mr.V.R.Mahadevan, Joint Managing Director or Mr.A.Swaminathan, Joint Managing Director & CEO or Mrs.Swarnamugi Karthik, Director - Corporate Strategy of the company wherever necessary and countersigned by Mr. R. Ramesh Kumar, President – Corporate & Secretary of the company in terms of article 68 of Articles of Association of the company.
- To constitute sub-committee or working group or task force to carry into effect any business or transaction together with such power and authority and discretion in respect of matters delegated to them.

NOMINATION AND REMUNERATION COMMITTEE

In terms of the Companies Act, 2013 and Clause 49 of the Listing Agreement the Compensation Committee was reconstituted as Nomination and Remuneration Committee by the Board of Directors on May 30, 2014 and the re-constituted Committee comprises of Mr.M.S. Sundara Rajan, Chairman of the Committee, Mr. S.R. Tagat, Mr.Gnana Rajasekaran and Mrs.Sasikala Raghupathy, Members of the Committee.

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

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

The Nomination and Remuneration Committee met twice during the year on November 12, 2014 and March 06, 2015.

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

Name of the Member	No. of Meetings attended
M.S.Sundara Rajan	2
S.R.Tagat	2
Gnana Rajasekaran	2
Sasikala Raghupathy	2

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

During the Financial Year, the Company received 102 complaints from investors / shareholders. All the complaints were attended to as per applicable guidelines and regulations. There are 2 complaints pending before District Consumer Forum and 1 complaint pending before a Civil Court. As at March 31, 2015, there were no pending share transfers. The Committee met during the year on November 12, 2014 and reviewed the status of pending investor complaints and steps taken by the Company.

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.

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

Name of the Member	No. of Meetings attended
M. Gopalakrishna	1
S.A.Bohra	1
Swarnamugi Karthik	1

SHARE TRANSFER COMMITTEE

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

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

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

Mr. R. Ramesh Kumar, President – Corporate & Secretary acts as the secretary to all the Board Committees except Committee of Directors of which he is a member and secretary.

GENERAL MEETINGS

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

Financial Year	Date	Time	Venue
2013-14	September 25, 2014	3.00 P.M.	Registered Office
2012-13	September 25, 2013	3.00 P.M.	Registered Office
2011-12	September 21, 2012	3.00 P.M.	Registered Office

b) Special resolution passed through postal ballot –

No special resolution was passed through postal ballot during the Financial Year 2014-15. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

CODE OF CONDUCT

The Board of Directors has adopted a revised code of conduct, applicable to directors and to employees of the Company as per the Companies Act, 2013. This has been uploaded on the Company's website www.bgrcorp.com for strict compliance. All Board members and senior management personnel have affirmed compliance to the code. The declaration by the Joint Managing Director & CEO under Clause 49 affirming compliance with the code of conduct by all members of the Board and the senior management personnel for the year ended March 31, 2015 is given below.

DECLARATION BY THE CEO UNDER CLAUSE 49(II)(E) OF THE LISTING AGREEMENT

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, 2015.

A.Swaminathan
Joint Managing Director & CEO

Place: Chennai
Date: August 03, 2015

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SUBSIDIARY COMPANIES

The Company has the following subsidiary companies:

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

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

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

- a) 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.
- b) The minutes of Board meetings of the subsidiaries are placed and noted at the Board meetings of the Company.
- c) The progress of subsidiaries namely BGR Boilers Private Limited and BGR Turbines Company Private Limited are placed before the Board at each meeting for review, control and monitoring.

DISCLOSURES

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.

Related Party Transactions

(₹ in lakh)

Particulars	Subsidiary Companies	Other Companies	KMP	Relatives of KMP	For the year ended March 31, 2015	For the year ended March 31, 2014
Sales	-	3315	-	-	3315	2736
Purchases	128740	3858	-	-	132598	20952
Investment made	-	-	-	-	-	-
Sale of Investment	-	-	-	-	-	44
Remuneration	-	-	422	39	461	626
Rent expenses	18	92	-	44	154	158
Purchase of fixed asset	-	-	-	-	-	-
Sale of fixed asset	0.12	4.25	-	-	4	-
Others	-	-	-	25	25	25
Advance given	1043	1551	-	-	2594	39898
Repayment of advance given	-	-	-	-	-	-
Guarantees	20	662	-	-	682	712
Balance outstanding	(22328)	855	-	(36)	(21509)	37893

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

COMPLIANCE WITH SECURITIES LAWS

The Company diligently complies with laws relating to securities and capital markets during the last three years and no penalties or strictures have been imposed on the Company on any matters related to the capital markets by the Stock Exchange, SEBI or any other statutory authority except the following.

As per Clause 40A of the Listing Agreement the Company was required to comply with the minimum public shareholding requirements specified in Rule 19 (A) of the Securities Contracts (Regulation) Rules, 1957 and accordingly the Company was required to achieve the same on or before June 03, 2013. The promoter group launched an Offer for Sale on June 03, 2013 for sale of 44,22,830 shares constituting 6.13% of capital and

valid bids were received for 22,47,466 shares amounting to dilution of 3.12% only. Thus the Company could not comply with the requirement to the extent of 3.01%. Consequently, SEBI in an interim order dated June 04, 2013 *inter alia* frozen voting rights of promoters in respect of shares held over 75% and restrained the promoters and directors from holding new directorship in listed entities for non-compliance of the same. Thereafter, the promoter group launched another Offer for Sale on July 05, 2013 and divested the balance 21,75,364 shares. The company had thereby complied with the minimum public shareholding requirement on and from July 05, 2013. The compliance has been intimated to SEBI on July 11, 2013 with a request to vacate the aforesaid interim order dated June 04, 2013. Subsequently, SEBI has called for a personal hearing on August 07, 2013 and passed the final order on September 04, 2013 completely revoking the directions made in its interim order dated June 04, 2013.

WHISTLE BLOWER POLICY

The Company established a vigil mechanism as per Clause 49 of the Listing Agreement and Section 177(9) of the Companies Act, 2013 for directors and employees to report genuine concerns 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.

RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practicing Company Secretary carries out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") with the total issued, paid-up and listed capital. The reconciliation of share capital audit report confirms that the total issued / paid-up / listed capital is in

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agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges.

COMMUNICATION

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

In line with the circular no. NSE/LIST/C/2011 dated September 29, 2011 of the National Stock Exchange of India Limited ("NSE"), the Company from the quarter ended September 30, 2011, uploads its quarterly shareholding pattern and the Corporate Governance report through NSE Electronic Application Processing System ("NEAPS"), which is a web based application designed by National Stock Exchange for corporates, in order to enhance the quality and speed of submission and assist in moving towards paperless submission of documents to the exchange.

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

GENERAL SHAREHOLDER INFORMATION

Day, date, time and venue of the 29th Annual General Meeting:

AGM Date	:	September 24, 2015
Time & Venue	:	3.00 P.M. Registered Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulurpet Taluk, Nellore District, Andhra Pradesh 524 401.

As required under Clause 49 (VIII)(E)(i) of the Listing Agreement with the Stock Exchanges,

particulars of Director seeking appointment/re-appointment at the forthcoming annual general meeting are given hereunder:

Profile of Director seeking appointment / re-appointment :

Mr.V.R.Mahadevan, Joint Managing Director, holds a Bachelor's degree in Electrical Engineering. He joined the company in the year 1987 and served the company for more than two decades in various capacities and has proven leadership experience in project management, engineering, sales and business management. Mr. Mahadevan is a member of Share transfer Committee and Committee of Directors of the Company. Mr. Mahadevan holds 716 equity shares of the Company. Mr. Mahadevan is a director of the companies given below:

Sl. No.	Names of the Companies
1	GEA BGR Energy System India Limited
2	BGR Boilers Private Limited
3	Germanischer Lloyd Industrial Services India Private Limited
4	Govin Engineering and Constructions Limited
5	Schmitz India Private Limited
6	Pragati Computers Limited

The details about the financial year, results, book closure date and listing:

(a) Financial Year :

April 1, 2014 to March 31, 2015

(b) Publication of financial results:

Unaudited Results for the quarter ending June 30, 2014 – On August 13, 2014.

Unaudited Results for the quarter and half year ending September 30, 2014 - On November 12, 2014.

Unaudited Results for the quarter and nine months ending December 31, 2014 – On February 13, 2015.

Audited Results for the year ending March 31, 2015 – On May 29, 2015.

(c) Dates of Book closure :

September 21, 2015 to September 24, 2015.

(d) Listing on Stock Exchanges :

National Stock Exchange of India Limited

BSE Limited

The listing fees for the Financial Year 2015 - 16 have been paid to the above stock exchanges.

(e) Stock Code :

National Stock Exchange of India Limited – BGRENERGY

BSE Limited – 532930

(f) Demat ISIN :

INE661101014

DETAILS OF SHARES HELD IN SUSPENSE ACCOUNT

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

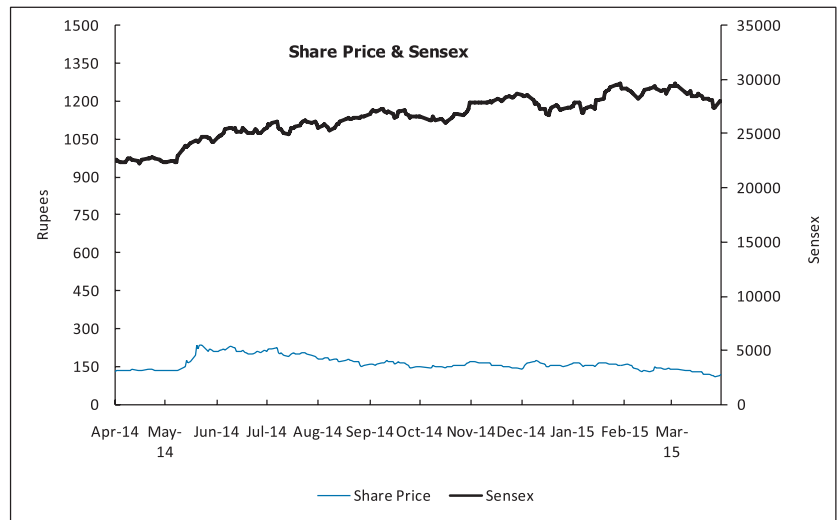
The voting rights in respect of the above shares held in suspense account shall remain frozen till the rightful owner of such shares claims the shares.

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Stock Market Price Data & Stock performance in BSE:

Month	BSE		SENSEX	
	High (₹)	Low (₹)	High	Low
Apr-14	143	128	22939.31	22197.51
May-14	243	132	25375.63	22277.04
Jun-14	239	191	25725.12	24270.2
Jul-14	226	182	26300.17	24892
Aug-14	192	149	26674.38	25232.82
Sep-14	178	143	27354.99	26220.49
Oct-14	170	144	27894.32	25910.77
Nov-14	173	135	28822.37	27739.56
Dec-14	178	139	28809.64	26469.42
Jan-15	170	151	29844.16	26776.12
Feb-15	164	128	29560.32	28044.49
Mar-15	143	108	30024.74	27248.45

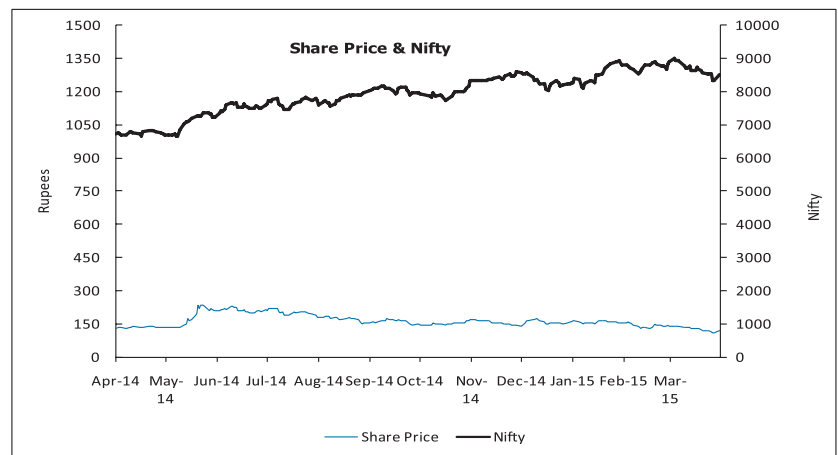
The Chart showing Share Price Performance at BSE in comparison to SENSEX is given below:



Stock Market Price Data & Stock performance in NSE:

Month	NSE		NIFTY	
	High (₹)	Low (₹)	High	Low
Apr-14	143	128	6869.85	6650.4
May-14	243	132	7563.5	6638.55
Jun-14	239	191	7700.05	7239.5
Jul-14	227	182	7840.95	7422.15
Aug-14	192	148	7968.25	7540.1
Sep-14	178	143	8180.2	7841.8
Oct-14	170	144	8330.75	7723.85
Nov-14	172	141	8617	8290.25
Dec-14	178	139	8626.95	7961.35
Jan-15	170	150	8996.6	8065.45
Feb-15	164	128	8941.1	8470.5
Mar-15	144	109	9119.2	8269.15

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



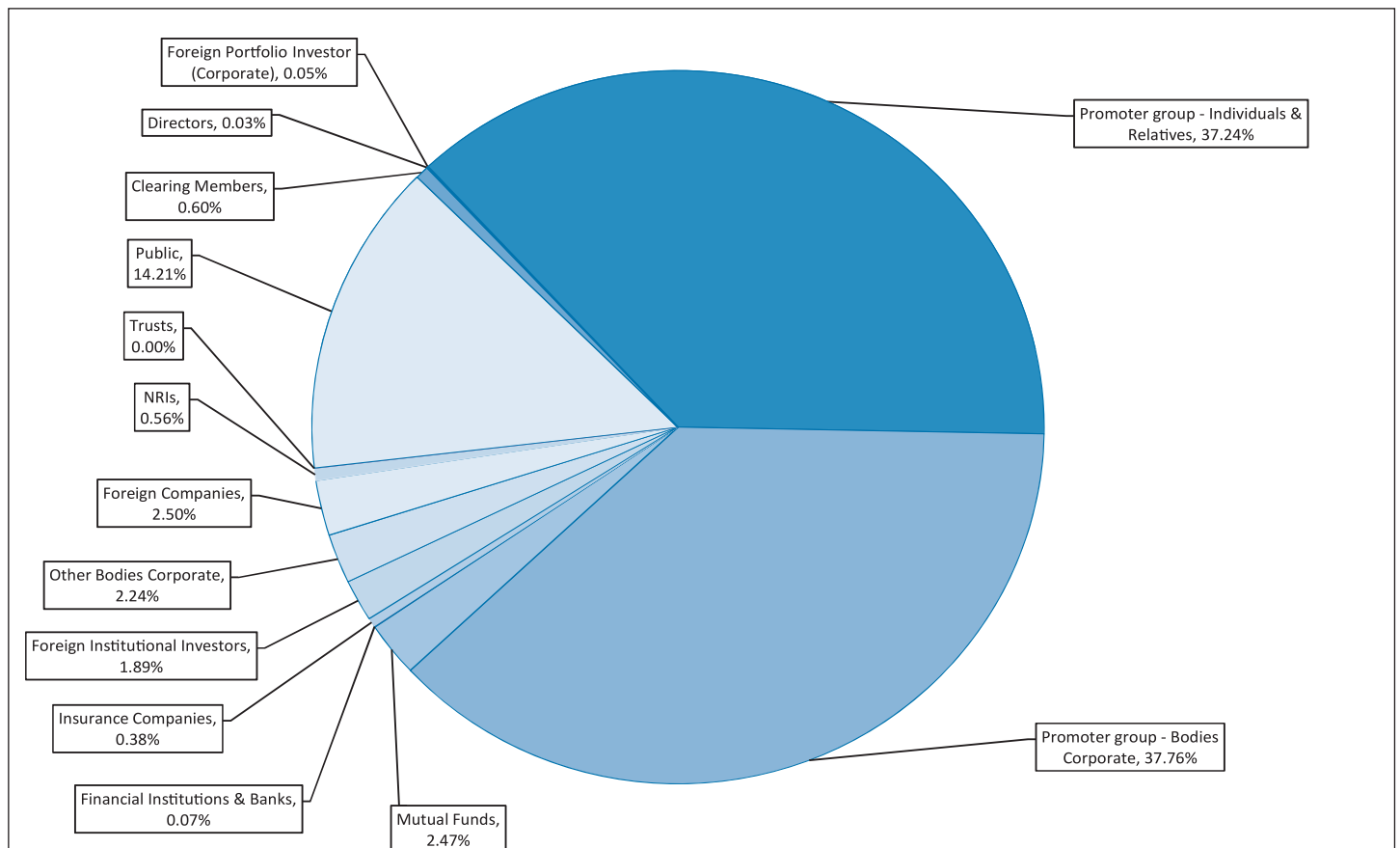
DISTRIBUTION OF SHARE HOLDING AS ON MARCH 31, 2015

Shareholding	No. of Shareholders	% of total	No. of Shares	% of total
1 – 500	101442	96.59	5767679	7.99
501 – 1000	2091	1.99	1626857	2.25
1001 – 2000	852	0.81	1265243	1.75
2001 – 3000	244	0.23	614201	0.86
3001 – 4000	94	0.10	334657	0.47
4001 – 5000	76	0.07	356365	0.49
5001 – 10000	114	0.11	818953	1.13
10001 and above	109	0.10	61377605	85.06
TOTAL	105022	100	72161560	100

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SHAREHOLDING PATTERN AS ON MARCH 31, 2015

SI No	Category	Shares	Holders	Percent
1	Promoter group - Individuals & Relatives	26872770	2	37.24
2	Promoter group - Corporate Bodies	27248400	1	37.76
3	Mutual Funds	1781246	4	2.47
4	Financial Institutions & Banks	51095	3	0.07
5	Insurance Companies	277443	2	0.38
6	Foreign Institutional Investors	1367040	19	1.89
7	Other Bodies Corporate	1619114	788	2.24
8	Foreign Companies	1804057	2	2.50
9	NRIs	400768	856	0.56
10	Trusts	98	2	0.00
11	Public	10255331	103049	14.21
12	Clearing Members	430891	288	0.60
13	Directors	18951	3	0.03
14	Foreign Portfolio Investor (Corporate)	34356	3	0.05
	Total	72161560	105022	100



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Registrar and Share Transfer Agent

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

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

SHARE TRANSFER SYSTEM

Share transfers are processed and approved, subject to receipt of all requisite documents. The Company seeks to ensure 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 shares.

DEMATERIALISATION 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, 2015, except 1541 equity shares, the remaining entire paid up equity share capital were held in dematerialisation form of which NSDL constitutes 93.29% and CDSL constitutes 6.71%. The ISIN of the Company's equity shares is INE661101014. 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.

Plant Locations

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

Major Project Locations

1. 1 x 600 MW coal based Thermal Power Plant of TNEB at Mettur, Tamil Nadu.
2. 2 x 600 MW coal based Thermal Power Plant of RRVUNL at Kalisindh, Rajasthan.
3. 2 x 500 MW coal based Thermal Power Plant of MAHAGENCO at Chandrapur, Maharashtra.
4. 2 x 500 MW coal based Thermal Power Plant of CSPGCL at Marwa, Chhattisgarh.
5. 2 X 660 MW coal based Thermal Power Plant of Thermal Powertech Corporation India Limited at Krishnapatnam, Andhra Pradesh.
6. 2 X 300 MW coal based Thermal Power Plant of TRN Energy Private Limited; at Nawapara, Chhattisgarh.
7. 2 x 660 MW Boiler and its auxillary project of NTPC at Solapur, Maharashtra.
8. 2 x 660 MW Boiler and its auxillary project of NTPC at Raghunathpur, West Bengal.
9. 2 x 800 MW STG and its auxillary project of NTPC at Lara, Chhattisgarh
10. 2 X 660 MW BoP project of OPGCL, Odisha.

Name of the Compliance Officer and Address for Correspondence

Mr. R. Ramesh Kumar,
President - Corporate & Secretary
BGR Energy Systems Limited
443, Anna Salai, Teynampet, Chennai 600 018
Tel : 044 - 24326171
Fax : 044 - 24360576
E-mail: investors@bgrenergy.com

NON MANDATORY REQUIREMENTS

The Company is taking steps to comply with the non-mandatory requirements.

REQUEST TO INVESTORS

- (a) Investors are requested to communicate change of address, if any directly to the Registrar and Share Transfer Agent of the Company.

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

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

SASIKALA RAGHUPATHY
Chairman

Place : Chennai
Date : August 03, 2015

Report on Corporate Governance

CEO / CFO CERTIFICATION

To the Board of Directors

BGR ENERGY SYSTEMS LIMITED

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

- a) We have reviewed financial statements and the Cash flow Statement of the Company for the year 2014 – 15 :
 - 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 28, 2015

P. R. EASWAR KUMAR

President &
Chief Financial Officer

AUDITORS' CERTIFICATE

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, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 Clause 49 of the above mentioned Listing Agreement.

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

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Registration No. 001997S

M.S.N.M. Santosh

Partner
Membership No. 221916

Place: Chennai
Date: 03rd August, 2015

Extract of Annual Return

ANNEXURE VII

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2015

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	L40106AP1985PLC005318
(ii)	Registration Date	18-02-1985
(iii)	Name of the Company	BGR ENERGY SYSTEMS LIMITED
(iv)	Category / Sub-Category of the Company	Company Limited by shares
(v)	Address of the Registered office and contact details	A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore Dist. Andhra Pradesh – 524 401. Tel : 044-27900181, 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-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (W), Mumbai – 400 078. Tel : 022-2594 6970 Fax : 022- 2594 6969

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	87.27%

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	
A. Promoters									
(1) Indian									
(a) Individual / HUF	26872770	0	26872770	37.24	26872770	0	26872770	37.24	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	27248400	0	27248400	37.76	27248400	0	27248400	37.76	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-Total (A) (1)	54121170	0	54121170	75	54121170	0	54121170	75	0
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-Total (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	54121170	0	54121170	75.00	54121170	0	54121170	75.00	0
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	1471324	0	1471324	2.04	1781246	0	1781246	2.47	0.43
(b) Banks/FI	109834	0	109834	0.15	51095	0	51095	0.07	-0.08
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt (s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	233194	0	233194	0.32	277443	0	277443	0.38	0.06
(g) FIs	1128056	0	1128056	1.56	1367040	0	1367040	1.89	0.33
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	2942408	0	2942408	4.08	3476824	0	3476824	4.82	0.74
(2) Non- Institutions									
(a) Bodies Corp									
i. Indian	2122496	0	2122496	2.94	1619114	0	1619114	2.24	-0.70
ii. Overseas	1804057	0	1804057	2.50	1804057	0	1804057	2.50	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	
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	8868695	1496	8870191	12.29	9388111	1541	9389652	13.01	0.72
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	936258	0	936258	1.30	865679	0	865679	1.20	-0.10
(c) Others (Specify)	18851	0	18851	0.03	18951	0	18951	0.03	0.00
(c-i) Directors									
(c-ii) Clearing Member	985242	0	985242	1.37	430891	0	430891	0.60	-0.77
(c-iii) Trust	198	0	198	0.00	98	0	98	0.00	0.00
(c-iv) Non-Resident Indians	307573	0	307573	0.43	332945	0	332945	0.46	0.03
(c-v) Non-Resident Indians (Non-Repatriable)	52866	0	52866	0.07	67823	0	67823	0.09	0.02
(c-vi) Foreign Portfolio Investor	0	0	0	0.00	34356	0	34356	0.05	0.05
(c-vii) Foreign National	250	0	250	0.00	0	0	0	0.00	0.00
Sub-Total (B) (2)	15096486	1496	15097982	20.92	14562025	1541	14563566	20.13	-0.79
Total Shareholding of Public = (B) (1) + (B) (2)	18038894	1496	18040390	25.00	18038849	1541	18040390	25.00	0.00
C. Shares held by custodian for GDRs & ADRs									
Grand Total (A+B+C)	72160064	1496	72161560	100	72160019	1541	72161560	100	0.00

(ii) Shareholding of Promoters:

S.No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Sasikala Raghupathy	26868450	37.23	0.00	26868450	37.23	0.00	0.00
2	BGR Investment Holdings Company Limited	27248400	37.76	0.00	27248400	37.76	0.00	0.00
3	Mr.S.K. Sridhar	4320	0.01	0.00	4320	0.01	0.00	0.00
Total		54121170	75	0	54121170	75	0	0

(iii) Change in Promoters' Shareholding :

There is no change in the shareholding of Promoter group during the year ended March 31, 2015.

Extract of Annual Return

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

Sl.No.	For each of the Top 10 shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	RELIANCE CAPITAL TRUSTEE CO. LTD. A/C RELIANCE DIVERSIFIED POWER SECTOR FUND					
	At the beginning of the year		1361213	1.89		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	1361213	1.89
	At the end of the year				1361213	1.89
2.	CLIENT ROSEHILL LIMITED					
	At the beginning of the year		1156401	1.60		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	1156401	1.60
	At the end of the year				1156401	1.60
3.	CVCIGP II EMPLOYEE ROSEHILL LIMITED					
	At the beginning of the year		647656	0.90		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	647656	0.90
	At the end of the year				647656	0.90
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
4.	GOVERNMENT OF THE PROVINCE OF ALBERTA MANAGED BY COMGEST S.A					
	At the beginning of the year		0	0.00		
	19-09-2014	Transfer	90729	0.13	90729	0.13
	30-09-2014	Transfer	129660	0.18	220389	0.31
	03-10-2014	Transfer	12196	0.02	232585	0.32
	10-10-2014	Transfer	39140	0.05	271725	0.38
	17-10-2014	Transfer	66636	0.09	338361	0.47
	24-10-2014	Transfer	1339	0.00	339700	0.47
	At the end of the year				339700	0.47
5.	RELIANCE EMERGENT INDIA FUND					
	At the beginning of the year		310000	0.43		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	310000	0.43
	At the end of the year				310000	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
6.	R. RAJENDRAN					
	At the beginning of the year		287189	0.40		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	287189	0.40
	At the end of the year				287189	0.40
7.	MV SCIF MAURITIUS					
	At the beginning of the year		206982			
	04-04-2014	Transfer	4632	0.01	211614	0.29
	11-04-2014	Transfer	16212	0.02	227826	0.32
	02-05-2014	Transfer	4630	0.01	232456	0.32
	09-05-2014	Transfer	16205	0.02	248661	0.34
	16-05-2014	Transfer	39380	0.05	288041	0.40
	23-05-2014	Transfer	4630	0.01	292671	0.41
	30-05-2014	Transfer	16225	0.02	308896	0.43
	06-06-2014	Transfer	16160	0.02	325056	0.45
	13-06-2014	Transfer	60008	0.08	385064	0.53
	20-06-2014	Transfer	-15	0.00	385049	0.53
	30-06-2014	Transfer	-11648	-0.02	373401	0.52
	04-07-2014	Transfer	13938	0.02	387339	0.54
	11-07-2014	Transfer	-2324	0.00	385015	0.53
	18-07-2014	Transfer	-11625	-0.02	373390	0.52
	25-07-2014	Transfer	11615	0.02	385005	0.53
	08-08-2014	Transfer	-9304	-0.01	375701	0.52
	15-08-2014	Transfer	-13957	-0.02	361744	0.50
	22-08-2014	Transfer	-16289	-0.02	345455	0.48
	30-09-2014	Transfer	-22264	-0.03	323191	0.45
	10-10-2014	Transfer	-21294	-0.03	301897	0.42
	17-10-2014	Transfer	-9464	-0.01	292433	0.41
	24-10-2014	Transfer	-14220	-0.02	278213	0.39
	31-10-2014	Transfer	-787	0.00	277426	0.38
	14-11-2014	Transfer	1616	0.00	279042	0.39

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
	21-11-2014	Transfer	-854	0.00	278188	0.39
	05-12-2014	Transfer	4882	0.01	283070	0.39
	12-12-2014	Transfer	2348	0.00	285418	0.40
	19-12-2014	Transfer	-7008	-0.01	278410	0.39
	31-12-2014	Transfer	-45920	-0.06	232490	0.32
	02-01-2015	Transfer	6404	0.01	238894	0.33
	13-02-2015	Transfer	5859	0.01	244753	0.34
	27-03-2015	Transfer	-10450	-0.01	234303	0.32
	31-03-2015	Transfer	1974	0.00	236277	0.33
	At the end of the year				236277	0.33
8.	THE ORIENTAL INSURANCE COMPANY LIMITED					
	At the beginning of the year		184971	0.26		
	Date wise Increase / Decrease in Shareholding during the year		0	0.00	184971	0.26
	At the end of the year				184971	0.26
9.	DIMENSIONAL EMERGING MARKETS VALUE FUND					
	At the beginning of the year		82794	0.11		
	13-06-2014	Transfer	21925	0.03	104719	0.15
	20-06-2014	Transfer	19009	0.03	123728	0.17
	30-06-2014	Transfer	5413	0.01	129141	0.18
	04-07-2014	Transfer	8848	0.01	137989	0.19
	18-07-2014	Transfer	7390	0.01	145379	0.20
	08-08-2014	Transfer	17561	0.02	162940	0.23
	15-08-2014	Transfer	6872	0.01	169812	0.24
	At the end of the year				169812	0.24
10.	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY					
	At the beginning of the year		0	0.00		
	30-05-2014	Transfer	15061	0.02	15061	0.02
	06-06-2014	Transfer	21913	0.03	36974	0.05
	13-06-2014	Transfer	31144	0.04	68118	0.09
	20-06-2014	Transfer	21237	0.03	89355	0.12
	30-06-2014	Transfer	17426	0.02	106781	0.15
	04-07-2014	Transfer	8821	0.01	115602	0.16
	11-07-2014	Transfer	13977	0.02	129579	0.18
	18-07-2014	Transfer	4989	0.01	134568	0.19
	25-07-2014	Transfer	12743	0.02	147311	0.20
	01-08-2014	Transfer	14547	0.02	161858	0.22
	At the end of the year				161858	0.22

Extract of Annual Return

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. A. Swaminathan, Joint Managing Director & CEO				
	At the beginning of the year	18000	0.03		
	Date wise Increase / Decrease in Shareholding during the year (Acquisition)	100	0.00	18100	0.03
	At the End of the year			18100	0.03
2.	Mr. V.R. Mahadevan, Joint Managing Director				
	At the beginning of the year	716	0.00		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	716	0.00
	At the End of the year			716	0.00
3.	Mr. S.R. Tagat, Director				
	At the beginning of the year	135	0.00		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	135	0.00
	At the End of the year			135	0.00
4.	Mrs. Sasikala Raghupathy, Chairman				
	At the beginning of the year	26868450	37.23		
	Date wise Increase / Decrease in Shareholding during the year	0	0.00	26868450	37.23
	At the End of the year			26868450	37.23
5.	Mr. R. Ramesh Kumar, Company Secretary, KMP				
	At the beginning of the year	5546	0.01		
	Date wise Increase / Decrease in Shareholding during the year	0	0	5546	0.01
	At the End of the year			5546	0.01
6.	Mr. P.R. Easwar Kumar, Chief Financial Offer, KMP				
	At the beginning of the year	7355	0.01		
	Date wise Increase / Decrease in Shareholding during the year	0	0	7355	0.01
	At the End of the year			7355	0.01

Extract of Annual Return

V. INDEBTEDNESS:

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	201916	-	-	201916
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	154	-	-	154
Total (i + ii + iii)	202070	-	-	202070
Change in Indebtedness during the financial year				
Addition	118216	-	-	118216
Reduction	(108002)	-	-	(108002)
Net Change	10214	-	-	10214
Indebtedness at the end of the financial year				
i) Principal Amount	211743	-	-	211743
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	540	-	-	540
Total (i + ii + iii)	212283	-	-	212283

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(₹ in Lakhs)

S.No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. A. Swaminathan, Joint Managing Director & CEO	Mr. V.R. Mahadevan Joint Managing Director	Mrs. Swarnamugi Karthik Director – Corporate Strategy	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	173.45	123.56	83.01	380.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	0.40	0.00	0.80
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	173.85	123.96	83.01	380.82
	Ceiling as per the Act	10 % of the net profits calculated as per Section 198 of the Companies Act, 2013			

Extract of Annual Return

B Remuneration to other Directors:

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors						Total Amount
	Mr.S.R.Tagat	Mr.S.A.Bohra	Mr. Heinrich Bohmer	Mr.M.Gopalakrishna	Mr. Gnana Rajasekaran	Mr. M.S.Sundara Rajan	
Independent Directors							
• Fee for attending board / committee meetings	4.20	5.00	3.00	3.80	4.60	3.60	24.20
• Commission	0	0	0	0	0	0	0
• Others, please specify	0	0	0	0	0	0	0
Total (1)	4.20	5.00	3.00	3.80	4.60	3.60	24.20
Other Non-Executive Directors	Mrs. Sasikala Raghupathy						
• Fee for attending board / committee meetings	4.60						4.60
• Commission	0						0
• Others, please specify	0						0
Total (2)	4.60						4.60
Total (B) = (1)+(2)	0						28.80
Total Managerial Remuneration							409.62
Overall Ceiling as per the Act	11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.						

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

(₹ in Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Mr.R.Ramesh Kumar	Chief Financial Officer Mr.P.R.Easwar Kumar	Total
1	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	105.16	106.43	211.59
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	0.40	0.80
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	105.56	106.83	212.39

Extract of Annual Return

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Management Discussion & Analysis

ANNEXURE VIII

OPERATING HIGHLIGHTS OF FINANCIAL YEAR 2014-15

During the year, the Company has successfully commissioned the 1x600 MW Mettur thermal power plant. The plant has achieved commercial operation and has been handed over to the client TNEB for regular operations.

Another major milestone for the Company was the successful achievement of commercial operation date for Unit 1 of the 2 x 660 MW Krishnapatnam Project, which was the first Super Critical BoP project undertaken by the Company.

The Company has also achieved commercial operation date for Unit 1 of the 2 x 600 MW EPC Kalisindh Project and the Unit is currently under commercial operation by the client, RRVUNL.

Unit 2 of 2 X 600 MW EPC of Kalisindh Project has been synchronised and coal firing completed. Project completion is scheduled during the current financial year.

2 X 500 MW BoP with BTG Civil works – Marwa Project: Unit 1 has achieved full load operation with coal firing and Unit 2 has been synchronised with oil firing. Project completion is expected during the current financial year.

Work on 2 X 660 MW Boiler and its auxiliary – NTPC Solapur and Meja projects, 2 X 800 MW STG and its auxiliary – NTPC Lara Project and 2 X 660 MW OPGCL Project, Orissa are progressing at a brisk pace.

Environmental Engineering Division (EED) has successfully manufactured and supplied the largest Deaerator in India to Nuclear Power Corporation of India Limited (NPCIL) for their 2x700 MW Kakrapar Plant. This is the largest ever Deaerator supplied by the Company. For the first time, the Deaerator and the Storage Tank were built and transported as single package.

INDUSTRY OUTLOOK

The year 2014 was a watershed in the Indian political landscape; ushering in a new government with a strong mandate at the Centre. With the gradual reduction in inflationary pressures and

further softening in the interest rate by RBI in the next 6-12 months, the Indian economy is all set to witness growth in GDP in the coming years. IMF, World Bank and international rating agencies have projected the GDP of the Indian economy to clock 7.2% - 7.5% in FY16 and likely to grow further in the coming years.

For a boost in GDP growth, for the ambitious 'Make in India' campaign to materialize and for our country to become a global manufacturing hub, the Indian economy would require more electricity. The government is committed to its dream to provide 24 X 7 power across the country in the years to come and this augers well for the power sector. The recently concluded coal block auctions is already being hailed as the biggest game changer for the power sector in 2015. Capacity addition in the power sector, by way of completion of the stalled projects and new power projects to be announced soon, is expected to happen at a frenetic pace in the years to come. The speed and commitment exhibited by the Government in taking policy decisions in areas like infrastructure, defence, housing etc. to boost the growth rate of the Indian economy is very positive for the economy and industry in general and the power sector in particular.

India's total power generation grew at an aggressive pace of 9% during the first eleven months of the financial year 2014-15. This growth was fuelled by impressive performance by thermal power segment, which clocked an 11.7% growth rate. As per CEA, total power generation target for 2015-16 is 1,136 billion units, a growth of approximately 8.2 per cent. Thermal power generation is expected to contribute about 85% of this output. Out of the targeted capacity addition of 88,537 MW during the 12th Plan, 61,014.12 MW (i.e. 69%) had been achieved till March '15.

SALES

The BoP, EPC and Construction segment has achieved turnover of ₹ 3119 crores, at the same level of the turnover achieved last year, inspite of order slowdown in the power sector during

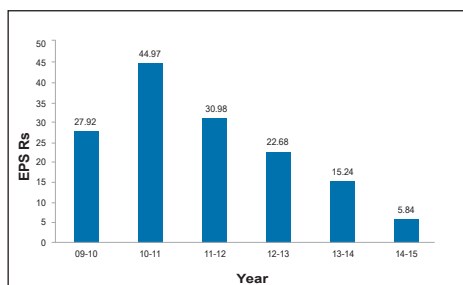
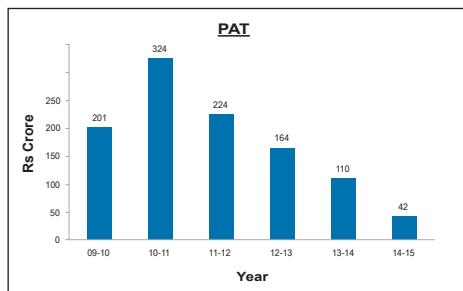
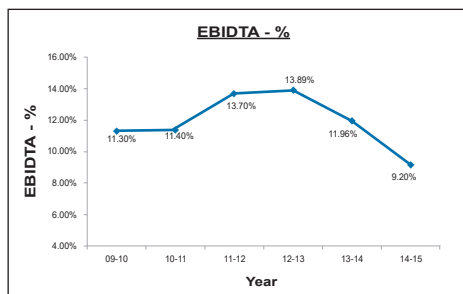
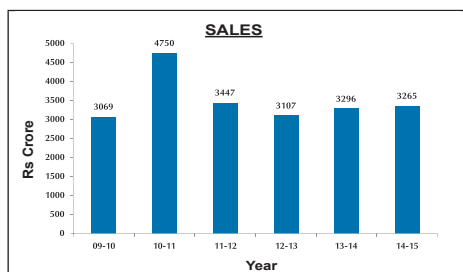
the last 3 years. The capital goods segment achieved turnover of ₹ 246 crores registering a growth of 33% over last year.

Despite challenging market conditions, Air Fin Cooler division delivered 24% higher Turnover at ₹ 172 crores compared to FY 2013-14. The Electrical Projects Division delivered Order Book growth of 135% at ₹ 287 crores and Turnover growth of 92% over FY 2013-14. The Air Fin Cooler and the Electrical Projects division have drawn up aggressive plans to deliver higher turnover and better margins during FY 2015-16. The Oil and Gas division has been geared up to focus on EPC opportunities in the domestic and overseas markets.

Financial Performance (Standalone):

Description	Unit	FY 13-14	FY 14-15
Income from Operations	₹ Crores	3296	3365
EBIDTA	₹ Crores	393	309
EBIDTA	%	11.9	9.2
PBT	₹ Crores	192	79
PAT	₹ Crores	110	42
Networth	₹ Crores	1304	1344
PBT Ratio	%	5.8	2.3
PAT Ratio	%	3.3	1.3
Return on Networth	%	8.4	3.1
Employee Cost to Turnover	%	5.6	4.8
Overheads to Turnover	%	3.2	2.2
Interest Cost to Turnover	%	5.5	6.1

Management Discussion & Analysis



STRENGTH AND OPPORTUNITIES

- Track record of successful execution of large power contracts
- In-house design and engineering capability
- In-house capability to undertake and execute BoP packages.
- Capability to manage multiple projects simultaneously
- Professional management and expertise in project management

- Cost Competitiveness
- Well experienced and motivated employees with a good balance of young talent and experienced leadership team.

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

INTERNAL CONTROL AND AUDIT SYSTEMS

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 the 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 in place. The Chairman of audit committee, key project personnel and the Finance team discuss 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 and action taken to fix the issues is reviewed by the Audit Committee members in the quarterly audit committee meeting. The present internal control and audit systems are considered to be adequate.

RISK MANAGEMENT

The business of the Company encompasses design at offices, manufacturing at factories and project sites, civil and mechanical construction, erection and commissioning of equipment's / packages. The company has a well documented Standard Operating Systems and Procedures (SOSP). The SOSP mandates concerned officers of the company to review, identify and take timely mitigative steps to manage these risks on an ongoing

basis. SOSP's are periodically reviewed and updated. Delegation of Authority is reviewed each year to ensure that the business requirements and the commitments made to customers are met and procedural checks and balances are improved. 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 identified and mitigated by suitable alternatives / plan. The Audit Committee regularly reviews the steps taken by the Company to identify, address and mitigate key operating and financial risks.

HUMAN RESOURCE DEVELOPMENT

The continuous focus on talent building over the last few years have yielded very good results and the company has in place a strong team of experienced and competent professionals. During the year the Company implemented certain employee centric initiatives to improve employee engagement and motivate the employees to be result oriented. Employee training and development activities were stepped up during the year. With a view to ensure competitiveness and effectiveness in operations, the Company continued its manpower rationalization measures across its sites and corporate office during the year.

As a step forward towards institutionalization of contemporary people processes, a HR study was undertaken facilitated by renowned external HR Consultants. With a view to ensure participative approach, the consultants had interacted with a number of employees in order to elicit their views and expectations. Consequently, the areas of improvements were identified and brainstormed and based on their recommendations, a number of new Employee Engagements initiatives have been introduced in the areas of improving work-life balance, creating better living conditions at project sites, launch of interactive Intranet portal, organizing sports and cultural events etc which have been received well by the employees. These initiatives have gone a long way to boost the morale of the employees and many more such initiatives are in the offing. The manpower strength of the Company as on 31st March 2015 was 1689.

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Independent Auditors' Report

TO THE MEMBERS OF BGR ENERGY SYSTEMS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of BGR Energy Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation & presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section

143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for expressing an opinion whether the Company has in place an adequate internal financial control system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
- f. 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note nos. 12.1, 12.2 and 35 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Manohar Chowdhry & Associates**
Chartered Accountants
Firm Registration Number: 001997S

M.S.N.M. Santosh
Partner
Membership Number: 221916

Place: Chennai
Date: May 28, 2015

Annexure to the Independent Auditors' Report

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, 2015, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; and
- (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 rotation 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.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year;
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business; and
- (c) Based on our verification of the records, we are of the opinion that the Company is maintaining proper records of inventory. There are no material discrepancies noticed between book stock and physical stock on physical verification conducted by the management.
- (iii) The Company has granted interest free unsecured loans to 5 parties covered in

the register maintained under section 189 of the Act as on March 31, 2015:

- (a) In our opinion and on verification of the books of accounts, in respect of the above mentioned loans, there has been no regular repayment of the principal amount during the year; and
- (b) In our opinion, in respect of the above mentioned loans, reasonable steps have been taken by the Company for recovery of principal amount.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in aforesaid internal control system.
- (v) The Company has not accepted any deposits from the public within the meaning of section 73 and 74 of the Act and the rules framed there under to the extent notified. Therefore, the provisions of clause (v) of the Companies (Auditor's Report) Order, 2015, are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed cost records have been

maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) In our opinion and according to the information 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, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Profession Tax, Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess were in arrears as at March 31, 2015, for a period of more than six months from the date they became payable;
- (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:

Annexure to the Independent Auditors' Report

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Financial year	Forum in which the Appeal is lying in
Central Sales Tax Act, 1956	Central Sales Tax	4.20	1997-98	The Honorable High Court, Andhra Pradesh.
Central Sales Tax Act, 1956	Central Sales Tax	35.03	1997-98	The Honorable 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, Tamil Nadu.
Tamil Nadu General Sales Tax Act, 1959	Tamil Nadu Sales Tax	2.21	2001-02	Sales Tax Appellate Tribunal, Chennai, Tamil Nadu.
Central Sales Tax Act, 1956	Central Sales Tax	4.95*	2004-05	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh VAT Act	0.52	2006-07	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Central Sales Tax Act, 1956	Central Sales Tax	77.70*	2006-07	Appellate Deputy Commissioner, Kancheepuram, Tamil Nadu.
Central Sales Tax Act, 1956	Central Sales Tax	210.18*#	2007-08	Appellate Deputy Commissioner, Kancheepuram, Tamil Nadu.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	1.49	2007-08	Sales Tax Appellate Tribunal, Vishakapatnam, Andhra Pradesh.
Chapter V of Finance Act, 1994	Service Tax	25.00\$	2007-08	GESTAT, Chennai, Tamil Nadu.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	3,179.83@	2006-07, 2007-08 & 2008-09	Assistant Commissioner (CT) LTU, Nellore, Andhra Pradesh.
Central Sales Tax Act, 1956	Central Sales Tax	194.77*#	2008-09	Appellate Deputy Commissioner, Kancheepuram, Tamil Nadu.
Kerala Value Added Tax Act, 2003	Kerala Sales Tax	2.65	2006-07	The Deputy Commissioner (Appeals), Ernakulam, Kerala
The Tamil Nadu Value Added Tax Act, 2007	Tamil Nadu Sales Tax	127.74*	2009-10	The Appellate Deputy Commissioner (CT) North, Chennai.
The Tamil Nadu Value Added Tax Act, 2007	Tamil Nadu Sales Tax	383.05*	2010-11	The Appellate Deputy Commissioner (CT) North, Chennai.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	118.43	2008-09	The Appellate Deputy Commissioner. Guntur
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax	34.44	2010-11	The Appellate Deputy Commissioner, Guntur.
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Sales Tax (Penalty)	3.45	2010-11	The Appellate Deputy Commissioner, Guntur.
Tamil Nadu Value Added Tax Act, 2006	Tamil Nadu Sales Tax	6.43*	2008-09	The Appellate Deputy Commissioner (CT) North, Chennai.
Tamil Nadu Value Added Tax Act, 2006	Tamil Nadu Sales Tax	4.18*	2009-10	The Appellate Deputy Commissioner (CT) North, Chennai.
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	2,409.00#	2009-10	The Honorable High Court, Rajasthan.
Income-tax Act, 1961	Income tax	192.15	2008-09	The Honorable High court, Andhra Pradesh
Income-tax Act, 1961	Income tax	137.65	2006-07	The Honorable High Court, Andhra Pradesh
Income-tax Act, 1961	Income tax	141.67	2007-08	The Honorable High Court, Andhra Pradesh
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	1926.45#	2010-11	The Honorable High Court, Bombay.
Mines & Minerals (Development & Regulations) Act, 1957	Royalty	211.45#	2010-11	The Honorable High Court, Bombay.
Income-tax Act, 1961	Income tax	7782.73*	2009-10	Commissioner of income tax (Appeals), Guntur, Andhra Pradesh
The Employee Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	421.15*	2006-2010	The Honorable High Court, Hyderabad
The Rajasthan Value Added Tax Act, 2003	Rajasthan Sales Tax	9,865.00\$	2009-2010	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax Act, 2003	Rajasthan Sales Tax	9,541.00\$	2010-2011	Rajasthan Tax Board, Ajmer
The Rajasthan Value Added Tax Act, 2003	Rajasthan Sales Tax	4,334.00\$	2011-2012	Rajasthan Tax Board, Ajmer

* Amount netted off with amount deposited

@ Interim Suspension has been received from the High Court

Stay Order has been received against the amount disputed and not deposited

\$ Excludes interest and penalty which are not ascertainable

Annexure to the Independent Auditors' Report

- (c) According to the information and explanations given to us and based on verification of the records, the amounts which required to be transferred to the Investor Education and Protection Fund has been transferred to such fund within the stipulated time in accordance with the relevant provisions of the Companies Act 1956 and the rules made there under.
- (viii) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (ix) According to the information and explanation given to us and on the

basis of our examination of the books of account, the Company has not defaulted in repayment of dues to any financial institution or banks.

- (x) The Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prejudicial to the interest of the Company.
- (xi) The Company has availed a term loan during the year. As per the information and explanations provided to us and on basis of our examination of books of account, we are of the opinion that the existing and the new term loans were applied for the purpose for which they were availed.
- (xii) 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 on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Manohar Chowdhry & Associates**

Chartered Accountants
Firm Registration Number: 001997S

M.S.N.M. Santosh

Partner

Membership Number: 221916

Place: Chennai

Date: May 28, 2015

Balance Sheet

₹ in lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	7216	7216
Reserves and surplus	2	127213	123161
Non-current liabilities			
Long-term borrowings	3	35143	723
Deferred tax liabilities (net)	40	34672	51066
Other long-term liabilities	4	70758	98505
Long-term provisions	5	16684	20631
Current liabilities			
Short-term borrowings	6	176020	200607
Trade payables	7	103439	97961
Other current liabilities	8	47590	27482
Short-term provisions	9	886	4409
TOTAL		619621	631761
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	17359	18730
Intangible assets	10	412	711
Capital work-in-progress		501	364
Non-current investments	11	36361	36361
Long-term loans and advances	12	13466	29330
Other non-current assets	13	51620	47266
Current assets			
Inventories	14	4116	5041
Trade receivables	15	241563	275584
Cash and cash equivalents	16	76488	66158
Short-term loans and advances	17	50737	38412
Other current assets	18	126998	113804
TOTAL		619621	631761
Significant accounting policies			
Notes to financial statements	1 to 48		

SASIKALA RAGHUPATHY
Chairman

A.SWAMINATHAN
Joint Managing Director and CEO

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

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

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

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

S.A.BOHRA
Director

M.S.SUNDARA RAJAN
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 28,2015

Statement of Profit and Loss

₹ in lakhs

	Note No.	For the Year ended March 31, 2015	For the Year ended March 31, 2014
INCOME			
Revenue from operations	19	337818	330542
Less: Excise duty		1318	982
		336500	329560
Other income	20	150	50
Total revenue		336650	329610
EXPENSES			
Cost of material consumed	21	226436	209708
Cost of manufacturing and construction	22	48676	45149
Other direct cost	23	7434	7058
(Increase) / decrease in work in progress		(443)	(523)
Employee benefits expense	24	16180	18314
Finance costs	25	20662	18174
Depreciation, impairment and amortization expense	26	2508	1955
Other expenses	27	7327	10536
Total expenses		328780	310371
Profit before tax		7870	19239
Tax expenses			
Current tax		1650	4032
MAT credit entitlement		17412	(4427)
Deferred tax		(16395)	6619
Tax - Earlier years		988	2020
Profit for the period		4215	10995
Earnings per equity share of face value of Rs. 10 each			
Basic (in Rs.)		5.84	15.24
Diluted (in Rs.)		5.84	15.24
Significant accounting policies			
Notes to financial statements	1 to 48		

SASIKALA RAGHUPATHY
Chairman

V.R.MAHADEVAN
Joint Managing Director

S.R.TAGAT
Director

S.A.BOHRRA
Director

HEINRICH BOHMER
Director

R.RAMESH KUMAR
President - Corporate and Secretary

A.SWAMINATHAN
Joint Managing Director and CEO

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.GOPALAKRISHNA
Director

M.S.SUNDARA RAJAN
Director

GNANA RAJASEKARAN
Director

P.R.EASWAR KUMAR
President and Chief Financial Officer

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

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

Chennai
May 28,2015

Cash Flow Statement

₹ in lakhs

		For the year ended March 31, 2015	For the year ended March 31, 2014
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before tax and extraordinary items	7870	19239
	Adjustments for :		
	Depreciation, impairment and amortization	2508	1955
	Dividend from investments - quoted	-	(1)
	Loss on sale of fixed assets (net)	9	16
	Unrealized foreign exchange (gain) / loss	(561)	(1798)
	(Profit) / loss on sale of investments	-	(33)
	Premium on forward contracts amortized	31	3
	Provision for warranty	(62)	477
	Trade receivables written off	-	272
	Interest expense (net)	20662	18174
	Operating profit before working capital changes	22587	19065
	Changes in working capital		
	(Increase) / decrease in trade receivables	34021	10145
	(Increase) / decrease in inventories	924	(2052)
	(Increase) / decrease in current assets	(26914)	(24820)
	(Increase) / decrease in loans and advances	3538	6916
	Increase / (decrease) in trade payables and provisions	(5785)	(10072)
		5784	(19883)
	Cash generated from operations	36241	18421
	Direct taxes (paid) / refund (net)	(21155)	(3161)
	Net cash flow from operating activities	15086	15260
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(1044)	(1182)
	Sale of fixed assets	34	63
	Sale of investments	-	43
	Decrease / (increase) in capital work-in-progress	(137)	371
	Dividend from investments - quoted	-	1
	Net cash flow from investing activities	(1147)	(704)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Long term borrowings repaid	34419	(586)
	Payment of dividend	(2165)	(5051)
	Tax on dividend paid	(368)	(858)
	Short term borrowings (repaid) / availed	(24584)	(18193)
	Interest paid (net)	(20277)	(18478)
	Net cash flow from financing activities	(12975)	(43166)
	Net increase in cash and cash equivalents (A+B+C)	963	(28610)
	Cash and cash equivalents as at April 1, 2014	28094	56704
	Cash and cash equivalents as at March 31, 2015	29057	28094
	Cash on hand	16	21
	On current accounts	993	897
	On deposit accounts	28048	27176

SASIKALA RAGHUPATHY
Chairman

A.SWAMINATHAN
Joint Managing Director and CEO

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

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

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

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

S.A.BOHRRA
Director

M.S.SUNDARA RAJAN
Director

HEINRICH BOHMER
Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 28,2015

Notes to Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

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

B. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting conventions

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

ii. Use of estimates

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

iii. Fixed assets and intangible assets

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

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

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

iv. Depreciation and amortization

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

v. Investments

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

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

vi. Earnings per share ('EPS')

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

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

vii. Revenue recognition

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

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

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

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

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

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

g) Other Income

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

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

viii. Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used are expected to be sold at or above cost. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is determined on a weighted average basis. Saleable scrap, whose cost is not identified, is valued at net realizable value.

Notes to Financial Statements

ix. Foreign currency transactions

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

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

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

x. Cash flows

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

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

xi. Income-taxes

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

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

Minimum alternate tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income-tax during the period in which the company is allowed to carry forward the MAT credit as per the provisions of the Income-tax Act, 1961 ('specified period'). The company reviews the same at each reporting date and writes down the

carrying amount of MAT credit asset to the extent there is no longer convincing evidence to the effect that the company will pay normal income-tax during the specified period.

xii. Impairment of assets

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

xiii. Employee benefits

a) Short-term employee benefits

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

b) Post employment benefits:"

i) Defined contribution plan:

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

ii) Defined benefit plan:

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

Notes to Financial Statements

c) Other Long-term employee benefits:

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

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

xiv. Borrowing costs

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

xv. Leases

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

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

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

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

xvi. Segment reporting

a) Segment policies:

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

b) Identification of segments:

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

c) Segment Revenue and Segment Result:

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

d) Segment Assets and Liabilities:

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

xvii. Provisions

a) The company recognizes provision when there is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits which can be measured only by using a substantial degree of estimation.

b) Provision for contractual obligation has been provided for in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

c) The company makes provision towards warranty obligation arising under the contract, while progressively recognising the revenue, based on management estimate and past experience of similar contracts. Such provision is maintained until the warranty period is completed.

xviii. Contingent liabilities

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

a) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or

b) a present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- a reliable estimate of the amount of the obligation cannot be made."

Notes to Financial Statements

SHAREHOLDERS' FUNDS

1 SHARE CAPITAL	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Authorised 10,00,00,000 equity shares of Rs.10 each (10,00,00,000)	10000	10000
Issued, subscribed and paid up 7,21,61,560 equity shares of Rs.10 each (7,21,61,560)	7216	7216

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

Equity Shares	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Issued during the year - Employee Stock Option Scheme	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216

b. Terms/rights attached to equity shares

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

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

	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% held	No. of Shares	% held
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76

d. The company has reserved issuance of 259178 (271396) equity shares of Rs.10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 31)

2 RESERVES AND SURPLUS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
i. Securities premium account		
Opening balance	31895	31895
Closing balance	31895	31895
ii. General reserve		
Opening balance	13232	12133
Add: Amount transferred from statement of profit and loss	423	1099
Closing balance	13655	13232
iii. Balance in statement of profit and loss		
Opening balance	78034	70710
Less : Adjustment towards depreciation	164	-
Add: Profit for the year	4215	10995
Less : Appropriations		
Proposed dividend	-	2165
Tax on proposed dividend	-	368
Tax on proposed dividend - earlier years	-	39
Transfer to general reserve	423	1099
Closing balance	81663	78034
	127213	123161

Notes to Financial Statements

3 LONG-TERM BORROWINGS	As at March 31, 2015		As at March 31, 2014	
	Non Current ₹ in lakhs	Current ₹ in lakhs	Non Current ₹ in lakhs	Current ₹ in lakhs
Secured				
i. Term loans from banks	35143	580	723	580
ii. Fixed assets loans				
a. from banks	-	-	-	-
b. from financial institutions	-	-	-	6
	35143	580	723	586
Less : - Amount disclosed under the head "other current liabilities" (refer Note 8)	-	580	-	586
	35143	-	723	-

Term loan includes

- Rs. 723 lakhs (Rs.1303 lakhs) from State Bank of Travancore and is secured by a first charge on fixed assets purchased out of the term loan and land and buildings of AFC factory of the company. The loan is repayable in 20 quarterly equal instalments starting from 30.09.2011.
- Corporate loan of Rs.35000 lakhs (Rs.Nil) from Syndicate Bank and is secured by the specified receivables of the company and collateral security of the subsidiary companies and other companies/persons. The loan is repayable in 16 quarterly instalments starting from 01.07.2016.

4 OTHER LONG-TERM LIABILITIES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Advance from customers	38197	74027
Trade payables	32561	24478
	70758	98505

5 LONG-TERM PROVISIONS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Provision for contractual obligation	14232	18149
Provision for warranty	2452	2482
	16684	20631

6 SHORT-TERM BORROWINGS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Secured		
Working capital loans from banks	176020	200607
	176020	200607

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

Notes to Financial Statements

7 TRADE PAYABLES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Micro and small enterprises	157	87
Others	103282	97874
	103439	97961

7.1 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

S.No.	Particulars	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
1	Principal amount remaining unpaid	140	79
2	Interest due thereon remaining unpaid	17	8
3	Interest paid to the supplier	-	-
4	Payments made to the supplier beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay in making payment without adding interest specified under this Act.	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	3	2

The above disclosure has been given in respect of vendors to the extent they could be identified as "micro and small" enterprises on the basis of information available with the company.

8 OTHER CURRENT LIABILITIES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Current maturities of long-term borrowings (refer Note 3)	580	586
Current maturities of advance from customers	45470	26097
Unpaid dividends	53	46
Interest accrued but not due on borrowings	540	154
Other payables *	947	599
	47590	27482

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

9 SHORT TERM PROVISIONS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
i. Provision for employee benefits		
Provision for bonus	24	30
Provision for leave encashment	360	331
Provision for gratuity	385	233
ii. Others		
Provision for warranty	58	116
Proposed dividend	-	2165
Provision for		
Tax on proposed dividend	-	368
Wealth tax	7	8
Income taxes (net)	52	1158
	886	4409

Notes to Financial Statements

10. FIXED ASSETS

₹ in lakhs

Particulars	Gross block			Depreciation / Amortisation				Net block		
	As at March 31, 2014	During the period		As at March 31, 2015	Upto March 31, 2014	for the year	Deletions	Upto March 31, 2015	As at	
		Additions	Deletions						March 31, 2015	March 31, 2014
Tangible assets										
Land	1527	-	-	1527	-	-	-	-	1527	1527
Buildings	2175	-	-	2175	239	70	-	309	1866	1936
Plant and equipment	18695	777	3	19469	5533	1469	1	7001	12469	13162
Furniture and fixtures	587	75	5	657	140	60	1	199	458	447
Office fixtures	222	2	-	224	191	27	-	218	6	31
Office equipments	1111	32	-	1143	384	471	-	855	287	727
Electrical installations	283	15	-	298	90	31	-	121	177	193
Vehicles	1382	136	102	1416	675	238	66	847	569	707
Subtotal	25982	1037	110	26909	7252	2366	68	9550	17359	18730
Intangible assets *										
Technical know-how	1151	-	-	1151	864	137	-	1001	150	287
Softwares	1850	7	-	1857	1426	169	-	1595	262	424
Subtotal	3001	7	-	3008	2290	306	-	2596	412	711
Total	28983	1044	110	29917	9542	2672	68	12146	17771	19441
As at March 31, 2014	28143	1182	342	28983	7850	1923	231	9542	19441	

* Both the assets are other than internally generated.

- (a) Plant and equipment include original cost of Rs. 792 lakhs (Rs.792 lakhs), which are jointly owned along with a Joint Venture, of which the company is a member
- (b) Office fixtures and office equipments includes original cost of Rs. 7 lakhs (Rs. 7 lakhs), which are jointly owned along with subsidiary companies.
- (c) Buildings include original cost of Rs. 1642 lakhs (Rs. 1642 lakhs), which are constructed on lease hold land.
- (d) Impairment loss recognised in the statement of profit and loss during the financial year for office equipments & furniture and fixtures is Rs. Nil (Rs. 32 lakhs) (refer Note 41).
- (e) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying value is being depreciated / amortised over the revised / remaining useful lives. The written down value of Fixed Assets whose useful lives have expired as at 1st April 2014, have been adjusted, in the opening balance of statement of Profit and Loss amounting to Rs.164 lakhs.

Notes to Financial Statements

11 NON-CURRENT INVESTMENTS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
(Long-term investments)		
a) Trade investments (at cost)		
i) In equity shares of subsidiary companies - unquoted, fully paid up		
42,50,000 Progen Systems and Technologies Limited (42,50,000) of Rs. 10 each	425	425
9,49,00,000 BGR Boilers Private Limited (9,49,00,000) of Rs. 10 each	9490	9490
13,61,62,900 BGR Turbines Company Private Limited (13,61,62,900) of Rs. 10 each	13616	13616
b) Other investments (at cost)		
i) In equity shares of subsidiary company - unquoted, fully paid up		
1,65,000 Sravanaa Properties Limited (1,65,000) of Rs. 10 each	12787	12787
ii) In equity shares of other company - quoted, fully paid up		
13,970 Indian Bank (13,970) of Rs.91 per share	13	13
iii) In mutual funds - quoted fully paid up - face value Rs. 10 each		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units	5	5
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units	25	25
	36361	36361
1) Aggregate market value of quoted investments	65	42
2) Aggregate book value of quoted investments	43	43
3) Aggregate book value of unquoted investments	36318	36318

11.1. During the FY 2013-14 Hitachi, Ltd., Japan ("HL") and Hitachi Power Europe GmbH, Germany ("HPE") have transferred the entire thermal power systems business to Mitsubishi Hitachi Power Systems Limited ("MHPS") as part of global business integration of thermal power systems business between Hitachi, Ltd., Japan and Mitsubishi Heavy Industries Limited, Japan.

The company held long term investments in subsidiaries of the company viz., BGR Boilers Private Limited ("BGR Boilers") and BGR Turbines Company Private Limited ("BGR Turbines") of whom HPE and HL are joint venture shareholders and technology licensor for Supercritical Steam Generators and Supercritical Steam Turbine & Generators respectively.

This global business integration had impacted the respective subsidiary company's ability to carry-on business in future, setting up of manufacturing facility and performance of contracts under execution for supply of respective equipment to the company.

During the FY 2014-15, HL for itself and for HPE and the Company have commenced negotiations in good faith to facilitate performance of contracts under execution and cause MHPS to become joint venture shareholder and technology licensor to the respective subsidiary companies.

The Board of Directors, after an assessment, is of the opinion that no diminution or impairment in the carrying value of the investments of BGR Boilers and BGR Turbines, has occurred.

Notes to Financial Statements

12 LONG-TERM LOANS AND ADVANCES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Secured, considered good Advance to suppliers	238	754
Unsecured, considered good Deposits	1559	1382
Loans and advances to related parties	1228	1228
MAT credit entitlement	1507	19906
Other loans and advances	8934	6060
	13466	29330

- 12.1. Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on May 28, 2007. Consequently, the end client encashed BGs for a value of Rs.1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board are now subject to arbitration. The Arbitral Tribunal heard the matter and the parties have filed their written submissions. The parties have also concluded the oral arguments. The tribunal has reserved the matter for passing of award. The arbitral award is expected in due course of time. Based on legal opinion, the company has identified a sum of Rs. 1654 lakhs (Rs.1654 lakhs) as at March 31, 2015 as recoverable advances from the end client through the JV and is grouped under other loans and advances.
- 12.2. Tuticorin Project: The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) terminated the contract and encashed BGs for aggregate value of Rs.2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, were reviewed by the Disputes Review Board and recommendations were granted in favour of the JV. Tuticorin Port Road Company Ltd (SPV of NHAI) challenged the recommendations before the Arbitration Tribunal. The proceedings before the Arbitral Tribunal are pending. In view of these facts, the company has identified a sum of Rs. 83 lakhs (Rs.83 lakhs) as at March 31, 2015 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

13 OTHER NON-CURRENT ASSETS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Unsecured Trade receivables - considered good			42144	41401
Trade receivables - considered doubtful	83	83		
Less:- Provision for doubtful receivables	83	83	-	-
Margin money deposit - maturity more than 12 months			9071	5641
Interest accrued on margin money deposits			405	224
			51620	47266

14 INVENTORIES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Raw materials and components	2127	3495
Work-in-progress	1989	1546
	4116	5041

Notes to Financial Statements

15 TRADE RECEIVABLES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Unsecured, considered good		
Over six months	3467	3995
From related parties	881	441
Others	237215	271148
	241563	275584

- 15.1. Trade receivables – Others, includes retention amount of Rs. 97188 lakhs (Rs.150898 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2015
- 15.2. The company has sought confirmation of balances of major trade receivables. In cases where letters of confirmation have been received from parties, book balances have been reconciled and adjusted, if required. In other cases, balances in accounts of trade receivables have been taken as per books of account.
- 15.3. During the year the company utilised warranty provision of Rs.27 lakhs (Rs.Nil) and contractual obligation provision of Rs.1565 lakhs (Rs.Nil) against the receivables from Rajasthan Rajya Vidyut Nigam Limited amounting to Rs.1592 lakhs.

16 CASH AND CASH EQUIVALENTS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Cash and cash equivalent:		
Balances with banks :		
- On current accounts	993	897
- On deposit accounts	28048	27176
Cash on hand	16	21
Other bank balances		
Margin money deposits	47378	38018
On unpaid dividend accounts	53	46
	76488	66158

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

17 SHORT-TERM LOANS AND ADVANCES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Secured, considered good		
Advance to suppliers	8359	5517
Unsecured, considered good		
Advance to suppliers	2673	5332
Loans and advances to related parties	773	1115
Other loans and advances *	38798	26230
Deposits	134	218
	50737	38412

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

Notes to Financial Statements

18 OTHER CURRENT ASSETS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Interest accrued on fixed deposits	1821	1376
Contracts in progress (net)	125177	112428
Non current bank balances (note 16)		
[Contracts in progress comprise unbilled revenue of Rs. 1,29,436 lakhs (Rs. 1,23,197 lakhs) and unearned revenue of Rs. 4,259 lakhs (Rs. 10,769 lakhs)] (refer Note 29)		
	126998	113804

19 REVENUE FROM OPERATIONS	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Sale of manufactured goods	24954	19053
Contracting income	310855	310861
Erection and service income	901	401
Other operating revenue	1108	227
	337818	330542
Less: Excise duty	1318	982
	336500	329560

20 OTHER INCOME	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Dividend from investments - quoted (refer note 47)	-	1
Insurance claim received	142	-
Interest on advances / refunds	-	4
Profit on sale of investments	-	33
Others	8	12
	150	50

21 COST OF MATERIAL CONSUMED	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Opening inventory	3495	1966
(Raw materials, consumables, bought outs and components)		
Add : Purchases	225068	211237
	228563	213203
Less: Closing inventory	2127	3495
(Raw materials, consumables, bought outs and components)		
	226436	209708

Notes to Financial Statements

Details of raw materials and components consumed	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Raw materials	59575	56997
Bought outs	163034	149155
Packing materials	113	124
Consumables	793	654
Tools and others	2921	2778
	226436	209708

Value of raw material and components consumed during the year

Particulars	For the year ended March 31, 2015 ₹ in lakhs	%	For the year ended March 31, 2014 ₹ in lakhs	%
Imported	70628	31	60704	29
Indigenous	155808	69	149004	71
Total	226436	100	209708	100

Cost of materials consumed is net of provision of cost of Rs.4441 lakhs, warranty of Rs.519 lakhs and provision for contractual obligations of Rs.2352 lakhs, no longer required.

22 COST OF MANUFACTURING AND CONSTRUCTION	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Subcontracting and processing charges	48227	44799
Power and fuel	449	350
	48676	45149

23 OTHER DIRECT COST	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Agency commission	97	81
Insurance	1115	1518
Bank charges	5436	4620
Professional fees	654	376
Packing and forwarding	132	463
	7434	7058

24 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Salaries, allowances and bonus	13970	16044
Contribution to P.F., E.S.I., and gratuity	713	771
Workmen and staff welfare expenses	1497	1499
	16180	18314

Notes to Financial Statements

25 FINANCE COSTS	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Interest on working capital loans (net)	20394	17826
Interest on term loans	268	246
Interest - others	-	102
	20662	18174

26 DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Depreciation of tangible assets (including impairment loss) (refer Note 10)	2202	1500
Amortization of intangible assets (refer Note 10)	306	455
	2508	1955

27 OTHER EXPENSES	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Rent	1246	1794
Payment to auditors (refer details below)	84	50
Bank charges	427	306
Conveyance and vehicle running expenses	483	525
Trade receivables written off	-	272
Electricity charges	198	245
Foreign exchange loss (net)	1530	2997
Insurance	67	53
Loss on sale of fixed assets (net)	9	16
Other administrative expenses	499	1197
Professional charges	346	542
Rates and taxes	93	82
Repairs and maintenance		
- Building	54	94
- Machinery	49	52
- Others	926	859
Security charges	112	129
Selling expenses	43	89
Sitting fees	30	11
Telephone expenses	182	185
Travelling expenses		
- Domestic	653	752
- Foreign	296	286
	7327	10536
Payment to auditors		
- For audit fees	50	42
- For tax matters	30	4
- For certification and others	4	4
	84	50

Notes to Financial Statements

28 EARNINGS PER SHARE (EPS)	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
The following reflects the profit and share data used in the basic and diluted EPS computation :		
Basic EPS		
Profit after tax as per accounts	4215	10995
Weighted average number of equity shares (face value Rs.10 per share) (lakh Nos.)	722	722
Basic EPS (Rs.)	5.84	15.24
Diluted EPS		
Profit for the year for basic EPS	4215	10995
Less : Adjustment	-	-
Adjusted profit for diluted EPS	4215	10995
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : Adjustment	-	-
Employee Stock Option Plan	-	-
Weighted average number of equity shares (face value Rs.10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (Rs.)	5.84	15.24

29. CONSTRUCTION CONTRACTS

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

S. No.	Particulars	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
1	The aggregate amount of costs incurred and recognized profits (less recognized losses) (including amounts carried forward from previous years)	1617984	1614432
2	The amount of advances received	81123	74153
3	The amount of retentions	97188	150898
4	The gross amount due from customers for contract work as an asset (unbilled revenue)	129436	123197
5	The gross amount due to customers for contract work as a liability (unearned revenue)	4259	10769

30. EMPLOYMENT BENEFITS

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

Defined contribution plan:

Particulars	2014-15	2013-14
Employer's contribution to Provident fund	324	425
Employer's contribution to pension scheme	179	139
Employer's contribution to employee's state insurance	2	4

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.

Notes to Financial Statements

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

₹ in lakhs

Particulars	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14
Defined benefit obligation at beginning of the year	331	738	291	736
Current service cost	53	128	58	139
Interest cost	26	55	26	58
Actuarial (gain)/loss	(50)	12	(44)	(2)
Benefits paid	-	(70)	-	(193)
Defined benefit obligation at year end	360	863	331	738

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

Particulars	Gratuity (funded) 2014-15	Gratuity (funded) 2013-14
Fair value of plan assets at beginning of the year	505	625
Expected return on plan assets	32	43
Actuarial gain/(loss)	10	4
Employer contribution	-	26
Benefits paid	(70)	(193)
Fair value of plan assets at the year end	477	505
Actual return on plan asset	42	47

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

Particulars	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14
Fair value of plan assets (a)	-	477	-	505
Present value of obligation (b)	360	863	331	738
Present Value of obligation unfunded at the end of the year recognized as liability as at March 31, 2015 (b-a)	360	386	331	233

IV. Expected employers contribution next year

Particulars	Gratuity (funded) 2014-15	Gratuity (funded) 2013-14
Expected employers contribution to gratuity next year	176	157

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

Particulars	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14
Current service cost	53	128	58	139
Interest cost	26	55	26	58
Expected return on plan assets	-	(32)	-	(43)
Actuarial (gain) / loss	(50)	2	(44)	(5)
Net cost	29	153	40	149

Notes to Financial Statements

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

₹ in lakhs

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Gratuity plan (funded)					
Defined benefit obligation	863	738	736	650	505
Plan assets	477	505	625	519	482
Surplus / deficit	(386)	(233)	(111)	(131)	(23)
Experience adjustment plan liabilities	12	(2)	(60)	27	
Experience adjustment plan assets	(10)	(4)	(4)	(2)	

VII. Actuarial assumptions

Particulars	Leave encashment (unfunded) 2014-15	Gratuity (funded) 2014-15	Leave encashment (unfunded) 2013-14	Gratuity (funded) 2013-14
Mortality table (LIC)	(Ultimate) 06-08	(Ultimate) 06-08	(Ultimate) 06-08	(Ultimate) 06-08
Discount rate (per annum)	7.77%	7.79%	9.10%	9.10%
Expected rate of return on plan assets (per annum)	-	8.00%	-	8.00%
Rate of escalation in salary (per annum)	5.00%	5.50%	5.00%	5.50%

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

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

31. EMPLOYEE STOCK OPTION PLANS

Stock option granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The company follows the intrinsic value method of accounting for the options and accordingly, the excess of value of the stock options as determined by an independent valuer on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the statement of profit and loss.

Employee Stock Option Scheme – 2007

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

Vesting schedule

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

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

Notes to Financial Statements

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

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

The following are the number of options outstanding during the year

Particulars	2014-15	2013-14
Number of options outstanding in the beginning of the year (a)	271396	285858
Number of options granted during the year (b)	-	-
Number of options vested during the year (c)	-	-
Number of vested options cancelled (d)	9757	10541
Number of unvested options cancelled (e)	2461	3921
Total number of options forfeited during the year (f)=(d)+(e)	12218	14462
Number of options exercised during the year (g)	-	-
Number of options outstanding at the end of the year (h)=(a)-(f)	259178	271396
Number of options exercisable at the end of the year	39136	51354

32. LEASES

Operating lease

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

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

Particulars	₹ in Lakhs	
	Minimum lease payments outstanding as at	
	March 31,2015	March 31,2014
Due within one year	62	518
Due later than one year and not later than five years	125	819
Due later than five years	-	-
Total	187	1337

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: Rs. 1246 lakhs (Rs.1794 lakhs)

Notes to Financial Statements

33. SEGMENT REPORTING

Primary segment information (business segments)

Information about business segments (information provided in respect of revenue items for the year ended March 31, 2015 and in respect of assets / liabilities as at March 31, 2015) are furnished below:

₹ in lakhs

Particulars	2014-15			2013-14		
	Capital goods segment	Construction and EPC contracts segment	Total	Capital goods segment	Construction and EPC contracts segment	Total
a) Revenue (net)	24626	311874	336500	18477	311083	329560
b) Result	2238	26144	28382	1284	36079	37363
Add: Unallocated income (net of expenditure)			150			50
Profit before interest and tax			28532			37413
Interest			20662			18174
Profit before tax			7870			19239
Tax expenses						
- Current tax			1650			4032
- MAT credit entitlement			17412			(4427)
- Deferred tax			(16395)			6619
- Deferred tax - earlier years			988			2020
- Total			3655			8244
Profit for the year			4215			10995
c) Assets	33993	572796	606789	30096	588836	618931
Add: Unallocated corporate assets			12830			12830
Total assets			619619			631761
d) Liabilities	11330	226618	237948	10260	233831	244091
Add: Unallocated corporate liabilities			247244			257293
Total liabilities			485191			501384
e) Capital assets acquired during the year	10	1034	1044	516	666	1182
f) Depreciation, impairment and amortisation	252	2256	2508	238	1717	1955
g) Other non-cash charges except depreciation, impairment and amortisation	(18)	(44)	(62)	386	363	749

Secondary segment information (geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
External revenue by location of Customers	335368	326786	1132	2774	336500	329560
Carrying amount of segment assets by location of assets	619617	631761	4	-	619622	631761
Capital expenditure	1040	1182	4	-	1044	1182

34. PARTICULARS OF RELATED PARTIES

List of related parties

a. Subsidiary companies

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

Notes to Financial Statements

b. Associate company – Nil

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

- i. GEA Cooling Tower Technologies (India) Private Limited
- ii. GEA BGR Energy System India Limited
- iii. Mega Funds India Limited
- iv. Sasikala Estate Private Limited
- v. Schmitz India Private Limited
- vi. Cuddalore Powergen Corporation Limited
- vii. ANI Constructions Private Limited
- viii. Nannilam Property Private Limited
- ix. BGR Odisha Powergen Limited

d. Joint venture

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

e. Key Management Personnel

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

f. Relatives of Key Management Personnel

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

Related party transactions

(Information provided in respect of revenue items for the year ended March 31, 2015 and in respect of assets / liabilities as at March 31, 2015) ₹ in lakhs

Particulars	Subsidiary Companies	Other Companies	Key Management Personnel	Relatives of Key Management Personnel	2014-15	2013-14
Sales	-	3315	-	-	3315	2736
Purchases	128740	3858	-	-	132598	20952
Investments made	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	44
Remuneration	-	-	422	39	461	626
Rent expenses	18	92	-	44	154	158
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	0.12	4.25	-	-	4	-
Others	-	-	-	25	25	25
Advances given	1043	1551	-	-	2594	39898
Repayment of advance given	-	-	-	-	-	-
Guarantees	20	662	-	-	682	712
Balances outstanding	(22328)	855	-	(36)	(21509)	37893

Notes to Financial Statements

Party-wise disclosure of related party transactions:

1. Sales represent, GEA Cooling Tower Technologies (India) Private Limited Rs. 3315 lakhs (Rs. 2736 lakhs).
2. Purchases represent, Progen Systems and Technologies Limited Rs. 955 lakhs (Rs. 260 lakhs), GEA Cooling Tower Technologies (India) Private limited Rs. 3655 lakhs (Rs.2452 lakhs), GEA BGR Energy System India Limited Rs. 142 lakhs (Rs. 41 lakhs), BGR Boilers Private Limited Rs. 80354 lakhs (Rs 17707 lakhs), BGR Turbines Company Private Limited Rs. 47430 lakhs (Rs. 492 lakhs), Schmitz India Private Limited Rs.61 lakhs (Rs.Nil)
3. Sale of Investments represent, BGR Investment Holdings Company Limited Rs. Nil (Rs. 34 Lakhs), BGR Power Limited Rs. Nil (Rs. 10 lakhs).
4. Remuneration to key management personnel represents, Mr. B.G.Raghupathy Rs. Nil (Rs. 44 lakhs), Mr. V.R. Mahadevan Rs. 129 lakhs (Rs.147 lakhs), Mr. A. Swaminathan Rs. 181 lakhs (Rs. 206 lakhs), Mr. K Chandrashekhar Rs.24 lakhs (Rs. 97 lakhs), Ms. Swarnamugi Karthik Rs. 88 lakhs (Rs. 88 lakhs).
5. Remuneration to relatives of key management personnel represent, Ms.Priyadarshini Raghupathy Rs. 28 lakhs (Rs. 32 lakhs), Ms. Vaani Raghupathy Rs. 6 lakhs (Rs.8 lakhs), Mr. Arjun Govind Raghupathy Rs. 5 lakhs (Rs.4 lakhs).
6. Rent paid represents, GEA BGR Energy System India Limited. Rs. 0.30 lakhs (Rs. 0.28 lakhs), Sasikala Estate Private Limited Rs. 83 lakhs (Rs. 89 lakhs), ANI Construction Private Limited Rs. 9 lakhs (Rs. 9 lakhs). Mrs. Sasikala Raghupathy Rs. 44 lakhs (Rs. 42 lakhs), Sravanaa Properties Limited Rs. 18 lakhs (Rs. 18 lakhs).
7. Sale of fixed assets represent, Progen System and Technologies Ltd Rs. 0.12 lakhs (Rs. Nil), GEA BGR Energy System India Ltd Rs. 4 lakhs (Rs. Nil)
8. Others represent, royalty to Mr. B.G. Raghupathy Rs. Nil (Rs. 8 lakhs), Mrs. Sasikala Raghupathy Rs. 25 lakhs (Rs. 17 lakhs).
9. Advances given represent, Progen Systems and Technologies Limited Rs. 1043 lakhs (Rs. 931 lakhs), BGR Boilers Private Limited Rs. Nil (Rs. 38192 lakhs), BGR Turbines Company Private Limited Rs. Nil (Rs. 241 lakhs), GEA BGR Energy Systems India Limited Rs. 304 lakhs (Rs. 60 lakhs), GEA Cooling Tower Technologies (India) Private Limited Rs. 1247 lakhs (Rs. 474 lakhs).
10. Gurantees given represent, Progen Systems and Technologies Limited Rs. 20 lakhs (Rs. 51 lakhs), GEA Cooling Tower Technologies (India) Private limited Rs. 661 lakhs (Rs. 661 lakhs).
11. Balances outstanding (Net) represent, Progen Systems and Technologies Limited Rs. 1623 lakhs (Rs.1277 lakhs), BGR Boilers Private Limited Rs. 7580 lakhs (cr.bal) (Rs.22898 lakhs), BGR Turbines Company Private Limited Rs. 16378 lakhs (cr.bal) (Rs. 12348 lakhs), GEA Cooling Tower Technologies (India)Private Limited Rs. 595 lakhs (cr.bal) (Rs.74 lakhs), GEA BGR Energy System India Limited Rs. 240 lakhs (Rs.66 lakhs) , Cuddalore Powergen Corporation Limited Rs. 671 lakhs (Rs.671 lakhs), Nannilam Property Private Limited Rs. 508 lakhs (Rs.508 lakhs), Mega Funds India Limited Rs. 39 lakhs (Rs. 39 lakhs), Schmitz India Private Limited Rs. Nil (Rs. 60 lakhs), B.G.Raghupathy Rs. Nil (Rs. 8 lakhs (cr. bal)), Sravanaa Properties Limited Rs. 6 lakhs (Rs. 6 lakhs), Sasikala Estate Private Limited Rs. 7 lakhs (cr.bal) (Rs. 7 lakhs (cr.bal)), ANI Constructions Private Limited Rs.0.77 lakhs (cr.bal) (Rs.Nil)Mrs. Sasikala Raghupathy Rs. 36 lakhs(cr. bal)(Rs. 39 lakhs(cr. bal)).

Notes to Financial Statements

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

₹ in Lakhs

Particulars	As at	As at
	March 31, 2015	March 31, 2014
A Contingent liabilities		
Claims against the company not acknowledged as debt		
a) On account of sales tax *	29154	4222
b) On account of income-tax	10848	10848
c) On account of service tax **	25	25
d) On account of provident fund	521	-
e) On account of contractual obligations	2350	2350
f) On account of royalty	4547	4547
B Guarantees		
Guarantees and counter guarantees given on behalf of subsidiary and other company	681	712
C Capital commitments		
"Estimated amount of contracts remaining to be executed on capital account (net of advances)"	471	817
D Other commitments		
Commitments to fund subsidiaries	5923	5681

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

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

36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

₹ in Lakhs / Foreign Currency in Lakhs

Particulars	As at March 31, 2015		As at March 31, 2014	
	Trade payables	Trade receivables	Trade payables	Trade receivables
Number of contracts	23	10	6	-
Value in foreign currency				
GBP	0.22	-	0.45	-
USD	31	43	11	-
EURO	2	75	-	-
Value in INR	2060	7755	675	-

Notes to Financial Statements

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

₹ in Lakhs / Foreign Currency in Lakhs

Particulars	As at March 31, 2015	As at March 31, 2014
Assets (Trade receivables / advance to suppliers/bank balances)		
In foreign currency		
In USD \$	554	741
In EURO	115	81
In GBP	0.12	0.04
In JPY	1	1
In SEK	9	1
In CAD	0.37	-
In AED	0.02	-
In Indian currency		
In USD \$	34556	44381
In EURO	7674	6681
In GBP	12	4
In JPY	0.60	1
In SEK	66	7
In CAD	18	-
In AED	0.38	-
Liabilities (Advance from customers/trade payables/buyers credit)		
In foreign currency		
In USD \$	839	1128
In EURO	342	399
In GBP	0	-
In SEK	8	-
In CAD	1	-
In Indian currency		
In USD \$	52293	67549
In EURO	22889	32857
In GBP	8	-
In SEK	59	-
In CAD	40	-

Notes to Financial Statements

37. VALUE OF IMPORTS ON CIF BASIS

₹ in Lakhs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Raw materials, components, consumables and spare parts	70937	2884
Capital items	167	-

38. EXPENDITURE IN FOREIGN CURRENCY

₹ in Lakhs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Travelling	277	127
Part processing and professional charges	5	67
Royalty	50	32
Agency commission, bank charges and others	783	431
Interest	10	22
Total	1,125	679

39. EARNINGS IN FOREIGN CURRENCY

₹ in Lakhs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Sales	103634	17771
Services	1272	224
Total	104906	17995

40. DEFERRED TAXES

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

₹ in Lakhs

Particulars	Deferred tax asset as at March 31, 2015	Deferred tax liability as at March 31, 2015	Deferred tax asset as at March 31, 2014	Deferred tax liability as at March 31, 2014
Depreciation and impairment	-	1483	-	1637
Provision for doubtful receivables	28	-	28	-
Gratuity	123	-	61	-
Compensated absences	218	-	165	-
Others	45	-	30	-
Carry forward tax loss	-	-	2147	-
Retention money	-	33603	-	51860
Total	414	35086	2431	53497
Net		34672		51066

41. IMPAIRMENT OF ASSETS

a. Cash generating units :

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

b. Other assets :

The company has made a provision of Rs. Nil (Rs. 32 lakhs) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

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

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

Notes to Financial Statements

44. As required under Section 135 of Companies Act 2013, the company is required to spend Rs.510 lakhs towards Corporate Social Responsibility (CSR) activities. The company is in the process of identifying programmes\projects, in accordance with the policy. Hence no expense has been either incurred or provided in the books during the financial year.
45. During the current financial year, notice under section 153A of the Income-tax Act 1961 was received and accordingly the company has since filed tax returns. Due to the revision, Rs.988 lakhs income tax has been provided during the year and adjusted against MAT credit available and disclosed under tax relating to earlier years.

46. PROVISIONS

- a) The company has made a provision / transfer of Rs. 2336 Lakhs (reversal) (Rs.477 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 administrative expenses.

Movement in provisions

₹ in Lakhs

Particulars	Provision for Warranty	Provision for Contractual Obligations	Provision for Warranty	Provision for Contractual Obligations
	14-15	14-15	13-14	13-14
Opening balance	2598	18149	2230	20076
Add :Addition / transfers	536	-	485	-
Less : (a) Provision utilised	105	1565	109	1927
(b) Provision reversed	519	2352	8	-
Closing balance	2510	14232	2598	18149

47. DETAILS OF ROUNDED OFF AMOUNTS

The financial statements are presented in Rs. in lakhs. Those items which are required to be disclosed and which were not presented in the financial statements due to rounding off to the nearest Rs. in lakhs are given as follows:

Description	Note No.	As at March 31, 2015	As at March 31, 2014
Dividend from investments - quoted	20	0.24	-

48. PREVIOUS YEAR FIGURES

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

SASIKALA RAGHUPATHY Chairman	A.SWAMINATHAN Joint Managing Director and CEO	As per our report of even date for M/s MANOHAR CHOWDHRY & ASSOCIATES Chartered Accountants
V.R.MAHADEVAN Joint Managing Director	SWARNAMUGI KARTHIK Director - Corporate Strategy	M.S.N.M.SANTOSH Partner Membership No.221916
S.R.TAGAT Director	M.GOPALAKRISHNA Director	
S.A.BOHRA Director	M.S.SUNDARA RAJAN Director	
HEINRICH BOHMER Director	GNANA RAJASEKARAN Director	
R.RAMESH KUMAR President - Corporate and Secretary	P.R.EASWAR KUMAR President and Chief Financial Officer	Chennai May 28,2015

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Independent Auditors' Report

TO THE MEMBERS OF BGR ENERGY SYSTEMS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BGR ENERGY SYSTEMS LIMITED (hereinafter referred to as "the Holding Company"), its subsidiaries and unincorporated joint venture (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports

referred to in 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

As detailed in note no. 43(a) to the consolidated financial statements, the accompanying consolidated financial statements include unaudited financial statements and other financial information of two subsidiaries, namely, BGR Boilers Private Limited and BGR Turbines Company Private Limited, whose aggregate assets of ₹ 1,11,800 lakhs as at March 31, 2015, aggregate revenue of ₹ 1,28,645 lakhs and cash outflow amounting to ₹ 277 lakhs for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of the subsidiary companies have been furnished to us by the Management of 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. We are unable to comment on adjustments that may have been required to the accompanying consolidated financial statements had such unaudited financial statements been audited.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note no. 28 to the consolidated financial statements, which deals with the impact on the businesses of two subsidiary companies viz., BGR Boilers Private Limited and BGR Turbines Company Private Limited, pursuant to the global business integration of thermal power systems business between Hitachi Ltd, Japan and Mitsubishi Heavy Industries Limited, Japan.

Independent Auditors' Report

Considering the same, though the auditors of the BGR Boilers Private Limited have qualified their opinion in the auditor's report for the previous year ended March 31, 2014, with respect to the adjustment to the carrying value of the capital work-in-progress of Rs. 8027 lakhs and service tax receivable of Rs. 499 lakhs, the Board of Directors of the Subsidiary Company, after an assessment, is of the opinion that no adjustment or provision in respect of capital work-in-progress and service tax is required to be made.

Other Matters

We did not audit the financial statements of two subsidiaries, namely, Progen Systems

and Technologies Limited and Sravanaa Properties Limited, whose financial statements reflect total assets of Rs. 14,629 lakhs as at March 31, 2015, total revenue of Rs.1371 lakhs and net cash outflows amounting to Rs.37.08 lakhs for the year then ended. We also did not audit the financial statements of the unincorporated joint venture, namely, Mecon – GEA Energy System (India) Limited (JV) whose financial statements reflect total assets of Rs. 1,676 lakhs as at March31, 2015 and total loss of Rs. 0.21 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the

Holding Company, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of these matters

For **Manohar Chowdhry & Associates**

Chartered Accountants

Firm Registration Number: 001997S

M.S.N.M. SANTOSH

Partner

Membership Number: 221916

Place: Chennai

Date: May 28, 2015

Consolidated Balance Sheet

₹ in lakhs

	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	7216	7216
Reserves and surplus	2	124932	122171
Minority interest		7893	8446
Non-current liabilities			
Long-term borrowings	3	35176	778
Deferred tax liabilities (net)	41	34207	50647
Other long-term liabilities	4	70925	97104
Long-term provisions	5	16811	20683
Current liabilities			
Short-term borrowings	6	176020	200607
Trade payables	7	157388	146047
Other current liabilities	8	47726	27597
Short-term provisions	9	896	4505
TOTAL		679190	685801
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	41577	43163
Intangible assets	10	515	885
Capital work-in-progress		15813	15692
Non-current investments	11	43	43
Long-term loans and advances	12	15767	45182
Other non-current assets	13	51620	47266
Current assets			
Inventories	14	5114	6040
Trade receivables	15	241567	275702
Cash and cash equivalents	16	85075	75059
Short-term loans and advances	17	95075	62945
Other current assets	18	127024	113824
TOTAL		679190	685801
Significant accounting policies	1 to 45		
Notes to financial statements			

SASIKALA RAGHUPATHY
Chairman

A.SWAMINATHAN
Joint Managing Director and CEO

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

V.R.MAHADEVAN
Joint Managing Director

SWARNAMUGI KARTHIK
Director - Corporate Strategy

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

S.R.TAGAT
Director

M.GOPALAKRISHNA
Director

S.A.BOHRA
Director

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Director

GNANA RAJASEKARAN
Director

R.RAMESH KUMAR
President - Corporate and Secretary

P.R.EASWAR KUMAR
President and Chief Financial Officer

Chennai
May 28,2015

Consolidated Statement of Profit and Loss

₹ in lakhs

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
INCOME			
Revenue from operations	19	338069	331185
Less: Excise duty		1444	1096
		336625	330089
Other income	20	711	576
Total revenue		337336	330665
EXPENSES			
Cost of material consumed	21	225225	208967
Cost of manufacturing and construction	22	49082	45308
Other direct cost	23	7434	7058
(Increase)/Decrease in work in progress		(519)	(83)
Employee benefits expense	24	17878	20391
Finance costs	25	20686	18183
Depreciation, impairment and amortization Expense	26	2704	2121
Other expenses	27	8606	11460
Total expenses		331096	313405
Profit before tax		6240	17260
Tax expense			
Current tax		1810	4069
MAT credit entitlement		17412	(4427)
Deferred tax		(16440)	6599
Tax - earlier years		988	2020
Profit for the year (before adjustment for Minority Interest)		2470	8999
Less: Share of profit / (loss) transferred to / (from) Minority Interest		(553)	(607)
PROFIT FOR THE YEAR		3023	9607
Earnings per equity share of face value of Rs. 10 each			
(1) Basic Rs.	31	4.19	13.31
(2) Diluted Rs.	31	4.19	13.31
Significant accounting policies			
Notes to financial statements			

SASIKALA RAGHUPATHY
Chairman

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for M/s MANOHAR CHOWDHRY & ASSOCIATES
Chartered Accountants

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

Chennai
May 28,2015

Consolidated Cash Flow Statement

₹ in lakhs

	For the year ended March 31, 2015		For the year ended March 31, 2014	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extraordinary items		6240		17260
Adjustments for :				
Depreciation, impairment and amortization	2704		2121	
Dividend from investments - quoted	-		(1)	
Loss on sale of fixed assets (net)	9		16	
(Profit) / loss on unrealized foreign exchange gain	(561)		(1798)	
Premium on forward exchange contract amortized	31		3	
(Profit) / loss on sale of Investment	-		(33)	
Provision for warranty	-		477	
Trade receivables written off	-		272	
Share of minority interest	553		607	
Interest expense (net)	20686	23422	18183	19847
Operating profit before working capital changes		29662		37108
(Increase) in trade receivables	34135		10089	
(Increase) in inventories	926		(1766)	
(Increase) in current assets	(26904)		(24832)	
(Increase) / decrease in loans and advances	(2717)		(32194)	
Increase in trade payables and provisions	1041		35930	
		6481		(12773)
Cash generated from operations		36143		24335
Direct taxes (paid) / refund (Net)		(21315)		(3197)
Net cash flow from operating activities		14828		21137
B CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(1053)		(1258)	
Sale of fixed assets	34		91	
Sale of investments	-		43	
(Increase) in capital work-in-progress	(121)		(3164)	
Dividend from investments - quoted	-		1	
Net cash flow from investing activities		(1140)		(4287)
C CASH FLOW FROM FINANCING ACTIVITIES				
Long term borrowings (repaid)	34398		(597)	
Payment of dividend	(2165)		(5051)	
Tax on dividend paid	(368)		(858)	
Short term borrowings (repaid) / availed	(24586)		(18381)	
Interest paid (net)	(20301)		(18487)	
Net cash flow from financing activities		(13022)		(43374)
Net increase in cash and cash equivalents (A+B+C)		666		(26523)
Cash and cash equivalents as at April 1, 2014		36979		63503
Cash and cash equivalents as at March 31, 2015		37645		36979
Cash on hand		16		21
On current accounts		1742		2233
On deposit accounts		35886		34725

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Partner
Membership No.221916

Chennai
May 28,2015

Notes to Consolidated Financial Statements

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting conventions

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

b. Principles of consolidation:

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

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

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

c. Use of estimates

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

d. Fixed assets and intangible assets

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

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

e. Depreciation and amortization

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

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

Assets	Proportion of		Proportion of	
	Net block	Depreciation	Net block	Depreciation
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
Furniture & fixtures	9%	24%	13%	25%
Vehicles	2%	3%	3%	5%
Office equipments	3%	9%	7%	22%

Notes to Consolidated Financial Statements

f. Investments

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

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

g. Earnings per share (EPS)

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

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

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

h. Revenue recognition

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

i. Inventories

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

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

Cost of inventories is determined on a weighted average basis

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

j. Foreign currency transactions

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

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

Notes to Consolidated Financial Statements

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

k. Cash flows

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

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

l. Income taxes

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

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

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

m. Impairment of assets

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

n. Employee benefits

a) Short term employee benefits :

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

b) Post employment benefits:

i) Defined contribution plan:

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

ii) Defined benefit plan:

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

Notes to Consolidated Financial Statements

c) Other long-term employee benefits:

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

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

o. Borrowing costs

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

p. Leases

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

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

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

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

q. Provisions

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

r. Contingent liabilities

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

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

Notes to Consolidated Financial Statements

B. NOTES TO ACCOUNTS

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

Subsidiary companies

S.No.	Name of the company	Country of Incorporation	Extent of holding (%) as on March 31, 2015	Goodwill or (capital reserve) on account of consolidation	Extent of holding (%) as on March 31, 2014	Goodwill or (capital reserve) on account of consolidation
1	Progen Systems and Technologies Limited	India	69.67%	59	69.67%	59
2	BGR Boilers Private Limited	India	70%	---	70%	---
3	BGR Turbines Company Private Limited	India	74%	---	74%	---
4	Sravanaa Properties Limited	India	100%	(242)	100%	(242)

Joint ventures

S.No.	Name of the company	Country of incorporation	Extent of interest (%) as on March 31, 2015	Goodwill or (capital reserve) on account of consolidation	Extent of interest (%) as on March 31, 2014	Goodwill or (capital reserve) on account of consolidation
1	Mecon - GEA Energy System (India) Limited (JV)	India	10% & 30% on two different construction projects	Nil	10% & 30% on two different construction projects	Nil

Shareholders' funds

1 SHARE CAPITAL	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
<u>Authorised</u> 10,00,00,000 equity shares of Rs.10 each (10,00,00,000)	10000	10000
<u>Issued, subscribed and paid up</u> 7,21,61,560 equity shares of Rs.10 each (7,21,61,560)	7216	7216

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

Equity shares	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Outstanding at the beginning of the year	72161560	7216	72161560	7216
Issued during the year - Employee Stock Option Scheme	-	-	-	-
Outstanding at the end of the year	72161560	7216	72161560	7216

b. Terms/rights attached to equity shares

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

Notes to Consolidated Financial Statements

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

	As at March 31, 2015 ₹ in lakhs		As at March 31, 2014 ₹ in lakhs	
	No. of Shares	% holding	No. of Shares	% holding
Mrs. Sasikala Raghupathy	26868450	37.23	26868450	37.23
BGR Investment Holdings Company Limited	27248400	37.76	27248400	37.76

d. The company has reserved issuance of 259178 (271396) equity shares of Rs.10 each for offering to eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme - 2007. (refer Note 31)

2 RESERVES AND SURPLUS		As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
i.	Capital reserve on consolidation	242	242
ii.	Securities Premium Account		
	Opening balance	31895	31895
	Closing balance	31895	31895
iii.	General reserve		
	Opening balance	13232	12133
	Add: Amount transferred from statement of profit and loss	422	1099
	Closing balance	13654	13232
iv.	Revaluation Reserve		
	Opening Balance		
	Add: Amount transferred from Statement of Profit and Loss		
v.	Balance in statement of profit and loss		
	Opening balance	76802	70867
	Add: Profit for the year	3023	9606
	Less : Adjustment towards depreciation	262	-
	Less :- Appropriations		
	Proposed dividend	-	2165
	Tax on proposed dividend	-	368
	Tax on proposed dividend - earlier years	-	39
	Transfer to general reserve	422	1099
	Closing balance	79141	76802
	TOTAL	124932	122171

3 LONG-TERM BORROWINGS		As at March 31, 2015 ₹ in lakhs		As at March 31, 2014 ₹ in lakhs	
		Non Current	Current	Non Current	Current
Secured					
i.	Term loans from banks	35143	580	723	580
ii.	Fixed assets Loans				
	a. from financial institutions	-	-	-	6
Unsecured					
iii.	Deferred payment liabilities - Interest free sales tax loan	33	-	55	-
		35176	580	778	586
	Less : - Amount disclosed under the head "other current liabilities" (refer Note 8)	-	580	-	586
		35176	-	778	-

Notes to Consolidated Financial Statements

Term loan includes

- 1) Rs. 723 lakhs (Rs.1303 lakhs) from State Bank of Travancore and is secured by a first charge on fixed assets purchased out of the term loan and land and buildings of AFC factory of the company. The loan is repayable in 20 quarterly equal instalments starting from 30.09.2011.
- 2) Corporate loan of Rs.35000 lakhs (Rs.Nil) from Syndicate Bank and is secured by the specified receivables of the company and collateral security of the subsidiary companies and other companies/persons. The loan is repayable in 16 quarterly instalments starting from 01.07.2016.

4 OTHER LONG-TERM LIABILITIES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Advance from customers	38298	74128
Trade payables	32560	22902
Other payables	67	74
	70925	97104

5 LONG-TERM PROVISIONS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Provision for contractual obligation (refer Note 38)	14232	18149
Provision for warranty (refer Note 38)	2452	2482
Provision for leave encashment	66	-
Employee benefit - gratuity	61	52
	16811	20683

6 SHORT-TERM BORROWINGS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Secured		
Working capital loans from banks	176020	200607
	176020	200607

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

7 TRADE PAYABLES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Micro and small enterprises	160	88
Others	157228	145959
	157388	146047

Notes to Consolidated Financial Statements

8 OTHER CURRENT LIABILITIES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Current maturities of long term borrowings (refer Note 3)	580	586
Current maturities of advance from customers	45476	26097
Interest accrued but not due on borrowings	540	136
Unpaid dividends	53	64
Other payables *	1077	714
	47726	27597

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

9 SHORT TERM PROVISIONS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
i. Provision for employee benefits		
Provision for bonus	24	30
Provision for leave encashment	370	425
Provision for gratuity	385	235
ii. Others		
Provision for warranty (refer Note 38)	58	116
Proposed dividend	-	2165
Provision for		
Tax on proposed dividend	-	368
Wealth tax	7	8
Income taxes (net)	52	1158
	896	4505

Notes to Consolidated Financial Statements

10. FIXED ASSETS

₹ in lakhs

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at	During the year		As at	Up to	Deletions	As at	
	March 31, 2014	Additions / Adjustments	Deletions	March 31, 2015	March 31, 2014	Up to March 31, 2015	March 31, 2015	March 31, 2014
Tangible Assets								
Land	25390	-	-	25390	-	-	25390	25390
Buildings	2547	1	-	2548	401	83	2064	2146
Plant & Equipment	19269	783	3	20048	5936	1577	12536	13333
Furniture & Fixtures *	705	75	5	775	195	79	502	510
Office Fixtures	222	2	-	224	191	27	6	31
Office Equipments *	1289	32	0	1321	498	519	304	790
Electrical Installations	370	16	0	386	151	50	185	220
Vehicles	1460	136	102	1494	717	253	590	743
Intangible Assets								
Goodwill on consolidation	59	-	-	59	-	-	59	59
Technical Know-How **	1151	-	-	1151	864	138	149	287
Software **	2140	8	-	2149	1601	241	307	539
TOTAL	54602	1053	110	55545	10554	2965	42092	44048
As at 31.03.2014	53715	1258	371	54602	8699	2089	10554	44048

* Impairment loss recognised in the statement of profit and loss during the financial year for office equipments & furniture and fixtures is Rs. Nil (Rs.32 Lakhs) (Refer Note 34)

** Both the assets are other than internally generated.

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortised carrying value is being depreciated / amortised over the revised / remaining useful lives. The written down value of Fixed Assets whose useful lives have expired as at 1st April 2014, have been adjusted, in the opening balance of statement of Profit and Loss amounting to Rs.262 lakhs.

Notes to Consolidated Financial Statements

11 NON-CURRENT INVESTMENTS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
i. (Long-term investments)		
a) Trade investments (at cost)		
In Equity shares of other companies - Unquoted, fully paid up	-	-
ii. b) Other investments (at cost)		
i) In Equity shares of other companies - Quoted, fully paid up		
13,970 Indian Bank (13,970) of Rs.91 per share	13	13
ii) In Mutual funds - Quoted fully paid up - face value Rs 10 each		
50,000 SBI Mutual Fund-Magnum Multi Cap Fund - Dividend (50,000) units	5	5
2,50,000 SBI Mutual Fund-Infrastructure Fund - I - Growth (2,50,000) units	25	25
	43	43
1) Aggregate market value of quoted investments	65	42
2) Aggregate book value of quoted investments	43	43
3) Aggregate book value of unquoted investments	-	-
12 LONG-TERM LOANS AND ADVANCES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
i. Secured considered good		
Advance to suppliers	238	753
ii. Unsecured considered good		
Deposit	1572	1375
Loans and advance to related parties (refer Note 30)	721	729
Capital advance	1523	1523
MAT credit entitlement	1507	19906
Other loans and advances *	10206	20896
	15767	45182

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

12.1. Cochin Project: The end client of Cochin Port Road Connectivity Project viz., Cochin Port Road Company Ltd., (SPV of NHAI) terminated the contract on May 28, 2007. Consequently, the end client encashed BGs for a value of Rs.1270 lakhs furnished by the company on behalf of MECON – GEA (JV). The main contractor viz., MECON – GEA (JV) contested the termination of the contract. The disputes after having been reviewed by the Dispute Review Board are now subject to arbitration. The Arbitral Tribunal heard the matter and the parties have filed their written submissions. The parties have also concluded the oral arguments. The tribunal has reserved the matter for passing of award. The arbitral award is expected in due course of time. Based on legal opinion, the company has identified a sum of Rs. 1654 lakhs (Rs.1654 lakhs) as at March 31, 2015 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

12.2. Tuticorin Project: The end client of Tirunelveli – Tuticorin Port Connectivity Project viz., Tuticorin Port Road Company Ltd (SPV of NHAI) terminated the contract and encashed BGs for aggregate value of Rs.2652 lakhs and the same were restituted as per orders of the High Court of Madras (Madurai Bench). The disputes, including termination of contract, were reviewed by the Disputes Review Board and recommendations were granted in favour of the JV. Tuticorin Port Road Company Ltd (SPV of NHAI) challenged the

Notes to Consolidated Financial Statements

recommendations before the Arbitration Tribunal. The proceedings before the Arbitral Tribunal are pending. In view of these facts, the company has identified a sum of Rs. 83 lakhs (Rs.83 lakhs) as at March 31, 2015 as recoverable advances from the end client through the JV and is grouped under other loans and advances.

13 OTHER NON-CURRENT ASSETS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Unsecured				
Trade receivables - considered good (refer Note 15.3)			42144	41401
Trade receivables - considered doubtful	83	83		
Less:- Provision for doubtful receivable	83	83	-	-
Margin money deposits - maturity more than 12 Months			9071	5641
Interest accrued on margin money deposits			405	224
			51620	47266

14 INVENTORIES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Raw materials and components	2312	3768
Consumables	24	15
Work-in-progress	2773	2253
Loose tools	5	4
	5114	6040

15 TRADE RECEIVABLES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
(Unsecured and considered good)		
Over six months	3467	3995
From related parties	881	441
Others	237219	271266
	241567	275702

- 15.1. Trade receivables – Others, includes retention amount of Rs. 97188 lakhs (Rs.150898 lakhs) which, in accordance with the terms of the contracts were not due for payments as at March 31, 2015
- 15.2. The company has sought confirmation of balances of major trade receivables. In cases where letters of confirmation have been received from parties, book balances have been reconciled and adjusted, if required. In other cases, balances in accounts of trade receivables have been taken as per books of account.
- 15.3. During the year the company utilised warranty provision of Rs.27 lakhs (Rs.Nil) and contractual obligation provision of Rs.1565 lakhs (Rs.Nil) against the receivables from Rajasthan Rajya Vidyut Nigam Limited amounting to Rs.1592 lakhs.

Notes to Consolidated Financial Statements

16 CASH AND CASH EQUIVALENTS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Cash and cash equivalent:		
Balances with banks :		
- On current accounts	1742	2233
- On deposit accounts	35886	34725
Cash on hand	16	21
Other bank balances		
Margin money deposits	47378	38034
On unpaid dividend accounts	53	46
	85075	75059

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

17 SHORT-TERM LOANS AND ADVANCES	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Secured considered good		
Advance to suppliers	8359	5517
Unsecured considered good		
Advance to suppliers	8596	5332
Loans and advances to related parties (refer Note 30)	773	1115
Other loans and advances *	77206	50763
Deposits	141	218
	95075	62945

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

18 OTHER CURRENT ASSETS	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
Interest accrued on deposit accounts	1847	1396
Contracts in progress (net)	125177	112428
[Contracts in progress comprise unbilled revenue of Rs. 1,29,436 lakhs (Rs. 1,23,197 lakhs) and unearned revenue of Rs. 4,259 lakhs (Rs. 10,769 lakhs)]		
	127024	113824

19 REVENUE FROM OPERATIONS	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Sale of manufactured goods	25203	19624
Contracting income	310855	310874
Erection and service income	901	401
Other operating revenue	1110	286
	338069	331185
Less: Excise duty	1444	1096
	336625	330089

Notes to Consolidated Financial Statements

20 OTHER INCOME	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Dividend from investments - quoted (refer note 43)	-	1
Insurance claim received	142	-
Foreign Exchange Variation (Net)	-	6
Interest on advances / refunds / deposit	554	524
Profit on sale of investment	-	33
Others	15	12
	711	576

21 COST OF MATERIAL	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Opening inventory (Raw materials, consumables, bought outs and components)	3783	2100
Add : Purchases	223779	210650
	227562	212750
Less: Closing inventory (Raw materials, consumables, bought outs and components) (refer Note 35)	2337	3783
	225225	208967

22 COST OF MANUFACTURING AND CONSTRUCTION	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Subcontracting and processing charges	48554	44899
Power and fuel	528	409
	49082	45308

23 OTHER DIRECT COST	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Agency commission	97	81
Insurance	1115	1518
Bank charges	5436	4620
Professional fees	654	376
Packing and forwarding	132	463
	7434	7058

24 EMPLOYEE BENEFITS EXPENSES	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Salaries, allowances and bonus	15586	18009
Contribution to P.F., E.S.I., and Gratuity	774	867
Workmen and staff welfare expenses	1518	1515
	17878	20391

Notes to Consolidated Financial Statements

25 FINANCE COSTS	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
(a) Interest on working capital loans (net) (refer Note 36)	20418	17835
(b) Interest on term loans	268	246
(c) Interest - others	-	102
	20686	18183

26 DEPRECIATION, IMPAIRMENT AND AMORTIZATION EXPENSE	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Depreciation of tangible assets (Including impairment loss) (refer Note 10)	2326	1605
Amortization of intangible assets (refer Note 10)	378	516
	2704	2121

27 OTHER EXPENSES	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
Rent (refer Note 33)	1268	1816
Payment to auditors (Refer details below)	115	65
Bank charges	532	329
Conveyance and vehicle running expenses	490	530
Provision for doubtful receivables	-	-
Trade receivables written off	-	272
Electricity charges	214	259
Foreign exchange loss	1671	3314
Insurance	78	60
Loss on sale of fixed asset (net)	9	16
Other administrative expenses	682	802
Professional charges	418	1163
Rates and taxes	113	113
Repairs and maintenance		
-Building	58	96
-Machinery	62	61
-Others	1057	933
Security charges	135	151
Selling expenses	57	99
Sitting Fees	30	11
Telephone expenses	191	196
Travelling expenses		
- Domestic	831	887
- Foreign	296	287
Prior period items	299	-
	8606	11460
Payment to auditors		
For audit fees	80	56
For tax matters	31	5
For certification	4	4
	115	65

Notes to Consolidated Financial Statements

28.1 During the FY 2013-14 Hitachi, Ltd., Japan ("HL") and Hitachi Power Europe GmbH, Germany ("HPE") have transferred the entire thermal power systems business to Mitsubishi Hitachi Power Systems Limited ("MHPS") as part of global business integration of thermal power systems business between Hitachi, Ltd., Japan and Mitsubishi Heavy Industries Limited, Japan.

The company held long term investments in subsidiaries of the company viz., BGR Boilers Private Limited ("BGR Boilers") and BGR Turbines Company Private Limited ("BGR Turbines") of whom HPE and HL are joint venture shareholders and technology licensor for Supercritical Steam Generators and Supercritical Steam Turbine & Generators respectively.

This global business integration had impacted the respective subsidiary company's ability to carry-on business in future, setting up of manufacturing facility and performance of contracts under execution for supply of respective equipment to the company.

During the FY 2014-15, HL for itself and for HPE and the Company have commenced negotiations in good faith to facilitate performance of contracts under execution and cause MHPS to become joint venture shareholder and technology licensor to the respective subsidiary companies.

Considering the above, though the auditors of the BGR Boilers Private Limited has qualified their opinion in the auditor's report for the previous year March 31, 2014, with respect to the adjustment to the carrying value of the capital WIP of Rs. 8027 lakhs and service tax receivable of Rs. 499 lakhs, the Board of Directors of the Subsidiary Company, after an assessment, is of the opinion that no adjustment or provision in respect of capital WIP and service tax is required to be made.

28.2 The financial statements of BGR Turbines Company Private Limited for FY 2013-14 were approved by the majority of the Board of Directors which is not in conformity with the requirements of the Articles of Association and hence annual financial statements for FY 2013-14 duly adopted by BGR Turbines Company Private Limited are not available. Therefore the Holding Company, has moved the Company Law Board for approval and adoption of financial statements for FY 2013-14 and the application is posted on 9th June, 2015 for orders. The BGR Turbines Company Private Limited adopted the previous year's figures as approved by the majority of the Board of Directors.

29. CONTINGENT LIABILITIES, GUARANTEES AND CAPITAL COMMITMENTS

Particulars	As at March 31, 2015 ₹ in lakhs	As at March 31, 2014 ₹ in lakhs
A CONTINGENT LIABILITIES		
Claims against the company not acknowledged as debt		
a) On account of sales tax *	29154	4222
b) On account of income tax	10949	10848
c) On account of service tax **	25	25
d) On account of provident fund	521	-
e) On account of contractual obligations	2350	2350
f) On account of royalty	4547	4547
GUARANTEES		
Guarantees and counter guarantees given on behalf of other company	662	662
B CAPITAL COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account	33671	34398

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

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

Notes to Consolidated Financial Statements

30. SEGMENT REPORTING

Primary segment information (Business segments)

Information about Business Segments (information provided in respect of revenue items for the 12 months period ended March 31, 2015 and in respect of assets / liabilities as at March 31, 2015) are furnished below:

₹ in lakhs

Particulars	2014-15			2013-14		
	Capital Goods segment	Construction and EPC contracts segment	Total	Capital Goods segment	Construction and EPC contracts segment	Total
a) Revenue	24751	311874	336625	18939	311150	330089
b) Result	71	26144	26215	1425	33442	34867
Add: Unallocable income (net of expenditure)"			711			576
Profit before interest and tax			26926			35443
Interest			20686			18183
Profit before tax			6240			17260
Tax expenses						
- Current tax			1810			4069
- MAT credit entitlement			17412			(4427)
- Deferred tax			(16440)			6599
- Deferred tax - earlier years			988			2020
- Total			3770			8261
Net profit after tax			2470			8999
c) Assets	93306	572796	666102	34592	638132	672724
Add: Unallocable corporate assets			13088			13077
Total assets			679190			685801
d) Liabilities	65649	226618	292266	15128	275781	290909
Add: Unallocable corporate liabilities			246882			257058
Total liabilities			539149			547967
e) Capital assets acquired during the year	18	1035	1053	518	740	1258
f) Depreciation, amortisation & impairment	448	2256	2704	284	1837	2121
g) Other non cash charges except depreciation, amortisation & impairment	(18)	(44)	(62)	386	363	749

Secondary segment information (Geographic segments)

Particulars	Domestic		Overseas		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
External revenue by location of customers	335493	327315	1132	2774	336625	330089
Carrying amount of segment assets by location of assets	679186	685801	4	-	679190	685801
Capital expenditure	1049	1258	4	-	1053	1258

Notes to Consolidated Financial Statements

31. PARTICULARS OF RELATED PARTIES

List of related parties

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

- i. GEA Cooling Tower Technologies (India) Private Limited
- ii. GEA BGR Energy System India Limited
- iii. Mega Funds India Limited
- iv. Sasikala Estate Private Limited
- v. Schmitz India Private Limited
- vi. Cuddalore Powergen Corporation Limited
- vii. ANI Constructions Private Limited
- viii. Nannilam Property Private Limited
- ix. BGR Odisha Powergen Limited

b. Key management personnel

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

c. Relatives of key management personnel

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

Related party transactions

₹ in lakhs

Particulars	Other companies	Key managerial personnel	Relatives of key management Personnel	For the year ended March 31, 2015	For the year ended March 31, 2014
Sales	3315	-	-	3315	2736
Purchases	3858	-	-	3858	2493
Advance given	1551	-	-	1551	534
Repayment of advance given	-	-	-	-	-
Sale of investments	-	-	-	-	44
Remuneration	-	422	39	461	626
Rent expenses	92	-	44	136	140
Guarantee	662	-	-	662	662
Purchase of assets	-	-	-	-	-
Sale of fixed assets	4.25	-	-	4	-
Others	-	-	25	25	25
Balance outstanding	855	-	(36)	819	1365

Notes to Consolidated Financial Statements

Disclosure in respect of related party transactions during the year :

1. Sales represent, GEA Cooling Tower Technologies (India) Private Limited Rs. 3315 lakhs (Rs. 2736 lakhs).
2. Purchases represent, GEA Cooling Tower Technologies (India) Private limited Rs. 3655 lakhs (Rs.2452 lakhs), GEA BGR Energy System India Limited Rs. 142 lakhs (Rs. 41 lakhs). Schmitz India Private Limited Rs.61 lakhs (Rs.Nil)
3. Sale of Investments represent, BGR Investment Holdings Company Limited Rs. Nil (Rs. 34 Lakhs), BGR Power Limited Rs. Nil (Rs. 10 lakhs).
4. Remuneration to key management personnel represents, Mr. B.G.Raghupathy Rs. Nil (Rs. 44 lakhs), Mr. V.R. Mahadevan Rs. 129 lakhs (Rs.147 lakhs), Mr. A. Swaminathan Rs. 181 lakhs (Rs. 206 lakhs), Mr. K Chandrashekhar Rs.24 lakhs (Rs. 97 lakhs), Ms. Swarnamugi Karthik Rs. 88 lakhs (Rs. 88 lakhs).
5. Remuneration to relatives of key management personnel represent, Ms.Priyadarshini Raghupathy Rs. 28 lakhs (Rs. 32 lakhs), Ms. Vaani Raghupathy Rs. 6 lakhs (Rs.8 lakhs), Mr. Arjun Govind Raghupathy Rs. 5 lakhs (Rs.4 lakhs).
6. Rent paid represents, GEA BGR Energy System India Limited. Rs. 0.30 lakhs (Rs. 0.28 lakhs), Sasikala Estate Private Limited Rs. 83 lakhs (Rs. 89 lakhs), ANI Construction Private Limited Rs. 9 lakhs (Rs. 9 lakhs). Mrs. Sasikala Raghupathy Rs. 44 lakhs (Rs. 42 lakhs).
7. Sale of fixed assets represent, GEA BGR Energy System India Ltd Rs. 4 lakhs (Rs. Nil).
8. Others represent, royalty to Mr. B.G. Raghupathy Rs. Nil (Rs. 8 lakhs), Mrs. Sasikala Raghupathy Rs. 25 lakhs (Rs. 17 lakhs).
9. Advances given represent, GEA BGR Energy Systems India Limited Rs. 304 lakhs (Rs. 60 lakhs), GEA Cooling Tower Technologies (India) Private Limited Rs. 1247 lakhs (Rs. 474 lakhs).
10. Gurantees given represent, GEA Cooling Tower Technologies (India) Private limited Rs. 662 lakhs (Rs. 662 lakhs).
11. Balances outstanding (Net) represent, GEA Cooling Tower Technologies (India)Private Limited Rs. 595 lakhs (cr.bal) (Rs.74 lakhs), GEA BGR Energy System India Limited Rs. 240 lakhs (Rs.66 lakhs) , Cuddalore Powergen Corporation Limited Rs. 671 lakhs (Rs.671 lakhs), Nannilam Property Private Limited Rs. 508 lakhs (Rs.508 lakhs), Mega Funds India Limited Rs. 39 lakhs (Rs. 39 lakhs), Schmitz India Private Limited Rs. Nil (Rs. 60 lakhs), B.G.Raghupathy Rs. Nil (Rs. 8 lakhs (cr. bal)), Sasikala Estate Private Limited Rs. 7 lakhs (cr.bal) (Rs. 7 lakhs (cr.bal)), ANI Constructions Private Limited Rs.0.77 lakhs (cr.bal) (Rs.Nil) Mrs. Sasikala Raghupathy Rs. 36 lakhs(cr. bal)(Rs. 39 lakhs(cr. bal)).

32 EARNINGS PER SHARE (EPS)	For the year ended March 31, 2015 ₹ in lakhs	For the year ended March 31, 2014 ₹ in lakhs
The following reflects the profit and share data used in the basic and diluted EPS computations :		
Basic EPS		
Profit after tax as per accounts	3023	9607
Weighted average number of equity shares (Face value Rs.10 per share) (lakhs Nos.)	722	722
Basic EPS (Rs.)	4.19	13.31
Diluted EPS		
Profit for the year for basic EPS	3023	9607
Less : Adjustment	-	-
Adjusted profit for diluted EPS	3023	9607
Weighted average number of equity shares for Basic EPS (lakh Nos.)	722	722
Add : -Adjustment		
Weighted average number of equity shares (face value Rs.10 per share) for diluted EPS (lakh Nos.)	722	722
Diluted EPS (Rs.)	4.19	13.31

Notes to Consolidated Financial Statements

33. EMPLOYEE STOCK OPTION PLANS

Stock option granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The company follows the intrinsic value method of accounting for the options and accordingly, the excess of value of the stock options on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the statement of profit and loss account.

Employee Stock Option Scheme – 2007

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

Vesting Schedule

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

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

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

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

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

Particulars	2014-15	2013-14
Number of options outstanding in the beginning of the year (a)	271396	285858
Number of options granted during the year (b)	-	-
Number of options vested during the year (c)	-	-
Number of vested options cancelled (d)	9757	10541
Number of unvested options cancelled (e)	2461	3921
Total number of options forfeited during the year (f) = (d) + (e)	12218	14462
Number of options exercised during the year (g)	-	-
Number of options outstanding at the end of the year (h) = (a) - (f)	259178	271396
Number of options exercisable at the end of the year	39136	51354

Notes to Consolidated Financial Statements

34. LEASES

Operating lease

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

The future minimum lease payments in respect of non-cancellable leases as at March 31, 2015 are as follows:

₹ in lakhs

Particulars	Total minimum lease payments outstanding as at	
	March 31, 2015	March 31, 2014
Due within one year	62	518
Due later than one year and not later than five years	125	819
Due later than five years	-	-
Total	187	1337

Lease rental expense in respect of operating leases recognized in the statement of profit and loss for the year: Rs.1268 lakhs (Rs.1816 lakhs)

35. IMPAIRMENT OF ASSETS

a. Cash generating units :

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

b. Other Assets :

The company has made a provision of Rs. Nil (Rs. 32 Lakhs) in the books of accounts towards impairment of other fixed assets based on the technical valuation.

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

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

38. As required under Section 135 of Companies Act 2013, the company is required to spend Rs.510 lakhs towards Corporate Social Responsibility (CSR) activities. The company is in the process of identifying programmes/projects, in accordance with the policy. Hence no expense has been either incurred or provided in the books during the financial year.

39. During the current financial year, notice under section 153A of the Income-tax Act 1961 was received and accordingly the company has since filed tax returns. Due to the revision, Rs.988 lakhs income tax has been provided during the year and adjusted against MAT credit available and disclosed under tax relating to earlier years.

40. PROVISIONS

a) The company has made a provision / transfer of Rs. 2336 Lakhs (reversal) (Rs.477 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 administrative expenses.

Movement in provisions

₹ in lakhs

Particulars	Provision for warranty	Provision for contractual obligations	Provision for warranty	Provision for contractual obligations
	14-15	14-15	13-14	13-14
Opening Balance	2598	18149	2230	20076
Add : Addition / Transfers	536	-	485	-
Less : a) Provision utilised	105	1565	109	1927
b) Provision reversed	519	2352	8	-
Closing Balance	2510	14232	2598	18149

Notes to Consolidated Financial Statements

41. DEFERRED TAXES

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

₹ in lakhs

Component	Deferred tax asset as at March 31, 2015	Deferred tax liability as at March 31, 2015	Deferred tax asset as at March 31, 2014	Deferred tax liability as at March 31, 2014
Depreciation and Impairment	-	1018	-	1226
Provision for bad debts	28	-	28	-
Gratuity	123	-	69	-
Compensated absences	218	-	165	-
Others	45	-	30	-
Carry forward tax loss	-	-	2147	-
Retention money	-	33603	-	51860
TOTAL	414	34621	2439	53086
Net		34207		50647

42. For the previous year (FY 2013-14) the Consolidated Financial Statements were prepared based on the unaudited financial statements of BGR Boilers Private Limited and BGR Turbines Company Private Limited. Subsequently, the accounts of BGR Boilers Private Limited has been audited and approved by their Board. In the case of BGR Turbines Company Private Limited the audit of accounts is yet to be completed. The changes in books of accounts after consolidation due to audit of BGR Boilers Private Limited has been considered in the previous year figures and the impact on profitability and financial position of Consolidated Financial Statements for the previous year as follows:-

S. No.	Particulars	Impact	₹ in lakhs Holding Company's Share
	Impact on Profitability		For the Year 2013-14
1	Total Revenue	Increase	14
2	Total Expenses	(Decrease)	(269)
3	Net Profit	Increase	283
	Impact on Financial Position		As on 31.03.2014
1	Share Holder's Fund	Increase	283
2	Non-current liabilities	(Decrease)	(1122)
3	Current liabilities	(Decrease)	(7496)
	Total Equity & Liabilities	(Decrease)	(8336)
4	Non-current assets	(Decrease)	(14125)
5	Current assets	Increase	5790
	Total Assets	(Decrease)	(8336)

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

₹ in lakhs

Name of the entity	Assets	Revenue	Cashflows
1) BGR Boilers Private Limited	70906	75462	(145)
2) BGR Turbines Company Private Limited	40894	53183	(132)

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

₹ in lakhs

Name of the entity	Assets	Revenue	Cashflows
1) BGR Boilers Private Limited	56857	17759	2268
2) BGR Turbines Company Private Limited	32887	953	(213)

Notes to Consolidated Financial Statements

44. DETAILS OF ROUNDED OFF AMOUNTS

The financial statements are presented in Rs. in lakhs. Those items which are required to be disclosed and which were not presented in the financial statements due to rounding off to the nearest Rs. in lakhs are given as follows:

₹ in lakhs

Description	Note No.	As at	As at
		March 31, 2015	March 31, 2014
Dividend from investments - quoted	20	0.24	-

45. PREVIOUS YEAR FIGURES

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

SASIKALA RAGHUPATHY Chairman	A.SWAMINATHAN Joint Managing Director and CEO	As per our report of even date for M/s MANOHAR CHOWDHRY & ASSOCIATES Chartered Accountants
V.R.MAHADEVAN Joint Managing Director	SWARNAMUGI KARTHIK Director - Corporate Strategy	M.S.N.M.SANTOSH Partner Membership No.221916
S.R.TAGAT Director	M.GOPALAKRISHNA Director	
S.A.BOHRAN Director	M.S.SUNDARA RAJAN Director	
HEINRICH BOHMER Director	GNANA RAJASEKARAN Director	
R.RAMESH KUMAR President - Corporate and Secretary	P.R.EASWAR KUMAR President and Chief Financial Officer	Chennai May 28,2015

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

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

Part "A": Subsidiaries

₹ in Lakhs

Sl. No.	Name of the subsidiary	Reporting period	Reporting currency	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of share holding
1	Progen Systems and Technologies Limited	2014-15	INR	610	(946)	1584	1584	-	1347	(381)	(11)	(370)	-	69.67%
2	BGR Boilers Private Limited	2014-15	INR	13558	(4054)	70906	70906	-	75319	(2055)	(34)	(2021)	-	70.00%
3	BGR Turbines Company Private Limited	2014-15	INR	18400	1265	40894	40894	-	52771	798	160	638	-	74.00%
4	Sravanaa Properties Limited	2014-15	INR	17	13021	13045	13045	-	18	6	1	5	-	100.00%

Notes to Consolidated Financial Statements

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

Part "B": Associates and Joint Ventures

	Name of Associates/Joint Ventures	Mecon-Gea Energy System (India) Ltd (JV)
1	Latest audited Balance Sheet Date	March 31, 2015
2	Shares of Associate /Joint Ventures held by the company on the year end	
	No.	
	Amount of Investment in Associates/Joint Venture	
	Extend of Holding %	10% & 30% on two different construction projects
3	Description of how there is significant influence	
4	Reason why the associate/joint venture is not consolidated	Consolidated
5	Networth attributable to Shareholding as per latest audited Balance Sheet	
6	Profit / (Loss) for the year	₹ (0.21) Lakhs
	i. Considered in Consolidation	₹ (0.21) Lakhs
	ii. Not Considered in Consolidation	₹ Nil

SASIKALA RAGHUPATHY
Chairman

V.R.MAHADEVAN
Joint Managing Director

S.R.TAGAT
Director

S.A.BOHRA
Director

HEINRICH BOHMER
Director

R.RAMESH KUMAR
President - Corporate and Secretary

A.SWAMINATHAN for M/s MANOHAR CHOWDHRY & ASSOCIATES
Joint Managing Director and CEO

SWARNAMUGI KARTHIK
Director - Corporate Strategy

M.GOPALAKRISHNA
Director

M.S.SUNDARA RAJAN
Director

GNANA RAJASEKARAN
Director

P.R.EASWAR KUMAR
President and Chief Financial Officer

As per our report of even date
Chartered Accountants

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

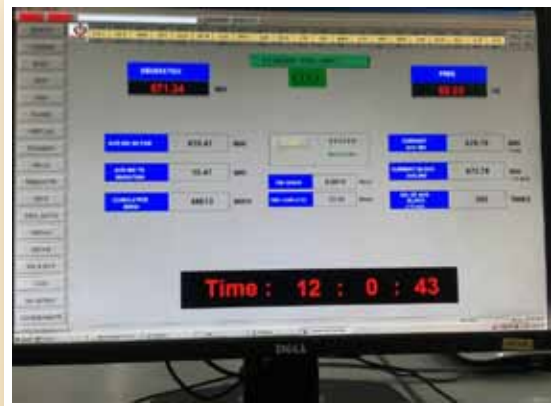
Chennai
May 28, 2015

TRN 2 x 300 MW TPP
Nawapara, Chhattisgarh
lube oil flushing started



OPGCL 2x660 MW
Banaharpalli SSTP, Odisha
STG foundation completed

TPCIL 2x660 MW
Krishnapatnam , Andhra Pradesh
Unit 1 COD completed





BGR ENERGY SYSTEMS LIMITED

Registered Office

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

Corporate Office

443, Anna Salai, Teynampet, Chennai - 600018 India

Phone : 91 44 24301000 | Fax : 91 44 24364656

Email : investors@bgrenergy.com

Website : www.bgrcorp.com



BGR ENERGY SYSTEMS LIMITED

Regd. Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District.
Pin: 524 401 Andhra Pradesh 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 29th Annual General Meeting 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 Thursday, September 24, 2015 to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt:
 - the audited financial statements of the Company for the financial year ended March 31, 2015 and the reports of the Board of Directors and Auditors thereon.
 - the audited consolidated financial statements of the Company for the financial year ended March 31, 2015 and the report of Auditors thereon.
- To appoint a director in the place of Mr.V.R.Mahadevan, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors of the company to hold office from the conclusion of this 29th Annual General meeting until the conclusion of the 31st Annual General meeting in the year 2017 and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED that pursuant to the provisions of Sections 196,197,198 and 199 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made thereunder read with Schedule V of the Act, 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 approval of the shareholders is hereby accorded for the following increase of remuneration of Mr.V.R.Mahadevan, Joint Managing Director of the Company.”

Details	Existing Remuneration	Increase from 01.06.2014 to 31.05.2015
Salary	₹ 3,00,000/- p.m.	₹ 4,00,000/- p.m.
Allowances & Reimbursements	₹ 7,50,000/- p.m.	₹ 8,75,000/- p.m.
Performance Linked Incentive (PLI)	₹ 25,00,000/- p.a.	₹ 25,00,000/- p.a.

“RESOLVED FURTHER that all existing terms and conditions of appointment of Mr.V.R.Mahadevan shall remain unaltered except to the extent modified above.”

- To consider and, if deemed fit, to pass the following resolution, with or without modification, 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 (“the Act”) and the rules made thereunder read with Schedule V of the Act, 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 approval of the shareholders is hereby accorded for the appointment of Mr.V.R.Mahadevan to the office of Joint Managing Director for a period of 2 years with effect from June 01, 2015 on the terms and conditions as set out below and that the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said appointment and remuneration within the overall limits as prescribed in Schedule V of the Companies Act, 2013 and as may be amended from time to time.”

a. Designation	Joint Managing Director
b. Period of Appointment	From 01.06.2015 to 31.05.2017
c. Remuneration	
(i) Salary	₹ 4,85,000/- per month
(ii) Allowances & Reimbursements	₹ 10,00,000/- per month
(iii) Performance linked Incentive.	The Appointee shall be entitled to a performance linked incentive of ₹ 25,00,000 (Rupees Twenty Five Lakh only) per annum.

Minimum remuneration

During the term of the appointment, where in any financial year the company has no profits or the profits are inadequate, the Appointee shall be entitled to such remuneration not exceeding the limits specified under section II of part II of Schedule V to the Companies Act, 2013, as applicable or such remuneration as may be approved by the shareholders by a special resolution and/or by the Central Government. The remuneration and perquisites as set out hereinabove shall be further subject to the overall maximum remuneration payable to all managerial personnel of the company in accordance with the provisions of Sections 196 and 197 of the Companies Act 2013.

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

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”

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

“RESOLVED that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder the remuneration of ₹ 1,50,000/- plus reimbursement of out of pocket expenses payable to Mr.A.N.Raman, Cost Accountant, as Cost Auditor to audit the cost records maintained by the Company for the Financial Year 2015-16 as approved by the Board be and is hereby ratified.

By order of the Board

Place : Chennai

R. RAMESH KUMAR

Date : August 03, 2015 President-Corporate & Secretary

Notes :

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

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

- ii) The relevant statement as required under Section 102 of the Companies Act, 2013 in respect of the special business in the notice is appended herewith.
- iii) The Register of Members and Share transfer book of the Company shall remain closed from Monday, September 21, 2015 to Thursday, September 24, 2015 (both days inclusive).
- 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 29th Annual General Meeting.

- v) Members holding shares in physical form are requested to notify any change in their address to the Registrar and Share Transfer Agent - Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078.
- vi) Members holding shares in electronic form should update their details with their respective depository participants. The bank particulars registered against 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 member.
- vii) 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.
- viii) Members who have not encashed the dividend warrants for the FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 are requested to write to the Company giving necessary details.

ix) Dividend which remains unclaimed out of the dividend declared by the Company for the year ended March 31, 2008 at the Annual General Meeting held on September 19, 2008 will be transferred to the investor education and protection fund of the Central Government in October 2015 in terms of the provisions of Section 205A of the Companies Act, 1956. Thereafter, no claim shall lie on these dividend from the shareholders. Hence, the shareholders who have not encashed/ claimed the dividend for FY 2007-08 are advised to claim the same immediately without any further delay.

- x) 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 29th Annual General Meeting.
- xi) The Certificate from the Auditors of the Company certifying that the Employee Stock Option Scheme (“ESOS”) of the Company is being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 will be placed at the 29th Annual General Meeting and will be open for inspection.
- xii) Members are requested to bring their copy of the annual report to the meeting along with duly signed attendance slip

xiii) 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 Clause 35B of the Listing Agreement, the Company is pleased to provide to the members facility of voting by electronic means in respect of businesses to be transacted at the 29th Annual General Meeting which includes remote e-voting (i.e. voting electronically from a place other than the venue of the general meeting) and voting at the AGM through an electronic voting or ballot or poll paper. The Company has engaged the services

of National Securities Depository Limited (NSDL) for facilitating the voting by electronic means:

The instructions for e-voting are as under:

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

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

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

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

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

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

Other Instructions:

- I. Persons who acquired shares and became Members of the Company after the dispatch of the Notice of the AGM but before the cut-off date of September 17, 2015

may obtain their user ID and password for e-voting by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

- II. The remote e-voting period commences on September 21, 2015 at 9.00 a.m. and ends on September 23, 2015 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 17, 2015 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 23, 2015. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 17, 2015.
- V. Members attending the meeting who have not already cast their vote by remote e-voting shall 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 26, 2015. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.bgrcorp.com and on the website of NSDL and the results will be communicated to BSE Limited and National Stock Exchange of India Limited. Subject to receipt of requisite number of votes, the resolutions set out in the Notice shall be deemed to be passed on the date of the AGM.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at the meeting held on May 28, 2015 approved the annual increase of remuneration of Mr.V.R.Mahadevan, Joint Managing Director as set out in the resolution No.4 above for the period June 01, 2014 to May 31, 2015.

The increase in the remuneration of Mr.Mahadevan, for the aforesaid period were made under the provisions of the Companies Act, 2013. In terms of Schedule V of the Companies Act, 2013 the increase in remuneration shall be approved by shareholders in general meeting. Accordingly, the approval of shareholders is sought for the increase

of remuneration and the Board of Directors recommends resolution set out at item No. 4 of the Notice for approval by the shareholders. The existing remuneration of Mr.Mahadevan is as set out in the resolution no.4 above.

Except Mr.Mahadevan, none of the directors and key managerial personnel of the Company and their relatives is interested or concerned in this resolution.

Item No. 5

Mr.V.R.Mahadevan was appointed to the office of Whole-Time Director of the Company and designated as Director –Technology & HR for a period of 5 (Five) years effective from June 01, 2010. The Board of Directors at its meeting held on September 25, 2013 re-designated Mr.V.R.Mahadevan as Joint Managing Director effective September 25, 2013 and it was approved by the shareholders in the last annual general meeting held on September 25, 2014. The term of appointment of Mr.Mahadevan, Joint Managing Director expired on May 31, 2015. Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors at the meeting held on May 28, 2015 re-appointed him as Joint Managing Director for a period of two years from June 01, 2015 as per the terms and conditions set out in the resolution no.5 above. His previous remuneration was as set out in the resolution no.4 above.

Mr.V.R. Mahadevan, aged 56 holds a Bachelor’s degree in Electrical Engineering. He joined the Company in the year 1987 and served the Company for more than two decades in various capacities and has proven leadership experience in project management, engineering, sales and business management. Mr. Mahadevan holds 716 equity shares of the Company. Mr. Mahadevan does not have any inter-se relationship with other Directors/Manager and other Key Managerial Personnel of the Company. He was first appointed as Director of the Company on June 01, 2005 and he has attended 4 (four) Board meetings during the FY 2014-15. Mr. Mahadevan is a director of the companies given below:

Sl. No.	Names of the Companies
1.	GEA BGR Energy System India Limited
2.	BGR Boilers Private Limited
3.	Germanischer Lloyd Industrial Services India Private Limited
4.	Govin Engineering and Constructions Limited
5.	Schmitz India Private Limited
6.	Pragati Computers Limited

The reappointment as Joint Managing Director was made under the provisions of the Companies Act, 2013. In terms of Schedule V of the Companies Act, 2013 the reappointment as Joint Managing Director shall be approved by shareholders in general meeting. Accordingly, the approval of shareholders is sought for his reappointment by way of necessary resolution and the Board of Directors recommends resolution set out at item No. 5 of the Notice for approval by the shareholders.

Except Mr.Mahadevan, none of the directors and key managerial personnel of the Company and their relatives is interested or concerned in this resolution.

Item No.6

The existing Articles of Association (“AoA”) are under the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013(“the Act”).

With the coming into force of the Act several regulations of the existing AoA of the Company have become redundant and require alteration or deletion. It is therefore considered expedient to wholly replace the existing AoA by a new set of Articles for the management of the Company. The new AoA to be substituted in the place of the existing AoA are based on Table ‘F’ of the Act which sets out the model articles of association for a company limited by shares and also incorporate the key features relating to certain privileges and rights vested in the promoter group viz., Raghupathy group.

The proposed new draft of AoA will be uploaded on the Company’s website for perusal by the shareholders. The draft articles of association are available for inspection by the members at the registered office of the Company during the office hours till the date of annual general meeting.

None of the directors and key managerial personnel of the Company and their relatives is interested or concerned in this resolution except Mrs.Sasikala Raghupathy and Mrs.Swarnamugi Karthik.

The Board recommends the Special Resolution set out at item No. 6 of the Notice for approval by the shareholders.

Item No.7

The proposal for appointment of Mr.A.N.Raman as Cost Auditor for Financial Year 2015 -16 was recommended by the Audit Committee to the Board and the Board appointed him to be the Cost Auditor for FY 2015-16 at the meeting held on May 28, 2015. Copy of certificate dated May 27, 2015 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 auditor require ratification by the shareholders of the Company.

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

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

By order of the Board

R. RAMESH KUMAR
President – Corporate & Secretary

Place : Chennai

Date : August 03, 2015



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 29th ANNUAL GENERAL MEETING held at A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sullurpet Taluk, Nellore District, Andhra Pradesh - 524 401 on Thursday, September 24, 2015 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

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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. (xiii) to the Notice dated August 03, 2015 of the 29th Annual General Meeting. The voting period starts from 9.00 a.m. on Monday the September 21, 2015 and ends at 5.00 p.m. on Wednesday, September 23, 2015. The voting module shall be disabled for voting thereafter.



BGR ENERGY SYSTEMS LIMITED

Regd. Office : A-5, Pannamgadu Industrial Estate, Ramapuram Post, Sulpurpet Taluk, Nellore Dist. Andhra Pradesh – 524 401,
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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 29th Annual General Meeting of the company, to be held on Thursday, the September 24, 2015 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 Financial Statements, Reports of Auditors and Board of Directors for the year ended March 31, 2015 and Audited Consolidated Financial Statements for the year ended March 31, 2015.
- 2. Appointment of Mr. V.R. Mahadevan as Director, who retires by rotation and, being eligible offers himself for re-appointment.
- 3. Appointment of Statutory Auditors.

Special Business :

- 4. Approval for increase of remuneration of Mr.V.R.Mahadevan, Joint Managing Director.
- 5. Approval for appointment of Mr.V.R. Mahadevan as Joint Managing Director of the Company.
- 6. Approval and adoption of new Articles of Association of the Company.
- 7. Ratification of remuneration payable to the Cost Auditor of the Company for the FY 2015-16.

Signed this ____ day of _____, 2015



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.

ROUTE MAP FOR AGM VENUE

Pannamgadu
Andhra Pradesh

Hanuman
Temple

AGM
venue

Pappankuppam

Elavur

Gummidipundi

Puduvoyal

Redhills

Puzhal

Mettupalayam

Chennai
Bye Passing

Ambattur
Industrial Estate

Maduravoyal

64 kms from
Koyambedu



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